

CT Health Care Reform Advisory Board

Minutes of January 7, 2010 Meeting

Members Present: Deputy Commissioner Cristine Vogel (Chair), Department of Public Health (DPH); Cathy Bartell, MHA; Mark Bertolini, Aetna; James Cox-Chapman, MD, ProHealth Physicians, MSO, Inc.; Christopher Dadlez, Saint Francis Hospital and Medical Center; Robert Dakers, Office of Policy and Management (OPM); Paul Lombardo, State Insurance Department (SID); Carole Noujaim; Mark Schaefer, Department of Social Services (DSS); Rick Willard, Leadership Council of the National Federation of Independent Businesses; Lenny Winkler, LPN; Tom Woodruff, Office of the State Comptroller.

Member Absent: Commissioner Robert Galvin, DPH.

Guests: Chris Hartley, Senior Vice President, and Steven Rosenberg, Chief Financial Officer, Saint Francis Hospital and Medical Center; Will Jones, Aetna.

Review and Approval of Minutes

Deputy Commissioner Cristine Vogel called the meeting to order at 9:05 AM.

A motion was made to accept the minutes of the December 17, 2009 Advisory Board meeting with the following edits:

- On page 3, towards the bottom of the page, make the following correction: “The House and Senate bills allow for age adjustments. The House bill allows for a 2:1 ratio and the Senate allows for a 3:1 ratio. Currently in Connecticut, the ratio is 5 or 6:1. In order to create the same revenue IN CONNECTICUT, ~~if Connecticut were to move from a 6:1 ratio to a 2:1~~ IF THE HOUSE BILL WERE TO PREVAIL, the youngest age bracket of adults would pay 130 percent more and the oldest age bracket would pay 20 percent less. IF THE SENATE BILL WERE TO PREVAIL, THE YOUNGEST AGE BRACKET OF ADULTS WOULD PAY 75 PERCENT MORE AND THE OLDEST AGE BRACKET WOULD PAY 10 PERCENT LESS. Small employers with a large proportion of younger workers will pay higher insurance premiums and those with a larger proportion of older workers will see a reduction.”
- On page 2, towards the bottom of the page, make the follow correction: “We must shore up what PAYERS AND providers are already doing TO MEET WITH TRANSACTION REQUIREMENTS.”

The motion was seconded and passed unanimously by the Advisory Board members.

Deputy Commissioner Vogel announced that she will be leading a Rapid Review Panel for federal health care reform. This panel was created by Governor Rell and announced last

weekend (see Governor Rell's press release: <http://www.ct.gov/governorrell/cwp/view.asp?A=3675&Q=453116>). The charge will be planning and implementation of federal health care reform in Connecticut. This will involve working with the Congressional Delegation in the rule making phase once a federal bill is passed and working on implementing the law in Connecticut. There will be no duplication of work between the Rapid Review Panel and the Advisory Board, and Deputy Commissioner Vogel plans to leverage the findings of the Advisory Board for the work of the Rapid Review Panel.

Impact of Federal Legislation on Hospitals

Christopher Dadlez, President and Chief Executive Officer of Saint Francis Hospital and Medical Center made a presentation on federal health care reform and Connecticut hospitals. He was joined by Chris Hartley, Senior Vice President, and Steven Rosenberg, Chief Financial Officer, Saint Francis Hospital and Medical Center. (See handouts: [Impact of Federal Legislation on Hospitals](#); [A New Business Model for Hospital Industry](#); [AHA Prescriptions for Reform, Fixing Health care, An Inventory of Cost-Containment](#); AHA Accountable Care Organizations.)

Mr. Dadlez proposed recommendations to assist hospitals with health care reform (see handout: [Impact of Federal Legislation on Hospitals](#)).

Discussion:

- What does the growing demand for ER services by the underinsured and the uninsured from lack of primary care physicians mean for your hospital on a daily basis? → Our hospital has been dealing with this for years. More people have no insurance or have large co-pays that they cannot pay and Medicaid patients have reduced access to private physicians. There are not enough primary care physicians in the community. Over \$60 million a year in free care is provided. Much of this cost is shifted to the insured and private payers. There is a need for different models of care to deal with this primary care issue. There are approximately \$1 billion in charges for uninsured hospitalizations and clinics are over-run.
- The Office of Health Care Access can provide some of the data to get a sense of the scope of the problem. A report on uncompensated care is about to be released.
- Whatever program is implemented in Connecticut, patient education is critical so individuals will not rely on the emergency departments for primary care.
- With a new patient reform system, how do you see all providers trying to own high tech equipment and the issue of over duplication of services and over capacity? → If done right, the market and rational decision-making could force consolidations in the industry and help reduce some of that cost. The challenge is other providers cherry picking profitable services at the expense of hospitals. However, you cannot just leave it to the market. For instance, if reimbursement was bundled. Tort problems need to be addressed to deal with issues that arise due to waiting times and access. The hospitals are also taking the problem seriously

and will make changes even if federal reforms do not occur. They are aware that care has to become patient-centric and that they need to eliminate variations in care between providers. The larger hospitals have to time and the resources to strategize unlike the small hospitals that are just putting out fires. The bottom line is hospitals are trying to drive the reform.

