MINUTES

Legislative Health Care Coverage Commission

December 15, 2010

MEMBERS PRESENT:

Voting Public Members

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

Nonvoting Legislative Members

Senator Jack Hatch
Representative Mark Smith
Representative Linda Upmeyer

Nonvoting Ex Officio Members

Ms. Jennifer Vermeer (designee of Mr. Charles Krogmeier)
Ms. Susan Voss

MEETING IN BRIEF

Organizational staffing provided by:
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Minutes prepared by: Patty Funaro, Senior Legal Counsel, (515) 281-3040

I. Procedural Business

Call to order, approval of minutes, and adjournment. The meeting was called to order at 10:03 a.m. in Room 103 of the State Capitol. The minutes for the November 10, 2010, meeting of the Commission were approved as distributed. The meeting was adjourned at 2:56 p.m.

II. Welcome, Overview, and Comments by Members

Chairperson Carlyle welcomed members to the final meeting of the Commission. Vice chairperson Williams noted that as citizen volunteers the Commission accomplished a great deal and other states look to Iowa for guidance. He noted that he was proud to be a part of the Commission and complimented the members on working together for the greater good of Iowa. Chairperson Carlyle expressed his appreciation for getting to know the members of the Commission over the duration of the Commission's work. He said that he believes in incrementalism and that had the Commission done nothing, the prediction of David Lind, who provided testimony on health coverage premium costs trends, that annual health premiums costs for family coverage will reach $34,000 in ten years might be realized. The Commission has allowed the state to address health care issues with an Iowa-centric approach and, through the Commission, Iowa is creating a more functional health care system. The remaining members of the Commission provided comments regarding participation in the work of the Commission and their hopes for health reform in the state in the future.

III. Workgroup Presentations and Recommendations

Chairperson Carlyle explained that each workgroup chairperson would present the recommendations of the respective workgroup to be included in the Commission's final report to the General Assembly. The Commission would then discuss and vote on the recommendations of Workgroup III during the morning session and the remaining workgroup recommendations during the afternoon session.

A. Workgroup I (IowaCare Expansion, Medicaid Expansion Readiness, and High-Risk Pool)

Workgroup I Chairperson Carlyle presented the workgroup's report. The report includes nine recommendations relating to HIPIOWA and HIPIOWA-FED (the state and federal coverage pools for persons with high-risk health conditions) premiums; the eligibility system and other information technology necessitated under the federal Patient Protection and Affordable Care Act (PPACA); integration of the 2014 Iowa Health Benefit Purchasing Exchange and the Medicaid program; and the impact of the inclusion of behavioral health benefits in a benchmark plan on the delivery and financing of behavioral health services in Iowa. Jennifer Vermeer, Iowa Medicaid Director, noted that the federal government has recently announced a 90 percent federal match for states to update eligibility systems rather than the usual 50 percent match. The 90 percent match will expire in 2015. There will also be a long-term 75 percent federal match for operations and programming for eligibility systems.

B. Workgroup II (Value-Based Health Care)

The Workgroup II report was presented by Mr. Charlie Wishman, designee of Workgroup II chairperson Marcia Nichols, with assistance from the remaining members of the workgroup. Workgroup II presented two distinct recommendations. The first recommendation is to endorse the enactment of the Department of Public Health bill regarding electronic health records, the "Health Information Act," by the General Assembly in 2011. The second recommendation includes five health care cost-containment strategies including those related to establishing a database to collect health insurance claims information; strengthening the quality of care; creating an annual health care budget; better management of pharmaceutical drugs; and creating a new health care provider payment system. Members of the workgroup expressed their support of addressing health care cost containment.

C. Workgroup III (Insurance Information Exchange)

Workgroup III chairperson Ted Williams presented recommendations A through D relating to the Iowa Insurance Information Exchange and the 2014 Iowa Health Benefit Purchasing Exchange. The members discussed the need to provide a smooth transition from the information exchange to the purchasing exchange.

D. Workgroup IV (Wellness)

Workgroup IV chairperson Joe Teeling noted that Workgroup IV focused on prevention and wellness and the need for cultural transformation for better health and wellbeing. He presented two recommendations: one focusing on the steps to be taken in 2011 to reach the long-term goal of making Iowa one of the healthiest states in the nation, and the second focusing on promotion of employer-related tax credits. Workgroup members commented on the need for transformation in all sectors to promote wellness in order to improve quality of life, reduce costs, and even save lives.

