MINUTES

JOINT COMMITTEE ON HEALTH POLICY OVERSIGHT

August 22, 2007
Room 514-S—Statehouse

Members Present

Senator James Barnett, Chairperson
Representative Melvin Neufeld, Vice-Chairperson
Senator David Haley
Senator Laura Kelly
Senator Roger Reitz
Senator Vicki Schmidt
Senator Susan Wagle
Representative Bob Bethell
Representative Jeff Colyer
Representative Bill Feuerborn
Representative Brenda Landwehr

Member Absent

Representative Louis Ruiz

Staff Present

Terri Weber, Kansas Legislative Research Department
Melissa Calderwood, Kansas Legislative Research Department
Emalene Correll, Kansas Legislative Research Department
Susan Kannarr, Kansas Legislative Research Department
Nobuko Folmsbee, Revisor of Statutes Office
Renae Jefferies, Revisor of Statutes Office
Gordon Self, Revisor of Statutes Office
Ken Wilke, Revisor of Statutes Office
Florence Deeter, Committee Secretary

Conferees

Dr. Marcia J. Nielsen, Executive Director, Kansas Health Policy Authority
Dr. Andy Allison, Medicaid Director and Deputy Director, Kansas Health Policy Authority
Beverly Gossage, Director, Health Savings Accounts Benefits Consulting
Steve Schramm, Managing Director, Schramm Raleigh Health Strategy

Others

See attached list.

Morning Session

The meeting was called to order by the Chairman at 10:00 a.m. The Chairman welcomed everyone and outlined the schedule for the meeting. He noted HB 2236 would be given consideration later in the day.

The Committee received information on the presumptive medical disability process as applicable to the Medicaid program (Attachment 1). The response to questions posed at the May 31, 2007, meeting was noted (Attachment 2).

The Chairman recognized Dr. Marcia Nielsen, Executive Director, Kansas Health Policy Authority, who presented information on current health reform activities and updates requested by the Committee. The data presented includes an overview of health reform activities, current reforms, the time line for responding to SB 11, and Authority priorities. Other information included in Dr. Nielsen's presentation relates to health information technology and prevention and primary care. The conferee discussed advisory council participation and recommendations, the listening tour in which Authority personnel are engaged, the State Employee Health Benefits Plan, the impact of Medicaid citizenship verification, and reforms within the system (Attachments 3, 3A, and 3B).

Dr. Nielsen elaborated on concurrent activities involving other agencies that have an interest in health care reform, including the Kansas Department of Health and Environment, the Department of Social and Rehabilitation Services, the Kansas Department on Aging, and the Kansas Insurance Department. Each department works in conjunction with the Authority board as an ex-officio member and provides data that is a part of the overall process of reform. Dr. Nielsen stated the time line for health reform studies directed by the 2007 legislation is on schedule, and recommendations will be provided for the 2008 Session.

Dr. Nielsen spoke about two ongoing pilot programs: the Community Health Record pilot based in Sedgwick county and the Health Mid-America pilot in Kansas City (now CareEntrust). The Sedgwick County program has been in place for about two years and is limited primarily to the Medicaid population. In reviewing the 20 sites enrolled in the pilot, the Authority is encouraged by the excellent feedback that has been received regarding access to information available to beneficiaries. There is considerable interest in expanding the program to the more rural areas of Kansas in order to gain a better sense of how community health records would benefit the entire state. The Health Mid-America program is an employer-driven initiative. Dr. Nielsen said the Authority wants to ensure the technology being adopted in rural areas is viable before implementing reforms throughout the state.

In response to a question concerning deficiencies in the health care information system, Dr. Nielsen stated the Health Care Cost Commission (H4C) appointed by the Governor has reported its recommendations to the Governor. Regarding health information, the Commission recommended two areas be addressed: the creation of a resource center for health information exchange and a review of Kansas statutes to ensure consistency with any health information exchange program. A request was made for a copy of the recommendations sent to the Governor.

Dr. Nielsen directed the Committee's attention to a number of slides showing statistics on risk factors. She said 75 percent of all health care costs relate to the management of chronic disease, making it imperative to focus in this direction when considering health care reform. Current data on the usage of tobacco in the state was requested by a member of the Committee.

