IOWA HOSPITAL ASSOCIATION

January 3, 2008

The Honorable Jack Hatch
The Honorable Ro Foege
Co-chairs
Legislative Commission on Affordable Health Care Plans
For Small Businesses and Families

Dear Senator Hatch and Representative Foege:

Unfortunately, circumstances beyond my control prevented me from attending the December 19 meeting of the Legislative Commission on Affordable Health Care Plans for Small Businesses and Families. However, I believe it is important for you and fellow Commission members to understand the perspective of community hospitals from around the state relating to several of the recommendations adopted at that meeting. While the vast majority of the Commission's recommendations are positive, many range beyond the scope of the Commission's charge and several are unnecessary or even potentially detrimental to Iowa's health care system.

Particularly troubling are recommendations on the following topics:

1) Giving the Iowa eHealth Council oversight responsibility for recent federal grants awarded to the Iowa Hospital Association (IHA) and the Iowa Health System (IHS). These awards are independent grants from the Federal Communications Commission and as such do not come under the purview of state government. The focus of these awards is to connect all Iowa hospitals to a broad band network for data transmission. While eventually such a system *might* lead to the sharing of electronic medical records, the grants as they stand today are merely for infrastructure costs associated with network connections. No state activity is warranted in this area except to perhaps provide additional funding to incent all hospitals to connect into the network.

2) Requiring disclosure of estimated payments from health care providers. As presented to the Commission, the Iowa Hospital Association already provides hospital charge information on all inpatient services, with outpatient services to be added in 2008. IHA and community hospitals support price transparency in health care and are voluntarily leading this effort; however, price transparency must extend to other entities in the health care arena, including insurance companies and medical suppliers, before any mandates upon community hospitals should be considered.

3) Mandating quality reporting standards from health care providers. Again, this is an unnecessary recommendation given the outstanding work of the Iowa Healthcare Collaborative in providing meaningful quality data in Iowa. The Iowa Healthcare Collaborative is uniquely positioned to make determinations about the best quality measurements to report, has the full cooperation of the Iowa health care provider community,

is recognized nationally for its leadership, and is supported in part with a state appropriation. To abandon the work of this organization and mandate potentially meaningless data to the general consumer could dismantle this voluntary effort and actually slow the commitment by Iowa providers to be transparent in quality initiatives. Furthermore, this disregards the quality improvement efforts initiated by the Iowa Healthcare Collaborative based upon the data collection, which would not be duplicated by a state mandate.

4) Strengthen the certificate of need (CON) process. This recommendation has little to do with the charge of the Commission and seems to be a response to recent hospital activity in the Des Moines market. Not only is there currently judicial action pending on this topic which would provide the General Assembly with greater clarity, but the last time CON changes were contemplated (in the late 1990s) the legislature established a separate commission that met over several months to discuss all the nuances of the CON process…indicating that changing CON is a more complicated question than is recognized by this recommendation.

5) Mandating health care whistleblower provisions. It has long been the position of the Iowa Hospital Association that Iowa health care workers already have multiple legal protections when bringing forth patient safety concerns. This issue has been debated in the Iowa General Assembly in separate legislation for the past several years. This recommendation has nothing to do with the cost of insurance for small businesses and families, but rather reflects the position of a limited constituent group. Unnecessary language in this regard may only make it more difficult for employers to discipline health care workers who provide substandard care.

6) Directing Medicaid provider payment increases to nurses. While this is a laudable goal, information provided to the Commission by IHA staff clearly indicated that Medicaid increases have lagged well *below* the rates of nurse salary increases in hospitals since the year 2000. Aiming Medicaid provider rate increases toward nurses also ignores all the other clinical specialties, including physicians, who are currently in short supply in Iowa. Medicaid certainly provides a vehicle for addressing the uninsured in Iowa, but not in this regard. In fact, there is no more meaningful action the state of Iowa could take to minimize the cost-shift of insurance to small businesses and families than to *fully fund its Medicaid program*, both in terms of provider payments and beneficiary enrollment.

