MINUTES

Legislative Health Care Coverage Commission

September 9, 2009

MEMBERS PRESENT:

Voting Public

Dr. David Carlyle, Chairperson
Mr. Ted Williams, Vice Chairperson
Dr. Andrea McGuire
(alternate for Mr. Mike Abbott)
Ms. Betty Ahrens
Ms. Jennifer Browne
Ms. Diane Crookham-Johnson
Ms. Joan Jaimes
Mr. Bruce Koeppl
Ms. Marcia Nichols
Mr. Tim Stiles
Mr. Joe Teeling

Nonvoting Legislative Members

Senator Jack Hatch
Representative Mark Smith
Representative Dave Heaton
(alternate for Representative Linda Upmeyer)

Nonvoting Ex Officio Members

Ms. Jennifer Vermeer
(alternate for Mr. Charles Krogmeier)
Ms. Julie McMahon
(alternate for Mr. Tom Newton)
Ms. Susan Voss

MEETING IN BRIEF

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I. Procedural Business

Call to Order and Adjournment. The meeting was called to order at 10:00 a.m. in Room 103 of the State Capitol and was adjourned at 2:55 p.m.

Adoption of Rules. The rules for the Commission were adopted unanimously and are available at the Commission website.

II. Welcome and Overview of Charge; Comments by Legislative Members, Introductions of Voting Members

Chairperson Carlyle introduced himself as a family physician with McFarland Clinic in Ames. He noted his 20 years working in public policy, including with the inception of the hawk-i program and the prior health care reform efforts. Chairperson Carlyle reviewed the charge of the Commission, which is to develop an Iowa health care reform strategic plan over its two-year tenure. He noted that in looking at health care reform in a 3-D model, efforts have resulted in progress in the birth-to-19 years of age and 65-plus years of age cohorts, but that not much effort has been put into reforming the 19-64 years of age cohort. The Commission will mainly focus on this third group and will have to consider state reforms in the context of national reform. The initial progress report from the Commission is due to the General Assembly by January 1, 2010, and is to include recommendations and prioritization of recommendations for subsidized and unsubsidized health care coverage programs which offer both public and private and adequate and affordable health care coverage for adults. Health care coverage for adults which is consistent with the Commission's recommendations and priorities is to be available for purchase by the public by July 1, 2010.

Vice Chairperson Williams, Co-Principal, The Williams Group, and small business representative on the Commission, noted his experience working in a variety of locations nationally and internationally which has allowed him to observe how health care is provided through both small and large employers. It is an advantage for employers in recruiting and retaining employees to be able to provide health care coverage. He noted that the Commission has the opportunity to develop a template that can be used throughout the country.

Senator Hatch reviewed the history of the two previous health care reform commissions and the legislation that was enacted as a result of the recommendations of those commissions, including establishing a framework to cover every child in the state. He noted that the remaining task for the third commission is to address covering all other uninsured persons in the state. Senator Hatch suggested that no matter the outcome of the national health care reform debate, the work of the Commission is not diminished because the recommendations of the Commission will be used by the General Assembly convening in January 2010 to draft legislation to ensure that coverage for Iowa adults is available for purchase by July 2010.

Representative Smith shared a story about how far health care has come over time and how Iowa, throughout history, has been at the forefront in responding to the health care needs of the population in a particular era. He invited the Commission members to respond to the needs of this

era, to be open to thinking differently about tackling the difficult problems presented, and to work together to accomplish their objectives, making Iowa a better place in the end.

Representative Heaton noted that he was asked to fill in for Representative Upmeyer and that this speaks to how important it is to be represented on the Commission. He is sure that something will happen on the national level with health care reform which will increase, not decrease, the importance of the Commission. Even though the state has good quality, low-cost health care, the system can still be improved. The Commission should move forward with a plan even as Congress is working. He is proud of what has been accomplished to date in the state and wished the members well in their efforts.

The voting members of the Commission introduced themselves, noting their priorities and expectations.

Ms. Browne, independent insurance agents' representative on the Commission, President, Benefit Source Inc., has assisted employers with employee benefits programs for 19 years. She would like to see that all Iowans have access to care, that coverage is affordable, and that choice is retained.

