



Health Matters E-Newsletter

May 14, 2009

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1. National Reforms Begin to Take Shape

Like a giant jigsaw puzzle, the pieces of national health reform are coming together. Although we can't see the overall picture yet, we're starting to see the individual pieces. New details are being announced daily, including an historic commitment by providers to [cut \\$2 trillion in health care costs](#). As expected, negative attacks designed to activate fear and distort the issues have begun to surface. —For example, be on the lookout for claims that comparative effectiveness research equates to care rationing. However, we are staying positive because we are confident these health reforms will benefit all Utahns while ensuring that:

- If you like your coverage you can keep it
- Everyone will have a guaranteed choice of affordable plans
- Doctors will have the best available scientific information available so together you and your doctor can make the best health care decisions

Timeline & Process

National health reform will move quickly. The [Senate HELP Committee](#) will have draft legislation ready by May 23rd, most likely focusing on the coverage side of the equation. The [Senate Finance Committee](#) will have bill language by early June. Both committees hope to pass their bills out to the floor by the end of June; the two bills will then be merged on the Senate floor. On the House side, a comprehensive health care bill will be sent to the [House Floor by the end of July](#). The goal is to have one omnibus bill signed by the President in August. And just in case: if health care reform isn't passed by Oct. 14th, then Senate Democrats will use the budget reconciliation process to pass reforms with 51 votes instead of the 60 votes needed to stop a filibuster. [Read Judi's op-ed in the Tribune about the budget reconciliation option and the need for a bi-partisan, sustainable solution.](#)

The Puzzle Pieces

The Senate Finance Committee has released two papers outlining various policy options. These papers provide a starting point for the closed-door walk-throughs, where the Senators indicate which policies they would or would not support. As these papers are 50+ pages, one of our national partners, Community Catalyst, has summarized the [Delivery System Reform](#) and [Coverage](#) papers. You can also watch Tuesday's roundtable discussion on [Financing here](#). While there are a lot of puzzle pieces, we wanted to highlight a just a few in this update (Be sure to [read our article about Medicaid expansions](#) below as well).

Individual Requirement & Affordability

The Finance committee's paper, [Expanding Coverage](#), outlines several policy options, including a proposal for an individual mandate, where all individuals would be required to get insurance or pay a penalty unless they satisfy one or more of the following criteria:

- their income is less than 100% of the federal poverty level
- the lowest-cost plan available costs more than 10% of their income
- they face some other hardship

While the mandate or requirement to participate is a key component of comprehensive reform, it must be accompanied by affordability measures. An affordability standard should take into account *all* out of pocket health care costs, not just premiums, and be accompanied by a guarantee of standard, comprehensive benefits. Trading quality to control costs is not a sustainable solution. In addition, cost sharing obligations should be based on a sliding scale relative to income and be clear and easy to calculate.

Financing

Congress is already starting to feel the sticker shock around the high cost of comprehensive health reforms. As yesterday's [New York Times](#) article explains, expanding coverage to 50 million uninsured Americans will cost about \$120 billion a year. While the President's budget set aside \$60 billion a year as a downpayment for health reforms, actual revenues sources are tenuous at best. For example, Congress will likely oppose the plan to reduce high-income families' charitable-giving tax deductions, giving up about \$30 billion in revenue. So, for year 1 alone, Congress would need to come up with \$90 billion to fund health reform.

At Tuesday's Senate Finance Hearing on [Financing Health Reform](#), a surprising consensus was reached. Liberal and conservative expert witnesses urged Congress to [limit the tax deduction for employer-provided health insurance](#). Senator Baucus, for his part, said he did not support removing the entire exemption for health benefits, but might support a proposal to cap the deduction.

Another option on the table is a tax on [sugary drinks](#). Adding a tax of 3 cents per 12-ounce serving would generate \$24 billion over the next four years. Sugary drinks are one of the main drivers of our nation's [obesity epidemic](#).

