



Health Matters E-Newsletter

February 27, 2009

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1. UHPP [Health Bill Tracker](#)

There are just two weeks left in 2009 Legislative Session! Check out the latest edition of our [Health Bill Tracker](#). By the time you read this, there will be only one more chance for bills to be heard! Don't forget, though, that bills that have passed one body can be heard in the entire other body without a committee hearing. The Tracker is posted on our website [here](#).

2. President Obama affirms commitment to national reform--New details announced in budget!

"Let there be no doubt: Health care reform cannot wait, it must not wait, and it will not wait another year," said President Obama in his address to a Joint Session of Congress Tuesday night. *"I suffer no illusions that this will be an easy process. It will be hard, but I also know that nearly a century after Teddy Roosevelt first called for reform, the cost of our health care has weighted down our economy and the conscience of our nation long enough."*

UHPP seconds the President's commitment to national health reform, and we look forward to a bipartisan solution-seeking process, starting *this year*.

From past efforts at reform we know it takes much more than sweeping rhetoric to launch health reforms. While reforms can and should strive for budget neutrality over the long term, out of the gate they call for massive down-payments on access to affordable, quality health care coverage. So far so good: Yesterday the President released his budget along with robust guidelines for reform:

- **Protect Families' Financial Health:** reduce premium costs for families and businesses, while protecting Americans from bankruptcy due to catastrophic illness;

- **Make Health Coverage Affordable:** reduce high administrative costs and eliminate waste and unnecessary spending;
- **Aim for Universality:** reforms should put us on the clear path to covering all Americans
- **Provide Portability of Coverage:** Americans should not be locked into their jobs for health insurance, nor should they be denied coverage for pre-existing conditions;
- **Guarantee Choice:** Americans should have a choice of health plans and physicians. They should be able to keep their current employer insurance plan if they choose;
- **Invest in Wellness and Prevention:** public health measures around obesity, sedentary lifestyles, and smoking can reduce system cost drivers; guarantee access to proven preventative treatments;
- **Improve Patient Safety and Quality Care:** Support the widespread use of health information technology and evidence-based medicine. Reduce unnecessary variability in patient care;
- **Maintain Long-term Fiscal Sustainability:** the plan must pay for itself by reducing the level of cost growth, improving productivity, and dedicating additional revenue.

The budget further outlines financing mechanisms. The President creates a reserve fund of \$634 billion over 10 years for health care reform. This is equally paid for by tax increases and spending cuts, including:

- **Reducing Medicare Overpayments to Private Insurers through Competitive Payments:** Create a mechanism to let the market set Medicare payments to Medicare Advantage Plans. This would eliminate an approximate 14% overpayment to Medicare Advantage plans. Instead of Medicare setting the price, it would be based on an average of plans' bids submitted to Medicare;
- **Reducing Drug Prices:** Accelerate access to generic biologic drugs. Reduce Medicaid drug costs by increasing the Medicaid drug rebate;
- **Improving Medicare and Medicaid Payment Accuracy:** Increase the Centers for Medicare and Medicaid Services ability to identify excessive payments and implement new processes for identifying and correcting problems;
- **Improving Care after Hospitalizations and Reduce Hospital Admission Rates:** Give hospitals bundled payments for hospitalization and care from post-acute providers for 30-days after hospitalization. Use this payment system to incentivize hospitals to reduce readmissions by reducing their payment for readmissions within the same 30-day period;
- **Expanding the Hospital Quality Improvement Program:** Implement "pay-for-performance" by linking a portion of Medicare payments for acute inpatient hospital services to hospitals' performance on specific quality measures;
- **Reforming the Physician Payment System to Improve Quality and Efficiency:** Medicare and the country need to move toward a system in which doctors face better incentives for high-quality care rather than simply more care. The President supports comprehensive but fiscally responsible reforms to the payment formula;
- **Reducing Itemized Deduction Rates for Families with Incomes over \$250,000:** Raise necessary additional revenue by limiting the tax rate at which high-income tax payers can take itemized deductions to 28%.

Utah stakeholders will be happy to note that the President's sketch for reform emphasizes private market solutions. The plan also recognizes the role of our current public health programs in making quality coverage affordable for working families and populations with special health care needs.

