

MINUTES
SENATE HEALTH & WELFARE COMMITTEE

DATE: Tuesday, February 18, 2014

TIME: 3:00 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Heider, Vice Chairman Nuxoll, Senators Lodge, Hagedorn, Guthrie, Martin, Lakey, Bock and Schmidt

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Heider** called the meeting to order at 3:02 p.m. and requested the Secretary take a silent roll call.

S 1328 **Relating to the Personnel System: Wayne Denny, Chief, Bureau of Emergency Medical Services and Preparedness (Bureau), Division of Public Health, Department of Health and Welfare**, stated that he had spoken with the Committee before regarding the definition of Emergency Medical Services (EMS) as currently written in Idaho Code. He said the Bureau has reworked the language of the bill in hopes of addressing the concerns mentioned previously by the Committee. This bill is the result of collaboration with the Legislative Services Office (LSO) under the guidance of Senator Schmidt. He explained that they could combine the key attributes of the two definitions from **S 1222** into one definition that will serve regulatory needs while meeting the need for clarity.

Mr. Denny explained that they struck out the language that referred to the system discussed previously and replaced it with language that focuses on the aid that is rendered by a person or group of persons. He pointed out that the language further describes elements that must be met for the aid to be considered EMS. These elements include that a person or group of persons rendering aid

- respond to a need of assistance,
- are prepared to provide interventions within the scope of practice defined by the EMS commission, and
- use an alerting mechanism such as the 911 system.

He went on to say that they simplified the existing language specific to ski patrollers.

MOTION: **Senator Nuxoll** moved that **S 1328** be sent to the floor with a **do pass** recommendation. **Senator Schmidt**, seconded the motion. The motion carried by **voice vote**. Senator Nuxoll will carry the bill on the floor.

S 1347 **Relating to the Indigent Sick: Senator Thayn** stated that he is presenting an alternative to Medicaid expansion and some other ways to deal with helping those who do not have insurance while using some infrastructure that already exists in Idaho. He explained that medical costs in the United States are about twice as much as they are in almost any other developed nation in the world, about 18 percent of our gross national product; others are at about 10 percent. In Idaho we spend about \$10 million on medical costs. **Senator Thayn** went on to say that the level of medical costs is a problem mainly because of the third party payer system. About 86 percent of medical spending in the United States is controlled by third party payers, including private insurance, Medicaid, Medicare, and some others.

Senator Thayne pointed out that on the private side, the only way doctors and providers can receive income is by treating people who are sick. Medicaid, on the government side, has good intentions but also some harmful effects. One of the problems is that it is a third party system and there are no consequences for not paying copays or deductibles. This system does not encourage self-sufficiency. Also there are cliffs, where if you earn a few hundred dollars more, you may lose a couple of thousand dollars in benefits, discouraging people from working and leading to a detrimental effect on the economy. He continued that another problem of Medicaid is that much of it is funded by deficit spending, and if changes are not made now services will be cut or the State will have to take over more of these responsibilities which we cannot afford.

Senator Thayne stated that he doesn't want to expand the Medicaid system which has problems, but that the system needs to be reformed. He also is not suggesting an end to Medicaid. He emphasized that it is time to discuss some alternatives that will transition to a more sustainable system that provides services that help the needy, provides adequate pay for the providers, reduces overall costs, strengthens the economy, and promotes self-reliance and independence.

On the private side, according to **Senator Thayne**, we could use direct primary care where a membership is paid into a doctor's office.

Regarding the public side, **Senator Thayne** suggested that one tool would be Community Health Centers (CHC). He discussed the role of CHCs in the health care delivery system in Idaho, details of which can be found in attachment 1. The definition of a CHC can be found in Title 39, Chapter 2. Some of the benefits of CHCs are a sliding pay schedule so there shouldn't be any cliffs, the reduction of the feeling of entitlement, and being able to free ourselves from reliance on federal dollars. Under this bill, the CAT Fund money would be used to expand the CHCs, using money we are already using, rather than expanding Medicaid. **Senator Thayne** pointed out that the bill indicates we would use all of the CAT Fund immediately, but that would not be necessary as the money could be shifted over time. He stated that the goal is to build up the CHC network and reduce the costs that the county indigent funds and the CAT Fund currently absorb.

Senator Nuxoll asked about the rural areas that have no CHCs.

Senator Thayne replied that part of the funds could be used to give grants to build CHCs and to start operation of the center.

Senator Nuxoll inquired how the first CHCs were funded.

Senator Thayne deferred that question to Tom Fronk who is familiar with the development of CHCs.

Tom Fronk, Executive Director, Idaho Primary Care Association, explained that the CHCs are a national effort and have been around for about 50 years. They usually started with a federal grant designed to help cover the expected losses that come from opening a CHC focused on serving the uninsured and underinsured.

Senator Nuxoll asked if Mr. Fronk sees federal grants as a possibility for setting up more CHCs.