Mr. Stiles, nonprofit representative on the Commission, CEO of United Way of Siouxland, has worked with United Way for almost 20 years, 15 of which have been in Sioux City. He noted that nonprofits are the fifth largest employers in the state, but are often overlooked. His expectations include being successful in providing affordable coverage in order to retain young people in the state. Being in a border community, this is especially important.

Dr. McGuire, alternate for the Iowa insurer representative on the Commission, noted that Iowa has some of the lowest insurance rates in the country and therefore, unlike other states, the problems are manageable. She hopes the public and private sectors can work together, listen to each other, and build on the prior efforts.

Ms. Jaimes, consumer representative of low-income adults and families, is an administrator of scholarship programs for first generation college students at Marshalltown Community College. She would like to assure access to health care coverage for all families, including ethnic and racial minorities and non-United States citizens who are residing in Iowa.

Ms. Nichols, labor representative on the Commission, AFSCME Iowa Council 61, Legislative/Political Director, thanked those who have worked on previous health reform efforts, but noted that additional work is still needed to cover the rest of the population. She is hopeful that the national reform efforts will provide funding, directives, and flexibility. She hopes that any state efforts will address wellness, prevention, and chronic conditions.

Ms. Ahrens, consumer representative for middle-income adults and families on the Commission, is the Executive Director of the Iowa Citizen Action Network. Her first priority is to ensure that everyone living in Iowa has access to health care coverage that is affordable. She has worked on health care for 16 years. The Commission discussions will be passionate and there will be strong opinions, but she expects that everyone wants what is best for those living in Iowa and will compromise to achieve this goal.

Mr. Koeppl, consumer representing the pre-Medicare population, AARP Senior State Director of Iowa, provided statistics relating to the 50-64-year-old age group relative to health care coverage. Persons of this age group who have health issues often develop long-term problems due to being uninsured or underinsured during that period and are more costly to the Medicare system once they do enter that system. In an AARP survey completed at the end of August, eight of 10 respondents said that access to affordable health care is very important.

Ms. Crookham-Johnson, large employer representative on the Commission, is Director-Owner of Musco Lighting Corporation, and a recent law school graduate. Her priorities include that whatever is working be left alone, that people who are covered have access to care, and that whatever is done is financially sustainable. She is interested in more specific demographics regarding the uninsured population.

Mr. Teeling, Health Underwriter Representative on the Commission, Chairman/CEO, Bearence Management Group, also served on the two previous health reform commissions and has 30 years of experience in sales of health insurance to individuals as well as small and large employers. He noted the great work that had already been done and would like to focus on improving quality, ensuring sustainability, and addressing chronic diseases and wellness. He suggested that the Commission members would work hard, have great dialogue, and use common sense.

III. Current Status of Health Care Reform Efforts in Iowa

Personal Story. Ms. Devin Boerm spoke to the Commission about her personal experience with health care coverage. Ms. Boerm was 30 years old and in good health. She had lost her job the previous fall and because COBRA premiums were too high, she took out a short-term major medical policy. On April Fool's Day, just eight days short of her 31st birthday, she was diagnosed with an aggressive form of breast cancer. Ms. Boerm spoke about her struggles while fighting her disease, with her insurance carrier who characterized her cancer as a preexisting condition, denied claims, and did not renew her policy in July. She also spoke about not being eligible for various public programs due to categorical requirements or prohibitive cost. Ms. Boerm is currently receiving chemotherapy treatments at the University of Iowa Hospitals and Clinics, participating in a clinical trial, and working to find coverage. She spoke about the positive aspects of enacting health reform measures including providing options for coverage and eliminating the preexisting condition limitations. Ms. Boerm's written testimony is available at the Commission's website.

