

UTAH HEALTH POLICY PROJECT

HEALTH MATTERS

The Age of Reform



Health Matters E-Newsletter

June 23, 2011

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1. MEDICAID REFORM: NEXT STEPS ON UTAH'S 1115 WAIVER PROPOSAL

Monday June 20th was the deadline for public input on Utah's [Medicaid waiver proposal](#). UHPP was so impressed with the stakeholder input that we attempted to synthesize all of it (as much of it as we could get our hands on) for the MCAC (Medical Care Advisory Committee) and CMS (federal agency that oversees Medicaid and Medicare) and anyone else who cares to review it.

See the Synthesis of Stakeholder Input here:

http://www.healthpolicyproject.org/Publications_files/Medicaid/MedicaidWaiverRecommendationsForMCACratingsFINAL6-17-11.pdf

Download UHPP's final analysis and recommendations here:

http://www.healthpolicyproject.org/Publications_files/Medicaid/Reform/MedicaidReformWaiverFinalBrief6-20-11.pdf

Then, upon noticing that the MCAC (which advises the state on Medicaid policy) was not really given a chance to provide structured input on the waiver, we arranged a survey for all MCAC members so they could rate each of the synthesized recommendations on a 6-point scale of importance—these results will be posted as soon as all of the responses are collected and analyzed.

All of the above information has been shared with state officials and CMS (regional and federal) officials.

You can take the survey and share your input! The MCAC survey was adapted for the public to rate a simplified set of recommendations. We will keep this survey open for one week.

Click here if you haven't taken it yet: <https://www.surveymonkey.com/s/6TSCQXC>. We recommend reading the [Synthesis](#) beforehand.

So what happens next (play-by-play)?

- As per [Senate Bill 180](#) (Medicaid Reform, sponsored by Sen. Dan Liljenquist), the state has until **July 1, 2011** to submit the waiver request to CMS. We expect CMS will have plenty of feedback for the state. Please note: comments can still be submitted directly to CMS after July 1st. *We will circulate details on where to send your input in a forthcoming alert.*
- State officials and legislative leaders (led by Sen. Liljenquist and Rep. Dean Sanpei) will negotiate the details and terms of the final waiver: we are told that state leaders will move forward as long as they get about 60% of the request approved—and this is just about what we estimate they will get.
- The final waiver approval can take 9-12 months, though we anticipate approval will take less time.
- There will be numerous opportunities, formal and informal, for **public input along the way**—stay tuned.
- The state hopes to start implementing the new waiver next year, on July 1, 2012.

Over the next few weeks we will be organizing conference calls with officials at CMS and with Sen. Liljenquist and Rep. Dean Sanpei so you can continue to voice your input and weigh in on the recommendations.

2. RECAP & ANALYSIS OF THE JUNE INTERIM SESSION

The Executive Appropriations, Health + Human Services, and Business + Labor Interim Committees meet on a monthly basis throughout the Interim Session. The Interim Session gives policymakers an opportunity to study issues in depth and prepare any needed legislation. See full Interim schedule [here](#).

EXECUTIVE APPROPRIATIONS COMMITTEE HIGHLIGHTS

Revenue Projections

June's Executive Appropriations Committee focused on the good news that **Utah's revenue expectations** are *slightly* better than projected last February: \$10 million in the positive direction. The increase is so negligible that in Sen. Lyle Hillyard's view it might as well be seen as flat. The presentation highlighted the additional revenue the state can expect in the coming year.

- The full report can be viewed [here](#).
- A PowerPoint on General Fund and Education fund expectations can be viewed [here](#).
- The full 2012 appropriations report can be viewed [here](#).

*The **Medicaid Waiver** was on the agenda for both Executive Appropriations and the HHS Committee—see report below, under HHS.*

b. **Executive Appropriations and HHS take on the Medicaid Waiver**

a. **HHS Interim: Highlights**

The full report to HHS can be viewed [here](#).

DWS (Dept of Workforce Services) Report on Savings from Changes to Eligibility Determination Process

DWS' Jeff Landward reported on the savings DWS was able to achieve over the last 2 years by streamlining and centralizing eligibility determination systems and processes, leveraging rules-based E-REP technology, and launching MyCase, a new client interface with E-REP.

DWS has exceeded savings goals by learning to do more with less and closing up bottlenecks in the eligibility determination process. All told DWS has seen a savings of \$10.5 million (\$4.2 million in general fund savings).