Mr. Fronk replied that it is a possibility, but Idaho is competing with other states. Regarding the rural areas of Idaho, **Mr. Fronk** stated that Idaho suffers as other rural states suffer, and the grants tend to follow the population, so it is difficult for Idaho to compete with more highly populated states.

Senator Nuxoll asked Mr. Fronk if he believes the counties in the rural areas would be willing to support this if they have to go further away for the service.

Mr. Fronk stated that he has not had conversations with the counties, so he has no answer. He did state that Idaho is unusual in that it does not have any state funds available to help CHCs start up, especially in rural areas.

Senator Bock asked how many CHCs there are in Idaho now, and he asked if Mr. Fronk has analyzed the capacity of those centers to expand services.

Mr. Fronk replied that there are 13 different organizations, none of them for profit, running about 45 service locations around Idaho. Twelve are domestic to Idaho and one is headquartered in Spokane but with two sites in Idaho. The CHCs in Idaho are not as well capitalized as they are in most states, but are a direct product of Idaho's Medicaid program. They have a lower rate of Medicaid patients and a higher rate of uninsureds, so they have fewer funds with which to operate, and very little to cover expansion.

Senator Bock asked how the CHCs will handle a big increase in patients that are currently served by other providers if there is no possibility of expanding, through capitalization or federal grants, the services they are able to deliver.

Mr. Fronk responded that if this bill were to pass, the CHCs are no substitute for the services that are being provided today by hospitals and other providers. They focus on primary care, and the services that are hitting the CAT Fund are not primary care. If the bill passes it would mean a cost shift for services in areas other than primary care that are now being covered by CAT funds onto other payers, including employers.

Senator Heider stated that a CHC is not designed to take accident victims who are now going to the emergency room and being covered by some of this indigent care money and then asked if that is correct.

Mr. Fronk answered that Senator Heider is correct. There are some centers around the State that have some first responder capacity due to their rural location. They are unusual as the CHCs are not emergency rooms.

Senator Nuxoll asked Senator Thayne if there was any consideration of 50 percent of the CAT funds going toward expanding CHCs rather than 70 percent.

Senator Thayne replied that the work of the CHCs can be expanded but that they are short of funds. He noted that the transition could not be made all at once, though that's how the bill is written. But as he mentioned before, he is trying to get some other ideas to consider in relation to expanding the CHCs. **Senator Thayne** enumerated several types of health issues currently paid for by the CAT Fund, some of which could be covered by CHCs. He stated that he is suggesting that the Committee look at how expanding the CHCs can take care of the uninsured needs and reduce some of the costs that are now going to the CAT Fund. To determine how this would be done would require assistance by someone with a firm understanding of health care systems.

Senator Hagedorn asked if the numbers have been done on the CAT Fund to really understand what percentage of funds are now being spent on things that could be managed in a CHC. The way the bill is written, 100 percent of the CAT Fund will go to this and that's not a viable situation. He suggested that data from the counties be analyzed to ascertain what percentage could be handled by a CHC.

Senator Thayne replied that the numbers have not been done with that in mind.

Senator Hagedorn asked if Senator Thayne would consider working with a single county, including its commissioners in initiating a pilot program to ascertain how well the program would work for a county.

Senator Thayne stated that there were a couple of counties in the area that he could work with, particularly Canyon County as they have already begun applying this idea.

Senator Guthrie requested clarification concerning the significant cuts in financial resources to help the indigent population. He asked if the burden of picking up those costs will be put on the hospitals, the doctors, or the providers.

Senator Thayne explained that **S 1347** is in its infancy and needs work. He stated that a lot of the numbers are basically place holders in order to get a concept established.

Senator Lodge asked Senator Thayne if he worked with counties in drafting the bill.

Senator Thayne replied that he had worked with a member of the House who was working with the counties, so they are aware of the approach. He said he personally had not yet worked with the counties.

Senator Lodge suggested that Senator Thayne work with stakeholders to make developing this idea easier. She also stated that she had some concerns with the way the bill is drafted, especially that it is not clear on how everything follows through.

Senator Lakey asked why the definition of county hospitals was added to the bill.

Senator Thayne explained the definition is there so county indigent monies currently being used could be used for a CHC which meets the "facility for the care of a sick person" reference in the definition of county hospitals.

Senator Heider expressed concern that if the county gets rid of the indigent funds, the mill levy also goes away. Therefore the money is no longer there. Part of the reason for this plan is to reduce the taxes for the average homeowner while providing care. If we do away with the levy we won't be able to fund the facility. He continued that this could cut into the funding and in turn the level of care for those needing care at county hospitals will suffer.

Senator Schmidt wanted to know what percentage of money expended from both CAT funds and county indigent funds goes to hospital care as opposed to out patient care.

Senator Thayne responded that he doesn't know the exact amount but that the majority of the funds go to hospital care.