Dr. Nielsen referred to the data in Attachment 3 on the importance of a primary care medical home, noting this is a new focus of the Authority and is a part of providing comprehensive health care. Coordination among providers is a great challenge, especially when attempting to access patient records electronically. Comments from a Committee member affirmed the need for strengthening the line of communication among physicians, emergency room staff, and pharmacists. Developing recommendations on this issue is a priority. In discussion of the number of persons receiving recommended care, the conferee said, overall, only 55 percent of adults receive required care. Compounding the problem is the type of insurance covering the individual. Whether the consumer has a high deductible plan or a consumer-driven health plan has some bearing on the number of patients treated. She answered a question from a Committee member regarding the other 45 percent by stating, services frequently are not affordable and health literacy among the population is at a minimum level. In addition, the availability of services in rural areas affects the amount of care received.

Dr. Nielsen expressed high regard for the advisory councils. Interaction between the Authority Board and advisory council members produced a summary of recommendations that are presented in grid format. Each of the councils submitted statements relating to three basic areas: providing and protecting affordable health insurance; paying for prevention and primary care; and promoting personal responsibility. The final set of recommendations will be presented to the Authority in September.

There was discussion of the listening tours conducted at 14 sites across Kansas. The attendees at these focus groups provided comments and suggestions regarding health care costs. The need was expressed for more education about the importance of acquiring and maintaining good health as a part of the education system. While six more cities were still scheduled for the listening tour, between 800 and 1,000 people had already participated in the meetings.

In answer to a question from a Committee member regarding the percentage of children enrolled in HealthWave who have been shuffled from one health care provider to another, Dr. Nielsen said in the beginning of the program, the number was very high; however, the present statistics reveal the number to be much lower. Continuity of care for a child is a significant concern for parents. She indicated the necessity for a standard formulary of medication among doctors and care givers also is necessary for the benefit of overall health care for children.

Dr. Andy Allison, Deputy Director, and Medicaid Director, provided updates on the impact of citizen verification requirements, premium assistance, and presumptive medical disability. He presented data regarding the applications, stating processing the applications has progressed well, and the agency is on target to reach the goal of completing applications within 25 days of receiving them. Dr. Allison described the goals of premium assistance and outlined who can participate, how the program will work, and the time line for accomplishing tasks. He gave an updated report and discussed the Presumptive Medical Disability portion of Medicaid, giving the history, the process for implementation, and current issues. The eligibility determination is modeled after the Social Security Administration guidelines for disability determination.

Dr. Allison answered questions from the Committee with the following comments.

- The contract for retaining a certain number of additional staff is to be renewed for FY 2009.

- Temporary staff, which numbers 13, is to be phased out when the backlog of applicants has reached a minimum. Dr. Allison will provide a written analysis of the contract for Committee members.

- One major barrier that applicants experience is the procurement of legitimate documents when those have to be obtained from out of state.

Dr. Allison concluded his remarks by giving additional information on the cooperation between the Authority and the Department of Social and Rehabilitation Services in working together to implement a well developed plan to be presented to the 2008 Legislature.

Steve Schramm, Managing Director of Schramm Raleigh Health Strategy, appeared before the Committee as a consultant who is working on health insurance modeling for the health reform program. He assured the Committee his presentation is primarily one step in the process of any changes in health care policy (Attachment 4). Mr. Schramm stated his role is to help provide numbers, data, and information for what he describes as a very fluid process in the health policy debate at the Authority Board level. Working through this process will facilitate the Board's ability to provide a model for recommendations to the Legislature.

Mr. Schramm stated his firm is in place to develop a model with options to help provide and protect affordable health insurance for Kansans. He noted the funding for this project has been provided by United Methodist Health Ministry Fund, Sunflower Foundation, Health Care for Kansans, The REACH Healthcare Foundation, and the Health Care Foundation of Greater Kansas City. In describing the various scenarios in health insurance, Mr. Schramm stated the intention is to give the Authority some understanding of potential options. He explained the structure of the model by using graphs to show the number of insured and uninsured, the distribution of coverage and expenses, and the cost per member per month, according to the individual's marketplace linkage. The data excludes the elderly because most people over 65 years of age are served by Medicare.

Mr. Schramm concluded his presentation by stating that without changes in the marketplace, a large number of individuals remain in the category of having to obtain individual insurance. When considering health care reform, it is necessary to find a variety of ways to offer insurance to individuals. Mr. Shramm indicated the importance of maintaining funding within the system. Employer participation, federal participation, and maintaining safety net funding were given priority in the Massachusetts health reform process. His advice to the Kansas Legislature is to have specific goals and to ascertain whether the structure remains compatible with the goals.

