

Iowa Legislative Health Care Coverage Commission

2010 Recommendations

Recommendation 1.

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

Recommendation 2.

If HIPIowa does not have the statutory authority to lower the premium rate for HIPIowa coverage to below 150 percent of the average premium in the voluntary market, Section 514E.2(6) should be amended to allow HIPIowa to exercise the authority to reduce the premium below 150 percent of the average premium in the voluntary market.

Recommendation 3.

The state should plan for a new eligibility system that will meet the requirements of the Patient Protection and Affordable Care Act (PPACA) and will support eligibility determinations for Medicaid, CHIP, and the tax credit subsidies within the 2014 Iowa Health Benefit Purchasing Exchange. The planning for the eligibility information technology system needs to align with the planning work for the Exchange.

Recommendation 4.

The eligibility system should be housed within the Department of Human Services (DHS) to avoid duplication of effort.

Recommendation 5.

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

Recommendation 6.

Due to the major reengineering of the DHS Medicaid eligibility system, work will be required to integrate the system with the 2014 Iowa Health Benefit Purchasing Exchange and meet the requirements of the PPACA. 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.

Recommendation 7

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

Recommendation 8.

The State of Iowa should vigorously pursue all federal funding opportunities under the PPACA, including implementation funding for the 2014 Iowa Health Benefit Purchasing Exchange and maximizing funds for eligibility system implementation.

Recommendation 9.

The Legislature should enact the Iowa Department of Public Health's (DPH) "Health Information Act" bill during the 2011 legislative session.

Recommendation 10.

The Commission recommends that the Legislature consider incorporating the following cost containment strategies into law in 2011:

Strategy No. 1 – Establish databases that collect health insurance claims information.

- Collect claims 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.

Strategy No. 2 – Strengthen Quality Care.

- Rename the *Health Facilities Council* the *Health Care Cost Containment Council*. Broaden its duties and make it a separate division within DPH 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 Strategy No. 1.
- Update the program emphasis and criteria to encourage health system development for wellness and health promotion and to improve quality and reduce cost.
- 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 (CON) 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 CON process.
- Require all new surgical centers and other specialty centers, including those initiated by hospitals or by physician practices, to complete the CON process.
- Require all new, replacement, or expanded nursing facilities to complete the CON process.

Strategy No. 3 – Better Management of Pharmaceutical Drugs.

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

Strategy No. 4 – Create a New Health Care Provider Payment System.

The PPACA directs the United States Department of Health and Human Services to solicit and choose several pilot projects between 2012 and 2016 to further study and

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

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.

Recommendation 11 – Iowa Insurance Information Exchange.

The Iowa Insurance Information Exchange shall be fully operational by July 1, 2011, and shall operate under the following guidelines:

- **Purpose**

The Insurance Information Exchange shall adopt as its purpose the provision of impartial information about available private and public health coverage options in Iowa, and the facilitation of enrollment through an insurance professional or designated state agency.

- **Governance.**

- ▶ The Insurance Information Exchange shall be located in a new or existing State agency, or a quasi-governmental agency with an advisory board. The advisory board shall consist of individuals representing carriers, providers, agents/brokers and the public. At such time as a governing board is established for the 2014 Iowa Health Benefit Purchasing Exchange, that governing board should replace and assume the duties of the advisory board of the Iowa Insurance Information Exchange. The advisory board shall:
 - ▶ Review the plan of operation and submit proposed amendments.
 - ▶ Create a financial plan that will insure the Iowa Insurance Information Exchange will be able to carry out its duties, including determining from the plan of

operation if an assessment beyond the SF 2356 appropriation is necessary for the proper administration of the Iowa Insurance Information Exchange.

- ▶ Review outstanding contracts or agreements and make necessary corrections, improvements or additions.
 - ▶ Hold quarterly advisory board meetings and an annual meeting of the advisory board to be held at such times and places as the advisory board may determine.
 - ▶ Review, consider and act on any other matters deemed necessary and proper for the administration of the Iowa Insurance Information Exchange.
- **Consumer Disclosure/Transparency.**
 - ▶ Carriers and public plans shall use a standardized format for presenting health coverage options in the Iowa Insurance Information Exchange to facilitate comparison of all plans.
 - ▶ The Iowa Insurance Information Exchange shall promote the development and use of quality measurements for providers, and transparency in provider cost and quality measurements.
- **Duties.**

The Iowa Insurance Information Exchange shall be responsible for operating a call center/web portal system capable of:

 - ▶ Providing impartial and easily accessible information about available private and public health coverage options in Iowa (Medicaid, hawk-i, IowaCare, and state and federal High Risk Pools.
 - ▶ Facilitating private and public plan enrollment through an insurance professional or designated state agency.
 - ▶ Collecting data from carriers and public agencies and from the operation of the Exchange's call center/web portal.
 - ▶ Coordinating and communicating between health plans and publicly provided coverage to ensure seamlessness.