UHPP analysis: We applaud DWS for their results and commitment to getting the “right benefits to the right person.” What is not clear—and remains to be seen, echoing a concern raised by Rep. Jen Seelig—is whether communities with limited English proficiency (LEP) or barriers to electronic modes of communication are missing out on the new efficiencies. Online, 24-hour access frees up DWS workers to make faster determinations, even for those without computer access, but how do we make sure our most vulnerable communities, including the LEP and immigrant families, are adequately served? With greater reliance on electronic modes of customer service, do families feel safe applying for benefits in the first place? According to partners in the Salt Lake City School District, even though it's been a year since [last summer's horrific “list incident,”](#) DWS has yet to reassure immigrant families that it is safe and important to apply for benefits for citizen and legal permanent resident family members.

As UHPP launches its new **consumer health assistance program** (“TakeCare Utah”—watch for official announcements in the next few weeks) within Title 1 schools this summer, we will be conducting focus groups to determine how well the new eligibility systems are working for at-risk children and families.

[HHS INTERIM HIGHLIGHTS](#)

Wellness and the Legislative Body

Health + Human Services interim committee began with a challenge to committee members (legislators and staff) to participate in a “healthy initiative” competition to improve their own health. This initiative is aligned with a new legislative work group that will begin to work on health issues in Utah, particularly obesity and the abuse of prescription drugs.

In light of the fact that the state has submitted a letter of intent to apply for funding under the Affordable Care Act to promote prevention and wellness initiatives in the Medicaid population, UHPP is pleased to see the HHS committee members “get personal” about wellness.

Medicaid Reform Waiver

Senator Liljenquist (sponsor of [Senate Bill 180 Medicaid Reform](#)), Michael Hales (Medicaid Director), and Dave Patton (Department of Health Executive Director) reported to **Executive Appropriations** that the rate of growth of Medicaid in Utah is currently unsustainable and that SB180 sets a clear expectation that the spending Per Member Per Month (PMPM) will not exceed the growth rate of the general fund. To get there Utah will change way providers are paid—rewarding them not for doing more but for better health outcomes for their patients. SB180 also creates a Medicaid “rainy day fund” to handle cost of program ebb and flow. *For information about Medicaid Reform and the waiver request read our article on the Waiver Process in this edition of Matters by clicking [here](#).*

Committee discussion touched on issues related to “crowd out,” quality measures in the ACOs, and predicting Medicaid costs under the ACO structure.

- **Crowd out:** this is when, for example, a child who could get health insurance through his or her parent's employer also qualifies for Medicaid and so drops private insurance. CHIP doesn't enroll children with employer sponsored insurance but Medicaid has no such crowd-out provision.
- **Checks and balances for quality in ACOs:** actuaries will construct a risk-adjusted rate for each eligibility group based on historical costs and ACOs will then have to meet accountability or quality targets based on well established standards used in private industry, for example [HEDIS](#) (the Utah Health Performance Report, which measures quality of care) + [CAHPS](#) (the Consumer Satisfaction Report, which assesses patient experience).
- **Predicting Medicaid costs:** Utah has a Medicaid restricted account but with less than \$10,000 in it. Utah stopped putting money into the account in 2009 because of ARRA (the American Recovery and Reinvestment Act) and for 2010 + 2011 the funds have carried forward into Medicaid's budget. In spite of this, Medicaid spending is projected to come in under the budgeted amount. Forecasting the Medicaid budget under ACOs will be tricky, as wellness incentives and delivery system changes are implemented.

Discussion on the Medicaid Reform proposal in **Health + Human Services** reflected concern from both legislators and the public about the **impact of reform on beneficiaries and providers** including cost-sharing, the nature of the ACOs that will be formed, and the lack of detail about some of the provisions in the Waiver, like reducing benefits to save money.

- **Cost-sharing:** there is real concern from legislators, the Legislative Coalition for People with Disabilities, the Utah Hospital Association, Voices for Utah Children, and UHPP that while the effort to redesign Medicaid may work for the majority of beneficiaries, it could **harm certain populations**, like children with disabilities. While there is a federally mandated 5% cap on out-of-pocket costs, even an increase of a couple of dollars per co-pay could create financial difficulty for families with medically fragile children because they are at the brink of bankruptcy already, and many of their expenses (like diapers, formulas, other special equipment) are not covered by either Medicaid (often their secondary insurance) or private insurance.
- **ACOs:** the Accountable Care Organization is at the core of Utah's Medicaid reform. The UHA and UMA (Utah Medical Association) expressed concerns about the formation of ACOs including: adopting consistent and appropriate quality standards for patient outcomes and identifying new measures that may arise from the new system; potentially higher administrative costs as each ACO may contract individually for pharmaceutical rebates, may contract with providers, providers may contract with a variety of ACOs, and ACOs will have the flexibility to set their own co-pays; and ensuring an adequate supply of primary care providers.
- **Lack of detail:** some provisions in the proposed reform of Medicaid in Utah are not related to ACOs (the core of the proposal) nor have sufficient detail to ensure they will not harm Medicaid beneficiaries and providers. Lincoln Nehring of Voices for Utah Children pointed to two in particular: the premium subsidy portion (which is not related to ACOs) and the provision to **cut benefits** if costs are not controlled as expected. Oregon was cited as an example—they spent years studying this issue, prioritizing benefits, and creating a thoughtful system of benefit reduction which minimizes harm.