Update on Actuarial Analysis: House and Senate Bills

Will Jones of Aetna made a presentation on the impact of health care reform on premium costs (see handout: [Impact of Patient Protection and Affordable Care Act on Premium Costs](#).) He provided an overview of analyses on the Senate Bill conducted by Oliver Wyman and by the Congressional Budget Office, comparing and contrasting the two different findings. The variation in the two sets of findings is related to how effective they each think health care reform will be. Mr. Jones noted that there is a broad range of outcomes that we may be able to influence with the goal of minimizing unintended consequences. Overall, he recommends that subsidies and strong individual mandates are key components in creating a stable and affordable insurance market.

Mark Bertolini added that the impetus of smaller employers to self-fund would have negative consequences. The public believes that the cost of premiums will decrease under the influence of health care reform and these expectations will be frustrated. In addition, Connecticut has the most mandates in the country, which adds costs to the premium.

Discussion:

- Under MEHIP (Municipal Employee Health Insurance Program), the current age banding creates disruption for small employer groups as their workforce ages and premiums rise. This presentation says that lower age groups will see increases in their premiums, implying that older workers will see a decrease. → Although this is true, disruption could still occur with a 3:1 age band ratio. The issue is how small group employers would react to these premium changes. The problem is not solved by the Senate bill.
- With a federal law in place, there should be more of a level playing field and employers with younger workers should not have the incentive to move to another state. → This is true as long as there is a tough individual mandate that prevents younger individuals from opting out.
- In the Senate bill, childless adults under 133 percent of poverty will be covered under Medicaid. Did the analyses account for this?
- From the State's point of view, we segment the market. So if we remove those who will be newly covered under Medicaid from the equation, that alone would decrease the denominator of the uninsured.

- At the national level, they made an assumption regarding the percent of people going into Medicaid versus the commercial market. The analysis presented today is solely about the commercial market.
- In the insurance section of the bill, value premium increases will be offset by value increases and subsidies.
- The average premium in the individual market in Connecticut is \$300 to \$400 a month. In 2007, the annual premium was \$3,326 for an individual and \$7,749 for a family (50 percent of the actuarial value).
- Although the analyses were done at the national level, additional people would be enrolled into Medicaid and that will have an impact on how many will make it into the individual market. In any case, support for Medicaid expansion and subsidies for commercial markets would be a drain on the state.

Federal Legislation Update

Commissioner Thomas Sullivan provided an update on federal health care reform legislation noting that there is currently speculation that the final bill will look similar to the Senate bill (see handouts: [House-Senate Comparison of Key Provisions](#); [Side by Side Comparison of Major Health Care Reform Proposals](#)). He also shared a letter from the National Association of Insurance Commissioners to Speaker Nancy Pelosi and Majority Leader Harry Reid, commenting that the letter reflects the sum of lessons learned among state Commissioners (see handout: [National Association of Insurance Commissioners Letter to Congress](#)).

Subcommittees

The Business and Exchange Subcommittee has met once on January 5, 2010 and will meet again on January 13, 2010 at the Office of Health Care Access in Hartford.

Interim Report

Deputy Commissioner Vogel asked the Advisory Board members what they thought would be most productive to include in the Interim Report, given the February 1st deadline and the fact that the legislation is still in flux. The Advisory Board agreed to submit Guiding Principles or objectives that will be useful in addressing the rule making and implementation that will follow the passage of a federal bill (e.g. Create an individual mandate in Connecticut that will assure all citizens participate according to federal law).

Advisory Board members were asked to submit their suggestions for Guiding Principles to Deputy Commissioner Vogel for consideration at the January 26 meeting.

Next meeting – January 26th, 2010 – LOB Room 1A 10:00 – 12:00 am

Note: This meeting date was changed from January 21st to January 26th.

Deputy Commissioner Vogel outlined the preliminary agenda:

- Discussion of Guiding Principles for Interim Report

The meeting was adjourned at 10:50 am.