- ▶ Conducting an initial marketing campaign promoting the Iowa Insurance Information Exchange and the availability of comparative health coverage information in Iowa.
- ▶ Conducting ongoing marketing of the Iowa Insurance Information Exchange.
- ▶ Requiring carriers, organized delivery system, and public programs to submit coverage and eligibility changes quarterly to the Iowa Insurance Information Exchange for updates to the call center/web portal.

Rationale—Use this Iowa Insurance Information Exchange to ease into an exchange that distributes subsidies, while at the same time promoting important goals between 2011 and 2014.

Recommendation 12.

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 a 2014 Iowa Health Benefit Purchasing Exchange.

Recommendation 13.

Iowa should take action in 2011 to promote the establishment of a 2014 Iowa 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 a 2014 Iowa Health Benefit Purchasing Exchange.

Recommendation 14.

The Iowa Insurance Information Exchange shall be designed and operated to ensure the most seamless transition possible to a 2014 Iowa Health Benefit Purchasing Exchange within the dates prescribed by the PPACA.

Recommendation 15.

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).

Recommendation 16.

In 2011, Iowa needs to begin the process of cultural transformation for better health and wellbeing. This change will begin to shift the high cost of healthcare and lead Iowa down the path to be one of the healthiest states in the nation.

Iowa must set a state goal of promoting positive health and wellbeing. Our culture must empower and expect Iowans to assume personal responsibility for maximizing their individual, family and community health. Those barriers which prevent Iowans from leading healthy lives must be pushed aside by enacting evidence-based population and individual health-promoting policies.

To reach the long term goal of making Iowa one of the healthiest states in the nation with sustainable healthcare costs, the following concrete first steps should be pursued in 2011:

1. Instituting an outcomes-based wellness program for the State of Iowa.
2. Making use of tax credits to realize a healthier Iowa by:
 - a. Promoting the maximum possible use of the PPACA worksite wellness credits.
 - b. Creating state-based health and wellness tax credits for businesses that do not qualify for federal credits, using the Small Business Qualified Wellness Tax Credit plan (HF 2536) as a model.
3. Directing DPH and the Iowa Insurance Division to work together to develop best practices that will allow the incorporation and promotion of worksite wellness programs in Iowa employer-sponsored health insurance.
4. Determining how wellness measures can be incorporated into plans that will be sold in a 2014 Iowa Health Benefit Purchasing Exchange.
5. Developing a public (Medicaid) and private (insured) Iowa medical home model that incorporates health and wellness promotion.
6. Encouraging the Legislature to offer state employees a wellness program.

The Issue. Iowa's indicators of health and wellbeing are declining and healthcare costs are rising. The data clearly states these declines and increases will continue

into the foreseeable future unless cultural sectors acknowledge, embrace and fund an environment that allows for cultural transformation.

Without a fundamental change geared towards cultural transformation where all Iowans can live healthier, the human and financial toll of poor health and disease will rob the state of a successful and secure future.

Cultural transformation for health and wellbeing needs to happen now because:

- More than one million Iowans or almost two out of every five (38%) state residents suffer from at least one chronic disease. (*The Prevalence and Cost of Select Chronic Diseases*. The Lewin Group. Research conducted for the Pharmaceutical Research and Manufacturers of America. March 2007.)
- The percentage of adult Iowans diagnosed with diabetes increased 26% between 2000 and 2009. (Centers for Disease Control and Prevention: National Diabetes Surveillance System. Available online at: <http://www.cdc.gov/diabetes/statistics/index.htm>.)
- Chronic diseases, such as heart disease, stroke and all cancers, are the leading causes of death for adults in Iowa, claiming more than 18,000 Iowans a year. (*Fact Sheet: Facts & Figures About Chronic Disease in Iowa*. Partnership for Better Health. Available at <http://partnershipforbetterhealth.org/images/stories/pdf/factsheet/IFS.pdf>)
- Heart disease accounts for 27% of deaths in Iowa and stroke, 7% of deaths. (*Iowa: Burden of Chronic Diseases*. Centers for Disease Control 2008. Available at <http://www.cdc.gov/chronicdisease/states/pdf/iowa.pdf>)
- 27% of adults in Iowa report in 2007 having high blood pressure (hypertension) and 38% of those screened report having high blood cholesterol, factors that put individuals at greater risk for developing heart disease and stroke. (*Iowa: Burden of Chronic Diseases*. Centers for Disease Control 2008. Available at <http://www.cdc.gov/chronicdisease/states/pdf/iowa.pdf>)
- 23% of all Iowa deaths in 2005 were due to cancer. The American Cancer Society estimates that 16,540 new cases of cancer were diagnosed in Iowa in 2007, including 1,930 new cases of colorectal cancer and 2,000 new cases of breast cancer in women. (*Iowa: Burden of Chronic Diseases*. Centers for Disease Control 2008. Available at <http://www.cdc.gov/chronicdisease/states/pdf/iowa.pdf>)

- 65% of adult Iowans were overweight or obese and 14% of high school students were overweight, based on self-reported height and weight. (2007) Furthermore:
 - ▶ 81% of high school students and 80% of adults in Iowa consumed fewer than 5 fruits and vegetables per day.
 - ▶ 30% of Iowa high school students did not attend physical education classes.
 - ▶ 52% of adults did not engage in sufficient moderate or vigorous physical activity. (*Iowa: Burden of Chronic Diseases*. Centers for Disease Control 2008. Available at <http://www.cdc.gov/chronicdisease/states/pdf/iowa.pdf>)

- Iowa spends an estimated \$783 million yearly in obesity-related medical expenditures. (Finkelstein E., Fiebelkorn I., Guijing W. *State-Level Estimates of Annual Medical Expenditures Attributable to Obesity*. Obesity Research. 2004; 12:18-24. Available at: <http://www.obesityresearch.org/cgi/reprint/12/1/18>)

- The economic cost of chronic disease to Iowa's state and local governments, communities, employers and individuals is estimated to be \$7.6 billion per year. This cost reflects direct expenditures, such as payments for health care services, and indirect costs, such as lost workdays and lower productivity. (*Health Care Reform: Implications for UI Health Care*. Jean Robillard, MD. Presentation to The Board of Regents State of Iowa, September 16, 2010)

Picture a community where all cultural sectors are aligned in purpose around the health and wellbeing of every Iowan. We could reverse poor health risk behaviors to focus on preventive behaviors with a culture aligned with a common purpose.

In Summary. Over the last four years, Iowa has spent an extensive amount of time and effort through the Commission and the subsequent advisory councils studying and learning about the high cost of health care. We learned that Iowa has many successful programs dedicated to the health and wellbeing of Iowans. Now the challenge is uniting all influences to bring about transformational change to Iowans that will allow Iowans a healthy and financially secure future.

One thing that has stood out time and again is that 75-80% of all of our health care costs are driven through behavioral choices. We believe it is now time to spend 75-80% of our efforts to literally reverse this behavioral epidemic. It will require immense leadership from all levels of society, including individuals, families, faith-based organizations, businesses, non-profits, the media and arts and entertainment, all the way to communities and government. We know that this cultural

transformation will be difficult, but ultimately it is the lives of all Iowans at stake. Now is the time.

Recommendation 17.

Iowa should promote the use of all existing employer-related health care coverage-related tax credits. The Iowa Insurance Division, the Iowa Department of Revenue, the Department of Workforce Development, and the Iowa Department of Economic Development should work together with business, trade, and labor associations and organizations to ensure that all employers, including specifically very small employers (<10 employees) are 1) made aware of the existing tax credits, 2) encouraged to use tax credits to reduce their cost of purchasing employee coverage, and 3) provided technical assistance in obtaining tax credits.

The PPACA amends Sec. 125 of the Internal Revenue Code so that insurance purchased from a health benefit purchasing exchange cannot be funded through a so-called “cafeteria plan” unless an employee’s employer is eligible to participate in the exchange and chooses to make group coverage available to the employee through the exchange. This means that under the PPACA, individual insurance policies offered by a state health benefit purchasing exchange cannot be purchased with pre-tax dollars through a cafeteria plan.

Recommendation 18.

The Commission supports the inclusion of wellness programs for individuals and small employers in the 2014 Iowa Health Benefit Purchasing Exchange.