Division of Insurance. Ms. Voss, Commissioner of Insurance, provided an update on the various initiatives being implemented by the Division of Insurance relating to health care reform efforts enacted by the General Assembly. She noted that the division only regulates approximately 25 percent of the insurance market in Iowa, which does not include self-funded insurers or public programs. Iowa has the second largest concentration of the insurance industry in the United States next to Connecticut. Every insurance company in Iowa is solvent. Some of the initiatives the division is working on or completed as a result of H.F. 2539 enacted in 2008 include establishing the Iowa Choice Health Care Coverage Advisory Council in 2008 within the existing high-risk pool, facilitating meetings, acting as a repository for materials, and submitting a final report to the General Assembly in December 2008; providing guidance to small employers in

implementing and administering federal Section 125 plans and directing employers to seek advice from their own tax advisors for greater detail; providing guidance on the changes relating to continuation of parents' health insurance coverage for adult children through 25 years of age; participating in the development of an implementation plan for a voluntary health care coverage premium assistance demonstration project for direct care workers; developing a plan in collaboration with the Department of Public Health (DPH) and the Department of Revenue for small business tax credits for qualified wellness programs; despite reversion of funding to work with providers and insurers in making recommendations to improve health care delivery, adopting rules to increase consistency in credentialing providers and "clean claims" procedures; implementing changes made to allow individuals accepted into the individual health insurance market to receive credit for prior creditable group coverage even though the change does not mandate guaranteed issue of individual coverage; and working with the Department on Aging through the Own Your Future campaign relating to planning for long-term living which may include long-term health insurance.

In addition, the division is involved in implementing directives from S.F. 389, enacted by the 2009 General Assembly including: implementing the expanded coverage options for adult children to include reenrollment under specified conditions and deductibility of imputed income for Iowa tax purposes; the Commissioner or the Commissioner's designee participating as an ex officio member in this Commission; and implementing the expanded definition of creditable coverage to include hawk-i. The division also provides assistance to individual employer groups and companies in providing information and assistance relating to the federal American Recovery and Reinvestment Act of 2009 that allows individuals a premium assistance subsidy to continue health care coverage after termination from employment for a maximum of nine months.

Commissioner Voss is also the Vice President of the National Association of Insurance Commissioners and is involved in monitoring health care reform on the national level.

Department of Public Health. Ms. McMahon, Division Director, Health Promotion and Chronic Disease Prevention, and Dr. Kathy Schneider, Iowa e-Health Advisor, Iowa e-Health Project, DPH, provided an overview of the health reform initiatives being implemented through their agency. Under 2008 legislation enacted by the General Assembly (H.F. 2539), DPH was required to establish a variety of advisory bodies including the Electronic Health Information Executive Committee and Advisory Council, the Medical Home System Advisory Council, the Direct Care Worker Advisory Council, the Health and Long-term Care Access Advisory Council, the Prevention and Chronic Care Management Advisory Council, the Governor's Council on Physical Fitness and Nutrition including the Iowa Healthy Communities Initiative, and the Patient Autonomy in Health Care Decisions Pilot Project Advisory Council.

Dr. Schneider provided information regarding the work of the Electronic Health Information Advisory Council. The advisory council convened its first meeting in January 2009 under the direction of an executive committee. The advisory council established several workgroups, established goals, and submitted an Iowa health information technology plan that was approved by its executive committee in June and the State Board of Health in July 2009. In the coming year the executive committee, advisory council, and workgroups will continue to meet to further define and execute project activities, to determine cost requirements, to develop the necessary infrastructure

and project activities, and to pursue federal and state grant programs and other funding to secure start-up and ongoing funding for a statewide health information exchange.

Ms. McMahon provided a brief overview of the work of the remaining advisory bodies and noted that DPH is publishing a monthly report of the status of all of the advisory bodies entitled "The Check-Up" available at http://www.idph.state.ia.us/hcr_committees/default.asp. She stated that a common theme of all of the advisory councils is to build on what has already been done rather than continue to study the area. Ms. McMahon noted that some of the underlying priorities of DPH are addressing wellness and prevention, managing chronic disease, and providing access to quality care and a quality workforce. Documents providing more details about each of the advisory councils were submitted to the Commission and are available on the Commission website.

Department of Human Services (DHS). Ms. Vermeer, Iowa Medicaid Director, provided a chronological outline of implementation of the health care reform initiatives enacted at the federal and state level under the purview of DHS. She provided a brief introduction to the Medicaid, hawk-i, and IowaCare programs. In addition to income requirements, a person is only eligible for Medicaid if the person also meets categorical eligibility requirements that in general include being a child, pregnant woman, or aged, blind, or disabled person in accordance with the guidelines of the Social Security Administration. Parents of dependent children are only eligible if their income is approximately 75 percent of the federal poverty level (FPL), which is much lower than income levels for other population categories, and single adults or childless couples are generally not eligible regardless of their income level. The number of Iowans eligible for Medicaid has increased by 32,000, or 8 percent, since the beginning of the fiscal year (July 1, 2009) and 81 percent of the increase is children. While over half of the enrollees in Medicaid are children, more than half of Medicaid costs are attributable to expenses for long-term care.

