

## Blue Ribbon Commission on Health Care Reform

November 15, 2007  
8:00 a.m. – 5:00 p.m.

PPA Event Center  
2105 Decatur St, Aspen Room  
Denver, CO 80211

### AMENDED DRAFT Meeting notes

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**Present:**

Elisabeth Arenales

Pam Nicholson

Carrie Besnette

Ralph Pollock-- 9:30-10:30am

Christy Blakely

Dave Rivera –until 12:00pm

Dave Downs

Arnold Salazar

Lisa Esgar

Mark Simon

Linda Gorman

Mark Wallace @ 12:00pm

Julia Greene

Barbara Yondorf

Don Kortz

Bill Lindsay

**Staff:** Anita Wesley, Sarah Schulte, Tracy Johnson, Edie Sonn, Marta Oko-Riebau, Jana Mathieson

**Guest:** John Shiels, The Lewin Group

### Welcome and Approval of Meeting Summaries

Bill Lindsay welcomed everyone and convened the meeting at 8:30am. He reviewed the meeting agenda. Minutes from the November 1 and 2 meetings were provided for Commissioner review, but since they were not available three days prior to the meeting, they will be voted on at the November 19 meeting. Sarah Schulte reviewed the Commission's timetable for completing work on the 5<sup>th</sup> proposal and the development of final recommendations.

### Modeling Results-5<sup>th</sup> proposal

John Shiels presented the final modeling results for the 5<sup>th</sup> proposal.

**Enrollment expansions:**

- Reviewed the auto enroll specifics
- A correction to slide 7 was noted: delete reference to pregnant women
- These expansions are not extended to undocumented persons but are for legal non-residents.
- Costs, groups, and moving the Medicaid population into HMOs were reviewed.

**HCBS waivers reviewed**

**Premium subsidy costs for people below 400% FPL**

- 1<sup>st</sup> 3 lines don't change much a lot from last time but increase in 5 million people
- 10,000-11,000 people brought in through this. Modified community ratings are assumed.

**Wanted to minimize crowd out**

**Individual market for over 300% FPL**

- Reviewed Cover Colorado and those who do not get employer coverage. These numbers did not change substantially from last revision.
- 24,000 people = \$188M. There is a shortfall of \$60M

**Changes in Statewide Spending**

- There is an increase in reimbursements to providers. Cost shift reviewed.

**Changes in State/Local Spending:**

- An out-of-date slide was presented. Correct slide will be provided.
- Reviewed state waivers including mental health, substance abuse, etc. reduction in collections under.
- Taxes reviewed.

**Changes in private employer health benefits show employers basically break even in the aggregate**

**Family Health Spending**

- There is a decrease in family health spending.
- Section 125 plans are assumed.
- Expected increase in wages due to employers sending savings along to employees.
- Households come out ahead.
- Graphs provided of the changes.

**Distribution of People Remaining Uninsured**

- Will need some clarification as to who "opts out"
- Biggest group of people are undocumented, but legal non-citizens are also included.
- Includes people who do not pay taxes.

### **Optional continuous coverage program**

- Estimated numbers of enrollees, cannot determine actuals.
- People will pay about 8.1% of income as premium.
- Waiver approval will be needed.
- Looked at alternative premium just for modeling
- Reviewed what happens if employers don't contribute
- Limiting enrollment based on age was presented
- Employers contribution assumed. Arbitrary controls used to model.
- Enrollment controls of adopting a waiting list for higher cost population were reviewed. Shortfall if the employers don't contribute.

### **24-Hour Coverage:**

- Nothing really happened with 24 hour coverage since last review.
- 64 % are with people who have insurance with employer.
- Employers could save money by trying to get out the business of proving or not proving whether an incident happened at work.

### **Administrative simplification:**

- Certification issues reviewed.
- Uniformity/Standardization is crucial.

### **Estimated Physician Savings**

- Physicians time is freed up to end up saving \$120M.
- Hospitals get smaller savings from administrative but still some.

### **Commissioner Q/A**

Self-employed get deduction.

- Can get federal deduction based upon percentage.
- Assumption is not getting deduction but 125 is deduction.
- No HSA included right now.

Lewin was asked to add the "per member per month" cost of the basic benefits package.

In the Medically correctable program: Can please show exact savings/costs over time?

- Is one year estimate saving repeat each year but yes, can show.

There are 30,000 people between 400-500% FPL. Who are the people for whom premium costs would be more than 9% of their income--most in the 55-64 age bracket?

- Yes, people aged 55-64 are highly represented in this number.

Assuming that every employer would contribute?

