

MINUTES
HOUSE HEALTH & WELFARE COMMITTEE

DATE: Tuesday, March 16, 2021

TIME: 9:00 A.M.

PLACE: Room EW20

MEMBERS: Chairman Wood, Vice Chairman Vander Woude, Representatives Gibbs, Blanksma, Kingsley, Christensen, Lickley, Erickson, Ferch, Mitchell, Chew, Rubel, Davis

**ABSENT/
EXCUSED:** None

GUESTS: Jason Kreizenbeck and James Adamson, Mountain View Hospital; Jim Adamson and Jeremy Pisca, Kootenai Health

Chairman Wood called the meeting to order at 9:00 a.m.

MOTION: **Rep. Davis** made a motion to approve the minutes of the March 11 and 15, 2021, meetings. **Motion carried by voice vote.**

S 1092aa: **Jason Kreizenbeck**, Lobby Idaho, representing Mountain View Hospital, presented **S 1092aa**, legislation to provide new hospitals with a ramp-up period of up to 36 months after opening to have Medicaid reimbursement at 91% of cost for approved services. After that period the hospitals would work with the Department of Health and Welfare (DHW) to establish a value-based payment method for inpatient and outpatient Medicaid services as stipulated. The Senate amendment clarifies participation is options with entry prior to 36 months. There is also an effective period of July 1, 2021, through June, 2024.

Population growth leads to additional health care needs. New hospitals enter an unfamiliar market without an established patient base and medical services network. They will likely utilize Medicaid services the most during the first 36 months. This program provides time to understand its patient population and associated costs. The 36 months provides time for claim settlement.

In response to a recent letter by Brian Kane, Chief Deputy, Attorney General's Office (See Attachment), there is no retroactive application to the policy change. If a new hospital has its Centers for Medicare and Medicaid Services (CMS) certification could participate only for the time left in their 36-month period after accreditation approval.

The additional time allows a new facility to focus on aligning their mission and services with the values of their communities to better understand their costs so they can transition to the value-based payment system.

James G. Adamson, Chief Executive Officer, Mountain View Hospital, further presented **S 1092aa**. This legislation is an enhancement, not a replacement for value-based care. This needs to be a continual additional investment as the state experiences an enormous amount of growth. Any party not knowing their customer base when payment is based around patient acuity will struggle. It allows time for budgeting and levels the playing field for the micro-markets since every patient population is different. Important to have an aid for bringing investments for new facilities.

Responding to committee questions, **Mr. Adamson** said it took Mountain View Hospital two and a half years to open. The speed depends on the type of facility. Building surveys include analysis of marketplaces, population, and each existing service offered by competitors. Starting with a value-based care system proved a loss because state information has a six month delay. Medicaid payments take two years to be adjudicated. Planning for the hospital began well before the DHW began moving to a value-based system. The two-year lag time is an improvement over the previous five-year time period. Improvements are continually being made by the DHW.

The value-based system assigns patients and provides health scores. This is an advantage to existing facilities. New facilities have no patient data and no sub-system for managed patient care. Most patients at these facilities will enter through the Emergency Department.

Jim Adamson, General Counsel, Kootenai Health, testified in opposition to **S 1092aa**. He expressed concern regarding the inadvertent increase in Medicaid costs, the anti-competition nature of the legislation, its impact on critical access hospitals, and the nebulous sunset wording which would allow last minute entry into the program. There is no limit regarding the number of hospitals on the program. This legislation is contrary to the Medicaid value-based program goal to save money. This legislation gives a competitive advantage to new hospitals.

Mr. Adamson answering questions, said this is not the way to address the new hospitals required with population growth. Because the language is unclear, a new facility accredited on June 29th, 2024, would be able to use the program even with the June 30, 2024, sunset date. He was concerned this approach would negatively impact Medicaid savings. Other industries do not have marketplace entry subsidies.

Jeremy Pisca, attorney, Risch Pisca Law Firm, representing Kootenai Health, testified in opposition to **S 1092aa**, agreeing with previously expressed concerns.

In closing, **Mr. Kreizenbeck** said this is about qualifying, without retroactive application, for a different level of reimbursement using the current hospital system. The sunset language provides reimbursement, at the hospital's option, for up to 36 months and makes it clear the DHW is not required to provide the full 36 months to the provider. The entire program ends after June 30, 2024. The 3-year time frame allows the appropriate time to receive and understand the DHW data. Other hospitals receiving different rates, located in this section of code, include mental health, out-of-state, and critical access. Critical access hospitals are reimbursed at 101% of their costs.

This proposal allows a new hospital making the capital intensive investment to be successful, provides time to adjust to their market, and compels them to participate in the value-based system.

Mr. Adamson, continuing closing remarks, said the critical access hospitals must include primary care doctors for the value-based initiatives. In some areas this gives one party control of the entire system. He shared concern regarding the control motivation and bias of those opposed to this legislation.

MOTION: **Rep. Blanskma** made a motion to send **S 1092aa** to the floor with a **DO PASS** recommendation.

SUBSTITUTE MOTION: **Vice Chairman Vander Woude** made a substitute motion to **HOLD H 1092aa** in committee.

Committee comments included the long process to move to a value-based care method, the need for incentives, hospitals running at high capacity, difficulties faced by newcomers to any market, the lack of different rules for newcomers in other industries, the lack of meaning for the sunset clause, costs not based on competition, controlling costs through capitation, and the unnecessary length of time to move to a different payment system.

**ROLL CALL
VOTE ON
SUBSTITUTE
MOTION:**

Roll call vote was requested. **Substitute motion carried by a vote of 11 AYE and 2 NAY. Voting in favor of the motion: Reps. Wood, Vander Woude, Gibbs, Christensen, Lickley, Erickson, Ferch, Mitchell, Chew, Rubel, Davis. Voting in opposition to the motion: Reps. Blanksma, Kingsley.**

ADJOURN:

There being no further business to come before the committee, the meeting adjourned at 10:00 a.m.

Representative Wood
Chair

Irene Moore
Secretary