

## UTAH HEALTH POLICY PROJECT

# HEALTH MATTERS



## Health Matters E-Newsletter

May 16, 2011

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### 1. MEDICAID REFORM

Following passage of [SB180 Medicaid Reform](#) (comprehensive Medicaid payment and delivery system reform designed to limit cost growth while improving health outcomes), Utah Medicaid Director Michael Hales and SB180 sponsor Sen. Dan Liljenquist agreed to convene 7 weekly meetings to obtain input from stakeholders on the Medicaid 1115 waiver portion of SB180.

Click [here](#) for the **Stakeholder Meeting Highlights from a mostly UHPP or consumer advocacy perspective.**

The discussions were utterly fascinating—and we, the stakeholders, seemed to find ourselves on the same page on most of the hot-button topics on the table. The topics included:

- Overview
- Integrating Pharmacy Benefit into the New ACOs (Accountable Care Organizations)
- Cost Sharing
- Capitated Rate Setting and Data Requirements
- Client Incentives for Healthy Behavior
- Provider Assessment and UPL\* Preservation
- Measuring Quality

As soon as the waiver proposal is released for public comment on June 1, it will be important to track stakeholders' mostly positive input to make sure it is reflected in the waiver proposal. Also, please join us at the **June 1 Monthly Meeting** (at Department of Health, Cannon Health Building, Room 125, 1460 W 288 N in Salt Lake City) with Michael Hales—live and in person.

Michael will walk us through the new waiver proposal, to be released that same day, and take your questions. Then advocates and UMP partners will gather again (after the DWS portion of Monthly Meeting) **at 3:30 pm that same afternoon** to strategize for the public testimony forum scheduled at the Department of Health (also room 125) on **June 9 4:00-6:00 PM**. All of these meetings take place in **room 125** of Cannon Bldg.

At the most recent UMP meeting we talked about developing a set of principles to use as a yardstick for shaping the waiver and the broader transition to accountable care. To this end, UHPP has identified a few models for discussion:

- Massachusetts: [http://www.hcfama.org/\\_data/global/images/CBC%20Principles%20Long%20Version.pdf](http://www.hcfama.org/_data/global/images/CBC%20Principles%20Long%20Version.pdf)
- Ohio: <http://uhcanohio.org/default/files/Payment%20Reform%20consumer%20principles%20CBC%2012-10.pdf>
- Minnesota: [www.healthpolicyproject.org/Publications\\_files/Medicaid/Reform/MinnesotaRecommendationsDeliverySystemReform.pdf](http://www.healthpolicyproject.org/Publications_files/Medicaid/Reform/MinnesotaRecommendationsDeliverySystemReform.pdf)

You might also take a look at the Center for Health Care Strategies framework and recommendations for payment reform in Medicaid: <http://www.rwjf.org/files/research/64128.pdf>

Here is a good set of Principles for Design of Healthy Behavior Incentives from the Robert Wood Johnson Foundation: <http://www.rwjf.org/files/research/4738.10.0044.pdf>

Please try to review these principles before June 1 and the release of waiver and Monthly Meeting.

\* Upper Payment Limit or UPL funds play a critical role in supporting public safety-net hospitals and medical schools, both of which serve a disproportionate number of uninsured patients

## **2. MAKING THE MOST OF THE MAY INTERIM SESSION**

### **INTERIM COMMITTEES**

The Executive Appropriations, Health + Human Services, and Business + Labor Interim Committees will be meeting on a monthly basis throughout the Interim session beginning Tuesday, May 17, 2011 (Executive Appropriations) and Wednesday, May 18 (HHS and Business + Labor Interim and most other committees). The Interim Session gives policymakers an opportunity to study issues in depth and prepare any needed legislation. In this, the first interim day since the General Session, most committees will decide on study topics for the year. If there is a topic you want assigned to committee, this week may be your last chance.

See full Interim schedule [here](#).

Check links below to follow committee schedules:

[Executive Appropriations Committee](#) Tuesday, May 17 1:00 pm (Room 445 State Capitol)

[Health and Human Services Interim Committee](#) Wednesday, May 18 2:00-5:00 (Room 20 House Building)

[Business + Labor Interim Committee](#) Wednesday, May 18 9:00-Noon (Room 210 Senate Building)

### ***Executive Appropriations: Highlights***

- Review of federal funds, ARRA, and non-federal grants
- Impacts and responses to federal budget reductions
- Approval of final FY 2011 and FY 2012 revenue estimates

***HHS Interim: Topic Highlights***

- Committee business
- **Medicaid Delivery Waiver (details on the Medicaid Reform proposal process initiated by SB 180)-see topic #1 above.**
- Medicaid Inspector General (update on this new position at the Governor's Office of Planning & Budget, intended to strengthen fraud prevention and created by HB 84)