- No way to predict how many would actually go in. Savings calculated

Mr. Shiels offered the following comments and suggestions:

- Workman's comp needs to be studied closely to account for alignment of benefits. System wide concern generates risk behavior within workman's compensation program. Lower cost people can be pulled out but high risk still have to buy workman's compensation insurance.
- Administrative savings are useful.
- The fifth proposal did good job targeting costs to providing coverage to uninsured
- Subsidies up to 400% FPL at least for some people.

What represents the savings in the 24 hour coverage piece, are the savings all in administration? 230M?

- Yes in administration and adjudication. If everyone were to do this, big savings.
- Only overhead which is called administration is calculated.
- Doesn't include person getting lawyer

Regarding Legal non-citizens. Why are we not capturing?

- Big issue is that they are lower income and not involved in tax filing- not required to. Beyond reach of tax system. Do we really want a co-pay to be \$500?

Can you break out by age the subsidies for non-group premium?

- Probably but is real stretch.

Is any other way to capture this pool?

Yes, a lot are Cover Colorado eligible people.

Numbers are different and this is still a vulnerable population.

When modeling did you leave the asset test at \$2K?

- Left as is.

On Slide 13: 2 numbers on second box – do they tie together?

- Yes. Around 230M 40% is passed back to consumers through lower premiums.

24 hour coverage: Who would go vs. not? Construction migrates over vs. office workers.

- Don't know. Need to study.

Showing that 500 kids cost \$164,000 each. Who is paying?

- Medicaid match.

For employers dropping coverage: who is left dropping coverage?

- Crowd out is not really clean. Some turnover in coverage. Those who would have offered now will not.

Lewin was asked to to add the number of people in each category if possible because the vast majority of Coloradoans make under \$70,000.

Optional continuous coverage: some cost more than other populations.

- Going for age as the proxy. Can legally do for health status but not age.

Waiver cost questions

- Dr. Johnson noted that after the Commission voted to add slots to address the significant waiting list for HCBS waiver populations and autism waivers, she received cost estimates from the state that differed from the data that had been presented at the November 2 Commission meeting. The state data showed that:
  - HCBS- to add 500 slots would cost \$14.5 M
  - Autism waiver-the cost of expanding slots to 686 would be \$17.1 M

Christy Blakely asserted that this population is not going away and has significant needs. If Commission agreed to \$72M in the 5<sup>th</sup> proposal then it should be included.

They do cost significant dollars and need to address it. There is a 25/2 year waiting list for services for this population.

**Amended Motion 1: Adhere to the original recommendations of the Commission on funding for autism treatment in the Medicaid program. The original recommendation of the Commission was to increase the Children with Autism Medicaid Waiver slots from 75 to 760 and from \$25,000 a year to \$36,000, increasing Children's HCBS Waiver 500 slots and adding 8000 slots to the Developmental Disability.**

**VOTE: Yes- 13 Y No-0 Abstain – 0 MOTION PASSES**

The Commission discussed if the feasibility of the 24 hour coverage and optional continuous coverage programs should continue to be explored.

Members asked if it would require the remodeling of the 5<sup>th</sup> proposal and if it would be in the report or in the recommendation?

- Word recommendation that we have a strong interest in pursuing, provides additional options.
- Portable option included and framed separately highlighting need for further work.

**Motion 2: Have the Optional Continuous Coverage program included in the 5<sup>th</sup> proposal, framed separately from cost and coverage. Highlight and encourage legislature to study.**

*Discussion:* Commission was urged not to do this as they must look at other things that have been ignored by the commission. In the past, there were more questions than answers as to how it would work. Should word more loosely and not imply a recommendation.

**Amendment to motion 2:** note it as an intriguing concept that offers option to people who want portability.

**Restated Motion 2:** Characterize the Optional Continuous Coverage program as an intriguing idea that requires further study. It remains as part of the 5<sup>th</sup> proposal, but will not be included in the cost and coverage numbers.

**VOTE: Yes-11                      No -1                      Abstain -1                      MOTION PASSES**

**Motion 3:** There are intriguing results that the Commission has not studied, including consumer directed health care that require further study. They should be part of the 5<sup>th</sup> proposal, but not be included in the cost and coverage numbers.

*Discussion:* This is a fair suggestion for Commission recommendations but not for 5<sup>th</sup> proposal.

**VOTE: Yes- 3                      No -9                      Abstain -2                      MOTION FAILS**

**Motion 4:** 24 hour coverage should be included in 5<sup>th</sup> proposal in the same way as the Optional Continuous Coverage program.