One strategy developed through prior health care reform commissions was covering all kids by increasing enrollment of those already eligible for Medicaid or hawk-i as well as through expansion of eligibility. As of July 1, 2009, the income eligibility under hawk-i was expanded to 300 percent of the FPL and this change has added over 600 new children to date. Ms. Vermeer touched on a number of other initiatives DHS is implementing based on state health reform efforts and federal legislation relating to Medicaid and hawk-i including a dental-only option under hawk-i for children who have other health insurance and are otherwise eligible for hawk-i, measures being taken to expedite enrollment; and the use of the state tax return to glean information regarding potentially eligible children which is being reviewed to improve the process.

Ms. Vermeer provided some background about the IowaCare program. The program was enacted in 2005 in response to federal disfavor for intergovernmental transfers (IGTs), a funding technique used by states under the Medicaid program. If such IGTs were eliminated, the state would have lost approximately $65 million in funding for the Medicaid program. The legislature developed a strategy to reduce this loss by taking programs that were then funded with all state or nonfederal dollars, and converting the payment streams to draw down matching federal dollars. The three funding streams utilized were the general fund moneys appropriated for the state papers program at the University of Iowa Hospitals and Clinics (UIHC), a portion of the Polk County hospital levy moneys utilized for Broadlawns Medical Center, and the general fund moneys appropriated for the state mental health institutes. The moneys were then pooled to support a Medicaid waiver

program for adults ages 19 through 64, providing limited benefits for Polk County residents at Broadlawns Medical Center and for all other eligible Iowans at UIHC.

Initially the program was projected to cover approximately 14,000 Iowans but has exceeded expectations and currently covers about 32,000. The participating providers and DHS have learned a number of things from the program. The population served, especially at Broadlawns Medical Center, has proven to have a higher degree of chronic disease with approximately 25 percent of the enrollees being diabetic; even though the program covers eligible adults up to 200 percent of the FPL, 83 percent have incomes below 100 percent of the FPL; even though some people are eligible, they do not participate in the program due to their distance from UIHC but rather continue to seek local access to care through local hospitals thereby contributing to the amount of uncompensated care; the limited benefits package does not address all of the needs of the population; and the structure of the IowaCare program, which requires participants to seek care that is not local, limits the ability of enrollees to establish a medical home.

The Medicaid waiver for IowaCare expires June 30, 2010, and DHS is currently in negotiations with the federal government to continue the program.

The members discussed the need to be apprised of the various ongoing initiatives relating to health care reform and were particularly interested in those relating to the health care workforce, IowaCare, and health information technology. Information regarding the specific demographics of the uninsured in Iowa was also requested, and the members were directed to the information posted on the Commission's website, including the Lewin Group final report to the previous legislative commission.

IV. The Concord Coalition

Dr. Sara Imhof, Midwest Regional Director, the Concord Coalition, presented background about the Concord Coalition and its work with a group of stakeholders in Iowa to ensure value in health care reform. The Concord Coalition, a national, nonpartisan, grassroots organization, was founded in 1992 to challenge national office holders to balance and maintain a balanced federal budget. In 2009, the Concord Coalition selected Iowa, based on its national reputation for delivering high value health care, and joined with the Iowa College of Public Health and the Iowa Healthcare Collaborative to convene stakeholders and examine how to ensure value in health care reform. After three meetings, participants developed the "Principles for Values-based Health Care Reform" outlining five principles that participants deemed crucial in ensuring that value is incorporated into any change in the health care system. The participants will have a final meeting on October 12, 2009, to issue a final report. Mr. Chris Atchison, College of Public Health, University of Iowa, and Mr. Gerd Clabaugh, Iowa Healthcare Collaborative, also provided comments regarding previous efforts in addressing health care reform, their participation in the Value in Healthcare group, the need to emphasize not only having access to but also value in health care, and the position that Iowa plays in being innovative in its health reform efforts including its emphasis on prevention and wellness, chronic disease management, the medical home, and identification of best practices. Information distributed about the Concord Coalition and the Value in Healthcare group are available on the Commission's website.

