

**MINUTES OF THE
MEDICAID INTERIM COMMITTEE**

Wednesday, October 3, 2007 – 9:00 a.m. – Room W135 House Building

Members Present:

Sen. Allen M. Christensen, Senate Chair
Rep. Merlynn T. Newbold, House Chair
Sen. Gene Davis
Sen. Ross I. Romero
Rep. Stephen D. Clark
Rep. Tim M. Cosgrove
Rep. Brad Last
Rep. Michael E. Noel
Rep. Paul Ray

Staff Present:

Mr. Leif G. Elder, Research Analyst
Ms. Debbie Headden, Analyst
Mr. Danny Schoenfeld, Analyst
Mr. Gary Syphus, Analyst
Mr. Thomas Young, Economist
Mr. Thomas R. Vaughn, Associate General Counsel
Ms. Phalin L. Flowers, Legislative Secretary

Members Absent:

Sen. Lyle W. Hillyard
Sen. Sheldon L. Killpack
Rep. David Litvack

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 Christensen called the meeting to order at 9:17 a.m.

MOTION: Rep. Ray moved to approve the minutes of the September 7, 2007 meeting. The motion passed unanimously with Rep. Noel absent for the vote.

2. Update on Pharmaceutical Litigation

Mr. David Stallard, Assistant Attorney General, Medicaid Fraud Control Unit, Utah Attorney General's Office, explained that there are currently three active pharmaceutical litigation cases being handled by the Attorney General's Office to recover Medicaid dollars. He said that Eli Lilly and Merck are being sued because of a failure to warn the public of known risks that Zyprexa and Vioxx can cause. Mr. Stallard also discussed litigation that alleges that drug manufacturers have exploited the Medicaid reimbursement program by inflating the average wholesale price of medications above the actual market price.

3. The Future of Long-term Care — Demographics and Projections

Ms. Headden and Mr. Young distributed and discussed "Forecasted Expenditures in Year 2025 at Current Practice." They explained forecasted numbers for Medicaid long-term care expenditures in 2025 if those expenditures continue to rise at the same rate they have been.

Mr. Michael Hales, Director, Division of Health Care Financing, DOH (Utah Department of Health), explained that the forecasted numbers include pharmaceutical and hospital costs as well as nursing home costs.

4. Responding to Long-term Care Issues

Mr. Vaughn introduced this agenda item and gave a brief overview of ways to reduce growth and the current amount of excess bed capacity in long-term care facilities.

Mr. Elder gave a presentation titled "Nursing Homes." He discussed nursing home reimbursement methodology, occupancy rates and why a low rate is harmful, policies that tend to promote higher and lower occupancy rates, and action the Committee could consider to remedy some problems with long-term care.

Mr. Hales answered questions about reimbursement methodology and nursing home bed certification.

Mr. Elder distributed and discussed "History of Nursing Home Beds" and "Bed Banking Reimbursement Comparison."

Mr. Vaughn gave a presentation on long-term care insurance options. He explained "triggers" that insurance policies use to determine when individuals need long-term care. Mr. Vaughn also discussed the cost of long-term care insurance, incentives for purchasing long-term care insurance, and the types of individuals who usually purchase that insurance.

Mr. Alan Ormsby, Director, Division of Aging and Adult Services, distributed and discussed "Nursing Home Placement Prevention Program (Aging Waiver) Pilot - Improved Diversion Through Hospital Discharge Planners." He gave an overview of the pilot program and explained the potential cost of the program.

Ms. Tonya Keller, Bureau of Long-term Care, DOH, explained that adult day care is available to individuals and that there are providers throughout the state, although there may not be an adequate number of providers. She explained that the continuum of care has been approached through multiple angles and programs to accommodate as many individuals as possible.

5. Industry and Agency Input

Ms. Maureen Henry, Executive Director, Utah Commission on Aging, distributed and discussed "Medicaid Long-Term Care: Preparing Now for Future Change." She listed the Commission's objectives as providing choices and equal access, serving more people, managing costs of long-term care, creating an improved and balanced system, and preventing the need for more costly long-term care.

Chair Christensen turned the chair over to Rep. Newbold.

Mr. Hales explained that the long-term care industry is a heavily regulated industry that is operating at excess capacity. He said that federal and state Medicaid and Medicare dollars cover around 75 percent of the long-term care costs in the industry and that making changes in those areas could negatively impact the industry. Mr. Hales asserted that changing fair rental value tools or bed buy-back policies would only change which facility funds would go to and could have a minimal impact on the Medicaid program. He said the main question that should be asked is what is the necessary capacity for nursing homes in the state.

Mr. Dirk Anjewierden, Executive Director, Utah Health Care Association, spoke in support of continuing care for individuals in need of long-term care. He explained that historically nursing homes provided that continuum of care, but there are now community-based and in-home service options available. He said those other options are great to have, but that there will continue to be a need for the specialized care that nursing homes offer. Mr. Anjewierden said that most individuals who are in nursing homes today are there because they need to be.

Ms. Karmen Sanone, Salt Lake County Aging Services, representing Utah's 12 Area Agencies on Aging, distributed and discussed "Medicaid Interim Committee Presentation" and "HHS Announces \$8.8 Million For New Nursing Home Diversion Programs Grants Help Seniors Maintain Independence."

6. Committee Discussion

Due to lack of time, this item was not discussed.

7. Other Business

Chair Newbold excused Sen. Hillyard and Rep. Litvack from the meeting.

8. Adjourn

MOTION: Sen. Davis moved to adjourn the meeting. The motion passed unanimously with Sen. Christensen, Rep. Last, and Rep. Noel absent for the vote.

Chair Newbold adjourned the meeting at 12:24 p.m.