Subject to approval by the Task Force

HEALTH CARE TASK FORCE
MINUTES

Tuesday, February 14, 2006
4:00 p.m.
Senate Majority Caucus Room, State Capitol
Boise, Idaho

The meeting was called to order by **Cochair Senator Dean Cameron** at 4:05 p.m. Other Task Force members present included: Cochair Representative Bill Deal, Senators Joe Stegner, John Goedde, Dick Compton, Tim Corder and Kate Kelly, and Representatives Max Black, Kathie Garrett, Gary Collins, Sharon Block and Margaret Henbest. Caralee Lambert of Legislative Services staffed the meeting.

Others in attendance included: Representative John Rusche; Woody Richards; Georganne Benjamin, Terry Anderson and Lyn Darrington, Regence BlueShield of Idaho; Donovan Victorine and JoAn Condie, Idaho State Pharmacy Association; Erin Bennett; Corey Surber, Saint Alphonsus; Steve Millard, Idaho Hospital Association; and Rick Thompson and Ted Roper, Department of Administration.

Representative Henbest distributed a draft proposal for the Task Force's consideration relating to a study of public health dollars spent in Idaho. The proposal would provide for an appropriation of $250,000 to fund an investigative study to determine the actual public dollars spent in Idaho for health care services including but not limited to: Medicaid, public employees, catastrophic and indigent care, tax credits and exemptions, special health programs, and estimates of waste including administrative expense. The proposal calls for the funds to be allocated to the Department of Insurance (DOI) and the project manager would be required to report to the Health Care Task Force on the progress of the study not less than semiannually.

Representative Henbest continued by explaining the background of the proposal. She stated that six months or more ago she and Speaker Bruce Newcomb began working on a draft grant proposal for funding of this study through a charitable organization. The source of that grant funding was no longer available, but there is still a need to respond to the ever-increasing public health services spent in Idaho, particularly in the catastrophic fund this year. There is a general consensus that we need some solution to the problem of increasing costs and the growing numbers of underinsured and uninsured Idahoans. The solution will not come from the federal government and the states probably have the best opportunity to deal with the problems in a creative manner.

Representative Henbest stated that it was her belief that abundant resources are now spent on delivering health care in Idaho: the question is whether these dollars are spent in the wisest

manner. The study would be a beginning point to fully understanding how many public dollars are spent on discrete populations in the state. The project would hopefully inform ongoing policy development about what else Idaho can do with its public health dollars. She said she does not have the solution and it will not likely come from any one group or person -- businesses and communities need to be involved. The discussion cannot begin, however, until everyone understands where the public health dollars are going now.

In regards to the proposed appropriation, **Representative Henbest** said that it is generous but entirely dependent upon the scope of the final project contract, which could be determined by the Task Force.

Senator Cameron reiterated to the Task Force members their options on any of the proposals as follows:

1. Do nothing, take a proposal under advisement and let it move forward on its own merits.
2. By motion, vote to endorse a proposal.
3. By motion, vote to reject a proposal or have it held for consideration for a later time.

Senator Cameron asked whether the $250,000 appropriation would be one time in nature and whether the appropriation would come from general fund dollars. He noted that the DOI is typically funded from premium tax dollars, so a general fund appropriation for this project would represent a policy shift.

Representative Henbest answered that she struggled with where to place responsibility for the study and recognized that the DOI may not be a perfect fit for studying the issue of health care costs. She said the appropriation would be from general fund dollars, though she did not know how difficult that would be from a DOI management standpoint. Use of that money could be dedicated for a limited service person to oversee the study, with any unused funds reverting to the general fund. She noted that she would welcome any discussion as to whether this would be an appropriate use of premium tax dollars, but questioned whether premium tax dollars were appropriate since they come from the insured population only.

Senator Compton asked why the DOI was chosen, *e.g.* what do they know about health care and Medicaid?

Representative Henbest said she would take under advisement any suggested places to house the project. The Department of Administration, DOI, and the Department of Health and Welfare were all considered. She had spoken with the Director of DOI about it and he was not opposed, but she would respect the opinion of the Task Force.

Senator Compton said the project proposal was to be commended but noted that the Senate germane committee would be reporting to JFAC to recommend two studies: one on mental health care clinical services and one to look at reimbursement rates on residential care. He

wanted to ensure that there was not a duplication of efforts.

Senator Cameron noted that a fairly intensive study of Medicaid was conducted by the Office of Performance Evaluations (OPE) by contract a couple of years ago and said that this may be one non-biased option. **Representative Henbest** agreed.