***Business + Labor Interim: Topic Highlights***

- Committee business
- Health insurance mandates (with opportunity for public comment)
- Insurance amendments (Rep. Dunnigan, comments from the Governor's office, opportunity for public comment)

**UTAH'S HEALTH SYSTEM REFORM TASK FORCE**

The Health System Reform Task Force will meet on Wednesday afternoons during the interim (Room 450 State Capitol)

- May 18<sup>th</sup> 2-5 PM
- June 15<sup>th</sup> 2-5 PM
- July 20<sup>th</sup> 2-5 PM
- September 21<sup>st</sup> 2-5 PM
- October 19<sup>th</sup> 2-5 PM
- November 16<sup>th</sup> 2-5 PM

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

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:

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

In 2008 the Task Force was charged with reviewing and made recommendations on Utah's development and implementation of state-wide health reform. In 2009, the Task Force focused largely on overseeing implementation of the reform legislation that was passed in the 2008 and 2009 legislative sessions. Moving into 2010, the Task Force focused largely making corrective changes to reform legislation enacted in the previous years.

So far the Task Force has studied and made recommendations on items including, but not limited to, access to public programs (Medicaid, CHIP, and UPP), requiring employers who contract with the State to provide health insurance to their employees, the All Payer Database (APD), Tort reform, the Utah Health Exchange, the High Risk Pool, Federal reform, and payment and delivery reform (see the full reports at <http://le.utah.gov/asp/interim/Commit.asp?Year=2011&Com=TSKHSR> ).

The Health System Reform Task Force re-convenes Wednesday, May 18, 2:00-5:00 (Room 450 State Capitol). This meeting is open to the public. Agenda Items for this meeting include:

- 1 - Task Force Business
- 2 - Uninsured
- 3 - Utah Health Exchange Update
- 4 - Update on Other Health Care Reform
- 5 - Legal Challenges to Federal Health Reform
- 6 - Cost Containment
- 7 - Adjourn

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

### **Utahns for Sustainable Health Reform (U-SHARE)**

This year we plan to work with U-SHARE and other partners to generate stronger reform and Exchange measures out of the **task force process**. If Utah wants to run the ACA exchanges and not have the feds do it for us, the state's Exchange must be ready to demonstrate the ability to do so by January 1, 2013. **Now is the time** to set up governance structures and to define affordability standards, for example, and the list goes on.

Roll up your sleeves at **U-SHARE's Post-Session Lunch Retreat!**

Where: **Olmstead Room, East/Senate Bldg, State Capitol**

When: **May 18<sup>th</sup> 12:00-2:00 pm (grab your lunch in cafeteria)—in between HHS Interim & the Task Force!**

### **3. ON THE FEDERAL FRONT**

#### **UPDATE ON COURT CHALLENGES TO THE AFFORDABLE CARE ACT**

Of the 31 lawsuits challenging the Affordable Care Act (federal health reform) in courts, most have been dismissed or are winding their way through the lower courts. Five judges have ruled on the merits of the ACA and three of them upheld the law. Only twice have judges ruled against part or all of the law. In Virginia a judge ruled the individual mandate, or personal responsibility, clause unconstitutional. In Florida, a judge ruled on a case brought by 26 states (including Utah), finding the entire ACA unconstitutional, saying that the individual mandate is so intertwined in the ACA that it renders the whole law invalid. These two cases will be the first to reach the appellate court and thus first to reach the Supreme Court of the United States where the ultimate judgment regarding constitutionality of the ACA will be decided. The end point for these cases is likely to be during the Supreme Court October 2012 term, given the trajectory that the cases are on now.

Where are we now? The 4<sup>th</sup> Circuit Court of Appeals became the first appellate court to hear arguments on the ACA. There are two main questions being asked. The first: do the plaintiffs in the Virginia cases have "standing" (the legal right) to sue the federal government over this issue? The issue of standing has been cited in many of the ACA court challenges. The second: the question of the individual mandate— can the government mandate that citizens buy a product, in this case health insurance? This argument is based in the Commerce Clause of the Constitution that regulates market activity, including the health insurance market. The question boils down to whether the government can regulate *inactivity*, that is, *not buying* health insurance. Some see the ACA as an attempt of the government to place regulations on people who are *not buying* health insurance—market inactivity. However, the U.S. government argues that because everyone uses the health care system at some point in their life, everyone should be responsible to have health insurance. The 4<sup>th</sup> Circuit panel of judges seemed skeptical on any meaningful difference between activity and inactivity in this instance.

The 4<sup>th</sup> Circuit ruling will be important, but, regardless of the outcome, it is likely to do little in resolving the questions around the ACA. Whichever side is ruled against is expected to appeal the

decision and the case will continue to weave its way to the Supreme Court. Next month the 6<sup>th</sup> and 11<sup>th</sup> Circuit courts are scheduled to hear similar cases.

