

Iowa Legislative Health Care Coverage Commission

Workgroup I-III Proposed Recommendations

Workgroups I-III have completed the process of developing recommendations for Commission's consideration at the December 15, 2010 Commission meeting. The recommendations are provided here to allow you to prepare for the meeting.

Workgroup IV is in the process of finalizing its recommendations. These will be available Monday, Dec. 13th.

WORKGROUP I.

The following recommendations were unanimously adopted by Workgroup I (WKG I) for presentation to the Commission. (Voting Members: David Carlyle, Chair, Betty Ahrens, Diane Crookham-Johnson, Bruce Koepl. Ex-Officio Member: Charles Krogmeier (Jennifer Vermeer))

WKG I – Recommendation 1.

The Iowa Comprehensive Health Insurance Association Board should lower the premium rate for Association coverage to below 150 percent of the average premium in the voluntary market to achieve greater parity with the HIPIOWA-FED program.

WKG I – Recommendation 2.

If the Iowa Comprehensive Health Insurance Association Board does not have the statutory authority to lower the premium rate for Association coverage to below 150 percent of the average premium in the voluntary market, Section 514E.2(5)(e) should be amended to allow the Association to exercise the authority to reduce the premium below 150 percent of the average premium in the voluntary market.

WKG I – Recommendation 3.

The state should plan for a new eligibility system that will meet the requirements of the Affordable Care Act and will support eligibility determination for Medicaid, CHIP, and the tax credit subsidies within the Health Benefits Exchange. The planning for the eligibility IT system needs to align with the planning work for the Exchange.

WKG I – Recommendation 4.

The eligibility system should be housed within DHS to avoid duplication of effort.

WKG I – Recommendation 5.

DHS should start planning and analysis for the new IT system immediately in order to meet the tight timeframes required by the ACA. The planning must identify and address any impacts to current DHS IT systems and necessary remediation.

WKG I – Recommendation 6.

Due to the tight timeframes, and need for integration between Medicaid and the Exchange, both from an IT and operational perspective, the Governor and the Legislature should establish the Exchange governance structure during the 2011 Legislative Session.

WKG I – Recommendation 7.

Due to the major reengineering of the DHS Medicaid eligibility system, work will be required to integrate the system with the Exchange and meet the requirements of the ACA.¹ DHS should begin planning and analysis immediately, including evaluating information technology, process reengineering, policy changes, and use of innovative tools and strategies. This planning and analysis will support the development of an implementation plan that will ensure seamless operation with the Exchange and meet federal requirements over the next 12 months.

WKG I – Recommendation 8.

DHS should investigate how the inclusion of behavioral health benefits in a benchmark plan would impact the delivery and financing of behavioral health services in Iowa.

WKG I – Recommendation 9.

The State of Iowa should vigorously pursue all federal funding opportunities under the ACA, including Exchange Implementation funding and maximizing funds for Eligibility system implementation.

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WORKGROUP II.

Workgroup II (WKG II) has developed two distinct recommendations. The first recommendation concerns the Iowa Department of Public Health’s “Health Information Act” bill. A copy of the draft bill is attached hereto as Exhibit A. (Voting Members: Marcia Nichols, Chair, Tim Stiles, Joe Teeling. Ex-Officio Member: Susan Voss (Angela Burke Boston))

The second recommendation presents five health care cost-containment strategies initially presented to Workgroup II by Senator Hatch. The Workgroup decided to move five strategies forward for the Commission’s consideration as recommendations to the legislature for consideration in the 2011 session.

Workgroup Chair Marcia Nichols and member Tim Stiles support both recommendations in their entirety. Member Joe Teeling supports Recommendation 1 and Strategy No. 8 in Recommendation 2. Mr. Teeling was unable to support the remainder of the strategies, stating

I am very excited about the efforts to identify new ways to control costs. I believe not enough energy, time and thought has been spent in this particular area. Unfortunately for me, we haven’t had any time to discuss many of the suggestions or learn more about the pros and cons of all the different concepts. [...] So I think the best I could say it that I support cost control efforts that are proven

¹ This sentence has been modified as to form for purposes of clarity.

or being proved in pilots. As long as they don't lead to increased rationing or undue government involvement I also would want to emphasize creativity and competition.

