

Healthcare Coverage Reform Initiative

Advisory Committee Meeting Minutes

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Thursday, March 6, 2008

9:00 a.m. to 1:30 p.m.

Lazarus Government Center, Room C621 A&B, 6th Floor

Ohio Department of Job & Family Services (ODJFS)

50 W. Town Street, Columbus, OH 43215

Attendees:

Brent Mulgrew, Heath MacAlpine, Holly Saelens, Bounthanh Phommasathit, Chris Heldman, Brian Keaton, Cathy Levine, Julia DiRossi, Ty Pine, Nick Lashutka, Shawn Frick, Jerry Friedman, Ken Statz, Cynthia Burnell, Teresa Long, Steve Millard, Jim Castle, Kelly McGivern, Kathleen Gmeiner, Vuka Stricevic, George Dunigan, Margie Frazier, Col Owens, Ron Bridges, Ted Fisher, John Burant, Bill Hayes, Katherine Kuck, Cristal Thomas, Richard Stoff, Steve Wall, Dave Dillon, Dave Dorsky, Linda Woggon, William Fitzgibbon, Ryan Biles, Kathleen Crampton, Bob Krausen, Ernest Boyd, Shirley Smith, Janetta King, Elise Geig, Jessica Hart, Doug Anderson, Alice Faryna, Bob Krasen, Malika Bartlett, Alan Furan, Kevin Tyler, Anne Jewel, Marjorie Ellis, and Suparna Bhaskaran.

1. Doug Anderson welcomed everyone and provided an outline of the day's agenda. He said that the Advisory Committee needs to make final recommendations to the SCI Team at the March 25 Advisory Committee Meeting.
2. Doug discussed the schedule for completing the work of the Advisory Committee and further details of the final report. A committee member suggested that the report must have a human face and therefore should identify 4 or 5 individual types who are directly impacted by this issue. For example: (1) lives well below the poverty line and (2) the so called young and restless. Another member said that the report must talk about the scope of the project—like who are we covering. Another member thought that this should be in the second chapter. Doug added that there may be an opportunity to talk about creating a sustainable program—but this would not be the primary part of the program. Another member remarked that the report is like a planning document. We need to talk about our resources—what's available to the state. This is separate from funding. We can leverage these sources—since funding is less plentiful. Like the leveraging done by the retirement system and the federal employee benefit program. Another member said that in chapter six there should be a discussion of alternative resources - like what is it going to do and what is it going to cost. Another member added that this is already indicated in the report. Doug agreed. Another member said that the report must discuss the Ohioans who are eligible for state programs. Another member said that the report must include a discussion of

what is happening to small pharmacies in Ohio. Many small pharmas are being wiped out and we must talk about the quality issues as well. Another member said that the report must have a discussion on the supply of primary care physicians, nurses, medical education and the changing landscape of medical care and providers in the US and Ohio. Doug then added that the March 25 meeting is very important in that it will be the time to make final recommendations to the SCI Team concerning all matters. An audience member asked how the CHAT process will impact this report. Doug replied saying that the Advisory Committee will go through CHAT on March 12 and 13. Also, since ODI will take CHAT on the road the next couple of months.

3. Doug provided an overview of the Feb. 27 SCI Retreat. He specifically discussed the handout “Principles to Consider” developed from discussions at the SCI Team retreat. A member asked if there are exact numbers regarding the take up rates in MA. Doug said that he did not have the exact numbers. Members asked if any reforms options came out as a winner among the SCI members. Doug said that the Connector and Medicaid expansion tied for first place. Another member asked if the Advisory Committee had rejected Medicaid expansion altogether. Another member then said that Medicaid expansion was not off the table at all and she reminded members of the Medicaid presentation. To this another member remarked that there are multiple ways to create a connector and that MA raised its Medicaid payment rates. Another member said that he felt that sometimes there is a disconnect between the Advisory Committee and SCI Team. Another member asked if people get healthier when covered. Doug replied saying that studies say that it makes a difference. Especially the kind of benefit package one has and if it involves a health risk assessment and care management. Another member remarked that whether or not Medical Homes are included in a coverage plan and paid for can also make a difference. This handout is available on the website.
4. Dave Dillon gave a brief presentation regarding new (blended) scenarios. Dave said that the first scenario involves the connector with certain market reforms. This scenario addresses issues for the small group market. The second scenario is reinsurance with same market rules. This scenario has the premium subsidies. Dave said that he took scenario one and added reinsurance to all insurance products (where the state picks up 50% of costs). This he said brought the small group premium down with an added cost of \$500 million. Dave then briefly talked about Ken Thorpe’s handout “Economic and Distributional Impacts of Proposed Ohio Health Reforms.” A member asked if people’s productivity is factored into Thorpe’s analysis. Dave was unsure about this. Another member asked why Ken Thorpe hadn’t provided a more detailed macroeconomic analysis. Dave agreed with this and said that they still need to do the secondary analysis. Another member asked why a mechanism such as the connector is needed especially since people will get subsidies like food stamps and reinsurance will be there to stabilize the current market. Dave said that it would be up to the committee to decide that. Scenario #1 is close that—where reinsurance reduces rates by 25% through state infusion of money. This handout is available on the website.

