

**REVISED MINUTES OF THE  
PRIVATELY OWNED HEALTH CARE ORGANIZATION TASK FORCE**  
Thursday, July 7, 2005 – 9:00 a.m. – Room W135 House Building

**Members Present:**

Sen. Michael G. Waddoups, Senate Chair  
Rep. David Clark, House Chair  
Sen. Gene Davis  
Sen. John W. "Bill" Hickman  
Sen. Peter C. Knudson  
Sen. Mark B. Madsen  
Sen. Ed Mayne  
Rep. Jackie Biskupski  
Speaker Greg J. Curtis  
Rep. Brad L. Dee  
Rep. James A. Dunnigan

Rep. Patricia W. Jones  
Rep. Bradley G. Last  
Rep. Rebecca D. Lockhart

**Members Absent:**

Rep. Stephen D. Clark

**Staff Present:**

Ms. Constance C. Steffen, Policy Analyst  
Ms. Allison Morgan, Policy Analyst  
Ms. Patricia Owen, Associate General Counsel  
Ms. Joy L. Miller, Legislative Secretary

**Note:** A list of others present, a copy of related materials, and an audio recording of the meeting can be found at [www.le.utah.gov](http://www.le.utah.gov).

**1. Task Force Business**

Chair Clark called the meeting to order at 9:10 a.m.

**MOTION:** Rep. Dee moved to approve the minutes of the June 22, 2005 meeting. The motion passed unanimously with Sen. Hickman, Sen. Mayne, Sen. Waddoups, Rep. Biskupski, and Rep. Dunnigan absent for the vote.

Rep. Clark distributed and explained the Information Request forms which were prepared by staff and asked that members resubmit their information requests on the new form. He reviewed the Information Request Process chart which was mailed to the Task Force. Items that relate to market penetration, impact of divestiture, and charitable care will be given priority, although all requests will be handled in a timely manner.

**2. Health Insurance Panel Discussion**

Mr. Dee Brewer, Altius Health Plans, explained that Altius offers an alternative to the IHC (Intermountain Health Care) network, although in some geographic areas Altius must contract with IHC for the delivery of health care services. He expressed concern that IHC can block access to services in a community and cited as examples, Budge Clinic in Logan, cardiothoracic care in Ogden, and some services in Washington County. If a competitor needs to duplicate services, employers pay more and all ratepayers bear the burden, asserted Mr. Brewer.

Mr. Brewer advised that experts be hired to provide an objective analysis of the market share of health insurers within individual communities in Utah. He also suggested that a more thorough investigation be conducted on the reasons for low health care costs in the state. Mr. Brewer identified the following issues for consideration by the Task Force:

- IHC's responsibility for health plan access and competition in rural communities;

- IHC's contracting model in rural communities;
- how IHC determines who gets access to what resources;
- the impact on the viability of non-IHC networks if IHC uses its leverage in the hospital provider and insurance market to expand its market share of Utah's delivery system; and
- limited provider access to IHC facilities for surgery and other services.

Ms. Jennifer Cannaday, Regence Blue Cross/Blue Shield of Utah, asked the Task Force to look at the dynamics of the Utah health insurance market, including the self-funded market and government sponsored programs. She pointed out that when making a comparison of insurance products from state to state, it is important to take into account differences in benefit structure.

Ms. Cannaday suggested that there should be greater transparency in contracting methodology. Regence Blue Cross/Blue Shield would like to know what elements of a contracting methodology improve prices so they know how to invest resources to get better prices from providers. Other concerns expressed by Ms. Cannaday were: 1) whether the IHC hospital division shares proprietary information about Regence to the health plans division; and 2) whether other parts of the IHC corporation are subsidizing the health plans division.

Mr. Greg Poulsen, IHC, reiterated that it is necessary to consider the entire market to understand the impact of market influence. He stated that approximately 19 percent of the population of Utah is covered by IHC health plans. He distributed a map, prepared by Goldman Sachs Global Equity Research, "Health insurance market share by state," and noted that the market shares are more evenly distributed in Utah than in other states.

Mr. Poulsen stated that IHC hospitals in communities that are distant from other medical alternatives are made available on the same terms and conditions to all purchasers.