IV. Rural Health and Health Care Reform Presentation

Dr. Keith J. Mueller, Gerhard Hartman Professor, Head of the Department of Health Management and Policy, College of Public Health, University of Iowa, and Director, Rural Policy Research Institute Center for Rural Health Policy Analysis, provided an analysis of the impact of PPACA on rural health care. He emphasized the need to take full advantage of the provisions of PPACA which expands financial access to care and focuses on supporting the supply of primary care providers. He noted that the rural health care experience provides historical lessons in how to expand access while bending the cost curve. In rural areas, the initial investment in health care is smaller and payments are lower because primary care providers are the foundation for the system. Historically, the challenge in rural areas has been in recruiting and retaining health care providers. A variety of strategies have been utilized in the past to attract providers to rural areas such as pipeline programs in grades K-12 to encourage students to pursue an interest in health care careers and financial incentives including loan repayment and payment bonuses to practice in rural areas. PPACA includes similar financial incentives for workforce development and retention including bonus payments and loan repayment, as well as providing funding for additional residency slots. PPACA also includes provisions focused on providing a better working environment for rural providers.

Dr. Mueller emphasized the need to promote optimal use of all health care professionals and noted specific provisions in PPACA such as those relating to dental providers, community health outreach workers, and primary care extension services, which can relieve some of the workload of primary care physicians. Another innovation is a shift from provider-focused to patient-centered care. This is already happening in rural areas. Currently, the majority of care is care specific, focusing on diagnosing and treating a specific ailment. In these instances, the total circumstances of the patient are sometimes overlooked, including barriers that keep a patient from complying with the prescribed course of treatment. In rural areas, the doctor is part of the community and often knows more about the patient's environment. Dr. Mueller stated that with a patient-centered medical home there are staff to help the patient understand how to make the treatment plan work in their own environment. An initial investment is needed to provide the patient-centered medical home, but the costs decrease over time and stabilize. PPACA provides incentives to shift to patient-centered care through an adjusted payment system.

PPACA includes provisions relating to a national workforce commission which will, for the first time, address all professions and review scope of practice issues. With reference to accountable care organizations (ACOs) Dr. Mueller noted that the concept is not new to rural providers, but that for an ACO to work in a rural area, it will have to be regional and rural providers need to be involved in the discussion to address issues specific to rural areas. Another option with long-term potential for expanding access to care is the expansion of telehealth to deliver services locally.

V. Review and Vote on Workgroup Recommendations

A. Workgroup I

Chairperson Carlyle presented nine recommendations by Workgroup I and indicated that recommendation 6 be deleted because it was duplicative of Workgroup III recommendations.

- Recommendation 1: Lowering the premium rate to below 150 percent of the average premium for the HIPIOWA program to achieve greater parity with the HIPIOWA-FED program. Members discussed the issue of fairness between the premium structures of the two programs, that funding for the HIPIOWA-FED program is limited, and that lowering the premium for the state program might steer more people to the program. Following discussion, the recommendation was adopted on a roll call vote of 7 ayes, 1 nay, with Commissioners Carlyle, Williams, Abbott (McGuire), Browne, Crookham-Johnson, Koeppl, and Nichols (Wishman) voting aye, and Commissioner Teeling voting nay.
- Recommendation 2: Directing that if the HIPIOWA board does not have authority to lower the premium for HIPIOWA to below 150 percent, the statute should be amended to allow this. The recommendation was adopted on a roll call vote of 7 ayes, 1 nay, with Commissioners Carlyle, Williams, Abbott (McGuire) Browne, Crookham-Johnson, Koeppl, and Nichols (Wishman) voting aye, and Commissioner Teeling voting nay.
- Recommendations 3, 4, 5, and 7: Various directives to the Department of Human Services and others to develop an eligibility determination system that meets the requirements of PPACA for Medicaid, hawk-i, and the tax credit subsidies within the

2014 Iowa Health Benefit Purchasing Exchange, providing for integration of the eligibility system with the Exchange, providing for housing the eligibility system within the Department of Human Services to avoid duplication of effort; and providing for seamlessness between public and private elements of the Exchange. The recommendations were adopted on a roll call vote with 8 ayes with Commissioners Teeling, Nichols (Wishman), Koeppl, Crookham-Johnson, Browne, Abbott (McGuire), Williams, and Carlyle voting aye.

