



WISCONSIN LEGISLATIVE COUNCIL

HEALTH CARE REFORM IMPLEMENTATION

Room 412 East
State Capitol

August 19, 2010
10:00 a.m. – 4:30 p.m.

[The following is a summary of the August 19, 2010 meeting of the Special Committee on Health Care Reform Implementation. The file copy of this summary has appended to it a copy of each document prepared for or submitted to the committee during the meeting. A digital recording of the meeting is available on our Web site at <http://www.legis.state.wi.us/lc>.]

Call to Order and Roll Call

Co-Chair Erpenbach called the committee to order. The roll was called and a quorum was present.

COMMITTEE MEMBERS PRESENT: Sen. Jon Erpenbach and Rep. Jon Richards, Co-Chairs; Sen. Alberta Darling, Vice Chair; Sen. Judy Robson; Reps. Marlin D. Schneider, Jennifer Shilling, and Pat Strohota; and Public Members Wendy Arnone, Tim Bartholow, Cheryl A. DeMars, Ed Harding, Jeff Huebner, Robert Kraig, Joe Leean, David Newby, Candice Owley, Robert Palmer, Robert Phillips, David Riemer, and Barbara Zabawa.

COMMITTEE MEMBER EXCUSED: Public Member William Petasnick.

COUNCIL STAFF PRESENT: Laura Rose, Deputy Director, and Heidi Frechette, Staff Attorney.

APPEARANCES: Rep. Marlin D. Schneider, Co-Chair, Joint Legislative Council; Terry C. Anderson, Director, Legislative Council; Secretary Karen Timberlake and staff, Department of Health Services (DHS); Commissioner Sean Dilweg and staff, Office of the Commissioner of Insurance (OCI); Alan Weil, Executive Director, National Academy for State Health Policy (via conference call); Amie Goldman, CEO, Health Insurance Risk-Sharing Plan; Alice Torti, Great Big Pictures, Inc.; and Bob Connolly, Common Ground.

Opening Remarks

Marlin Schneider, Co-Chairperson, Joint Legislative Council, welcomed the members to the Special Committee and thanked them for serving. He cited the number of requests for creation of special committees, and the number of individuals who had been nominated to serve, and thanked those who had been selected to the Special Committee on Health Care Reform Implementation for agreeing to serve.

Mr. Terry Anderson, Director, Legislative Council staff, went over administrative procedures relating to committee membership.

Co-Chairperson Remarks

Senator Jon Erpenbach and Representative Jon Richards thanked committee members for giving their time to serve. Representative Richards commented on the committee's unprecedented opportunity to build on what has already taken place in Wisconsin to implement the new federal health care reform law. Both Co-Chairpersons emphasized the need to build consensus.

Introduction of Committee Members

The Co-Chairpersons asked each committee member to introduce themselves and comment on their interests in serving on the committee. Each committee member described their experience in health care issues and the expertise they would be able to offer to the committee process.

Presentations by Invited Speakers

Secretary Karen Timberlake and staff, Department of Health Services (DHS); and Commissioner Sean Dilweg and staff, Office of the Commissioner of Insurance (OCI)

Secretary of Health Services Karen Timberlake, and Commissioner of Insurance Sean Dilweg, presented information on the activities of the Office of Health Care Reform (OHCR). OHCR was created by Governor Doyle shortly after the enactment of the Patient Protection and Affordable Care Act (PPACA) of 2010 in March of 2010. Secretary Timberlake opened the presentation by discussing changes that are taking place now under the federal law, including the small business tax credit; Medicare benefit changes; and implementation of the temporary high-risk insurance pool. She then discussed how BadgerCare Plus Basic will provide coverage for individuals during the transition period leading up to 2014; and requirements for maintenance of effort under the Medicaid program. Secretary Timberlake discussed how federal funding will expand Medicaid coverage starting in 2014 and what options the state will have in covering additional populations. She also described the required implementation of a health insurance purchasing exchange and what efforts had been taken, to date, by the OHCR in planning for exchange design. Finally, Secretary Timberlake discussed prevention, public health, and primary care improvement efforts and grant funds available under PPACA to expand these programs.

Commissioner Dilweg discussed health insurance market reforms that have already taken place under PPACA, and then described OCI's plan to pursue a grant for a consumer assistance office. He then described PPACA's requirement that states establish a system for annual review of unreasonable premium increases and OCI's application for a grant to implement this review procedure. Market

reforms that take effect in September were outlined, including free preventive care; no pre-existing condition exclusions for children; coverage for young adults on their parents' insurance up to age 26; no rescissions except for fraud; no lifetime limits on essential benefits; and independent review procedures. Commissioner Dilweg then outlined health insurance market reforms that will take effect in early 2011, and then in 2014. Finally, the Commissioner went over statutory changes that will be necessary in Wisconsin law to implement PPACA.