Mr. Teeling's comments regarding each of the strategies are provided below.

WKG II – Recommendation 1.

Workgroup II asks the Commission to recommend the legislature enact the Iowa Department of Public Health's Health Information Act" bill during the 2011 legislative session.²

WKG II – Recommendation 2.

The legislature should incorporate the following cost-containment strategies into law in 2011.

WKG II – Strategy No. 2 – Establish databases that collect health insurance claims information.

- Collect claim data from all health care payers into a statewide information repository, designed to inform cost containment and quality improvement efforts.
- Payers include private health insurers, Medicaid, Hawk-I and public employee health benefit programs, prescription drug plans, dental insurers, self-insured plans and Medicare.
- Collecting all claims into one data system will allow Iowa to determine what the real cost of care is in our state, how much providers receive from different payers for the same or similar services and what resources were used to treat patients.
- Without comprehensive data on costs, it will be difficult to identify and eliminate waste.

Teeling Comment: Number 2 in the testimony asks to establish a claims database. While on the surface it appears to have merit, my questions are ;Who has access? What will be put in it? How much will it cost? Who will run it? Who will take the info and use it to save money?

WKG II – Strategy No. 4 – Strengthen Quality Care.

- Rename the *Health Facilities Council* the *Health Care Cost Containment Council*. Broaden its duties and make it a separate division within the Iowa Department of Public Health and add a Health Economist to the staff of the new Council.
- Use to the maximum extent possible data and information collected independently by the state; including the all payer-claims database discussed in WKGII – Recommendation 1.
- Update the program emphasis and criteria to encourage health system development for wellness and health promotion and to improve quality and reduce cost.

² Please note the term "health information exchange" refers to electronic sharing of personal health information, and has nothing whatsoever to do with either the 2011 Iowa Insurance Information Exchange or the PPACA 2014 insurance exchange.

- Task the Health Care Cost Containment Council with rewriting Iowa Code Chapter 135, Division VI, the Health Facilities Council Division – better known as the Certificate of Need provision. The Chapter has not been revised since the 1970’s. It needs to reflect today’s medical technologies.
- Require all new hospitals, including replacements and expansions within the same county, to complete the Certificate of Need process.
- Require all new surgical centers and other specialty centers, including those initiated by hospitals or by physician practices, to complete the Certificate of Need process.
- Require all new, replacement or expanded nursing facilities to complete the Certificate of Need process.

Teeling Comment: Number 4 appears to answer part of the questions I had in 1, but I am a skeptic as to the value of Certificate of Need processes. I am not sure at all that they control cost, and wonder if they don’t inhibit creativity and competition.

WKG II – Strategy No. 5 – Create an Annual “Health Care Budget”.

- Create an annual report on all Iowa health care spending to locate duplication in spending and inefficiencies in both the public and private sectors. Data from the “All payer-claim database” will be used to develop this comprehensive budget. Estimate actual health care spending for residents of Iowa for the calendar year two years prior to the current year and obtain actuarial certification of these estimates. Calculate and revise as appropriate, annual projected health care spending for Iowa residents and establish a health care spending baseline.

Teeling Comment: Number 5 has some merit, though I worry about the effects of rationing when it relates to budgeting.

WKG II – Strategy No. 7 – Better Management of Pharmaceutical Drugs.

- Help local pharmacists better collaborate with doctors in providing patients with the most effective and cost-saving medications.

Teeling Comment: Number 7 sounds good, the question might be how.

WKG II – Strategy No. 8 – Create a New Health Care Provider Payment System.

The Patient Protection and Affordable Care Act directs HHS to solicit and chose several pilot projects between 2012 and 2016 to further study and implement a better payment system.

These pilot projects are:

- 1) Accountable Care Organizations are being looked at in our State as an effective way to care for a population of patients (either Medicare or commercial) in that the structure will promote coordination of care, lower cost, improve quality and absorb risk.
- 2) Global Payment System Demonstration Project.