Against this background, we were frankly surprised to hear Sen. Hatch's response to the Obama proposal: *"Equally egregious...is the provision in the plan to create a 10-year, \$634 billion "reserve fund" to be used as a down payment on the Europeanization of U.S. health care – an overhaul that could cost as much as \$1 trillion over 10 years and would be financed, in part, by reducing payments to insurers, hospitals and physicians and reductions to Medicare Advantage plans." "We have already spent more than \$200 billion on health care in the Children Health Insurance Program (CHIP) and stimulus bills combined," Hatch continued, "and there's another \$200 billion for health care in the Omnibus spending bill," Hatch said. "We need to ask ourselves a simple question: How big is this down payment and what will be the final cost? And we need a straight answer to those questions.*

Knowing the importance of bringing every America into cost-effective coverage programs as a first step, President Obama's plan makes no apologies for the downpayments. But his plan is equally if not more committed to long-

term financial sustainability. Hopefully this commitment will stick through the congressional negotiations. Sen. Hatch's concerns about cost are on the mark, and we would like to the Senator to bring these concerns to the center of the reform process. We hope Senator Hatch and the rest of the Congressional Delegation will be positively engaged in the health reform discussion this year—working towards achieving meaningful reform while also representing Utah values of fiscal responsibility and quality.

The President has wisely chosen to leave all further details of the reforms for Congress to debate and decide To read the President's budget [click here](#) (be sure to read the chapter entitled "Jumpstarting the Economy and Investing for the Future." The health care reform overview begins on pg. 27). Click [here](#) for the rest of Sen. Hatch's comments.

President's Blueprint Affirms Principles put forward by Utah Stakeholders over the last 2 years

To our collective disappointment, the consensus on the part of key Utah stakeholders (providers, business leaders, community leaders/advocates, hospitals) to undertake comprehensive health system reform is not reflected in the 3 bills introduced this Session by the Legislature's Health System Reform Task Force. The budget crisis and lack of political both limited the steps we took this year. Despite the bills' serious limitations, however, most stakeholders agree the 3 bills are worthy of our support if only because they point us in the right general direction towards meaningful reform. We are committed to the idea that our current system cannot be our second best choice.

In his testimony before standing committees this week, Speaker Clark described a 10-year trajectory for Utah's reform process. Those who share UHPP's commitment to bold reforms find this timeframe unacceptably long. And there is perhaps no better argument to speed up the process than this week's [projections of health care spending: nothing](#) we're doing in the private market or in public programs is sustainable. If that argument somehow fails to convince, we have only to consider the deepening recession and the growing recognition that an overhaul of the health care system could be the key to recovery. This year, we have the opportunity nationally to tackle reform in the entire health care system (rather than just the 1/3 of the market Utah has jurisdiction over). But, if the Feds are smart, they'll use a *federalist* approach—setting a baseline for reforms but giving states the option to design reforms within certain parameters. These parameters must include all of the key components of reform, including:

- the need to cover everyone and provide access to cost-effective, medically necessary care;
- ...to this end, the need to make coverage truly affordable; and share risk and cost as a community;
- to align all payment and claims/benefits decisions with evidence-based medicine.

The good news is that most of these critical elements are covered in the President's blueprint and budget for reform. A federalist approach would provide Utah with much needed guard rails for our reforms, but also give us the freedom to implement reforms based on Utah's strengths and unique features of our market. In the meantime, Utah will continue to take baby steps, but in reality the big steps first need to happen on the federal level. Once that happens, Utah will be able to work within the new framework and take us the rest of the way to meaningful reforms that make sense for Utah.

3. Save the Date: UHPP to host Statewide Discussion during Covering the Uninsured Week on National Health System Reform—Wed. March 25th from 4:00 to 6:00 pm

Cover the Uninsured Week, a nationwide, multi-year campaign sponsored by the Robert Wood Johnson Foundation will be March 22-28. This week gives us the opportunity to highlight the fact that too many Americans are living without health insurance and demand solutions from our national leaders. We will mark the week here in Utah by sponsoring a statewide discussion about national health reform and implications for Utah's reform process. For now, please SAVE THE DATE for this unique opportunity to learn more about the direction of the national reform process (new details will be revealed on a daily basis!), the role of Utah's Congressional Delegation, and what we can do to support the process!

When: Wednesday March 25th from 4:00 to 6:00 pm

Tentative Meeting Locations (all connected by video conference):

- Ogden
- Farmington
- Salt Lake
- Murray
- Vernal
- St. George
- *****New Web-stream Option*****

Live too far away from one of the sites? Can't join us in person? You can still participate! We are pleased to implement new technologies to include Utahns from across the state in the discussion. We will be streaming the presentation and discussion online. Watch it real-time and submit questions and comments to us by email!

