

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

Monday, December 17, 2012 – 1:00 p.m.– Room 30 House Building

Members Present:

Sen. Wayne L. Niederhauser, Senate Chair
Rep. James A. Dunnigan, House Chair
Sen. Allen M. Christensen
Sen. Gene Davis
Sen. Peter C. Knudson
Rep. Brian Doughty
Rep. Rebecca P. Edwards
Rep. Merlynn T. Newbold
Rep. Dean Sanpei

Members Absent:

Rep. Rebecca Chavez-Houck
Rep. Francis D. Gibson

Staff Present:

Mr. Mark D. Andrews, Policy Analyst
Ms. Catherine J. 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 1:24 p.m. Rep. Gibson was excused from the meeting.

MOTION: Sen. Christensen moved to approve the minutes of the December 4, 2012, meeting. The motion passed unanimously.

2. Response to Federal Regulations

Ms. Dupont distributed "Proposed Regulations and Guidelines Open for Comment" and explained recently released regulations regarding implementation of the federal Affordable Care Act (ACA). She also distributed "Memorandum" for Tomi Ossana and the Reinsurance Working Group

Dr. Norman Thurston, Health Reform Implementation Coordinator, Utah Office of the Governor, reviewed the new ACA regulations and deadlines for the five remaining areas. He answered questions from the task force, explaining how the federal health care exchange would be funded.

MOTION: Rep. Dunnigan moved that the task force reconsider its recommendation to run a state-based exchange. The motion passed unanimously.

MOTION: Rep. Dunnigan moved that Utah not recommend a state-based exchange, unless regulations from the federal government return to previously proposed guidelines. The motion passed unanimously.

MOTION: Rep. Dunnigan moved to have a letter drafted to US Department of Health and Human Services Secretary Sebelius with comments regarding reinsurance and encouraging the federal government to adhere to its previously proposed regulations. The proposed letter would be signed by the task force chairs and House and Senate leadership.

AMENDED MOTION: Rep. Dunnigan moved to include in the proposed letter comments on incentivizing wellness and good health, and keeping as much flexibility in reinsurance as possible. The motion passed unanimously.

3. Exchange Model Update

Chair Niederhauser introduced this issue by explaining that the U.S. Department of Health and Human Services has required that states wishing to implement a state-based health insurance exchange under the federal Affordable Care Act must submit a "blueprint" by December 14, 2012, consisting of a declaration letter and an exchange application.

Dr. Thurston distributed "Letters Related to Designation of an Exchange Model." This included all of the letters from the governor's office to the US Department of Health and Human Services dating back to November 19, 2012. He read aloud parts of the correspondence and reiterated the governor's office's preference for a state-based exchange. He answered questions from the task force.

Ms. Judi Hilman, Executive Director, Utah Health Policy Project, stated that it is important to remember that the supreme court upheld the individual mandate and the affordability measures. She stated that what is confusing about the governor's letter concerns the state's compliance with the ACA and the claim of success with the state-based exchange. She recommended the task force make a clear decision based on real facts and real results. She answered questions from the task force.

4. Draft Legislation

Ms. Dupont distributed draft legislation "Health System Reform Amendments" (2013FL-0108/005) and reviewed its purpose: to address various issues related to implementation of the federal Affordable Care Act, including authority for selling insurance on a federal exchange, the licensing of navigators, the separation of individual and small group markets, and the amendment of provisions related to Avenue H. The legislation, she stated, also reauthorizes the Health System Reform Task Force for two additional years.

Rep. Newbold asked if the draft legislation would make the state compliant with all the regulations of the ACA. Rep. Dunnigan stated that this legislation does establish a basic framework upon which the state can build as it receives more direction from the federal government.

Ms. Hilman distributed "Health System Reform Amendments Legislation 12/14/12 Draft (Rep. J. Dunnigan): Review and Analysis of Key Sections with Recommended Changes." She stated that stronger governance around the exchange, including industry and consumer expertise, would make the state's decisions more easy to navigate. She said, while it is fine to assign authority to the insurance commissioner, input is still important. She responded to questions from the task force and stated that this legislation is the way to begin the process of building a state exchange, but the task force still lacks governance. Ms. Hilman suggested that governance language be added to Rep. Dunnigan's draft legislation, and Rep. Dunnigan expressed his willingness to consider that.

Sen. Niederhauser asked how the requirements in the legislation will work with a federal exchange, and Rep. Dunnigan explained that this bill primarily concerns the state exchange. Ms. Dupont responded to questions regarding the parity requirement of the current exchange and confirmed that this legislation removes that parity requirement.

MOTION: Sen. Davis moved that the task force adopt "Health System Reform Amendments" as a committee bill. The motion passed unanimously.

5. "Exchange in a Box"

Mr. Dan Schuyler, Leavitt Partners, distributed "Exchange in a Box Concept Paper" and gave a visual presentation, "Exchange in a Box." He stated that this would be an alternative to a federal exchange and would require no federal grant funds. He pointed out which functions would be facilitated by the Exchange in a Box and which would be facilitated by the states. The costs, he said, would depend on the

number of individuals and states enrolled in the exchange, with increased enrollment resulting in lower costs. Despite the passing of the ACA deadline for indicating the state's choice of federal or state-based exchange, Mr. Schuyler expressed assurance that the federal government would still consider a state's preference for the Exchange in a Box blueprint model. Mr. Schuyler responded to questions from the task force.