3) Episode- of-Care payment demonstration project for Medicaid.

Iowa should pursue one or more of these opportunities to help equalize our reimbursements to our providers and a more efficient method of providing care to our constituents.

Teeling Comment: Number 8 is a great suggestion. I would support Iowa pursuing one of the pilot projects described in the testimony.

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WORKGROUP III.

The following recommendations were unanimously adopted by Workgroup III (WKG III) for presentation to the Commission. (Voting Members: Ted Williams, Chair, Mike Abbott, Jennifer Browne, Joan Jaimes. Ex-Officio Member: Tom Newton (Lynh Patterson))

WKG III – Recommendation A.

The Iowa Health Care Coverage Commission shall serve as the Iowa Insurance Information Exchange Advisory Board in order to fulfill its statutory duties as specified in S.F. 2356 (Iowa Code §505.32), which consist of (see text of statute in Appendix):

- 1. Receiving an update on the status of the Iowa Insurance Information Exchange at all Commission regular meetings through July 1, 2011. The updates provided by the Iowa Insurance Division (Insurance Division) should include but not be limited to the following:**
 - a) A description of the progress made by the Insurance Division in developing and operationally implementing the Iowa Insurance Information Exchange;
 - b) A description of the resources available to consumers through the Iowa Insurance Information Exchange;
 - c) Information about utilization of the resources offered by the exchange, including demographic information that illustrates how and by whom the exchange is being utilized;
 - d) A description of the costs of implementing and operating the Iowa Insurance Information Exchange;
 - e) A description of how the Iowa Insurance Information Exchange is promoting greater transparency in providing quality data on health care providers and health care coverage plans and in providing data on the cost of medical care that is easily accessible to the public.

- 2. The Iowa Insurance Information Exchange shall focus on the needs of Iowa health care consumers.**

- a) The Iowa Insurance Information Exchange should provide easily accessible information that is accurate, standardized in format, easy to read, understand, and navigate and available 24 hours a day via a website, to all Iowans and consisting of but not limited to:
 - i. Public and private health insurance coverage options available in Iowa;
 - ii. Information on the administrative costs of private coverage, and the percentage and source of any state and federal funding available for private coverage;
 - iii. Side-by-side comparisons of private health insurance coverage options offered by insurance carriers, organized delivery systems, and public programs including but not limited to premiums costs, benefits covered and not covered, the amount of coverage for each service, including co-pays and deductibles, administrative costs, and any prior authorization requirements for coverage;
 - iv. Information on the availability of care delivered by safety net providers.
- b) The Insurance Division should provide a toll-free telephone number for those consumers in need of additional assistance.
- c) The Insurance Division shall confer with the with the Iowa Insurance Information Exchange Advisory Board (Advisory Board) to review information available on the Iowa Insurance Information Exchange website and other publications to determine if changes or updates need to be made to the content provided by the Iowa Insurance Information Exchange.
- d) d) The Insurance Division and the Advisory Board shall work closely with consumer advocacy groups to assure the perspective of the consumer is considered in the content and style of the information provided by the Iowa Insurance Information Exchange, and shall include any reasonable additions to the Iowa Insurance Information Exchange the advocacy groups may recommend.
- e) The Insurance Division shall conduct an initial marketing campaign to promote the Iowa Insurance Information Exchange and availability of comparative health coverage information available in Iowa.
- f) The Insurance Division shall conduct an ongoing marketing campaign for the Iowa Insurance Information Exchange.
- g) The Insurance Division shall review the Iowa Insurance Information Exchange plan of operation on a yearly basis with the assistance of the Advisory Board and shall make changes and amendments to the plan of operation as are necessary and appropriate.
- h) The Insurance Division shall, where information technology and considerations of consumer privacy protection allow, monitor the demographic composition of the persons accessing the Iowa Insurance Information Exchange, in the areas of age, marital, insurance coverage status, geographic location and other factors that may be relevant to the operation of the Iowa Insurance Information Exchange, and to the development of a potential future Iowa 2014 Health Benefit Purchasing Exchange.

