

**MINUTES OF THE
MEDICAID INTERIM COMMITTEE**

Monday, July 31, 2006 – 8:30 a.m. – Room W135 House Building

Members Present:

Sen. Sheldon L. Killpack, Senate Chair
Rep. Merlynn T. Newbold, House Chair
Sen. Allen M. Christensen
Sen. Gene Davis
Sen. Karen Hale
Sen. Lyle W. Hillyard
Rep. Jeff Alexander
Rep. D. Gregg Buxton
Rep. David Litvack
Rep. Karen W. Morgan
Rep. Michael E. Noel
Rep. Paul Ray

Staff Present:

Mr. Mark D. Andrews, Policy Analyst
Mr. Leif G. Elder, Research Analyst
Mr. Derek Byrne, Analyst
Mr. Stan Eckersley, Analyst
Mr. William Greer, Analyst
Ms. Debbie Headden, Analyst
Ms. Catherine J. Dupont, Associate General Counsel
Mr. Thomas R. Vaughn, Associate General Counsel
Ms. Phalin L. Flowers, 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.

1. Committee Business

Chair Killpack called the meeting to order at 8:40 a.m.

MOTION: Rep. Noel moved to approve the minutes of the June 26, 2006 meeting. The motion passed unanimously with Sen. Davis, Sen. Hale, Sen. Hillyard, Rep. Alexander, and Rep. Litvack absent for the vote.

2. Cost Containment and Accountability - A Review of Other States

Mr. Elder distributed and discussed "Medicaid: What Are Other States Doing?" He gave several cost containment and reform strategies that other states have implemented, including: controlling drug costs; changing eligibility, benefits, and copayments; disease and case management; tiered grouping; price transparency; pay for performance; and shared insurance risk.

Rep. Newbold asked for an example of priority benefits. Mr. Elder replied that chiropractic, dental, and vision services were just a few examples.

Rep. Noel asked for information on restrictions or reductions for individuals convicted of a felony or those with repeated misuse of drugs and alcohol.

Sen. Hale asked if there are limits on cost-sharing. Mr. Elder replied that cost sharing cannot exceed five percent of income.

Sen. Davis asked whether Utah uses pay-for-performance for mental health services. Mr. Michael Hales, Director, Division of Health Care Financing, Utah Department of Health, explained that there used to be a financial incentive for mental health providers to deliver services for less than the expected cost but that this approach is no longer allowed by the federal government. He said that a program similar to this would not be allowed under the Deficit Reduction Act.

Sen. Hales asked for examples of pay-for-performance quality measures. Mr. Elder replied that those quality measures would include childhood and adolescent immunization status, controlling high blood pressure, and antidepressant medication management.

Sen. Hillyard asked for information about implementing a plan similar to West Virginia's.

3. Deficit Reduction Act of 2005 - The Utah Response

Dr. David Sundwall, Executive Director, Utah Department of Health, explained to the Committee that the recently signed federal Deficit Reduction Act (DRA) didn't impact the department as much as anticipated. He said that the department is actually pleased with the DRA and that it compliments what the Medicaid Interim Committee is trying to accomplish. He said that Utah has already tried to implement tiered benefits, disease management, copayments, and home and community based care.

Mr. Michael Hales, Director, Division of Health Care Financing, Utah Department of Health, gave a presentation, "Deficit Reduction Act of 2005." He explained that federal Medicaid funding for targeted case management was eliminated for foster care, adoptions, and juvenile justice. He said these costs have been shifted to the state. Mr. Hales also discussed new federal regulations that are adding to the administrative burden of the state. He noted that much of the new flexibility granted to states by the DRA has already been implemented by Utah through waivers.

Sen. Killpack asked to see some of Utah's programs side by side with other states' programs.

Sen. Hillyard asked if there are any restrictions on unhealthy choices. Mr. Hales said the state doesn't impose any restrictions at this time, but those restrictions could be implemented. He explained the state could incentivize healthy choices rather than penalize unhealthy choices.

Rep. Alexander asked for information on whether employers offer healthcare for employees who are on Medicaid.

4. Stakeholder Input

Mr. Greer introduced this item. He said that stakeholders were asked to address accountability and long-term cost containment in their presentations and in their written comments.

Mr. Steve White, Utah County Commissioner, representing the Utah Association of Counties, distributed and discussed "The Utah Association of Counties' Recommendations to the Utah Legislative Medicaid Interim Committee." He said that emphasizing early treatment and encouraging improved standards of practice would ensure effective Medicaid cost management.