MOTION: Sen. Davis moved to reconsider the task force's actions regarding the draft legislation, "Health System Reform Amendments," deleting language regarding parity. The motion passed unanimously.

MOTION: Sen. Davis moved to amend and delete language in lines 1124-1129 of the draft legislation. The motion passed unanimously.

MOTION: Sen. Davis moved that the task force readopt the draft legislation as a committee bill. The motion passed unanimously.

6. Medicaid Expansion—Fiscal Impact and Alternatives

Mr. Russell Frandsen, Office of the Legislative Fiscal Analyst, briefed the task force on efforts to update estimates of the fiscal impact of expanding Medicaid eligibility to 138% of the federal poverty level. Mr. Frandsen responded to questions from the task force. He stated that the current cost of the state's Medicaid program is approximately \$500 million dollars, or 18% of all General Fund spending in 2011.

Mr. Kevin Burt, Department of Workforce Services, stated that his department determines eligibility for Medicaid. He reviewed the administrative cost implications of Medicaid expansion in the state. Mr. Burt responded to questions from the task force.

Mr. Nate Checketts, Utah Department of Health, distributed "Estimated Impact of National Health Reform on Utah Medicaid" and reviewed the projected costs to the state over the next 10 years. Rep. Dunnigan requested that he and Mr. Frandsen combine their cost estimates onto one chart, so the task force can see the totals in one document. Mr. Checketts answered questions from the task force.

Sen. Christensen expressed concern over entitlements from the federal government and the wisdom of state Medicaid expansion in the long term. Chair Niederhauser questioned where the funds for the federal expansion would come from and the implications to the federal deficit. Mr. Frandsen explained that, in the window that the federal government looked at, they estimated a small savings overall based on anticipated tax revenues.

Sen. Davis distributed and read aloud a letter from the Democratic members of the task force to the Health System Reform Task Force. Included in their recommendations were three requests: 1) establish a state-based ACA compliant health insurance exchange, 2) expand Medicaid eligibility to cover all persons up to 133% of the federal poverty level, and 3) reauthorize the task force for the 2013 and 2014 interims. He then submitted the letter for inclusion in the task force's reports.

Mr. Patrick Fleming, Director, Salt Lake County Behavioral Health Services, gave a visual presentation, "Medicaid Expansion," and explained the behavioral health piece of the Medicaid match. He projected that 30-40% of the Medicaid expansion population will have behavioral health issues. He stated that most of those currently involved in state drug treatment programs are not currently eligible for Medicaid, but

under the expansion they would become eligible, thus resulting in significant savings for the state. Mr. Fleming and Mr. Checketts answered questions from the task force, including one from Rep. Dunnigan regarding the feasibility of a demonstration project regarding Medicaid expansion and behavioral health care.

Ms. Hilman distributed "Medicaid Expansion: The Fiscally Responsible Choice" and suggested the state try the Medicaid expansion, if only for a few years. She explained the importance of Medicaid as a stepping stone for those families trying to get into traditional health insurance plans.

Ms. Mary Jo McMillen, Utah Support Advocates for Recovery Awareness, spoke as an advocate for individuals and families who need substance abuse services and support. She said that if people have insurance to get the help they need, they are able to become independent. She stated that Medicaid expansion would make drug treatment services more readily available to those who desperately need them.

Mr. Brookes Ross, supporter, Utah Support Advocates for Recovery Awareness, testified of his own experience with a heroin addiction. He stated that, when he lost his job, he could no longer afford treatment for his addiction, and found himself in jail. He said that since serving his sentence he as graduated from drug treatment, and he believes Medicaid expansion could help him a great deal with after-treatment.

Mr. Damian Trujillo, supporter, Utah Support Advocates for Recovery Awareness, testified of his experience as a young man addicted to alcohol and incarcerated multiple times, until he was able to receive treatment through county funding. He said he has never had insurance and relies on the resources provided, even as he goes to school and works part time. He spoke in favor of Medicaid expansion.

Mr. Lincoln Nehring, Voices for Utah Children, suggested that, rather than affecting individuals, Medicaid expansion would affect entire families, and in the cost projections for Medicaid expansion, it should be taken into consideration that many of those who will be add to the roles will be children. He said there are many policy options available that could reduce the costs for Medicaid expansion.

Mr. Danny Harris, American Association of Retired Persons, said a typical Utah household budget would see reduced insurance premiums when those who cannot afford care are no longer given charity care. He spoke in favor of Medicaid expansion.

Ms. Raye Silvers, Admissions Coordinator, First Step House, and an adult in long-term recovery, said she had benefitted from publicly funded drug treatment services. She said Salt Lake County has a wealth of resources compared to other areas of the state, and she believed Medicaid expansion would make these programs available to more of those who desperately need them.

7. Other Implementation Issues

8. Adjourn

Rep. Dunnigan recognized the outgoing task force members, Rep. Kiser, Rep. Newbold, and Rep. Doughty, for their contributions to the task force.

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

Chair Niederhauser adjourned the meeting at 4:31 p.m.