V. Update on Federal Health Care Reform Efforts

Senator Hatch, chair of State Legislators for Health Reform, a group of state legislators from across the country established to advise the White House in its health reform efforts, provided a summary of the various bills being considered in Congress. He noted that the state legislators support a public option because states realize that the current system is not sustainable and costs must be reduced dramatically.

VI. Options to Consider for Discussion

Chairperson Carlyle reminded members that the Commission would divide into three workgroups to address the issues of coverage of adults, use or creation of a state pool, and administration of health care reform as a seamless system.

Representative Smith and Senator Hatch provided options for the workgroups to consider in their deliberations. Representative Smith noted that as Commissioner Voss had stated, anything the state does affects only 25 percent of the insurance market. He stated that much progress has been made in covering children, and that the legislation creating the Commission provides some options, such as pooling and expansion of hawk-i and IowaCare as guidelines.

Senator Hatch stated that the coverage for adults, workgroup 1, might consider two existing models for adult coverage: IowaCare as a public option and hawk-i which is based on the private insurance market. In considering state pooling, workgroup 2 could look to the efforts in Connecticut to bring nonstate employees into a public pool. With regard to administration of a seamless system, workgroup 3, Senator Hatch suggested the idea of an exchange to allow individuals to access health care coverage in a seamless manner.

With regard to discussion of funding, Representative Heaton and Senator Hatch agreed that even though the state budget does not currently allow for infusion of new state funding, this should not preclude the members from addressing the issues relating to health care reform such as infrastructure, the workforce, and scarce resources, especially since federal efforts under any federal legislation currently being considered would not be implemented for a number of years, and that although the legislation does not require the Commission to address funding, the members are also not precluded from suggesting ideas.

Ms. Anne Kinzel, who will assume duties as the Health Commission's Coordinator in October, noted that while progress has been made in covering children, not much has changed in covering adults. The Lewin Group Final Report that was presented to the 2007 legislative health reform commission provides some ideas. The models of IowaCare and hawk-i are interesting. Expanding IowaCare across the state could provide for more local control as each county or region pools its hospital levy dollars, but the prospect of 99 counties delivering health care to indigent populations is very complicated. Using hawk-i as a model would build on the private health insurance system which is appealing for fiscal and political reasons, but because of the lack of health insurance companies doing business in the state, there would be little competition which would make it difficult to reduce costs. With regard to an exchange, providing information in a single location is a positive aspect, but given the limited number of insurance companies in Iowa, there might be a structural problem. As far as nonstate employee pooling, this has been studied previously, but the

pool must be broad-based and the ramifications of introducing another slice of the population into the pool must be considered. All of the options have difficulties and benefits. Ms. Kinzel suggested that the Lewin Group Final Report is a good starting point to provide background for members of the Commission and also suggested the Kaiser Family Foundation website and specifically the State Health Facts website for objective background information.

VII. Workgroup Reports

The Commission members were assigned to one of the three workgroups for discussion. Details regarding workgroup meetings and other information may be found at the Commission website.

Workgroup 1. Adult Coverage. Workgroup 1 reported that it will hold at least one if not two meetings prior to the October 20 meeting of the Commission. The first meeting, scheduled for Monday, September 28, 2009, will be used to consider the use of IowaCare or hawk-i as a model for covering adults.

Workgroup 2. State Pool. Workgroup 2 reported that it will hold two meetings prior to the October 20 meeting of the Commission. The first meeting, scheduled for Tuesday, September 29, 2009, will be used to discuss the insurance purchasing experiences of various public groups. The second meeting, scheduled for Thursday, October 8, 2009, will be used to discuss pooling options and available insurance products with insurance industry representatives.

Workgroup 3. Administration of Health Care Reform in Iowa. Workgroup 3 will hold at least one meeting prior to the October 20 meeting of the Commission. The focus of the workgroup will be to determine the current health care coverage landscape and to identify gaps in achieving a seamless health care coverage system. Workgroup 3 will interface with the other workgroups due to overlap in goals.

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