**VOTE: Yes -12                      No -1                      Abstain - 1                      MOTION PASSES**

### **Public Comment**

*Deborah Colburn:* requested clarity on a few issues:

- 1) In combining Medicaid and CHP+ would adults have access to dental?  
Yes.
- 2) how is CHP+ benefit modeled?  
Based on family care
- 3) Changes to add adult dental-- state plan or waiver?  
State plan.
- 4) Nutrition sales tax  
5% on soda and salty snacks

*Leslie Vincent:* Thank you as mom with two boys of autism for including this into the proposal.

## Modeling Results-Comparison of Proposals

John Shiels discussed proposals and reviewed differences.

Ms. Gorman asked where Medicaid pricing is used and where commercial pricing is used.

Mr. Shiels noted:

- does not change reimbursement for existing services- expansion is through Medicaid.
- all reimbursement levels were Medicaid elevated to Medicare levels. Private sector rates reduced.
- In the 5th proposal, some people are moving from private to public coverage, there is also expansion in private coverage.
- In the Colorado Health Service Plan proposal, Lewin assumed rates average and are equal to the average for current reimbursement. Average of public and private. Did it for hospital and other services. The program would set reimbursement rates, no market to set rates.

## Public comment

*Mike Huotari*- Pointed to recommendations that are already Colorado law. Ex: mandating a uniform forms as cost saving. CO has already mandated this and is used. Doesn't mandate electronic, only paper. Electronic filing point. Uniform billing form. CO already mandates this. UV04. Standardized appeal is already in place.

- Sarah will get wording to Mike for review.

*Michele Swenson*: Urged Commission not to use the term single payer in relation to the continuous coverage feature of the 5<sup>th</sup> Proposal.

## Final Report Process

Discussion around where to put waiver pages. Can do another chapter with additional program. What would happen? Administrative savings, vignettes. If administrative savings can be modeled, should be included?

**Action:** agreed to have John look at this.

Discussion around variability between Commission modeling data and fiscal notes attached to bills in the coming session. Noted that as bills are introduced they will look different than Lewin model.

Mr. Lindsay noted that the Operations committee discussed whether there could be more time built into the Commission timeline for deliberation regarding final recommendations. Given the Commission's deadline, the committee recommends that the Commission stick to the timeline schedule approved at the September 24 meeting.

He acknowledged that a great deal of time has been spent on the 5<sup>th</sup> proposal. The Commission needs to decide if the recommendations will be focused on the 5<sup>th</sup> proposal, a different proposal or common themes and if a lead proposal will be recommended?

**Motion 5: The Commission's final report will draw on ideas from the proposals that have been submitted and the recommendations are separate from the 5<sup>th</sup> proposal?**

**VOTE: Yes-14      No – 0      Abstain -0      MOTION PASSES**

Commissioners discussed the whether or not to recommend phased or stages of implementation, but no action was taken.

### **Minority Report process**

Mr. Lindsay asserted that the Commission recommendations represent a spirit of compromise and collaboration. The Commission will vote on the final recommendations at the December 19 Commission meeting.

He noted that if a Commissioner votes to support the recommendations, they forgo the opportunity to write a minority report. Commissioners who vote against the recommendations retain the option to write a minority report. It will be possible to include technical clarifications in the final report.

Draft minority reports are due to staff by December 5<sup>th</sup>. Staff will review for factual clarifications and the Commission will review at the December 13<sup>th</sup> Commission meeting.

Mark Simon asserted that this process imposes inappropriate limitations to free speech and forces people to vote against all the recommendations even if they have issues with some of them. Members noted that this process was agreed to previously by the Commission.

**Motion 6: Commissioners will be asked to vote on final recommendations in the affirmative or negative on December 19, 2007. Only Commissioners who vote in the negative will have the opportunity to write a minority report.**

*Discussion:* A super majority of Commissioners present voting in favor will be required for the recommendations to pass.

**VOTE: Yes-13      No – 1      Abstain -0      MOTION PASSES**

**Motion 7: The Final report shall not identify a lead proposal:**

**VOTE: Yes-7      No -5      Abstain – 2      MOTION FAILS**

**Motion 8:** The Commission shall recommend the 5<sup>th</sup> proposal as a lead proposal:

**VOTE: Yes -2      No -8      Abstain- 4      MOTION FAILS**

### **Draft Recommendations Review**

Commissioners reviewed the draft recommendations provided in their packets identified issues of major concern.