The ~~The Task Force Report on Medicaid Prescription Cost Containment~~ (Room 450 State Capitol) is year—~~an agenda for the 15 fiscal cost containment~~ meeting agenda for the 15 fiscal cost containment. No health-related topics are included on the agenda for this month's meeting.

The HHS Committee expressed support for the Waiver, including its lack of detail, because they want to ask for maximum flexibility, and hammer out the details later.

UHPP analysis: We support a reform of Medicaid delivery and payment that delivers *real quality care* to Utahns. However, we share the concerns expressed in these committees concerning undue cost burdens on Utah's most vulnerable populations. We will be vigilant at each step of the waiver and implementation process to make sure that as the details are hammered out we all keep our eyes on the prize—better care at lower cost for patients. (Again, for information about Medicaid Reform read our article on the Waiver Process in this edition of Health Matters by clicking [here.](#)) Stay tuned...

UTAH'S HEALTH SYSTEM REFORM TASK FORCE HIGHLIGHTS

- The first portion of the meeting was devoted to a presentation by Mr. Richard Cauchi, Health Program Director, National Conference of State Legislatures (NCSL). Click [here](#) for supplemental materials. Mr. Cauchi presented information about the [15 strategies](#) the NCSL has investigated so far. He was clear that neither he nor the NCSL take a position on or advocate for any of them. Many of the strategies presented are things Utah has already begun, like collecting health data (All Payer Database), prescription drug agreements (and preferred drug list), and combating fraud and abuse. The committee was most interested in the idea of global payments to health providers, episode-of-care payment strategies, and public health interventions to promote wellness. Rep. Sanpei commented that it is important to consider the proper role of government in any strategy.
- The second portion of the meeting comprised a report about the All Payer Claims Database by the Office of Health Care Statistics in the Department of Health. The APCD staff have been working to translate collected data into useable format. [HB128](#) requires a yearly report about Utah's health care facilities' cost, safety, and quality; the Utah Health Exchange will use APCD data to help enrollees choose insurance products. Rep. Dunnigan inquired as to how the data will be used to contain costs of health care: it was proposed that as consumers have more information about both the cost and quality of various health care providers in Utah their choices based on that information will drive down costs—that is, the market will take care of it. A representative from Primary Children's Medical Center asked how institutions such as his can use the data—they have put in many requests for reports but gotten little response. OHCS responded by saying they are working on some ideas, but that protecting privacy is a vital concern.
- *UHPP analysis:* We are pleased that the Task Force is taking cost containment on during the interim. If the Task Force is serious about reeling in health care costs for Utah residents and attracting people into the private insurance market they will need to consider real cost-control strategies including **affordability**, a rigorous **rate-review** process, **premiums subsidies**, and an **Exchange that pools risk and brings in the individual market**. (Read about our upcoming series on reeling in health care costs [here](#)).
- May 18th 2-5 PM
- [June 15th 2-5 PM](#)
- July 20th 2-5 PM
- September 21st 2-5 PM
- October 19th 2-5 PM
- November 16th 2-5 PM

You can find the [interim schedule](#) on the Utah legislature's website: www.le.utah.gov. Please make a point of attending these Task Force sessions, as they are the main theater of activity for addressing the delicate interface between state and federal health reform.

