MINUTES OF THE
HEALTH SYSTEM REFORM TASK FORCE
Thursday, May 17, 2012 – 2:00 p.m. – Room 450 State Capitol

Members Present:
Rep. James A. Dunnigan, House Chair
Sen. Gene Davis
Rep. Rebecca Chavez-Houck
Rep. Brian Doughty
Rep. Francis D. Gibson
Rep. Ronda Rudd Menlove
Rep. Merlynn T. Newbold
Rep. Dean Sanpei

Members Absent:
Sen. Wayne L. Niederhauser, Senate Chair
Sen. Allen M. Christensen
Sen. Peter C. Knudson

Staff Present:
Mr. Mark D. Andrews, Policy Analyst
Ms. Catherine J. Dupont, Associate General Counsel
Ms. RuthAnne Frost, Associate General Counsel
Ms. Lori Rammell, 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 Dunnigan called the meeting to order at 9:12 a.m. Sen. Niederhauser and Sen. Christensen were excused from the meeting.

MOTION: Sen. Davis moved to approve the minutes of the November 16, 2011 meeting. The motion passed unanimously, with Rep. Newbold and Rep. Menlove absent for the vote.

Chair Dunnigan introduced new committee members and staff.

2. Task Force Duties

Mr. Andrews reviewed the task force's charge from the Legislature outlined in 2012 General Session H.B. 144, "Health System Reform Amendments," and S.B. 208, "Healthcare Compact."

Committee discussion followed.

3. Responding to the Affordable Care Act

Ms. Dupont presented "Assemble a 5,000 Piece Puzzle. Forecast: Chance of Tornado," which reviewed options and deadlines for responding to the federal Patient Protection and Affordable Care Act and how the task force might approach its work this interim. She noted that even though the deadline for certifying whether the state wishes to operate the two Affordable Care Act (ACA)-required health insurance exchanges is January 1, 2013, the federal government announced May 16 that the state must file a letter by November 16, 2012, declaring its intent. She indicated that this announcement has effectively moved back the state's decision deadline.

Dr. Norman Thurston, Health Reform Implementation Coordinator for the State of Utah, reported that state agencies meet weekly to discuss ACA implementation issues. They also meet monthly with the Lieutenant Governor. Nine areas of focus have been identified for ACA implementation, with an executive branch representative in charge of each area.

Dr. Thurston reported that Utah is ahead of almost every state, if not all states, in the development of a system to handle Medicaid eligibility through one of the ACA health insurance exchanges. He also reported that: 1) the state needs to develop a single-door system for people to get answers about insurance, 2) some insurance market rules must be developed by the state, and 3) an electronic interface between carriers and the state must be developed.

Dr. Thurston reported on several states' approaches to ACA implementation and said that Utah is currently under "Supreme Court paralysis" while awaiting the decision of the U.S. Supreme Court on the Affordable Care Act. He also said that Utah has used some of its federal exchange establishment grant money to create a modular blueprint for implementing ACA exchanges. Dr. Thurston said that the cost for building the entire exchange could be $20-$30 million, but would be offset by the use of the existing e-Rep Medicaid eligibility system.

Dr. Thurston answered task force questions about the use of private health insurance exchanges to meet ACA requirements. He said that he believes an insurer will likely have a better chance of becoming certified as a small employer group private exchange under a state-based (state operated) exchange model than under a federally-facilitated (federally operated) exchange model.

Ms. Judy Hillman, Executive Director, Utah Health Policy Project, congratulated the Legislature and the executive branch on the development of the Utah Health Exchange and their preparations to implement a state-based exchange under the ACA. She said that Utah's imprint on the final federal rules for ACA exchanges is evident and that the rules allow tremendous flexibility for states. She indicated that if the U.S. Supreme Court strikes down the individual mandate portion of the ACA, the state will have to find some other way to motivate personal responsibility and participation in the health insurance market to discourage people from simply going to the emergency room for their care.