- i) The Insurance Division shall review all information available on the Iowa Insurance Information Exchange in a timely fashion or as required by law.

3. The Insurance Division should provide recommendations to the Iowa Insurance Information Exchange Advisory Board regarding:

- a) Statutory options that improve seamlessness in the health care system in Iowa.
- b) Funding opportunities to increase health care coverage in the state, particularly for individuals who have been denied access to health insurance coverage.
- c) In the event additional services or programs are added to the Iowa Insurance Information Exchange, the inclusion of such services shall be done on a timely basis as established by the Insurance Division with the assistance of the Advisory Board.

WKG III – Recommendation B.

Transition to an Iowa 2014 Health Benefit Purchasing Exchange. The Iowa Insurance Information Exchange shall be designed and operated to ensure the most seamless transition possible to an Iowa 2014 Health Benefit Purchasing Exchange within the dates proscribed by the Patient Protection and Affordable Care Act.

- ✓ The Iowa Legislative Health Care Coverage Commission (Commission), while serving as the Iowa Insurance Exchange Advisory Board throughout the term of its existence as specified in S.F. 389 (October 1, 2011), will collaborate with the Iowa Department of Public Health, the Iowa Department of Human Services, the Division of Insurance and the Department of Revenue as they pursue the objectives of the recently awarded PPACA Exchange Planning Grant. The Commission shall assist the Grant “Working Group” as it creates recommendations and plans regarding the development of an Iowa 2014 Health Benefit Purchasing Exchange under the Patient Protection and Affordable Care Act.

WKG III – Recommendation C.

Take Action in 2011 to Promote the Establishment of an Iowa 2014 Health Benefit Purchasing Exchange.

- The legislature should take action during the 2011 legislative session to establish an independent entity to guide the planning, development, and eventual governance of an Iowa 2014 Health Benefit Purchasing Exchange by 2014.
 - ✓ This entity will provide the initial board leadership to create a plan of operation for an Iowa 2014 Health Benefit Purchasing Exchange.
 - ✓ While a prospective model for an Iowa 2014 Health Benefit Purchasing Exchange governing board is found in Iowa Code §514E.2 Iowa Comprehensive Health Insurance Corporation, whatever governing model is chosen for the Iowa 2014 Health Benefit Purchasing Exchange governing board must have well-defined statutory authority to do its work.

WKG III – Recommendation D.

Iowa 2014 Health Benefit (Purchasing) Exchange Iowa 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 an Iowa Health Benefit (Purchasing) Exchange in 2014.

The Iowa 2014 Health Benefit Purchasing Exchange shall focus on the following goals:

- **Improve Access to Coverage**
 - Reduce the number of uninsured Iowans by creating an organized, transparent marketplace for Iowans to:
 - Purchase affordable, quality health care coverage;
 - Claim available federal tax credits and cost-sharing subsidies; and
 - Meet the personal responsibility requirements imposed under the PPACA.
- **Strengthen the State Insurance Marketplace.**
 - Promote the availability and renewability of health care coverage through the private health insurance market to qualified individuals and qualified small employers; and
 - Require that health care service plans and health insurers issuing coverage in the individual and small employer markets compete on the basis of price, quality, and service, and not on risk selection.
- **Strengthen the Health Care Delivery System Quality**
 - Improve the quality of health outcomes; and
 - Promote the development of quality measurements for providers and transparency in provider quality measurements.
- **Promote Insurance Marketplace, Provider Cost and Exchange Operation Transparency**
 - Promote the development of quality measurements for providers and transparency in provider cost and quality measurements;
 - Promote transparency in exchange operations, especially the cost of coverage and levels of public subsidy; and
 - Meet the requirements of the Patient Protection and Affordable Care Act and all applicable federal guidance and regulations.
- **Improve Cost Structure**
 - Reduce the rate of health care cost increases.
 - Identify cost implications and make recommendations to ensure affordability for the state, including identifying the population size that will be eligible by income level and market type, and developing an estimate of Iowa 2014 Health Benefit Purchasing Exchange participation, and
 - Ensure maximum federal subsidies, to the extent appropriate, for payers and state.