We'll be sending out more information soon, including locations, directions, web-stream log-in information, etc. In the meantime, please save the date for our statewide discussion on national health system reform: March 25th from 4:00 to 6:00 pm

4. Medicaid Funding Restorations Updates (Attend Medicaid Lobby Day, March 3rd 9:30am, Capitol Cafeteria)

Action Alert: Please Call Executive Appropriation Members and Tell Them to Support 3,000 Utah Jobs by investing in Medicaid and restoring optional services and provider rates!

A new economic analysis prepared by Jan Crispin, Senior Economist at the University of Utah's Bureau of Economic Research and Business Research, finds that restoring the cuts that have occurred in Utah's Medicaid program since September 2008, will support 2911 Utah jobs, generate \$78.9 million in salaries and wages and return \$11.2 million in taxes to the state coffers for FY2010. The increase in federal money to state Medicaid programs provided through the American Recovery and Reinvestment Act (ARRA) will free up sufficient state dollars to restore cuts to critical services, Medicaid eligibility categories, and provider rates. The Utah Health Policy Project has prepared a new [Medicaid Economic Impact Calculator](#) based on Ms. Crispin's analysis to illustrate the full impact of Medicaid spending on Utah's economy.

Despite the enormous benefit to Utah's economy, the Legislature still has not committed to using the ARRA to restore the Medicaid cuts that have occurred over the last year, including the 6 'optional' Medicaid services (physical therapy, occupational therapy, vision, dental, audiology, and chiropractic) and reductions in reimbursement rates for physicians, dentists, hospitals, and other providers. **We must not give up on these investments.** If we all pitch in, we can get these items restored.

Please call [Executive Appropriation Committee Members!](#) Their contact information can be found [here](#)
Remember to tell them:

1. To maximize the effect of the ARRA, by restoring Medicaid funding for physical therapy, occupational therapy, vision, dental and audiology.
2. Because of the ARRA, these Medicaid services will cost the state 27% less than they did before--\$27 million vs. \$37 million.
3. Restoring these cuts will bring over \$100 million in federal dollars into the state that will support *3,000 high quality Utah jobs, pay \$79 million in salaries, and return 11 million to the state in taxes.*
4. Failure to restore the cuts will increase the cost-shift to the private sector, increasing the cost of health premiums for Utah businesses and individuals.

Medicaid Restoration Lobby Day is March 3, 2009 at 9:30 am in the Capitol Cafeteria (East Building). WE PROMISE THIS WILL BE WORTHWHILE.

Are you a provider who works with Medicaid clients? A beneficiary who relies on Medicaid for your health care coverage? A citizen who cares about ensuring low-income families can receive the health care that they need?

Please join us Tuesday, March 3rd at the Capitol to visit with legislators and the media to talk about the importance of keeping Medicaid whole.

RSVP to Jessica at jessica@healthpolicyproject.org or call 801-433-2299

Medicaid Asset Test Resolution Passes Utah House

HJR 22 (Rep. Chavez-Houck), Medicaid Asset Test Resolution passed out of the House today. This resolution asks the legislature to study how the state can remove the Medicaid “asset test.” Now you may be asking yourself, “What is the asset test? Why is it a problem?” Medicaid restricts eligibility based on a family’s means. The state determines a family’s means based on two criteria: income and assets. For most Utah Medicaid eligibility categories, the asset limit is \$2,000 for an individual, \$3,000 for a couple, and \$25 for each additional member in the household.

Accumulating savings and building assets are vital component in a family successfully transitioning from poverty to prosperity and self-sufficiency. Therefore, rather than discouraging and penalizing recipients who try to save, public benefit programs like Medicaid should encourage savings and asset accumulation.

In addition to helping low-income Utahns build savings, removal of the Medicaid asset test will also help the state budget. Of the thousands of Medicaid applications Utah receives every year, that state disqualifies only a handful of applicants due to their assets. But, given how few are excluded, the staffing required to review an applicant’s assets is considerable and hardly worth the expense. Further, CHIP which serves families *at higher* income levels, do not have an asset test. This lack of consistency across programs makes it difficult to consolidate the applications of multiple public programs into a single application. Both these costly inefficiencies could be eliminated with the elimination of the Medicaid asset test.

[UHPP’s fact sheet on HJR 22 can be found here](#)

5. Health Reform Taskforce Bills Pass Senate Committee

The three Task Force Bills unanimously passed out of Senate HHS on Wednesday. UHPP testified to our support of the bills as a stepping stone to comprehensive reforms and outlined our lingering concerns. Our two areas of concern are with the mandate-lite, limited benefit provisions and some of the risk adjuster components. ([Click here to read our fact sheet.](#))

To listen to the archive of the hearing [click here](#) and click on Senate Health and Human Services Committee under Audio Recordings of Debates.