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| Rep. James A. Dunnigan, Chair | jdunnigan@utah.gov | Home Phone: 801-968-8594 Work Phone: 801-840-1800 |
| Sen. Wayne L. Niederhauser, Chair | wniederhauser@utahsenate.org | Home: 801-942-3398 Work: 801-558-4766 Fax: 1-866-283-7751 |
| Rep. Jackie Biskupski | jbiskupski@utah.gov | Home Phone: 801-484-8369 |
| Rep. Rebecca Chavez-Houck | rhouck@utah.gov | Work Phone: 801-608-4467 Cell Phone: 801-891-9292 Fax Phone: 801-326-1539 |
| Sen. Gene Davis | gdavis@utahsenate.org | Home: 801-484-9428 Cell: 801-647-8924 Fax: 801-484-9442 |
| Rep. Francis D. Gibson | fgibson@utah.gov | Home Phone: 801-491-3763 |
| Sen. Peter C. Knudson | pknudson@utahsenate.org | Home: 435-723-2035 Work: 435-723-6366 Cell: 435-730-4569 Fax: 435-723-6371 |
| Rep. Ronda Rudd Menlove | rmenlove@utah.gov | Home Phone: 435-458-9115 Cell Phone: 435-760-2618 Fax Phone: 435-797-1399 |
| Rep. Merlynn T. Newbold | merlynnnewbold@utah.gov | Home Phone: 801-254-0142 |
| Rep. Dean Sanpei | dsanpei@utah.gov | Home Phone: 801-374-8995 Cell Phone: 801-979-5711 |

The Health System Reform Task Force was created in 2008 with the legislation that launched state health reform in Utah. The Task force consists of 4 senators and 7 representatives. This year's Task Force membership includes 3 senators and 7 representatives so far:

In 2008 the Task Force was charged with reviewing and made recommendations on Utah's development and implementation of state-wide health reform. Task Forces full reports are located at <http://le.utah.gov/asp/interim/Commit.asp?Year=2011&Com=TSKHSR>.

You can access Task Force agendas, minutes, and reports on Utah's legislative website www.le.utah.gov or click [here](#).

3. THE FEDERAL FRONT: Make the Most of Congress' July Recess to Protect Medicaid

The U.S. House of Representatives will be on recess from June 25 to July 5 while the Senate will be home from July 2 to 10. Members of Congress need to hear a basic message from their constituents: **Don't cut Medicaid.** [Get the latest from Families USA on deficit talks in Washington here](#). Check out [Community Catalyst's resource guide](#) for resources.

Also see these Medicaid defense tools from Families USA:

- [Short-format talking points](#) provide four quick messages that you can use in your Medicaid advocacy work.

- [Medicaid, the Budget, and Deficit Reduction: Keeping Score of the Threats](#) discusses how you can fight proposals that would dismantle Medicaid, some of which could result from behind-closed-door budget talks.
- [June Medicaid polling results](#) from Herndon Alliance and Know Your Care provide the latest information on what Medicaid messages resonate best with the general public. If you would like a fuller analysis, please contact us at stateinfo@familiesusa.org.
- [The House Energy and Commerce Committee district-level fact sheets](#) show the potential effects of the GOP's budget proposal for all 435 congressional districts.

H.R. 1683, introduced by Senator Hatch and Rep. Gingrey, intends to repeal the Maintenance of Effort (MOE) provision in ARRA (the American Recovery and Reinvestment Act) and the ACA (Affordable Care Act). The purpose of the Maintenance of Effort provision is to keep states from lowering eligibility levels for Medicaid and CHIP—programs that provide stability for families and children during tough economic times and maintain consistent services for seniors and people with disabilities who need ongoing care. If the bill becomes law (it passed out of the House Committee), states would be able to cut back on Medicaid and CHIP by reducing eligibility, cutting coverage, beginning wait lists for access to care, and more. This opens up the door to dismantling the successful programs that are integral to our health care system—they are crucial coverage options for children, people with disabilities, seniors, and those who fall on hard times.

Up to 400,000 people nationally would lose coverage if H.R. 1683 becomes law, according to the Congressional Budget Office (CBO). Two out of three of these newly uninsured would be children: the CBO estimates that, if H.R. 1683 is enacted, half the states will entirely eliminate their CHIP programs by 2016 and the remaining states will scale back coverage for children.

Any cuts to Medicaid or CHIP will directly impact Utah's children: over 40,000 children in Utah are covered through CHIP now and Utah's Medicaid program covers mostly children. The number of children in Utah without health insurance coverage would increase if H.R. 1683 becomes law. Other populations served by Utah's Medicaid program would also be at risk of losing health care coverage—namely people with disabilities and the elderly with low incomes. Stripping the important protection of the MOE from health reform law would allow Utah to cut Medicaid eligibility, placing many of its 51,100 seniors and people with disabilities at risk of losing the health coverage they depend on.

Children, people with disabilities, and seniors with low income will continue to need care, even without the support of Medicaid or CHIP. Doctors, nurses, community health centers and hospitals will continue to see those who are ill or injured, even if they don't have insurance. The cost of providing uncompensated care will be both absorbed by providers—who may be forced to lay off staff or cut back on services—and shifted to consumers who do have health insurance. Adding people to the ranks of the uninsured is not a long term solution to any problem; it simply shifts costs to other parts of the health care system.

