

**MINUTES OF THE
HEALTH SYSTEM REFORM TASK FORCE**

Thursday, May 22, 2008 – 8:00 a.m. – Room C250 State Capitol

Members Present:

Sen. Sheldon L. Killpack, Senate Chair
Rep. David Clark, House Chair
Sen. Gregory S. Bell
Sen. Gene Davis
Sen. Peter C. Knudson
Rep. Roger E. Barrus
Rep. Jackie Biskupski
Rep. Bradley M. Daw
Rep. David Litvack
Rep. Merlynn T. Newbold

Members Absent:

Rep. Patrick Painter

Staff Present:

Mr. Mark D. Andrews, Policy Analyst
Ms. Catherine J. Dupont, Associate General Counsel
Mr. John T. Nielsen, Advisor to the Governor on
Health System Reform
Dr. Norman K. Thurston, Health Economist and
Policy Consultant, Utah Department of Health
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. Task Force Business

Chair Clark called the meeting to order at 8:10 a.m.

MOTION: Rep. Daw moved to approve the revised minutes of the April 17, 2008 meeting. The motion passed unanimously with Sen. Davis, Rep. Biskupski, and Rep. Litvack absent for the vote.

Chair Clark reiterated that he would like to see the discussion on health care reform shift from "No, because..." to "Yes, if..." He reported that input groups have started to meet and that he believes they will provide a catalyst for the Task Force's work.

2. Procurement Code Preference

Mr. Nielsen introduced this item and said that this is one of 16 areas that the Legislature suggested the Task Force study when it was created. He explained that draft legislation has been written that is not perfect or a final product at this point, but is a good starting point. He said the Executive Branch supports the concept of the legislation, which would reward employers working on state projects for providing health insurance to their employees.

Ms. Dupont discussed 2009 General Session draft legislation, "Procurement Code Preference for Health Benefits," which was included in the mailing packet. She also distributed and discussed "Procurement Preference Laws." She explained that the website in the document lists each state's procurement office reciprocal preference laws. She also said that a fiscal note has not yet been prepared for the draft legislation.

Mr. Derrick Smith, Utah Restaurant Association, suggested that in the case of a state contract involving an owner-controlled insurance program — for example, where the workers compensation insurance for the contractor's employees is paid for by the state — the state could also provide health insurance benefits to the contractor's employees.

Ms. Judi Hillman, Executive Director, Utah Health Policy Project, spoke in support of extra consideration being given in the bidding process to employers that offer insurance to their employees.

Mr. Larry Engel, private citizen, gave a personal example of an assistant county auditor he knew in Ventura County, California who was able to upgrade the quality of care offered to county employees, as well as lower costs and keep the health care system from going bankrupt.

Mr. Ryan McDermott, Utah Association of Health Underwriters, suggested that rather than blocking employers who do not offer insurance to their employees from the bidding process, that the state provide an incentive in the bidding process to those employers who do offer insurance.

Mr. Rich Thorn, President and CEO, Association of General Contractors, said that state agencies have worked very hard to develop a model program for finishing state projects in a cost effective and efficient manner and wondered how the draft legislation would fit in with value selection, design build, and other concepts currently used in awarding contracts. He wondered how the draft legislation would affect employers that have a waiting period for their employees to sign up for health insurance and whether it would apply to first and second tier subcontractors and suppliers. He asked for clarification on how the draft legislation would affect reciprocal preferences in other states.

Ms. Dupont said that the current draft legislation applies to contractors only, and not subcontractors. She said the legislation also allows for health insurance waiting periods, and that it would be simple to add a line in the legislation that would exempt situations that would jeopardize federal funding.

Mr. Kelly Christensen, Utah Restaurant Association, said that in his industry, a restaurant will pay \$10 an hour for a restaurant worker in order to attract good employees. He said he assumes the same would apply to the construction industry. He said he is fearful that a mandate to offer health insurance to employees will raise the cost of health insurance even more, which will not save money for the state in the end.

Mr. Matt Spencer, Utah Association of Health Underwriters, said he supports the concept of the draft legislation but suggested that incentives should focus more on healthcare delivery systems and healthcare providers, and encouraging healthcare providers to become more efficient, which would reduce the cost of care.

