

MINUTES
SENATE HEALTH & WELFARE COMMITTEE

DATE: Thursday, March 19, 2015

TIME: 3:00 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Heider, Vice Chairman Martin, Senators Lodge, Hagedorn, Tippetts, Lee, Schmidt and Jordan

**ABSENT/
EXCUSED:** Senator Nuxoll

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 Senate Health and Welfare Committee (Committee) to order at 3:03 p.m.

MINUTES APPROVAL: **Senator Hagedorn** moved to approve the Minutes of February 25, 2015. **Vice Chairman Martin** seconded the motion. The motion carried by **voice vote**.

S 1153 **Senator Hagedorn** stated that the bill would limit anyone above 138 percent of the poverty level to eligible for the State's Catastrophic Health Care Cost Program (CAT) and the County Medical Indigent Fund. The eligibility for these funds will be determined by the State and the county.

Vice Chairman Martin questioned how will individuals know they are no longer covered. **Senator Hagedorn** answered the hospitals will help people fill out the forms and the forms are sent to the county, then the county determines whether they are eligible. **Vice Chairman Martin** queried as to the coverage now and what happens when the bill passes and people are no longer covered. Who would pay the bill? **Senator Hagedorn** said no one is covered through the CAT Fund. The fund is for those who have medical bills and submit them to the indigent fund for help in paying them. The county board reviews to see if they should be paid through the CAT Fund. Those that are 139 percent and above qualify and should have insurance through the Affordable Care Act (ACA).

Vice Chairman Martin questioned if they don't have insurance and are not covered by the indigent fund, then are they responsible for the bill. **Senator Hagedorn** replied that is correct. They made the choice not to get insurance even though it is a federal law.

Vice Chairman Martin asked who pays the bill if the people do not. **Senator Hagedorn** explained the people would have to negotiate independently with whomever they owe the money to.

Senator Lee questioned how a hospital would go about collecting money owed by those not insured and not covered by the CAT Fund. **Senator Hagedorn** said those who are above 138 percent are federally required to be insured, and not getting insured is a personal choice. If that is the choice, then they must negotiate with whomever they owe the money to.

TESTIMONY:

Toni Lawson, Vice President of the Idaho Hospital Association (IHA), stated the community hospitals provide much of the services for those Idahoans impacted by this legislation and would ask for a no vote on this bill. This bill simply shifts cost from the State and counties to the private sector. IHA uses valuable resources to enroll people in various types of coverage. There is no educational opportunity to learn about the bill's mandate. Idaho has many people who are medically indigent for various reasons.

Ms. Lawson explained that the cost will shift to hospitals, doctors and ultimately the public. Most patients impacted by this bill will not even know about it until it is too late, and then they are faced with medical bills they cannot afford. It provides savings for some and puts the cost on others.

Ms. Lawson stated Idaho hospitals are already being forced to absorb almost \$700 million dollars in cuts over the next 10 years due to sequestration, regulatory changes and other federal legislative cuts. Some of these costs were to offset coverage through Medicaid. These cuts are difficult for small rural hospitals to absorb particularly if the hospitals provide additional options for coverage for Idahoans who cannot afford it. Now hospitals will be expected to cover those cuts along with the costs of this policy change.

Senator Lee questioned what of the hospitals would do if they needed to recoup costs by those who are above the 138 percent and do not have insurance. **Ms. Lawson** replied they look elsewhere for coverage for these people. It is better to be covered than to be paying on an episodic basis. If there is no qualification for other coverage, then the paperwork is filled out for the CAT Fund. If there is no money, the hospitals absorb the cost through charity care options or bad debt.

Senator Schmidt questioned the size of the population that is above the 138 percent level and that will not get insurance; is it changing? **Ms. Lawson** replied she does not know the numbers and yes, it is changing.

Senator Hagedorn asked for clarification on the hospital absorbing the cost of unpaid bills. Is there a debt collection program used to get funds back? **Ms. Lawson** replied it is a varied approach. For a family of four making a little over the poverty line it is hard to pay large medical bills. Hospitals work with patients to come up with to a payment plan, if possible.

Senator Hagedorn questioned if the debt is built into the following years budget. **Ms. Lawson** answered yes, it goes into the budget to be absorbed.