Speaker Bruce Newcomb stated that the proposal has been discussed at length and everyone realizes that the health care system in the nation as whole is broken and Idaho must address it since Congress is not doing it and it is reaching a crisis point. He stated that finding a solution to the problem is a function of the states and he believed it should be addressed now. **Speaker Newcomb** continued by stating that the proposal was a reasonable approach and he believed that enough health care dollars are out there but they are just not spent wisely. He said that as policymakers, legislators need to get the best bang for the buck, and this proposal would be at least a beginning.

Senator Compton noted that **Speaker Newcomb's** points regarding the need to get a handle on the costs of Medicaid and health care in general are valid and agreed that this must be done at the state level. He noted that Idaho is in a unique position because it is a small state and projects can be initiated here that larger states could not do.

Senator Cameron suggested that an option could be to move to endorse the study and then allow **Representative Henbest** to meet with others who are proposing studies and to present them to JFAC for appropriation.

Senator Stegner said he would suggest endorsing the proposal and letting JFAC combine and prioritize the various other proposals. He would encourage JFAC to fund this particular study with a one-time appropriation from premium tax dollars since there is a nexus based upon the high risk pool and other attempts to assist the uninsured population. **Representative Black** agreed.

Senator Compton moved that the Task Force endorse the study and encourage **Representative Henbest** to work with the germane committees in order to present consistent study proposals for JFAC funding consideration. The motion was seconded by **Senator Corder**.

Senator Goedde asked whether the motion would identify which entity would conduct the study. He suggested that OPE is set up to do this type of project and would therefore seem the logical place to house the study.

Representative Henbest said she would defer to the wisdom of the Task Force on this point but noted that while OPE does have experience doing this type of project, there could be a downside insofar as there may be a perception that the study is a performance audit rather than an analysis of how public health dollars are being spent. She said that she would also defer to the Task Force in terms of the appropriateness of the proposed funding source.

Representative Deal clarified that **Senator Compton's** motion would provide some flexibility in terms of investigating the best source of funding and the appropriate agency to conduct the project. The Task Force would not need to identify either at this meeting in order to endorse the general proposal. **Senator Compton** agreed that his motion would simply endorse the conceptual issue of the proposal, not the specific details.

The motion was approved unanimously by voice vote.

Representative Henbest distributed to the Task Force members draft legislation that would establish a Health Quality Planning Commission within the Department of Health and Welfare. The Commission would be responsible for:

1. Researching health information technology and partnering with communities and businesses already providing such technology; and

2. Integrating planning around health quality, *i.e.* identifying the indicators for quality health care and performance issues and developing an understanding of the health information technology that is necessary to monitor health quality.

Representative Henbest noted that the draft legislation would require the Commission to report to the Health Care Task Force, which is why she wanted to have Task Force members review it in case there were any comments, concerns or objections at this point.

No objections were voiced, and **Senator Cameron** introduced **Lyn Darrington**, representing Regence BlueShield of Idaho, to discuss House Bill 655.

Lyn Darrington stated that HB 655 was the result of a proposal presented by Tim Olson at the Task Force's December meeting. Regence has been working with DOI for approximately eighteen months on this proposal. She noted that carriers are able to discontinue plans in forty-four other states. The goal is to get rid of obsolete products and move members onto competitive products. At the December meeting, **Ms. Darrington** said concerns were raised about guaranteed renewability of coverage and the potential adverse impact on citizens if a carrier moved into the market and then discontinued coverage. In response to those concerns, "sideboards" have been drafted into the legislation, with the caveat that the Idaho Association of Health Plans (IAHP) has not had a chance to review the revisions due to printing deadlines and amendments may be necessary.

Ms. Darrington continued by explaining that the language of HB 655 does address guaranteed renewability and noted that HIPAA would not permit legislation that did not. The legislation refers to a 36-month continuous offering and removes modification language that was in previous drafts. The revisions also provide that no more than 20% of insurance carrier members may be disrupted by a product discontinuation. **Ms. Darrington** explained that her client initially recommended 25% and the DOI was fine with that but subsequently concerns were raised that 25% was too high and it was agreed to put in the 20% number for printing purposes.

In her research of the other 44 states that allow discontinuance, she found that the language requiring a 90-day notice to members before discontinuance is consistent, as is the guaranteed renewability and uniformity language. Language relating to 36-month continuous coverage and the maximum percentage of members who may be affected is stricter than other states, most of which do not address these issues.

Senator Cameron inquired about language referring to "at time of renewal" and asked about the intent of that language since his previous understanding was that the carrier wanted to take discontinued products off the market and move those customers into a different product. How does that comport with "at renewal," *i.e.* could members only be removed at their renewal date?

Ms. Darrington answered affirmatively, stating that the legislation would allow discontinuation and if a carrier wanted to discontinue a product as of January 1, 2007, and a customer's effective date was March 1, the customer would receive notification ninety days prior stating that the product would no longer be offered but he or she would have the opportunity for other coverage.

