

**MINUTES OF THE
HEALTH SYSTEM REFORM TASK FORCE**
Wednesday, July 18, 2012 – 9:00 a.m. – Room 30 House Building

Members Present:

Rep. James A. Dunnigan, House Chair
Sen. Allen M. Christensen
Sen. Gene Davis
Sen. Peter C. Knudson
Rep. Rebecca Chavez-Houck
Rep. Brian Doughty
Rep. Becky Edwards
Rep. Francis D. Gibson
Rep. Merlynn T. Newbold
Rep. Dean Sanpei

Members Absent:

Sen. Wayne L. Niederhauser, Senate Chair

Staff Present:

Mr. Mark D. Andrews, Policy Analyst
Ms. Cathy Dupont, 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 9:24 a.m. He welcomed Rep. Becky Edwards to the task force and explained that she will be serving in Rep. Menlove's place. Sen. Niederhauser was excused.

Minutes of the July 10, 2012 meeting were not approved, as a final copy was not available.

2. Executive Branch Response to the U.S. Supreme Court Decision on the Affordable Care Act and Recent Regulatory Guidance

Ms. Dupont distributed and discussed a letter dated July 13, 2012, from the U.S. Department of Health and Human Services to the Republican Governors Association and explained that at this point there is no deadline for states to make their decisions regarding the Medicaid eligibility expansion allowed under the Affordable Care Act (ACA).

Ms. Dupont indicated that for purposes of an ACA-exchange, the state could choose to make the determination of whether an insurance plan is a qualified health plan rather than turn that function over to the federal government. She indicated that if a state chooses to establish a state-based exchange or a partnership exchange, the state can make that decision; she said that it is less clear how much control the state would retain under an exchange established by the federal government.

Dr. Norman Thurston, Health Reform Implementation Coordinator for the state of Utah, reported that the task force and the executive branch face three major decisions: 1) state control of insurance regulation, 2) Medicaid expansion, and 3) the nature and operation of the exchange. He stated that it is difficult at this time to determine the best policy due to the constant changes being made by the federal government. He said that the executive branch has not yet made a decision about establishment of an exchange and indicated that any decision made for the November 16, 2012, deadline does not necessarily have to be permanent. He also discussed what effect the November 6 national election results might have on ACA implementation.

Dr. Thurston indicated that, in light of the recent Supreme Court decision, governors are requesting additional information from the U.S. Department of Health and Human Services regarding the Medicaid expansion option. He indicated that he expects the department will allow many creative intermediate

solutions short of the full expansion of eligibility to 138 percent of the federal poverty level. He also indicated that the Governor does not have an opinion on whether the state should run the ACA reinsurance or risk adjustment programs; those policies should reflect what industry needs.

Dr. Thurston emphasized that technology preparations for operating an exchange are already well under way and that he believes it is feasible to have a state-run exchange up and running by fall of 2013. He pointed out that by 2014 every insurance company in the state will have to file new rates, based on federal regulations, for every plan they offer. He indicated that there is some concern about how the state insurance department will process all those filings in a very short amount of time. He said that this is the number one implementation challenge.

Dr. Thurston outlined several principles the governor's office thinks should guide decisions about the Affordable Care Act: 1) ensure state-led implementation, 2) take into consideration budgetary issues, 3) have a positive effect on the economy, and 4) avoid creating dependence on the federal government.

3. Employer Penalties and Tax Credits

Mr. Andrews gave a presentation, "Employer Penalties and Tax Credits under the Affordable Care Act." He addressed whether small employers will offer coverage to their employees in 2014 or pay a penalty. He suggested that in light of the anticipated penalties, employers may reconsider their hiring practices regarding seasonal and part-time workers. He also explained how employer tax credits work under the ACA.

Mr. Andrews took questions from the task force.

4. Wrap-up

The task force will meet again on Thursday, August 16, 2012, at 9:00 a.m.

Chair Dunnigan advised the workgroups to follow the process they've been given and prepare to make presentations to the task force.

5. Adjourn

Chair Dunnigan adjourned the meeting at 10:50 a.m.