The entire presentation is available on the committee's website at: www.legis.state.wi.us/lc.

The committee asked several questions relating to the presentation.

In response to Co-Chair Richards' question relating to federal Medicaid (MA) increases, Secretary Timberlake offered to get a breakdown on how much of the funds are allocated to each population.

In response to Senator Darling's questions about exchanges, Secretary Timberlake said that the federal government is seeking guidance on specific questions relating to the exchange design. Commissioner Dilweg said that a pilot exchange could be pursued before implementing the exchange on a statewide basis. Co-Chair Erpenbach requested the Legislative Council staff to provide an outline of legislative and administrative changes, and decision timelines, with relation to the implementation of the exchange.

Mr. Riemer commented on how incentives could be provided to low-cost, high-quality providers through payment reform.

Representative Strachota commented on the impact of the law and the implementation of the exchange on Wisconsin businesses, and the fiscal impact of the exchanges. She also requested information on a more detailed timeline of necessary actions between now and November 2010. Secretary Timberlake said that the OHCR is pursuing a planning grant for exchange development.

Mr. Kraig commented on the medical loss ratio issue, and asked about Wisconsin's position in terms of exchange implementation. Commissioner Dilweg responded that an important, initial step is to put a governance body into place for the exchange.

Mr. Newby asked how MA will be integrated into the exchange. Secretary Timberlake responded that a premise in designing the exchange is to maximize the number of participants, and to not disadvantage any of Wisconsin's domestic insurers.

In response to a question from Representative Schneider regarding rescission, and how a finding of fraud will be made, Commissioner Dilweg stated that an objective standard would be utilized, and that a licensed professional would have to make a specific diagnosis for a pre-existing condition to be found.

Overview of Federal Law and State Policymaker Priorities: Alan Weil, Executive Director, National Academy for State Health Policy (via conference call)

Alan Weil, the Executive Director of the National Academy for State Health Policy (NASHP), said that it has convened a steering committee of state health policy leaders and asked for their feedback on PPACA implementation on the state level. He described key elements for state policymakers to keep in mind, including: being strategic with the insurance exchange, and whether the state will operate one;

whether it should be statewide, sub-state, or multi-state; the standards of plan participation; and implementing a risk adjustment mechanism. He said that states must effectively implement insurance market regulation changes, and simplify and integrate eligibility systems for MA and the insurance exchange. He noted that PPACA will require expansion of provider and health system capacity, and provides certain grant opportunities for this purpose. He described the state role in benefit design, using the four standards of platinum, gold, silver, and bronze. Finally, Mr. Weil described how to cover those individuals who may be dually eligible under MA and Medicare; how to collect data on health status and use it to improve health care and health outcomes; and how PPACA could be used to pursue broad population health goals.

Mr. Weil's entire presentation is available on the committee's website at: www.legis.state.wi.us/lc.

In response to Co-Chair Erpenbach's comment on whether there will be state variation in implementation, Mr. Weil said that the federal standards will provide consistency, and that there will be much more uniformity among the states with regard to MA income standards and insurance regulation. He said it will be a very challenging process to define the basic federal core insurance plan.

In response to a question from Representative Schneider about the permissibility of partnership of states bordering Canada and Mexico, Mr. Weil said this would not be permitted.

In response to a question from Ms. DeMars regarding which states Wisconsin could learn from with regard to data collection, Mr. Weil responded that some of these states include Minnesota, Oregon, Washington, and Maine.

In response to a question from Senator Darling about whether Wisconsin is moving faster than other states, Mr. Weil said Wisconsin is ahead of many states because of streamlining eligibility for BadgerCare.

Mr. Riemer commented on sub-state exchanges, and whether bidding to participate in these exchanges could be localized. He said that there could be a number of regional programs, with different options available to state residents based on where they live, but this could still be done through one exchange.

In response to a question from Mr. Kraig about which states will be focusing on creating "transformative" exchanges, Mr. Weil said that California, Washington, and Massachusetts could be looked to as examples of states where work has been done to create transformative exchanges.

Representative Strachota asked about a realistic timeline for exchange implementation. Mr. Weil said that 18 to 24 months is realistic, and that most states will want to pass implementing legislation in the 2011-12 Legislative Session.

Dr. Huebner asked for specific state opportunities under PPACA for improving population health. Mr. Weil noted the primary care provider shortage that has resulted in Massachusetts due to expanded access to health care. However, he noted that Massachusetts' providers are high-cost, and that it may be better to focus on the Dakotas, rural Wisconsin, and other examples to look for ways to expand primary care provider access.

Amie Goldman, CEO, Health Insurance Risk-Sharing Plan (HIRSP)

Ms. Goldman provided a brief history of HIRSP and said that it became an authority in 2006. It is now the third-largest, high-risk pool in the United States. Ms. Goldman described HIRSP eligibility standards; funding sources and subsidies; policyholder characteristics; different plans available under HIRSP; income eligibility requirements; premiums; administrative costs; recent initiatives to improve coverage under HIRSP; and enrollment data.