5. Cristal Thomas briefly went over Dave Dorsky's earlier presentation to the Advisory Committee. She reiterated that the possibility of Medicaid expansion was not off the table. In fact, the Medicaid waiver was put on hold but the expansion with raised eligibility (up to 150% of FPL) was on the table. A committee member commented that with such an expansion and with increased uptake from previously ineligible persons would cost another 80 million to the State. This handout is available on the website.

6. The Advisory Committee then discussed the handout with "Funding Options." A committee member emphasized that there needs to be clarity when mentioning **Medicaid** as a funding option. One can think of this in four ways: (1) Medicaid Expansion (pro: the system is already in place; we have capacity in the FQHCs; we can track people and con: the system's capacity to absorb more people) (2) Medicaid Waiver (con: state risk and it will take a long time) (3) HCAP redirection (pro: directed towards more low-cost care and con: less funding for safety net needs and breaking the deal of a social contract which will be subject to criticism) and (4) Existing Medicaid (pro: was a complicated deal and now we are changing the underpinnings). Another member asked if this was a payment issue or a volume issue. To which another replied: "I think both." Another member was concerned that a Medicaid expansion would add more pressure to the system. Another remarked that all of the first three are unsustainable since the system under managed care is a problem and it is not evidence based. Finally, it was decided to be put in the parking lot. The next funding option discussed was that of **Assessments (hospital/physician/provider)**. Members identified the following pros: federal match; it is fair where everyone benefits; this is a broad assessment which is passed on to payers and that it was easy to understand. Cons: this would be another unnecessary tax on hospitals and it will not work; it will perpetuate cost-shifting; it will reduce uncompensated care; and adds more taxes. The next funding issue was **mandates on employers/assessments on employers not providing coverage**. Members identified the following pros: mandates are easier to enforce with employers and it levels the playing field with small employers. Cons: employers will drop coverage; the current ESI system is already crumbling; it is really no help for small employers; only gets to people who are employed; and there will be additional need for oversight. A member asked how this would occur in light of ERISA. In the case of an **individual mandate**, members said that it would: improve the take up rate, spread the risk pool, increase sustainability, prevents jumping in and out and prevents financial disaster. The cons included: required lots of subsidies; companies will need to raise labor costs; will not get to everyone; will lead to complicated exceptions; it is a funding option for subsidies; and that it would lead to poorer health since poorer people will take up catastrophic benefit packages. The next funding option was "**sin taxes**" (**tobacco, alcohol, fast foods, other**). The pros were identified as: it would promote healthier behavior and generates more money. The cons were identified as: it would send a mixed message and it was not sustainable; it generates too little money; it was not a progressive tax; and one member said that taxes in general are a bad thing. The next funding option was concerning **assessments on health insurance carriers**. The pro was identified as: this would reach into some deep pockets. The

cons included: reduced payments for providers; increased premiums; would not get to the self-insured; and that it would be regressive on small employers. The next funding option was **redirect reduced spending in other areas to coverage/capturing savings from less uncompensated care and improved health status**. The con that was identified was that one would actually have to see savings before one can redirect them. And, finally, the **three share programs** (employer, employee, state all contribute). The pro was identified as: this would spread the pain and this was the great part of it. The con was: this mechanism assumes employment. This handout is available on the website.

7. Doug concluded the meeting and asked the committee to email him with comments and any other approaches. He said that he would then email this gathered information out to them. He said that the next meeting will be on Thursday March 25, 2008.
8. Meeting adjourned at 1:30 p.m.