Senator Hagedorn pointed out that the bill refers to "any indigent person." He expressed a concern that the term "indigent person" be better defined.

Senator Thayne noted the concern.

TESTIMONY:

Christine Tiddens, Community Outreach Director for Catholic Charities of Idaho, spoke **in opposition** to **S 1347**. She said that Idaho is not providing good medical care for many of her citizens, and she expressed appreciation to Senator Thayne and the Senate for attempting to find remedies for Idaho's inadequate system. She did not think that this bill is the answer as the most vulnerable in Idaho will still be left without necessary care, especially in rural areas, and the uninsured will continue to drain our resources. A collaborative effort between government and non-profits is essential for providing health care for those most in need, but this bill does not provide a comprehensive solution needed to repair Idaho's health care system. **Ms. Tiddens** then suggested another option, i.e. looking at Governor Otter's Medicaid expansion study. She indicated the following positive results of enacting the expansion:

- Idaho has an opportunity to create a more efficient and effective health care system.
- Idaho can eliminate needless suffering in the State.
- Idaho can save 590 lives next year.
- Idaho can create about 16,000 jobs.

According to **Ms. Tiddens**, this can happen if Idaho takes advantage of federal funds available for increasing Medicaid coverage to every person living in poverty.

Ms. Tiddens stated that with the influx of money Idaho can redesign the health care system and craft a program that is focused on promoting personal responsibility and accountability for participants, improving healthy behaviors, increasing preventative care, increasing access to low-cost primary care, and reducing costly treatment in emergency rooms. Redesigning Medicaid will eliminate the CAT Fund and the county indigent fund programs, saving Idaho tax payers an estimated \$479 million over the next ten years. She concluded by encouraging the Committee to oppose **S 1347** and to look at the Medicaid expansion workgroup's recommendation to accept the federal dollars to redesign Medicaid and increase coverage to the working poor in Idaho.

Wayne Hoffman, President of Idaho Freedom Foundation, a nonprofit public policy research organization, spoke **in support** of **S 1347**. He pointed out that the issue of health care has been talked about many times. He stated his belief that the expansion of Medicaid is not the solution because it puts the poor and people in desperate financial situations into a Medicaid situation that is basically broken and dependent on a federal treasury that has no money. **Mr. Hoffman** reported that in Nampa there is a bible study group that wanted to contribute to the community. They set up a community health clinic and have now been operating for three or four years. They were serving patients one time a week, but now they are doing so two to three times a week. The clinic is funded by people who give money, medicine, and time. The doctors practice in a setting that is free from accountants, bureaucrats, and federal technicians, serving people who do not have insurance and do not have Medicaid. He pointed out that these are the people currently served by the county indigent program and the state CAT Fund. The group is accountable to their donors, knowing that if they do a good job they will continue to receive support.

Mr. Hoffman supports the bill as it is written, understanding that there are some concerns. He emphasized that there are some free-market charitable services that can be replicated throughout Idaho. They improve the quality of care, improve patient access to doctors, and improve the accountability needed to make the health care system in Idaho a model for other states.

Senator Schmidt asked Mr. Hoffman how many patients and what amount of money is paid for hospitalized care versus outpatient care in our current funding program and under the program that he would promote.

Mr. Hoffman replied that he was not advocating hospital services with this model, but rather he was advocating non-emergency services. Using Canyon County Clinic (Clinic) as an example, \$500,000 in taxpayer dollars has been saved from a \$2.5 million budget, so they have reduced the cost of services.

Senator Hagedorn then asked for numbers that show savings to the county, and if the County Commissioners are in agreement to starting a program of this type. He also wanted to know how much of the care is provided by the donors.

Mr. Hoffman stated that he would not speak for anyone else, but in his conversations with the Commissioners they were supportive and impressed with the work of the Clinic. He reiterated that there was a \$500,000 savings per year on a \$2.5 million county indigent budget.

Senator Hagedorn asked Mr. Hoffman if he knew the total percentage of revenue the Clinic received from donors as opposed to the amount from the county.

Mr. Hoffman replied that he believes all the money comes from donations. He thinks there may have been some money received from the county a year ago, but he said he doesn't know if they are still receiving any.

Senator Lodge asked if the team of researchers have found any other examples of the CHCs.

Mr. Hoffman replied that they have gone to several different CHCs and interviewed patients, doctors, and administrative supporters for information.

Senator Lodge asked for a list of the ones he has visited or the ones he knows exist in Idaho.

Mr. Hoffman replied that he would do that.

MOTION: **Senator Nuxoll** moved that **S 1347** be held in committee until further questions are answered and further work has been done. **Senator Bock**, seconded the motion. The motion carried by **voice vote**.

ADJOURNED: **Chairman Heider** thanked all who attended and the concepts brought forward. He adjourned the meeting at 4:00 p.m.

Senator Heider
Chair

Linda Hamlet
Secretary

Carol Cornwall
Assistant Secretary