- Recommendation 8: Directing DHS to investigate the financial and service delivery impact of including behavioral health benefits in a PPACA benchmark plan. The recommendation was adopted on a roll call vote with 8 ayes with Commissioners Carlyle, Williams, Browne, Crookham-Johnson, Koeppl, Nichols (Wishman), Stiles, and Teeling voting aye.
- Recommendation 9: Directing that the state of Iowa pursue all federal funding opportunities under PPACA including Exchange implementation funding and maximizing funding for eligibility system implementation. The recommendation was adopted on a voice vote with no dissenting votes.

B. Workgroup II

Mr. Charlie Wishman, designee of Workgroup II chairperson Marcia Nichols, presented two recommendations by Workgroup II.

1. **Recommendation 1:** Recommending that the Legislature enact the Iowa Department of Public Health "Health Information Act" during the 2011 Session. The recommendation was adopted on a roll call vote with 8 ayes with Commissioners Teeling, Stiles, Nichols (Wishman), Koeppl, Crookham-Johnson, Browne, Williams, and Carlyle voting aye.
2. **Recommendation 2:** Recommendation 2 consisting of cost-containment strategies 2, 4, 5, 7, and 8. The members determined that for voting purposes, the strategies would include both the bold type and bullets under each of the strategies. The members also amended the lead-in to read: "The Commission recommends that the Legislature consider incorporating the following cost containment strategies into law in 2011:".
    - Strategy 2: Establish databases that collect health insurance claims information. Members expressed concern with the lack of time allowed to discuss the strategy during the workgroup meetings and the need for more details. Following an initial vote on which strategy 2 failed to be adopted and amendment of the overall lead-in to the strategies, strategy 2 was adopted on a roll call vote with 5 ayes and 3 nays with Commissioners Nichols (Wishman), Koeppl, Williams, Carlyle, and Stiles voting aye and Commissioners Teeling, Crookham-Johnson, and Browne voting nay.
    - Strategy 4: Strengthen quality care. Discussion by members included concerns with the certificate of need process. Strategy 4 was adopted on a roll call vote with 5 ayes and 3 nays with Commissioners Carlyle, Williams, Koeppl,

Stiles, and Nichols (Wishman) voting aye, and Commissioners Browne, Crookham-Johnson, and Teeling voting nay.

- Strategy 5: Create an annual "health care budget." Members expressed concern with the lack of detail and how determining a systemwide budget and meeting estimates of health care spending would be put into practice. Strategy 5 failed to be adopted on a roll call vote of 1 aye and 7 nays with Commissioner Nichols (Wishman) voting aye and Commissioners Carlyle, Williams, Browne, Crookham-Johnson, Koeppl, Stiles, and Teeling voting nay.
- Strategy 7: Better management of pharmaceutical drugs. Members expressed some concerns with how this would be implemented and if it would be required for private insurance plans. Strategy 7 was adopted on a roll call vote with 5 ayes and 3 nays with Commissioners Carlyle, Williams, Koeppl, Nichols (Wishman), and Stiles voting aye and Commissioners Browne, Crookham-Johnson, and Teeling voting nay.
- Strategy 8: Create a new health care provider payment system. Members expressed support that this strategy would utilize a pilot project approach. Strategy 8 was adopted on a roll call vote with 8 ayes with Commissioners Teeling, Stiles, Nichols (Wishman), Koeppl, Crookham-Johnson, Browne, Williams, and Carlyle voting aye.

C. Workgroup III

Workgroup III chairperson Ted Williams presented four recommendations by Workgroup III. The members determined that for voting purposes, only the portions of recommendations A through D in bold print would be considered. Chairperson Williams presented the recommendations in the following order: D, C, B, A.

- Recommendation D. Directing that the 2014 Iowa Health Benefit Purchasing Exchange should take all necessary action to maximize its opportunities to administer its own health care markets by committing resources to the processes necessary to establish the Exchange in 2014. Members expressed concerns about how the Exchange would reduce costs and improve quality, how it will promote transparency, how the current insurance market and the agents/brokers will fit into the new structure, if there should be more than one exchange, how consumers will provide input, and how the role of the navigator will be defined. Recommendation D was adopted on a roll call vote of 10 ayes and 1 nay with Commissioners Carlyle, Williams, Abbott (McGuire), Ahrens, Browne, Crookham-Johnson, Jaimes, Koeppl, Nichols (Wishman), and Stiles voting aye, and Commissioner Teeling voting nay.
- Recommendation C: Directing the state to take action in 2011 to promote the establishment of a 2014 Iowa Health Benefit Purchasing Exchange. Recommendation C was adopted on a roll call vote of 9 ayes and 2 nays with Commissioners Carlyle, Williams, Abbott (McGuire), Ahrens, Crookham-Johnson, Jaimes, Koeppl, Nichols (Wishman), and Stiles voting aye, and Commissioners Browne and Teeling voting nay.