Mr. Poulsen explained that if IHC hospitals subsidized the health plans, the hospitals would not be competitive.

Mr. Jack Towsley, MountainStar Health Care, stated that the Task Force should look at what underwriting principles IHC health plans use in situations where a competitor is willing to offer an employer a second choice for insurance. Is the pricing based on sound underwriting principles or is it protective of its hospitals?

Mr. Towsley asserted that IHC Health Plans will contract with non-IHC hospitals in a selective way to ultimately enhance their own hospitals. For example, they are willing to contract with the MountainStar community hospital in Payson, but not their tertiary hospitals to which patients are traditionally referred for care not available in Payson.

Kim Wirthlin, UHC (University Health Care), stated that UHC is a health care delivery system with a 900 faculty physician group. It is the only academic health center in the state. She indicated that IHC Health Plans, with few exceptions, is unwilling to contract with UHC facilities. UHC is reticent about allowing its employed physicians to contract with IHC, because UHC would not be able to maintain the proper

continuity of care of those patients if the services were not provided at UHC facilities. She noted UHC and IHC have collaborative efforts at Primary Childrens Hospital and the Huntsman Cancer Institute.

Ms. Wirthlin indicated that affiliate business, such as leased panels, should also be included when considering IHC Health Plans' overall market share.

Mr. Scott Barlow, Central Utah Clinic, asserted that they provide as good or better service as IHC hospitals and facilities. Although IHC Health Plans contracts with Central Utah Clinic, they do not reimburse Central Utah Clinic for services IHC wants to provide itself, because, as IHC stated, "We can't afford the leakage." He stated that the health plans should strive to serve its clients, not protect IHC hospitals.

Mr. Barlow relayed to the Task Force the situation facing many physicians in the Payson area. Physicians are having to treat many of their Payson patients at the Provo facility because of insurance care direction, even though there is a capable, quality community hospital in Payson.

Rep. Jones requested the panel members to submit in writing their proposed solutions to the challenges that have been raised and how those proposed solutions would impact the end consumer.

Sen. Madsen asked staff to determine if other vertically integrated systems throughout the country have tax exempt status, if vertically integrated systems compete with each other, and if so, what is their tax status.

Rep. Last asked whether comparable health plan products are priced differently in different areas of the state.

Rep. Lockhart asked for a staff report on a recently enacted statute imposing an any willing provider requirement in rural areas of the state.

### **3. Health Data Committee**

Dr. Barry Nangle, Director, Center for Health Data, Department of Health, explained "Utah Health Data Committee and Available Data," which was mailed to the Task Force. The Utah Health Data Authority was created to collect and distribute health care data to facilitate access to quality and cost-effective health care. Health Data Committee data are integrated into the public health information systems.

Dr. Wu Xu, Office of Health Care Statistics, reviewed "2004 Performance Report for Utah Commercial HMOs and Medicaid & CHIP Health Plans," "Utah Hospital Financial and Utilization Profile," "Utah Hospital and Freestanding Ambulatory Surgery Center Utilization and Charge Profile of Outpatient Surgery," "The Performance Quality of Utah's Health Plans 2004," and "Utah Hospital Maternity and Newborn Guide." The information was included in the mailing packet.

### **4. Utah Health Information Network**

Mr. Bart Killian, UHIN (Utah Health Information Network), discussed the written presentation which

was included in the mailing packet. He explained that UHIN is a self-funded organization whose mission is to create and manage an electronic value-added network to link health care community participants in the state for the purpose of exchanging important financial and clinical information. He distributed and reviewed "UHIN Membership" and "UHIN: an Electronic Postal Service for the Health Care Community."

#### **5. HealthInsight**

Mr. Marc Bennett, President, HealthInsight, distributed and reviewed information regarding HealthInsight, which is a private, nonprofit organization that is a federally designated Medicare quality improvement organization for Utah. Its mission is to build a system that provides the right care for every patient, every time. The current performance is not consistent with that goal. He outlined the five strategies HealthInsight will use to achieve its mission.

#### **6. Other Items / Adjourn**

**MOTION:** Speaker Curtis moved to adjourn the meeting. The motion passed unanimously.

Chair Clark adjourned the meeting at 1:10 p.m.