What we don't want to see is a backing away from comprehensive reform because of the price tag. Some in Congress will be tempted to reduce the amount of subsidies to purchase insurance (the largest piece of the cost pie). This would certainly cut the bill's price tag but at the risk of leaving too many Americans without access to affordable coverage. Instead, Congress should focus on [bending the cost curve](#) by implementing robust cost containment, comparative effectiveness, and efficiency measures, but without stopping there. They—and we—must remember: ***the road to true cost-containment leads through coverage, not around it.***

2. Medicaid in National Health Reform Discussion

This week the Senate Finance Committee released a [white paper](#) describing health reform coverage options. The key to bringing everyone into the system is to make health care coverage truly affordable. So far in the discussion Medicaid is being looked at as a tool to help address the affordability question for the millions of low-income

Americans without a reasonable offer of health coverage at the workplace.

The structure of Medicaid must change radically to take on this challenge. Not only must Medicaid eligibility be expanded, but in order to contain costs, the quality of coverage must also be improved. Primary care, wellness care, and care coordination must be improved by requiring all Medicaid beneficiaries to have a medical home; Medicaid mandatory and optional benefit packages must be re-evaluated to ensure that beneficiaries are able to receive the most appropriate and cost effective care; and, provider reimbursement payments must be closely examined to make sure providers can participate in the program and so that costs that are not shifted to other payers.

To some degree, the Finance Committee's white paper touches on each of these elements. Before we dive into what other changes may be in store for Medicaid, it is important to understand the current Medicaid program and who it covers and who it does not.

Medicaid is a means-tested entitlement program jointly financed by states and the federal government and administered by the states. Within certain guidelines established by the federal government, each state establishes its own eligibility standards; determines the type, amount, duration, and scope of services; and administers its own program. Medicaid provides health and long-term care services to low-income pregnant women, children, people with disabilities, and seniors. However, it is important to note that Medicaid is *not* available to all low-income citizens. Adults without children, regardless of income, are not eligible for Medicaid in the vast majority of states, including Utah. Further, minimum income guidelines vary depending on the population. For example, in Utah only parents earning less than 50% of the federal poverty level (FPL) are eligible for Medicaid, but pregnant women earning up to 133% of poverty can enroll. Thus millions of Americans and thousands of Utahns are left without access to credible and affordable health care coverage.

The Senate Finance Committee white paper proposes to extend Medicaid eligibility to more individuals in need. In addition, the committee is looking at strategies to improve the quality of care under Medicaid. Specifically, the committee's paper further recommends changes in the following areas:

- Eligibility expansions
- Enrollment and retention rules
- Changes to mandatory and optional benefits
- Cost sharing arrangements between states (FMAP or matching arrangements)
- Quality of care benchmarks
- Greater transparency in state Medicaid waiver and state plan amendment processes
- New waiver flexibility for "dual eligible" populations (individuals who are enrolled in both Medicare and Medicaid) to increase coordination between the two programs.

There are too many possible changes to include them all here, but highlights are presented below. These options provide the starting point for discussions going forward:

Eligibility Changes

1. Increasing Medicaid income threshold for parents, children, and pregnant women to 150% of FPL;
2. Create a voucher system for childless adults earning less than 115% of FPL that can be used either to buy into Medicaid or purchase private insurance through an exchange or portal. Private insurance would include Medicaid wrap around coverage and other cost-sharing protections.

Enrollment Changes

1. Remove state option of applying a Medicaid asset test—this would impact Utah and the few states that still have an asset test;
2. Implement 12-month continuous enrollment;
3. Provide "express lane" and automatic renewal for all Medicaid populations.

Quality of Care

Apply CHIPRA (CHIP Reauthorization) quality improvement measures to all Medicaid populations.

Optional Service Change Options

1. Podiatrists, optometrists, and free-standing birthing centers would be given provider status.
2. Provide Medicaid family planning benefits to all individuals with incomes up to the highest level applicable to pregnant women.
3. Prescription drug benefits for categorically eligible populations.