- Alternate provider reimbursement strategies
  - committee should research and study balance of provider reimbursement rate, including alternate provider reimbursement strategies.
  - Could reduce uncompensated care by increasing public program provider reimbursement rates.
- A: 2: changed to recommendation *U* from recommendation *L*
- B: 1: Will need word changes
  - **Section 125 plan-recommendation B1**  
**Motion 9: Accept business task force recommendation that suggested that the small employers be exempt from requirement to have 125 plan.**  
*Discussion:* The recommendation was for the requirement be a premium only 125 at the clarification, the second for this motion was removed.  
**The motion died for lack of a second.**
- B:2: Encouraged to show other options.  
**Motion 10: change from 300 to 400% FPL with wording clarification**  
**VOTE: Yes -9      No -3      Abstain- 2      MOTION PASSES**
- C: No issues
- D: 3: Discussion to leave in, need federal guidelines
- D:4: Discussion, product patient control, doctors, consumer directed care.
- E: 1: Concerns over wording, HPPA concerns
- E:2: discussion. Prior authorization for OTC drugs and Medicaid under \$100 eliminate
- E:4: agreed to 23Million grant program. Given to local public health. Increase in state funding
- F: No issues
- G: No issues
- H: 1: Discussion
- I: where appropriate and possible definition

- J: 1: is this validated?
- K: Why assumed state can do better than private sector?
- K:2: Commission has already agreed on language and it should be used
- L: Controls how people define and the delivery of health care
- L3: Is it mandatory to have a medical home?
- M: No issues
- N: Woefully inadequate given it is 70% of Medicaid budget.  
Failed to address LTC
- O: 2: Exempt from mandate. Don't believe there should be any exemptions.  
Leave more open-ended. Against minimum basic plan
  - Affordability issue, 9% that Lewin used for modeling.
  - Out of pocket costs haven't been discussed
  - Believe it will be inadequate coverage.
  - Concerns over more money to insurance companies.
  - Lewin numbers show 30,000 people.
  - For those over 300%, if Catastrophic event, then at risk. Could go into Cover Colorado.
  - Flag issues for those with minimum benefit package.

**Motion 11: Affordability is an issue, guidelines provided but no specifications.**  
**VOTE: Yes -11 No -0 Abstain- 2 –quorum not achieved**
- P: state should not encourage employer based health insurance
- P3: Cobra rollover.
  - Exception to waiting period- involuntary loss
  - Loss coverage through workplace. Not forcing COBRA. Will be clarified.
  - Spirit is based upon employer based contribution.
  - Change language to not use employer based
- Q: No issues
- R: No issues
- S: No issues
- T: Guaranteed issue and price controls.
- No choice for people with disabilities. Don't have the rights other consumers have.
- If in CC but under 300% of FPL do you get any subsidy? There is a subsidy. Minimum basic benefit plan but this is a high need population. Subsidy is based on premium of basic benefit package but package is Cover Colorado.
- U: 2: Rate discussion. Didn't think agreed to specific payment rates. For LTC, did leave current home care services in place. Get CHP+ or Medicaid
- U: 4: Because the 5<sup>th</sup> proposal is priced high, there are concerns about Medicaid wraparound for parents and childless adults. Suggests modify for parents and childless adults.  
**Motion 12: leave recommendation U4 as written**  
**VOTE: Yes -10 No -1 Abstain- 2 MOTION PASSES**
- U:5: State is picking delivery system that is more expensive. Shouldn't be telling people how they have to get their coverage

- V: Data shows chronically ill make choices for care. Don't set target for 50%, people should be able to choose.
  - 50% is arbitrary.
  - Is this traditional MCOH? No, this is not HMO, it is integrated service.
  - Specific numbers create problem. Wording issue – use encourage enrollment vs forced.
  - No assurance for adequate funding for future.
  - Programs that are controlled by consumers and voluntary have been successful.
  - Protect the most vulnerable in the event of cutbacks?
- W: Add medically needy under 5.
- W:1: Created problem not thought about. At \$450% looks like 5X the premium. Right now average costs is \$13, 500. 5 X what we recommended premium for others. Suggest 9%.
  - **Motion 13: Leave recommendation as is written:**
  - **VOTE: Yes -7 No -2 Abstain- 2 –quorum not achieved**
- W:3: only applies to kids and developmental disabilities.
- X: No issues
- Y: No issues
- Z: already one in the state... Ask a Nurse. No change
  - Only good in rural area for telemedicine?
- AA: Reword recommend research. Same for Cover Colorado
- Part 3 – will be reviewed on 11/16 in Report committee meeting and at 11/19 Commission meeting.
  - cost sharing: it will be discussed at 11/16 report committee.
  - Dental issue needs to be spelled out.
- **Appendix X-**
  - 2- requiring ALL is a problem, in need of care should be used.
  - 5- can refine when go back through
  - 7- unknown
  - 15- change wording, revised to # 4, , eliminate interagency barriers schools,...

## Adjourn

Meeting adjourned at 4:35pm. The next Commission meeting is scheduled for November 19, 2007 from 8:00am-5:00pm at the Metro Denver Chamber of Commerce, 1445 Market St., Denver, CO.