7) Assessing fees on health care providers. This is a short-sighted recommendation as a way to raise funds. Any additional costs imposed upon providers will necessarily raise health care costs, including insurance costs for small businesses and families.

The Iowa Hospital Association Board has been evaluating the Commission work over the past several months and is prepared to offer the following policy recommendations that should move the Commission closer to the goal of meeting its charge than things such as those mentioned above. These include:

1) Invest directly in Medicaid. As previously mentioned, this includes maximizing beneficiary eligibility and provider payments. While this is not an inexpensive proposition, Medicaid investments are matched nearly 2-to-1 by the federal government, making this a more cost-effective strategy than creating a new insurance pool financed by state dollars only.

2) Enroll all eligible children in Hawk-i and Medicaid. As the Commission has noted, additional outreach efforts for these programs could raise the number of insured children in Iowa to virtually 100 percent.

3) Expand family insurance coverage to include young adults to age 25. This not only impacts young adults who have insurance options but choose not to accept coverage, but also positively impacts Iowa's Medicaid program. Approximately 40 percent of all Iowa births are now Medicaid-eligible. Expanding family coverage would keep many of those mothers off the Medicaid rolls.

4) Apply mandates for insurance coverage only to those who have a means to pay. Instead of a costly and administratively burdensome new system trying to achieve universal coverage, any individual mandates to buy health insurance should be directed only to those Iowans with sufficient income levels to pay. In this manner, tax penalties such as those used in other states might actually influence behavior (as tax incentives/penalties are less effective with the poor) and could prevent Iowa from going down a state budget-busting path (such has been the recent experience with an individual mandate in Massachusetts). Building upon Medicaid, expanding family insurance coverage, and aiming any insurance mandates only upon the wealthy would address Iowa's uninsured population from three meaningful angles, while allowing the state to better manage its budget.

5) Develop a Medicaid payment system that rewards value. The experience of other states demonstrates that a punitive pay-for-performance system does *not* work, especially in a state like Iowa where most providers are already at the high end of the quality rankings. But recognizing value through payment incentives can have system-wide impact on a collaborative health care system such as the one we enjoy in our state.

6) Support provider-led pilot projects that demonstrate savings. Providers already are developing chronic disease management programs and other cost-saving initiatives. However, most insurers, including Medicaid, do not reimburse for such services. The state should create financial incentives for providers who can demonstrate health care savings to recoup a portion of those savings.

7) Support a statewide emergency mental health treatment alternative. The Department of Human Services is currently working on such a model. Development of a system that can help divert acute mental health patients from the hospital emergency room is critical for Iowa, where the lack of psychiatrists is hampering the ability to provide hospital inpatient behavioral health services.

8) Create a more standardize county mental health service delivery system. Iowa's behavioral health care providers currently have to contend with 99 different sets of benefits and payment structures from 99 different counties. Iowa should establish a core set of behavioral health services that all counties must adhere to in order to provide equity across the state.

Iowa's community hospitals certainly appreciate the hard work of all Commission members to address Iowa health care concerns. However, as identified a the beginning of this process, Iowa is starting from a position of strength rather than a position of weakness when it comes to providing high quality, affordable health care to our citizens. The wide-ranging recommendations embraced by

the Commission on December 19 in some respects fail to recognize that position of strength and go beyond the scope of our collective deliberations. As the Commission prepares for its final meeting and report review January 8, I urge you to more narrowly focus our recommendations so that the full General Assembly can evaluate meaningful health care strategies that do not violate the Commission's own principles...that recommendations should be sustainable and should do no harm.

I appreciate your attention to these highlighted issues.

Sincerely,

Jay Christensen
Chairman, Iowa Hospital Assocaition

cc Governor Chet Culver
Senate Majority Leader Mike Gronstal
Senate President Jack Kibbie
House Majority Leader Kevin McCarthy
Speaker of the House Pat Murphy
House Minority Leader Christopher Rants
Senate Minority Leader Ron Wieck
Members of the Commission on Affordable Health Care Plans for Small Businesses and Families