Senator Lodge asked if the costs shift to those who can pay the bills so that the bills become higher for those who do pay. **Ms. Lawson** answered yes, there is a cost shift. The more non-reimbursed care a hospital provides the more those costs end up as a charge to those who can pay. **Senator Lodge** asked if there was a difference between for-profit versus non-profit hospitals and how it would affect their budgets. **Ms. Lawson** answered in most cases the answer is no, there is no difference. All hospitals are mandated to provide care. **Senator Lodge** asked for the bad debt numbers. **Ms. Lawson** replied it was 111.8 million for fiscal year 2012, the last year there is data for.

Senator Hagedorn thanked Ms. Lawson for her help and comments. **Senator Hagedorn** spoke to the bad debt being a number before the ACA began. No-one knows the bad debt numbers for today since people are supposed to be carrying insurance. This bill is good policy for the State and hospitals; although they believe they will absorb 7.5 million, in reality the customers will be absorbing the costs along with the insurance companies. Those who are above the 138 percent level are required by law to have insurance.

MOTION:

Senator Schmidt moved to send **S 1153** to the floor with a **do pass** recommendation. **Senator Hagedorn** seconded the motion.

Senator Jordan questioned the expansion of Medicaid or if it had it been accommodated and used would it have given more relief to the families? **Senator Hagedorn** replied the expansion of Medicaid was an option discussed earlier and it was not part of the exchange bill, so it was never taken up. He believes it would have covered those under the 138 percent level.

Senator Tippetts stated he has seen first hand charity care and bad debt and what they do to a hospital. The ACA has a negative impact on hospitals in that the Medicaid reimbursement has been reduced by two percent. It is another additional cost that hospitals have had to absorb. Small rural hospitals are struggling.

Senator Lodge mentioned the state does not have all the statistics the ACA began, and Committee needs to wait and look at those.

Senator Lee stated this change will be significant for the hospitals in her district. As the State has looked at better health care solutions, Idaho has always pushed for personal responsibility.

Senator Martin explained he was excited about the State exchange and that the CAT fund in Bonneville has had significant drops in its usage. There is a shift with this bill of the payment to the individuals and others, but wonders if that is where it needs to be.

Senator Schmidt said there are some costs that are not being talked about. As part of the ACA, hospitals are going to be experiencing significant cuts. This bill is a message to those who need to get their personal insurance. Idahoans are enrolling in the exchange, and by and large people are getting insurance. This bill is a statement that the State is not going to be covering you if you chose not to get insurance when you should have.

Chairman Heider commented it is a federal requirement to get insurance. If you do not, it is not the hospital's fault. The bill places emphasis on getting insurance, but it does not provide a solution.

**ROLL CALL
VOTE:**

Chairman Heider called for a roll call vote. **Senators Schmidt, Hagedorn, and Lee** voted aye. **Vice Chairman Martin, Senators Lodge, Tippetts, Jordan, and Chairman Heider** voted nay. Senator Nuxoll was absent. The motion failed.

PRESENTATION: **Susan Perkins**, Idaho Counseling Association (ICA), spoke on the mental health statistics of Idaho and how counselors believe they can help fill needs and improve Idaho's mental health areas. Counselors want to be part of the solution. **Ms. Perkins** explained what counseling is and what counselors do, training of counselors and Idaho's ranking in mental health topics (see attachment 1).

Chairman Heider questioned the placement of Idaho as 51st in providing mental health care. **Dennis Baughman**, Idaho Project Director at Lifeways, said when a determination is made it takes in Puerto Rico, the DC area and U.S. territories.

Senator Tippetts asked for clarification that Idaho could be 51st in a variety of mental health services offered. **Ms. Lawson** stated that different research data has varying factors, and this particular statistic is for mental health funding per capita.

Senator Schmidt stated the number is incorrect. He had researched the number and would visit with Ms. Perkins to clarify the information.

Mr. Baughman discussed code of ethics, along with the Telehealth and the future for counseling in Idaho (see attachment 1).

ADJOURNED:

Chairman Heider thanked Ms. Perkins and Mr. Baughman for their presentation. There being no further business, **Chairman Heider** adjourned the meeting at 3:53 p.m.

Senator Heider
Chairman

Erin Denker
Committee Secretary

Barbara Lewis
Assistant Secretary