- Recommendation B: Directing that the Iowa Insurance Information Exchange be designed and operated to ensure the most seamless transition possible to the 2014 Iowa Health Benefit Purchasing Exchange. Recommendation B was adopted on a roll call vote with 10 ayes and 1 pass, with Commissioners Carlyle, Williams, Abbott (McGuire), Ahrens, Browne, Crookham-Johnson, Jaimes, Koeppl, Nichols (Wishman), and Stiles voting aye, and Commissioner Teeling voting to pass.
- Recommendation A: Directing that the Legislative Health Care Coverage Commission act as the Iowa Insurance Information Exchange Advisory Board to fulfill the duties specified by statute. Chairperson Carlyle noted that if the recommendation is approved, the Commission will ask legislative leaders to allow the Commission to continue until July 2011. The members discussed whether the Commission is the appropriate body to act as the advisory board and the value the Commission can provide by not delaying appointment of a new advisory board and by acting as a transition to a new advisory board. Commissioner Voss expressed that she presented the idea of an advisory board to the Commission and would want the membership to be inclusive of all interests. Recommendation A was adopted on a roll call vote with 10 ayes and 1 nay with Commissioners Carlyle, Williams, Abbott (McGuire), Ahrens, Browne, Crookham-Johnson, Jaimes, Koeppl, Nichols (Wishman), and Stiles voting aye and Commissioner Teeling voting nay.

D. Workgroup IV

Workgroup IV Chairperson Teeling presented two recommendations by Workgroup IV. The members determined that for the purposes of voting the recommendations should be included in their entirety. During discussion the members amended Recommendation 1 and proposed a new Recommendation 3.

- Recommendation 1: Directing that in 2011 Iowa should begin the process of cultural transformation for better health and wellbeing utilizing concrete first steps. Recommendation 1 was amended by deleting the word “workforce” from concrete step #1 and adding concrete step #6 encouraging the Legislature to offer state employees a wellness program. The amendments to Recommendation 1 were approved on a voice vote. Recommendation 1 as amended was adopted on a roll call vote with 8 ayes, with Commissioners Carlyle, Williams, Browne, Crookham-Johnson, Koeppl, Nichols (Wishman), Stiles, and Teeling voting aye.
- Recommendation 2: Directing that Iowa promote the use of all existing employer and health care coverage-related tax credits. Recommendation 2 was adopted on a roll call vote with 8 ayes, with Commissioners Carlyle, Williams, Browne, Crookham-Johnson, Koeppl, Nichols (Wishman), Stiles, and Teeling voting aye.
- Recommendation 3: The Commission supports the inclusion of wellness programs for individuals and small employers in the 2014 Iowa Health Benefit Purchasing Exchange. Recommendation 3 was adopted on a roll call vote with 8 ayes, with Commissioners Carlyle, Williams, Browne, Crookham-Johnson, Koeppl, Nichols (Wishman), Stiles, and Teeling voting aye.

VI. Final Report

The final report of the Commission is required to be delivered to the General Assembly no later than January 31, 2011. Commission Coordinator Anne Kinzel will compile the workgroup recommendations adopted by the Commission for inclusion in the final report. Copies of the recommendations which were presented to the Commission for review, a compilation of the recommendations adopted, and the final report, will be available on the Commission website as they become available.

VII. Materials Filed With Legislative Services Agency

The following materials were distributed at or in connection with the meeting and are filed with the Legislative Services Agency. The materials may be accessed from the <Additional Information> link on the Committee's Internet website: http://www.legis.state.ia.us/aspx/Committees/Committee.aspx?id=484.

- Workgroups I, II, and III Proposed Recommendations
- Dr. Keith Mueller, University of Iowa College of Public Health - Bio
- Workgroup IV Proposed Recommendations

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