Senator Cameron said he thought he heard Tim Olson testify at the December meeting that if Regence wanted to discontinue a product it would then offer a similar product equal to if not better than the discontinued product. He asked where this intent was provided in this legislation and asked, for example, about the possibility of a product with a $500 deductible being discontinued and a customer being forced to go to a $1,000 deductible if a similar product was not offered.

Ms. Darrington stated that the opportunity is there to offer all products not discontinued. Regence currently offers 39 products and wants to discontinue 7 of those. As a carrier, Regence always look at the market to see what is selling and what competitors are doing and thus they are always developing new products.

Senator Cameron asked what kind of membership was in the 7 products that Regence wanted to discontinue. **Ms. Darrington** responded that she did not know.

Senator Cameron then referenced Regence's individual market and its 60,000 enrollees and, noting that 20% would allow Regence to discontinue 35,000 people from certain products, whether this was Regence's intent?

Ms. Darrington stated that the 20% number in the legislation speaks to the carrier's total membership in all lines of business, not just the individual market.

Senator Goedde asked, given the 20% of total business that is provided in HB 655, how many people could be affected by the discontinuance of one product.

Ms. Darrington answered that the maximum potential impact would be 20% of 180,000 members, which is the total membership of Regence.

Senator Cameron asked Task Force members if they wished to take a position on HB 655. No comments were offered.

Representative Rusche was introduced to provide an update on the progress of the proposal for a Health Data Authority ("HDA") in Idaho. He noted that in Utah, the study proposed by **Representative Henbest** would be housed in such a health data authority. He explained that in the interim after the 2005 session, representatives from a vast group of interests sat down to discuss the concept of a HDA. These groups were understandably concerned about how they would be affected and wanted to know what the end result would look like. As a result, educational sessions are planned for the upcoming interim and no legislation is anticipated this session.

Senator Compton noted that the HDA concept sounded similar to the earlier proposal by **Representative Henbest** relating to a health quality commission. **Representative Henbest** agreed insofar as the commission would be tasked with looking at quality indicators and how to get that information disseminated. She noted that there is an overlap in the proposals, which is encouraging because it shows a consensus regarding the need for quality data and reporting.

Senator Stegner asked whether both proposals were being forwarded for the 2006 session. **Representative Rusche** stated that no proposal would be introduced this year because the stakeholders were not yet ready to embrace the HDA infrastructure and they would be working on gaining common ground in the interim. **Representative Henbest** stated that her proposal was a work in progress for the 2006 session.

Senator Stegner said that both proposals sounded like excellent ideas and if they did not make it through the legislative process this year, they could be taken up for discussion by the Task Force in the interim.

Senator Compton said that each interest group has an axe to grind and legislators often get caught in middle and are unable to satisfy all of their constituencies. The commission could consist of the best minds in the state to look at what is best for the state as a whole. Executive-level people in industry would hopefully be on the commission and **Senator Compton** said he would be willing to participate in framing it.

Senator Cameron distributed draft legislation to Task Force members relating to medical assistance. He explained that the legislation was the result of efforts of the Committee for Access to Health Insurance, which is the group that put together the Chip B and Access Card approach. The proposal addresses barriers to using the Access Card:

1. Under current federal guidelines for the use of Title XXI money, Idaho cannot offer the Access Card to anyone who is currently insured. This restriction has been met with disappointment by many people struggling to pay for their current insurance. The legislation would allow Idaho to access Title XIX funds, which are notably not as good of a match, for those individuals who currently have

coverage.

2. Current law only allows the Access Card to be used for those individuals who qualify for CHIP; they cannot get the Access Card if they qualify for Medicaid. Part of the Governor's Medicaid reform effort is to give people the option to use the Access Card even though they may qualify for Medicaid. Some ineligible individuals technically qualify for Medicaid but want to participate in their employer's plan or their own plan. If the individual is a Medicaid recipient, this legislation would offer them that choice.

3. One of the initial barriers in the small employer pilot project was the requirement that small employers who participate pay 50% of the cost for adult coverage. That barrier was even more restrictive than that of some carriers, which has made it difficult for small employers to utilize the Access Card program for the pilot project. There are currently federal match dollars going unused and yet people are being turned away because of these barriers.

Senator Compton asked whether the asset test discussed at the Task Force's prior meetings was part of proposed revisions. **Senator Cameron** stated that the Department of Health and Welfare is proposing an administrative rule separately to address the asset test rule.

Representative Deal moved that the Task Force endorse RS 15827 relating to medical assistance. Representative Collins seconded. The motion was approved unanimously by voice vote.

The meeting was adjourned at 5:07 p.m.