MOTION: Sen. Killpack moved that the Task Force continue with the concept of the draft legislation and that staff work with executive branch departments to make sure that the Task Force understands the cost impacts associated with reciprocity laws before the Task Force takes any final action. The motion passed unanimously.

3. Request for Proposals

Ms. Dupont gave the Task Force an update on responses the Office of Legislative Research and General Counsel has had for the RFP. She explained that the RFP was published on the state procurement website, which also sends automatic emails to individuals who have indicated they would like to provide actuarial services to the state. The RFP was also published on the legislative website, and Ms. Dupont said she also solicited responses from individuals.

4. Report from the Governor's Office of Economic Development

Mr. Nielsen explained that space has been secured for the Office of Consumer Health Services and that a new employee, Cheryl Smith, has been hired to work in that office. Mr. Nielsen said there is currently discussion about whether to hire a full-time individual or someone on a contract basis for creating the internet portal for the office. He indicated that the office will have meaningful information available through the internet portal by the end of the year. He said he will continue to provide updates on the progress of the office.

5. Transparency

Dr. Norman K. Thurston, Health Economist and Policy Consultant, Utah Department of Health, gave a presentation titled "Health Insurance Transparency." He explained that technology is being used in health care to increase transparency. He explained how Travelocity.com set a precedent in using technology successfully to help clients solve their travel needs and indicated that the same approach could be followed in health care. He identified five components essential to the success of the internet portal to be designed by the Office of Consumer Health Services..

Ms. Dupont distributed and discussed 2009 General Session draft legislation, "Health Insurance Benefit and Pricing Data."

Mr. Bill Lee, private citizen, said that most health care websites are currently geared toward massive information output and are therefore not very user friendly. He suggested that it might be useful to consumers to be able to compare what health insurance companies don't offer, as opposed to only providing information on what they do offer.

Mr. McDermott said that society is better off the more that information is available to consumers. He also cautioned that if the only way to purchase insurance is on an individual basis, the state could end up with a large tax increase and more uninsured people.

Ms. Keely Cofrin Allen, Office of Health Care Statistics, Utah Department of Health, said that the state health website currently presents information on quality and patient safety for specific hospitals. She explained that the all payer database will allow the Department to provide payer reimbursement information soon.

Mr. David Gessel, President, Utah Hospital Association, indicated that one of the challenges faced by the health care industry is the number of different organization all trying to provide different pieces of health care information. He said it would be beneficial to merge those efforts into one place.

Ms. Leanne Gassaway, America's Health Insurance Plan, said that health care information needs to be useful and actionable to the end user.

Mr. Chris Bowerbank, Utah Association of Health Underwriters, said that buying health insurance is a little more complicated than buying airline tickets off the internet. He explained that underwriters are advocates for their clients and help them get the lowest rates possible. He said that without agents, many people would miss out on discounts and lower rates. He said that underwriters want to continue helping consumers make informed decisions.

Ms. Michelle McOmber, Utah Medical Association, explained that the Association believes in transparency in health care and helping consumers make better decisions. She said there is a value exchange group in Utah, and there are others across the nation, studying value-driven health care. She indicated that any rankings of health care should be based on value rather than cost or other criteria.

6. Trends in Health Care Spending

Mr. Greg Poulsen, Senior Vice President, Intermountain Healthcare, gave a presentation titled "Health Care Cost: Can We Address the Real Problems?" After covering many issues related to the level of health care spending in Utah, Mr. Poulsen suggested that the most powerful agent for changing health care is tempering the incentives to consume and provide more care. He also suggested exploring the use of bare bones policies that allow consumers to add additional coverage based on price.

7. Other Items

Sen. Niederhauser explained that he is meeting with a group of individuals to discuss the business aspects of health care reform.

Rep. Newbold said she and Sen. Bell are meeting with hospitals to discuss hospital costs and transparency.

Rep. Litvack said he is still working to identify individuals interested in working on the provider working group. He also said that Rep. Biskupski will be working with Rep. Dunnigan and insurers.

8. Adjourn

Chair Clark adjourned the meeting at 12:00 p.m.