Transparency in Medicaid and CHIP Waiver/State Plan Amendment Processes

Under these provisions states would be required to...

1. Provide notice of any plans to make changes to or develop a new waiver and convene at least one meeting of the state's Medicaid statutory advisory board to discuss the impact of proposed changes.
2. Convene public meetings to discuss changes
3. Post waiver proposal on state websites

FMAP Options

1. Change the FMAP (**F**ederal **M**edical **A**ssistance **P**ercentage, or the share of total Medicaid expenses paid for by the Federal government) formula to factor in state's per capita income and percentage of population living in poverty.
2. Apply an automatic countercyclical stabilizer to FMAP increases for states (for example, when the state or regional economy slows down, the FMAP would increase)

The Finance Committee has a lot of work ahead as they select their preferred policies and fill in the details. However, the [white paper](#) provides a very good overview of all the areas that must be addressed in Medicaid in order for the program to be the foundation for affordability in health system reforms. UHPP is working on a factsheet and analysis about Medicaid in the context of affordability and national reforms. We'll be releasing it soon!

3. **Take Action: Call Senators and Congressman Today!**

What You Can Do NOW: Call Senators & Congressman And Urge Them to Support Comprehensive Health Reform This Year

These elected officials need to hear from you again and again that you want them to support comprehensive health system reform this year! AND our economic recovery depends on it.

Here are a couple of suggested messages:

"Hard-working American families are struggling to afford health care. When seeking to make health care more affordable, Congress should take into account all of the out-of-pocket costs my family is paying for health care. My dollars (and tax payer dollars) should go toward a standard, comprehensive plan—not one that will simply leave me underinsured. Please support meaningful health system reform this year."

"Medicaid provides quality, cost-effective care for our low-income and vulnerable populations. We should use Medicaid to close the holes in our health care safety net and expand Medicaid to cover adults at or around the poverty level. Do not take individuals out of Medicaid and put them in private plans if those plans do not meet their needs and offer the same quality as Medicaid."

For small business owners (*Utah's congressional delegation needs to hear from you most of all*)...

"They say it's up to me to create (or support) the jobs that will lead the way to economic recovery, but I SIMPLY CANNOT DO THIS without relief from rising health care costs. I would like to provide affordable health care coverage to my employees, but I can't if I want to compete with large chains/grow my business, etc."

Senator Orrin Hatch	(202) 224-5251 (801) 524-4380	Email
Senator Bob Bennett	(202) 224-5444 (801) 524-5933	Email
Congressman Rob Bishop	(202)225-0453 (801)625-0107	Email
Congressman Jim Matheson	(202) 225-3011 (801) 486-1236	Email
Congressman Jason Chaffetz	(202) 225-7751 (801) 851-2500	Email

4. **Utah Legislative Special Session this Wednesday May 20th**

Governor Huntsman plans to call the Utah Legislature into special session this Wednesday to address the state's education budget shortfalls and to ensure that Utah schools can take advantage of federal stimulus money immediately, fix some technical errors in other areas of the budget, and possibly provide additional Medicaid money to Utah hospitals. Hospitals have been arguing that the 25% budget cuts to hospitals enacted during the regular session is greater than they were originally led to believe and that hospitals will be forced to pass on the costs to their insured patients.

However, there are risks and downsides to addressing only the hospital shortfall during a special session:

- Providing money to hospitals now may diminish funding to cover more pressing needs in the program.
- Utah's Medicaid program is facing enormous strain from a number of directions. Medicaid rolls have grown by over 10,000 individuals since the end of the General Session in March, and the Legislature did not appropriate any additional funds to cover this increased enrollment growth.
- The elimination of critical services like emergency dental care and audiology have will have harmful impacts on the health and everyday functioning of beneficiaries, while shifting costs to other areas of the Medicaid. Provider rate reductions to dentists and other primary care providers may, in the long run, be a bigger threat to the viability of Utah's Medicaid program than a hospital payment reduction.