Ms. Judi Hilman, Executive Director, Utah Health Policy Project, distributed and discussed "Financing Utah Medicaid - A Cost Containment Toolbox" and "Strategies to Achieve Cost Containment and Accountability in Utah Medicaid." She recommended exploring bulk purchasing opportunities, developing a comprehensive preferred drug list, watching federal court decisions regarding drug reimportation, creating a comprehensive approach to disease and care management, launching a long-term care policy planning process, and reinvesting savings that result from the other recommendations.

Mr. Steve Erickson, Utah Issues, urged caution about the emphasis on cost containment. He said that Medicaid is not driving health care costs, but rather reflecting them. He explained that early prevention and access to primary health care are the most important issues to consider.

Ms. Leslie Gertsch, Legislative Coalition for People with Disabilities, distributed and discussed three letters addressed to the Committee. She recommended keeping budgets as they are and not cutting programs that help disabled and elderly individuals stay independent and part of the community. Rep. Buxton agreed with Ms. Gertsch's comments. He spoke in favor of rehabilitating disabled individuals to be productive members of society.

Ms. Fraser Nelson, Executive Director, Disability Law Center, distributed and discussed a letter to the Committee, "Questions submitted by the Disability Law Center - July 2006," and an article titled "Rethinking the way we treat disabled people." She spoke in favor of closing the Utah State Developmental Center. She explained that the Center is serving only two hundred and thirty individuals, yet receives 25 percent of the budget for the Division of Services for People with Disabilities.

Mr. Robert Ence, AARP (American Association for Retired Persons), distributed and discussed "Testimony of AARP Utah." He spoke in favor of creating a preferred drug list.

Ms. Sherri Wittwer, Executive Director, NAMI Utah (National Alliance on Mental Illness), spoke in favor of the use of treatments and interventions for mentally ill individuals.

Sen. Hillyard asked about federal matching funds for mental health. Ms. Wittwer said NAMI Utah is advocating to get federal matching dollars for mental health.

Ms. Shauna O'Neil, U4A (Utah Association of Area Agencies on Aging), distributed and discussed "Testimony of Rodney D. Decker to the Medicaid Interim Committee" and "Utah Commission on Aging Testimony to the Medicaid Interim Committee." She spoke in support of encouraging individuals to take responsibility for the costs of long-term care and adopt healthy lifestyles to keep aging individuals living independently at home as long as possible.

Ms. Patrice Schell, Voices for Utah Children, distributed and discussed "Medicaid's Special Relationship to Children." She said that children need health insurance coverage at all times and that many disabled children are not covered by their parents' private health insurance companies.

Mr. Richard Dimick, President, Youth Provider Association, distributed and discussed "Report to the Utah Legislature Medicaid Interim Committee." He recommended that children be placed in the appropriate level of care at the time they enter custody. He also recommended combining the monitoring and auditing performed by more than one division.

Mr. Ed Deringer, Physical Therapy Association, distributed a copy of his remarks. He explained that utilizing physical therapy services could help contain Medicaid and other health care costs by treating individuals with functional impairment and disability.

Ms. Barbara Boner, Pharmaceutical Research and Manufacturers of America (PhRMA), distributed and discussed "Utah PhRMA Presentation," "Ideas in Action Fact Sheet," an article from the Denver Post, "How the PPA Helps in Utah," and "Rebates." She explained that Utah should report all rebates to the pharmacy line item instead of general funds to allow a true evaluation of Utah's prescription costs. She

said case and disease management, quantity limitations, and electronic medical records and prescribing could also save costs.

Mr. David Gessel, Utah Hospitals and Health Systems Association, distributed and discussed "Guiding Principles For Utah Medicaid Reform." He recommended having additional legislative oversight in setting priorities and making decisions in the Department of Health, as well as prioritizing Medicaid services and eligibility.

Mr. Dirk Anjewierden, Executive Director, Utah Health Care Association, distributed and discussed a document titled, "The Facts." He recommended reducing the number of Medicaid-certified beds in certain areas of the state and making it attractive for Utah citizens to purchase long-term care insurance.

Ms. Carmen Sanone, spoke to the Committee about the challenges of being a caregiver.

5. Adjourn

MOTION: Sen. Hillyard moved to adjourn the meeting. The motion passed unanimously with Sen. Davis absent for the vote.

Chair Killpack adjourned the meeting at 11:42 p.m.