#### 4. ON THE STATE FRONT

##### **UTAH'S HEALTH EXCHANGE AT THE CROSSROADS UPDATED!**

We have updated our brief about the Utah Health Exchange ([Utah's Exchange at the Crossroads: Utah Small Business Owners Want More from Utah's Exchange](#)). While the Exchange is growing, it is limited by the Exchange's small budget and staff (only 3). It is time for Utah's leaders to address the limitations of Utah's Exchange—the important elements that would allow the Exchange to really make a dent in the high cost of health insurance for Utah's 67,000 small businesses and 144,000 self-employed, like affordability standards, pooled risk, seamless eligibility with premium subsidies and public programs, and the inclusion of the individual market. See our press release [here](#).

##### **U.S. CONGRESS VOTES TO DEFUND STATE HEALTH INSURANCE EXCHANGES**

Congress passed H.R. 1213 along partisan lines Tuesday, May 3. This bill repeals funds that will help states set up Health Insurance Exchanges—key to the ACA (federal health reform). As such, H.R. 1213 is part of an on-going effort to dismantle federal health reform piece by piece.

Utah accepted \$1million in an Exchange Planning Grant this year—money needed to fix core technology issues and help the UHE be successful. If enacted, H.R. 1213 would prevent Utah's Health Exchange (UHE) from receiving any additional funding from the federal government. H.R. 1213 will shift the cost of meeting federal Exchange requirements to the State. It is unlikely this bill will pass the Senate. You can read the bill text [here](#).

##### **UTAH BUSINESS GROUP ON HEALTH AT UHPP**

Salt Lake City's Economic Development Division & Local First Utah sponsored the 2<sup>nd</sup> annual Neighborhood Business Conference on Friday, May 6, hosted by Westminster College. The keynote speakers from the Austin Independent Business Alliance spoke to an audience of over 150 Utah small business owners about leveraging their businesses by working together. Utah's small businesses struggle to provide health insurance for their employees. In 2009, UHPP partnered with the Small Business Majority to find out just what Utah's small businesses thought about health care coverage (© 2009 Small Business Majority [www.smallbusinessmajority.org](http://www.smallbusinessmajority.org); see the full report [here](#)):

- The number one concern for Utah small businesses in healthcare reform is controlling costs, followed by having coverage that is guaranteed and covers everybody.
- 88% of Utah small businesses not offering health insurance say they can't afford to, while 79% of those who do offer it say they are really struggling to do so.

- 80% of small businesses support establishing a health insurance pool to create a marketplace where small businesses and individuals choose their coverage. Only 12% oppose this proposal.
- 79% of small businesses want to eliminate preexisting condition rules, and 74% see these rules as a barrier to starting a business.
- 77% support a proposal to establish a minimum standard of coverage for health insurance benefit packages in order to facilitate comparison shopping in the marketplace, ensure access to medical care, and protect people from financial risk.
- 69% prefer having the choice of a private or public health insurance plan, with 20% preferring private only and 7% preferring only a public health insurance plan.
- 67% say it is important for individuals, employers, insurers, the government and healthcare providers to share the responsibility for making healthcare more affordable.
- 64% say healthcare reform is important to getting the economy back on track.
- 57% say their company has a responsibility to provide health coverage for its employees.
- 46% believe that businesses that don't offer health insurance should be required to pay something to cover their employees, although 40% say no contribution should be required. Of those who agree a contribution should be required, more than half believe it should be less than 5% of payroll.

See UHPP's brief on how federal reform affects Utah's small businesses: [\*The Nuts and Bolts of Federal Health Reform: the Impact on Utah Small Businesses\*](#).

Stay informed and get involved:

- visit UHPP's website <http://www.healthpolicyproject.org/Business.html>
- sign up for UHPP's Business Group on Health newsletter [here](#)
- join [U-SHARE](#), a coalition of people in Utah who are interested in sustainable health reform (also on [UHPP's webpage](#))

#### **DELIVERY + PAYMENT REFORM DEMONSTRATION PROJECTS**

The Utah legislature first called for the piloting of state-based delivery and payment reform demonstration projects in 2009. In March 2010 the ACA (federal health reform) became the law of the land, and included in this landmark legislation are several policy provisions that will drive payment reform. This year, HB128 put the oversight responsibility in the Utah Department of Health (DOH)

Utah undertook three demonstration projects: chronic care (diabetes), acute care (obstetrics), and pediatrics. The projects are meant to test innovations in product design, employee benefits, provider payments (including bundled payments and medical homes), and ACOs (accountable care organizations).