4. Workgroups

The task force's staff distributed "2012 Health System Reform Working Groups" which outlined four working groups to assist the task force. Chair Dunnigan reviewed the workgroups, their duties, and the legislators designated to participate with and be in charge of the workgroups. He invited all members of the public to participate in the workgroups. A sign-up sheet was distributed to meeting attendees to sign up for notice of the workgroup meetings. The four workgroups are these:

- Insurance Market Issue Workgroup
- Reinsurance and Risk Adjustment Workgroup
- Medicaid Behavioral and Mental Health Delivery and Payment Reform Workgroup
- Utah Health Care Compact Workgroup

5. Lunch Break

6. Selection of a Benchmark Plan as the Essential Health Benefits Package

Mr. Andrews presented "Essential Health Benefits" and discussed how, under the Affordable Care Act, the state may choose one of ten benchmark plans to serve as an essential health benefits package. He said that the package is minimum coverage that must be included in all individual and small group plans (with the exception of grandfathered plans offered outside the two exchanges), Medicaid expansion population

(incomes of 100% – 138% of the federal poverty level) plans, and Public Employees Health Program plans. He also said that the task force will begin evaluating whether to choose a benchmark and, if so, which one should be chosen.

Ms. Tanji Northrup, Director, Health Insurance Division, Utah Insurance Department, provided additional information regarding the essential health benefits benchmarks. Ms. Northrup recommended defining an essential health benefits package prior to adoption of a final federal rule on the subject in order to give insurers time to revamp their plans. She noted that the plan selection options allowed by the U.S. Department of Health and Human Services effectively establishes an average plan as the minimum plan.

Dr. Thurston stressed that the essential health benefits definition creates a minimum plan, not a standard plan, and indicated that it only defines services covered, not deductibles and other cost sharing provisions.

Mr. Chet Loftis, Director, Public Employees Health Program, discussed cost sharing and coverage provisions of the Public Employees Health Program's three health insurance plans: the Traditional plan, the STAR plan, and the Utah Basic Plus plan.

Ms. Shelly Braun, Utah Health Policy Project, asked that the task force keep the voices of health care consumers involved in their process. She identified two consumer concerns: affordable coverage and comprehensive coverage that includes the services they need.

Mr. Gary Thorup, Attorney with Durham Jones and Pinegar, read a statement on behalf of the American Diabetes Association. He encouraged the task force to consider a benchmark plan that includes coverage for diabetes treatment and management.

Mr. Patrick Fleming, Division Director, Salt Lake County Division of Behavioral Health Services, indicated that he looks forward to working with the task force to keep costs down while expanding the types of behavioral health care services covered by health insurance.

Mr. Dave Jackson, Managing Partner and licensed insurance producer, FirstWest Employee Benefit Solutions, and a member of the Utah Defined Contribution Risk Adjuster Board, noted that cost is a significant issue in the selection of an essential health benefits benchmark and echoed Ms. Northrup's observation that the benchmark process establishes an average benefit plan as the floor. He said that his and FirstWest's recommendation is to choose the benchmark with the lowest actuarial value and then let the market handle the rest.

7. Wrap-up

Chair Dunnigan said that he would like each of the workgroups to meet at least once before the task force's June meeting and then meet again in June the same day as the task force. He said that the task force will ask for monthly reports from the workgroups. He announced that the Insurance Market Issues Workgroup will hold a statewide listening session in early June to discuss the essential health benefits package.

Chair Dunnigan said the July meeting of the task force will be held on Wednesday, July 18th, in place of canceled interim meetings. He anticipates that by then the U.S. Supreme Court will have made its

decision regarding the Affordable Care Act and that the task force will be able to discuss the ramifications of that decision.

8. Adjourn

MOTION: Rep. Gibson moved to adjourn the meeting. Voting in favor was unanimous with Rep. Menlove absent for the vote.

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