To stabilize the new portal market, HB188 creates a risk adjuster that will spread risk more efficiently across all insurers. This is designed to stimulate competition by incentivizing insurers to better manage, rather than avoid, risks and costs. UHPP proposes the following amendments to the bill:

1. Include the entire small group market – inside and outside the portal – in the risk adjuster, as per best practice.
2. Delete the provisions that confine the risk adjuster board to develop one particular type (in this case, “prospective”) of risk adjustment system.
3. Create a diverse board that includes provider *and consumer representatives* to work out the details of the defined contribution orportal market.

([For a complete explanation of these amendments click here to see our fact sheet.](#))

Yet there is another option that would prove to be more effective for Utah's small group and defined contribution markets. HB454 *Small Employer Group Reinsurance Pool*, sponsored by Representative Biskupski, establishes a proven risk adjuster mechanism that will increase competition and incentivize insurers to provide better value to both healthy and sick enrollees. Reinsurance is basically insurance for insurance companies. A reinsurance pool more effectively spreads risk, which stabilizes the private market for small businesses. One accident or sick employee in a given year can cause small business premiums to rise by up to 25%. By stabilizing premium increases small businesses will be able to better plan for their health care costs, thus reducing the risk that they drop coverage completely. HB 454 should be heard early next week in the House Business and Labor Committee. UHPP believes reinsurance will further strengthen HB188 and help it serve as a foundation for broader reforms. . For more information on this bill click [here](#) for our new fact sheet.

When the legislative ends in two weeks, we must re-double our efforts to push the state's health reform forward. All along the way we will be looking for ways to align Utah's process with the national reform process. HB188 extends the Task Force for another year and UHPP will be very involved in the process. The Legislature acknowledges there is a lot of work that still needs to be done. As Speaker Clark likes to say, we are on the 20 yard line and still have 80 yards to go.

6. **Multicultural Health Network Bills Advance**

Good news! SB 225, sponsored by Sen. Luz Robles, passed the Senate Health and Human Services Committee on Wednesday. (For the hearing, click [here](#)) All members, with the exception of Sen. David Hinkins, voted to move the bill forward. SB 225 takes advantage of provisions in the Children's Health Insurance Program Reauthorization Act (CHIPRA) recently passed by Congress. These provisions remove the five-year waiting period before the children of low-income legal immigrants can enroll in CHIP and Medicaid, and provide states with matching funds to enroll these children in their respective programs. SB 225 opens up Utah's program to these newly eligible children and allocates state funds to insure them.

What you can do: Contact your Senator and ask them to vote YES on SB 225

The bill now moves to the floor of the Senate. As this is a high priority for UHPP, we urge you to contact your Senators and ask them to support this bill and keep it alive through the sifting process (where the board is wiped clean each day and bills are re-prioritized).

To find out who your Senator is, [click here](#)

Call your Senator at **(801) 538-1035** or Toll-free: **(800) 613-0677**

Or, to find their email address, [click here](#)

In your message, be sure to mention that:

- SB 225 removes a 5 year waiting period for the children of legal immigrants (*legal permanent residents*) to apply for public health insurance.
- Childhood health starts with timely access to health care. Good childhood health is a general predictor for adult health and is linked with better academic performance.
- Enacting this legislation will reduce the overall financial strain on the health care system from uncompensated care. Uninsured children delay care until medical conditions take them to the emergency room—the most expensive option. This cost is shifted to the insured and to taxpayers.
- The federal government will match \$4 for every dollar that Utah spends to insure children, making this bill a powerful investment. The bill will also help mitigate the impact of people losing their health insurance in our state.
- SB 225 compliments current health care reform efforts at both state and federal levels. Insuring the children of legal immigrants will expand coverage and reduce costs—two key building blocks of any reform effort.
- For more talking points, see the [Salt Lake Tribune's excellent editorial in today's paper](#).

For more information, be sure to read our fact sheet on SB 225, posted [here](#).

An identical House Bill (HB 171) will be heard in the House Business and Labor Committee shortly.

More Good News: HB 144 Medical Interpreter Standards passes Senate HHS Standing!

Just this morning Rep. Chavez-Houck's HB144 passed Senate HHS Standing Committee with unanimous support and was placed on the consent calendar. This means that the bill is poised for victory, so long as WE STAY WITH IT AND PUSH IT OVER THE TOP. A few concerns were raised in the committee discussion that the MHN members will be working to address. We need MHN members, especially providers and interpreters to join us on the hill to meet one-on-one with senators. A tip of the hat to the wonderful public health students from BYU who provided eloquent testimony and analysis. LET'S THE FINISH THE JOB.

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