Ms. Goldman then described the recently awarded contract to operate the federal temporary federal risk pool from July 1, 2010 through December 31, 2013. The total federal funding available during this period is \$73 million. Ms. Goldman discussed eligibility for the pool and premium levels, and differences between the federal program and HIRSP. Ms. Goldman then discussed what coverage options would be available to current HIRSP enrollees once the exchanges are implemented in 2014. Finally, Ms. Goldman described guarantee issue requirements as of 2014 and the impact of those requirements on the need for high-risk pools.

A link to Ms. Goldman's presentation may be found at: www.legis.state.wi.us/lc.

In response to a question from Ms. Zabawa about how HIRSP was able to reduce premiums, Ms. Goldman responded that the key factors were changing the way providers are paid; focusing on controlling costs for pharmacy benefits; implementing utilization and care management; and attracting a healthier population.

Mr. Palmer commented that HIRSP has improved under Ms. Goldman's leadership, and he added that the committee should examine the HIRSP governance structure as a model for the exchange governance structure. In response to Co-Chair Erpenbach's question as to whether HIRSP could operate the exchange, Ms. Goldman stated that it could evolve into that role.

In response to Mr. Leann's question about whether HIRSP has the authority to contract with actuaries and other professionals, Ms. Goldman said that they have a contract with Milliman for professional services.

Alice Torti, Great Big Pictures, Inc.

Ms. Torti, the owner of a photo lab and printer in Madison, provided testimony regarding her experience with procuring health insurance for her company's employees. She noted the importance of having a good insurance agent to assist in navigating the health insurance issues.

In response to Co-Chair Richards' question about how the company adjusted to large premium increases since 2007, Ms. Torti stated that they have had to implement higher copays.

In response to Mr. Harding's question about wellness programs, Ms. Torti said that reimbursement for health club membership was provided if attendance met a certain level. She said that they also provide reimbursement for smoking cessation and weight loss programs.

In response to Representative Strachota's question about whether her company had considered implementing a high deductible health plan, Ms. Torti said that their existing insurer allows them to offer some high deductible options.

Mr. Riemer asked Ms. Torti how employees would utilize the exchange when it is established. Mr. Torti said that the employees utilizing the exchange would still ask their employer what the best options are for them. She said she hopes that the exchange would provide some technical assistance to employers and employees.

Bob Connolly, Common Ground

Mr. Connolly described his experience as a small business owner providing health insurance to his employees, and his efforts to try to mitigate the large annual premium increases that they have experienced. He said that these increases had led him to pursue establishing a health care purchasing cooperative, through “Common Ground,” an alliance of small businesses, congregations, unions, schools, and neighborhood associations. He described the recent relationship they have developed with the Wisconsin Health Care Cooperative, which it will join this fall. This will enable Common Ground to begin to enroll people in the health insurance cooperative.

Mr. Connolly’s complete presentation may be found at the following link: www.legis.state.wi.us/lc.

Mr. Kraig commented that Mr. Connolly’s testimony demonstrates the need for a nonprofit health insurance company in the Milwaukee metropolitan area. Mr. Leean commented that in order to succeed, employers would have to require employee participation. Mr. Connolly said that they are requiring employers to commit to a three-year membership. He also commented that good models for employee wellness programs include the employers Quad Med and Serigraph.

Discussion of Committee Assignment

Mr. Leean requested further information on exchanges; and asked for Legislative Council to provide options on governance structure for the health exchange. Senator Darling agreed that looking at governance structure is important, and suggested that the committee hear from Michael Tanner of the Cato Institute, John Torinus of Serigraph, and someone from Quad Med.

Senator Robson cited a need to focus on the development of the exchanges. Ms. Arnone said the committee needs more information on what work has been done by OHCR on the exchange development, and also to examine other states’ models.

The committee requested that Legislative Council staff delineate administrative and legislative responsibilities for health care reform implementation, and a timeline for accomplishing these tasks. Several members suggested focusing immediately on exchanges and other items with a more immediate time frame.

Representative Schneider suggested the committee review scope of practice issues. Dr. Bartholow suggested looking at workforce issues.

Ms. DeMars urged the committee to keep cost control issues in mind when considering each decision that it makes.

Other suggestions for speakers included Tom Korpady from the Department of Employee Trust Funds; Dr. Berwick, the new head of the Center for Medicare and Medicaid Services; a speaker from the

Wisconsin Health Information Organization; Stan Dorn of the Urban Institute; and Jonathan Gruber from the Massachusetts connector.

Other Business

There was no other business brought before the committee.

Plans for Future Meetings

The Co-Chairpersons said they would poll the members on possible dates for the next meeting of the committee.

Adjournment

The meeting was adjourned at 4:30 p.m.

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