Angst over federal health law could hurt home-grown fixes

Health reform • All's not as quiet as it seems on reform, Medicaid.

By Kirsten Stewart
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Utah conservatives have kept anti-federal health reform rhetoric to a murmur this legislative session.

With the law’s fate resting with the U.S. Supreme Court, their attention may be elsewhere. But a dozen health bills surfaced last week, most of them empty “box cars” with vague titles that suggest some lawmakers still chafe at President Barack Obama’s signature health care overhaul.

Some measures may fizzle, amounting to political posturing. But health industry lobbyists and advocates for the poor are fretting about a few they say could derail a home-grown plan for reforming Medicaid, and its promise of better, cheaper health care for all.

A “mosh pit” of policies, no matter how well meaning, waste time and energy better spent implementing plans like steering Medicaid patients into managed care networks, said Judi Hilman, executive director of the Utah Health Policy Project. “Let’s give that a chance to work.”

Backed by health industry leaders and unanimously approved by the Legislature last year, the 91-page blueprint would pay providers to keep patients healthy and out of hospitals, instead of just paying for tests and treatments.

It envisions handing Medicaid over to Accountable Care Organizations (ACOs), managed care networks that would be paid lump monthly sums per patient. If an ACO spends more than allotted for care and prescription drugs, it absorbs the loss. If it spends less, it gets a share of the leftovers.

The plan’s architect, former Sen. Dan Liljenquist, R-Bountiful, believes it’s a game-changer that will be
mimicked by the private insurance system. He’s now busy running for Congress, however, as is another reform champion, former House Speaker David Clark, R-Santa Clara.

Inheriting the leadership role is Rep. Jim Dunnigan, an insurance broker. The Taylorsville Republican is sponsoring legislation to ensure Utah is poised to comply with the federal health law, but in a way that he says gels with the state’s unique demographics, culture and health needs.

Among other things, HB144 would cut the federal government out of determining the “essential health benefits,” or bare minimum insurance policy, that Utahns will be required to have in 2014. That duty would instead fall to the state.

But among competing measures is SB208, sponsored by Sen. Stuart Adams.

The Layton Republican wants Utah to join an interstate compact to opt out of federal reform and replace federal programs, including Medicaid and Medicare, with a block grant to the states. Adams could not be reached for comment.

But his bill lists no House sponsor. And even if it gains traction, Congress would have to approve the proposal.

Still, Hilman questions the wisdom of setting up what amounts to another layer of government and tying Utah’s fate to other states. “Aren’t we so much further along than they are?” she said.

Hospitals are more worried about Coalville Republican Rep. Mel Brown’s “any willing provider” bill. HB134 would bar hospitals from favoring one insurer over the other with steeper discounts. Doing so could free patients to shop around for providers and see anyone they want.

Brown said through an intern that “he’s not prepared to speak about the bill.” But past attempts at similar legislation have been pitched as allowing small provider groups and stand-alone surgical centers to compete with big hospitals — most notably Intermountain Healthcare, which has its own insurance arm.

The Utah Hospital Association is still reviewing the bill. But the group’s executive director, Rod Betit, said he’s not keen on any proposal that would undermine managed care.

“Keeping patients to an assigned network helps systems minimize unnecessary treatments and drugs,” he said. “Utah has a good history of doing managed care in a way that’s liked by patients and controls costs.”

Michelle McOmber at the Utah Medical Association, however, isn’t convinced that Brown’s bill would set Utah back. With the caveat that she has not thoroughly reviewed the measure, she said, “It’s not like any of this can trump federal regulation. And in terms of Medicaid reform, this probably allows us more flexibility to redesign how we deliver and pay for care.”

Possibly a bigger threat to sustainable reform is funding, or lack thereof.

Medicaid is no longer public enemy No. 1. With budget woes behind them, lawmakers this year have eased off targeting the low-income health insurance program for cuts.

But in past years, legislators shorted Medicaid, hoping to play catch up as the economy improves and enrollment subsides.

Enrollment growth has leveled off in recent months and tax revenue is rebounding. Gov. Gary Herbert’s
budget contains an inflationary increase for Medicaid providers and $8 million for the ACO plan.

But money is still scarce and preliminary spending recommendations by legislative fiscal analysts call for investing nothing in ACOs. Without financial backing from the state, insurance companies may balk at signing ACO contracts in October.

But veteran lobbyists, like Lincoln Nehring at Voices for Utah Children, warn, the session is still young.

"I'm not reading to much into that yet," he said of legislative spending plans.

kstewart@sltrib.com Twitter: @kirstendstewart

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