For example, the goal of the acute care/obstetrics pilot (currently underway) is to reduce elective inductions and c-section rates for births (which are high risk and high cost) by using a blended rate for physician services (a weighted average between the rates for vaginal delivery and c-section for

physician services). This removes the dollar difference between the two, and thus the financial incentives for c-sections.

The pediatric project is also underway. Christi North, Vice President of Utah Programs at *HealthInsight* states: "The pediatric project is the most promising opportunity to test Utah's willingness to innovate to improve care and payment structures. In Chuck Norlin's capable hands, the Children's Health Improvement Collaborative (CHIC) applied for and received a significant federal award to test new approaches to care delivery and reimbursement. CHIC has hired staff, recruited providers and parent partners, and is poised to move forward with multi-payer participation."

This is an exciting undertaking for Utah. It is demonstration projects like these that will help us learn the best ways to increase the quality of health care while bringing down costs in Utah.

**(Summarized from [HealthInsight](#))**

**5. CONSUMER HEALTH ASSISTANCE & INFORMATION NETWORK TO LAUNCH IN JULY...WITHIN UNITED WAY OF SALT LAKE'S COLLECTIVE IMPACT PROCESS IN & AROUND TITLE I SCHOOLS!**

The CHAIN (Consumer Health Assistance, Information, and Navigation) Network is an emerging public-private sector network of approximately 70 Utah organizations designed to help consumers navigate medical assistance and insurance options, particularly as these options evolve toward near-universal coverage in 2014. It is also intended to help consumers make prudent and timely use of their benefits.

We are pleased to announce that UHPP has been engaged as a key "system change" partner in the United Way of Salt Lake's innovative Collective Impact strategy process. In addition to funding resources, UW's community impact strategy provides partnership support for collaborative, location-specific partnerships that address 11 specific objectives related to education, income, health (that's where we come in!), and immigrant and refugee integration. These partnerships, called Community Learning Centers, Welcome Centers, and Prosperity Centers, work closely with UW and each other to deliver services in an integrated and highly collaborative way, engage volunteers, and use shared data collection and reporting methods to achieve community level outcomes.

As a "system change" and collective impact coalition partner, UHPP will provide support, training, and leadership on the 3 health areas of need, focusing on children, their families, and community:

- Children and adults have access to health insurance and regular health care
- Children and adults are healthy and free from illness or disease
- Children and adults are not overweight or obese

UHPP's role will also be to facilitate the sharing of best practices across the participating organizations. By spearheading one-on-one enrollment assistance and facilitating the sharing of best practices among partner organizations, we will lay the groundwork for enrolling more children and families and adults without children in similar coverage opportunities beginning in 2014 with full implementation of the Affordable Care Act.

Within the context of the community impact process and beyond, the CHAIN will serve as a sentinel around ongoing state and federal health reforms by flagging areas in need of improvement and applying lessons and tools from local best practices in wellness and health promotion.

## 6. ANNOUNCEMENTS

- **Monthly Meeting with Michael Hales: Special “Waiver Walk-Through” Session**  
**Wednesday June 1<sup>st</sup>**  
**Department of Health, Cannon Health Building Room 125, 288 N. 1460 W in SLC.**  
The Health Portion is first, at 1:30 pm.

Michael will walk us through the new waiver proposal, to be released that same day, and take your questions. Then advocates and UMP partners will gather again (after the DWS portion of Monthly Meeting) **at 3:30 pm that same afternoon** to strategize for the public testimony forum scheduled at the Department of Health (also room 125) on **June 9 4:00-6:00 PM**. All of these meetings take place in **room 125** of Cannon Bldg.

- **U-SHARE Mini-Retreat**  
**Wednesday, May 18 from 12:00 -2:00 PM** (we regret and apologize for the conflict this time slot poses with the Family Investment Coalition this month)  
**Olmstead Room at the State Capitol East Bldg**  
This is right before the [1<sup>st</sup> Health System Reform Task Force meeting of the Interim, from 2-5](#), which is also not to be missed!

It is time to re-group as a coalition and decide what we want to focus on in the post-reform environment and between now and the 2012 legislative session. 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...

- making sure [U-SHARE’s principles](#) and [charter \(last updated June 2009!\)](#) fit with the post-reform (ACA) environment; PLEASE REVIEW AN [EXAMPLE OF A HEALTH REFORM CHARTER FOR POST-REFORM ENVIRONMENT](#), FROM MASSACHUSETTS
- strategizing around the “interesting” relationship between federal and state reform, and
- choosing what we, as a coalition interested in sustainable reform in Utah, want to work on for the rest of the year.

**RSVP** to Shelly at [shelly@healthpolicyproject.org](mailto:shelly@healthpolicyproject.org)

- **Utah Health Exchange Advisory Board monthly meeting (open to the public)**  
**Wednesday, May 25 10:00 – 11:30 (location TBA)**  
Check our [Action Calendar](#) for more information.

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