Rather than just providing money to the hospitals, the Legislature should take a step back and evaluate all of the needs in the Medicaid program.

The Utah Medicaid Partnership (UMP) will be meeting Monday, May 18th from 3:30 to 4:30 at Voices for Utah Children, 747 E. South Temple, Ste. 100, to strategize around the special session and explore next steps. Click [here](#) to see the proposed agenda.

5. **State Health System Reform Taskforce Resumes Next Week**

Thanks to HB188, *Health Reform – Insurance Market*, sponsored by Speaker Clark, the Health System Reform Task Force will meet again this year as a higher profile interim committee. The membership is mostly the same as last year, except for 2 new Representatives—Rep. Last and Rep. Menlove will replace Rep. Barrus and Rep. Painter. You can see the whole committee membership [here](#).

As an interim committee, the Task Force will meet every third Wednesday of the month, except for July. Their work resumes this **Wednesday May 20 at 10:45am in the State Capitol, Room 250**. The meeting will only be two hours due to the Special Session Governor Huntsman will be calling next week.

While Utah has passed legislation creating a foundation for future reforms, there is a tremendous amount of work that still needs to be accomplished. Similar to last year, the Task Force will create a number of working groups that will be responsible for developing ideas and reporting back to the Legislature. UHPP is happy to announce that this year these working groups will be multi-stakeholder, task-oriented groups. This will allow for cross-pollination between stakeholders and hopefully move Utah closer to the finish line. The following Community Working Groups

and Subgroups have been outlined by the Task Force:

1. Affordability and Access
 - a. Health care delivery and payment reform
 - b. Administrative simplification
2. Transparency – Quality – Infrastructure
 - a. Infrastructure
 - b. Wellness and Healthy Behaviors
3. Oversight and Implementation – Defined Contribution Market and Portal
 - a. Risk adjuster and defined contribution market expansion to large employers
 - b. PEHP and other association health plan participation in the defined contribution market

Each Community Working Group will be assigned specific tasks with some room for flexibility. The subgroups have been given more detailed tasks and reporting deadlines. Task Force members will chair the Community Working Groups and invite community members to participate in the Working Groups. Working group chairs and stakeholder membership have yet to be named, though stakeholder categories have been outlined for each group. To see a detailed description of the Community Working Groups [click here](#) and then go to Related Materials for the May 20th meeting. There you can find a number of documents to prepare for this first important meeting.

Public participation in Task Force meetings and more particularly in the Community Working Groups is essential to ensure that reforms meet all Utahns' needs around access, cost, and quality. When chair assignments are made UHPP will send you information so that you can express your interest in participating in whichever Working Group. We will continue to provide you with information over the summer on all of the Working Groups and Task Force, and on how state efforts will intersect with the national front. In the meantime if you have questions please contact Elizabeth Garbe at Elizabeth@healthpolicyproject.org or 801-433-2299.

6. Call for Small Business Health Care Stories/ Watch UHPP's New Video Story

As the saying goes, “seeing is believing”—and after watching Eric and Mindy Spencer from Lehi tell their story, you'll be certain we need health reform this year. Thanks to UHPP's exciting new partnership with Consumers Union (the publisher of Consumer Reports), the Spencer family recorded their powerful health care story. **Watch the video on our website [here!](#)**

Are you a small business owner? We want to hear or video your health care story!

Small businesses are on the frontlines of our state and nation's health care crisis. Are you able to afford coverage for your employees? Have you seen your premium costs sky-rocket or had to downgrade to lower quality plans to control costs? Are your employees able to afford their portion of their premium? How is the cost of health insurance impacting your business's bottom line?

[Share your small business health care experiences today!](#) Only the small business voice can demonstrate the need for health reforms that contain costs, increase quality, and ensure access.

To share your story, contact Jessica at 801-433-2299 or Jessica@healthpolicyproject.org. You can read other small business stories at www.healthpolicyproject.org

7. Become a fan of UHPP on Facebook or follow us on Twitter!

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