Mr. Schramm addressed questions from the Committee with the following comments:

- A waiver process was put in place to be used on an individual basis for determining exemption from the mandatory insurance requirement.

- There is a natural rate of non-insurance within the system and it is difficult to ascertain a reasonable target number.

- An important component needed for health reform for Kansans is the retention of both large and small employers within the present system.

- Providing a tax-credit program to assist employers to remain in the system allows individuals greater flexibility in obtaining health insurance.

- Small employers and their employees can create a purchasing pool to provide more economical insurance.

Mr. Schramm expressed his concern about a single strategy providing the answer to reform. He indicated a series of strategies would be the most successful way to retain both small and large employers. He said the possible elimination of some providers could be a challenging task to implement and may not be advantageous in the reform process.

Afternoon Session

Ms. Beverly Gossage, Director of Health Savings Accounts Benefits Consulting, is a consultant for consumer-driven health care. She informed the Committee her small business originated with her family some 30 years ago. In doing some research for her family's company, she discovered medical savings accounts as a way to cover health care needs.

Ms. Gossage summarized an article published by Greg Scandlen, President of Consumers for Health Care Choices (CHCC), who gave permission for its use in her presentation (Attachment 5). The article provides a synopsis of the progression in health care from the humble beginnings of hospitalization to the present interest in consumer-driven health care services. Included in her testimony is a copy of Missouri HB 818, which addresses concerns for persons seeking a solution to the many nuances of health care insurance (Attachment 6).

Ms. Gossage gave three reasons for younger employees not obtaining health insurance: the affordability of a plan, plans are not that valuable, and no plan is offered by an employer. Missouri's solution for the uninsured centers on promoting health savings account plans by educating the public about the scope and content of the plans. When the employer contributes funds into an employee's account, there is a significant advantage for the employee in the amount of savings accrued over a period of years.

Concluding her remarks, Ms. Gossage noted the increasing number of people requesting individual policies is contributing to large insurance companies such as Aetna, Cigna, Coventry, and Humana becoming facilitators in the development of individual plan options for consumers. In making comparisons between Missouri and Kansas, Ms. Gossage said 12 percent of Missouri citizens are uninsured. Kansas has 11 percent uninsured. In Missouri, 42 percent of small businesses offer a health insurance plan. The number in Kansas is 41 percent. The conferee compared Medicaid payments made by consumers in Missouri and in Kansas. She advocates the need for consumers to become personally responsible for their health care dollars.

In answer to questions, Ms. Gossage responded as noted below.

- A Health Reimbursement Arrangement (HRA) is a federal program which provides for reimbursement of a premium.

- A Cafeteria 125 Premium Only Plan (POP) is available on the Internet at a cost of $75.

- When a Flexible Spending Account (FSA) is established, a payroll deduction goes into a bank account which, if not used, is returned to the employer.

- Consumers have the right to choose a financial institution for a health savings account.

- The portability of policies makes it possible for the small business employer to contribute to the employee's policy.

- There is no group plan that is portable to another employer group.

Additional questions from the Revisor of Statutes staff on the question of portability resulted in a request for further research by staff to ascertain the impact on health insurance plans for employers and employees in Kansas. Ms. Gossage commented on an informational publication on how to make the state a "health savings account" (HSA) state. Copies of the publication were requested by the Committee.

The Chairman called for approval of the minutes of May 31, 2007, as written. *Senator Haley moved the minutes be approved, and the motion was seconded by Senator Kelly. Motion carried.*

Representative Bethell provided information on HB 2236. He reviewed the background of the bill, stating it did not truly address the geriatric mental health issue, which is scheduled to be addressed in the Legislative Budget Committee on September 24, 2007. One of the reform priorities regarding mental health should include Department of Social and Rehabilitation Services involvement. He requested future collaboration on this issue involving the Kansas Health Policy Authority, the Legislative Budget Committee, and the Joint Committee for Health Policy Oversight. A member commented on the need for training primary care physicians for the purpose of providing the geriatric population with quality health care. A Committee member requested copies of the testimony heard earlier in the House Social Services Budget Committee in order to gain greater understanding of this issue.

The Chairman requested the Committee's consent to send a letter with member signatures to the foundations sponsoring the consultant research as part of the health care reform agenda.

The meeting was adjourned at 3:30 p.m. The next meeting is scheduled for November 1, 2007.

Prepared by Florence Deeter
Edited by Emalene Correll

Approved by Committee on:

November 1, 2007
(Date)