**Contact your House Representative today and ask him to vote NO on H.R. 1683!!!
The repeal of MOE (Maintenance of Effort) is also being used as a bargaining tool for the debate on the debt ceiling. Ask your Representative and Senators to stop using children, seniors, and people with disabilities for political games.**

Senator Orrin Hatch
(202) 224-5251

Senator Mike Lee
(202) 224-5444

Rep. Rob Bishop (1st district)

(202) 225-0453

Rep. Jim Matheson (2nd district)
(202) 225-3011

Rep. Jason Chaffetz (3rd district)
(202) 225-7751

4. ON THE STATE FRONT

Utah's state-wide health reform process is guided by the [Health System Reform Task Force](#)—led by Rep. Jim Dunnigan and Sen. Wayne Niederhauser—which meets monthly during the interim session (see the schedule [here](#)). The Task Force has made **cost containment** its only priority this year and the bulk of the June 15 meeting was devoted to hearing strategies for cost containment from the National Conference of State Legislators (NCSL). The NCSL has prepared [briefs](#) on 15 separate cost containment strategies:

1. [Administrative Simplification in the Health System](#)
2. [Global Payments to Health Providers](#)
3. [Episode-of-Care Payments](#)
4. [Collecting Health Data: All-Payer Claims Databases](#)
5. [Accountable Care Organizations](#)
6. [Pay-for-Performance Health Care Provider Payments](#)
7. [Equalizing Health Provider Rates: All Payer Rate Setting](#)
8. [Use of Generic Prescription Drugs and Brand Name Discounts](#)
9. [Prescription Drug Agreements and Volume Purchasing](#)
10. [Pooling Public Employee Health Benefit Programs](#)
11. [Combating Fraud and Abuse in Health](#)
12. [Medical Homes](#)
13. [Employer-Sponsored Health Promotion Programs](#)
14. [Public Health and Cost Savings](#)
15. [Health Care Provider Patient Safety](#)

Utah has a head start on some of these, like cost effective prescription drug purchasing and collecting health data, but none of these topics get at the important drivers of the cost of health care for individuals and businesses that get their health insurance the private market. UHPP is beginning a series on cost containment in Health Matters to supplement the Task Force's focus during the interim. Watch for our articles and briefs in the coming months. We'll be discussing **cost containment opportunities in the Affordable Care Act** (did you know there are over 35 different cost containment provisions in the ACA?); **affordability standards** and how they support Utah's reform efforts (just what percent of your income is too much to spend on health care?); and what a strong insurance **rate review** process could mean for Utah consumers (notice an increase in your premium in the last decade? Did you know that at the same time insurance companies are recording record profits?).

5. UTAH EXCHANGE WATCH: CHECK OUT OUR NEW WEB TOOLBOX

We've updated our webpage about [Utah's state-wide health reform](#). See our new section on the [Utah Health Exchange](#), Utah's key piece of reform and the new [Utah Exchange Watch](#)—our tool to assess the Exchange's progress toward increasing affordable health insurance coverage for Utah's small businesses.

6. ANNOUNCEMENTS & COALITION CALENDAR

Check our [Action Calendar](#) for more information.

Utah Medicaid Partnership (UMP)

Tuesday July 19 from 10:30 AM - 11:30 AM (right before U-SHARE)

Catholic Diocese, 27 C Street

Utah Medicaid Waiver-discuss next steps

Medicaid Optional Services— does UMP want to work on this as a coalition?

Medicaid and the federal budget

Gearing up for next session: on the offense

UMP- next steps for coalition

PLEASE email kim@healthpolicyproject.org or shanie@healthpolicyproject.org with topic suggestions!

U-SHARE

Tuesday July 19 from 11:30 AM - 1:00 PM (right after UMP)

Catholic Diocese, 27 C Street

Federal health reform is now the law of the land, but where does Utah's own health reform stand?
How can we bring these two processes closer together?

The goals of our meeting include...

- creating a strategic plan of action for the coalition around our NEW principles (see www.ushare-utah.org to review our implementation principles).
- strategizing the “interesting” relationship between federal and state reform
- identifying next steps for effective implementation of reform

RSVP to Shelly at shelly@healthpolicyproject.org

See the summary of our June meeting [here](#).

Utah Health Exchange Advisory Board monthly meeting (open to the public)

Wednesday July 27 10:00-11:30 (Capitol Board Room)

Risk Adjuster Board Meeting (open to the public)

Tuesday July 28 1:00-3:00 (State Office Bldg, Room 3112)
