

## TENTATIVE AGENDA

### Task Force to Evaluate Health Care Needs for Colorado

Northeastern Junior College  
100 College Drive  
Hayes Student Center, Room 230  
Sterling, CO

Tuesday, August 7, 2001  
10:00 a.m. to 4:00 p.m.

#### SUMMARY FOLLOWS AGENDA

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#### *Call to Order*

**10:00 - 12:00**     **Public Testimony**

**12:00 - 12:45**     **Lunch Break**

**12:45 - 1:30**     **Health Care Provider Overview -- Northeastern Colorado**

*Colorado Medical Society Members from the Region including Jack Berry, M.D.*

*Maribeth Berry - Colorado Rural Health Center*

*DeAnn K. Cure, CEO/NHA, Haxtun Hospital District*

*Denise Hayes - Northeast Colorado Health Department*

*Insurance Broker from Wray, CO*

**1:30 - 2:00**     **Recruiting and Retaining Health Care Professionals in Rural Colorado**

*Tony Prado-Gutierrez and Cindy Ehnes - Colorado Association of Family Medicine Residencies*

**2:00 - 3:30**     **The State's Influence in the Health Insurance Market as a Large Employer and PERACare**

*Jan Rothmeyer - Department of Personnel/GSS*

*Lana Calhoun, Deputy Executive Director for Benefits - Public Employees' Retirement Association*

*Wendell Pryor - Colorado Association of Public Employees*

**3:30 - 4:00**     **Committee Discussion of Bill Requests**

*Adjourn*

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#### STAFF SUMMARY OF MEETING

#### TASK FORCE TO EVALUATE HEALTH CARE NEEDS FOR COLORADO

Northeastern Junior College  
Sterling, CO  
August 7, 2001

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**10:18 A.M.**

The meeting was called to order by Senator Fitz-Gerald. Members present were Senators Hagedorn, Isgar, and Owen, and Representatives Miller, Spradley, and T. Williams. Representative Hoppe was also in attendance. Staff present were Julie Hoerner of the Office of Legislative Legal Services and Julie George and Janis Baron of the Legislative Council. Representative Clapp was present after roll call.

Representative Hoppe welcomed the committee to Sterling. Representative Hoppe noted that people in the area are concerned with the lack of availability and affordability of health care in northeastern Colorado. Representative Hoppe stated that residents of the area have few options for health care coverage.

**10:25 A.M. -- Public Testimony**

Lyn Polk, RN, Banner Home Care, Brush, CO. Ms. Polk stated that she has concerns with the lack of private insurance coverage in rural areas. She is also concerned that rural residents with metro-area health insurance programs cannot seek health care in the rural area because the care is considered out-of-network and therefore not covered by the insurance program. Ms. Polk stated that Medicaid is also an issue. Federal provisions that allow people to live in the least restrictive setting often lead to problems for home health care providers in rural areas. For Banner Home Care and others serving rural areas, travel time and distances combine to create prohibitive costs for home health care providers to drive distances exceeding 30 miles from their home office. As a result, those outside of the 30 mile radius go without service. Another problem with Medicaid is that individuals cannot receive Medicaid coverage until they have been rejected for Medicare coverage. Administering the paperwork for Medicare and Medicaid takes time and money for the health care provider. The paperwork is extensive and time prohibitive for medical providers. In addition, the paperwork must be submitted often, including every eight weeks, with every hospital visit, and upon death. Ms. Polk believes the paperwork should be streamlined so that the system works in a more effective manner. Ms. Polk also believes that there should be more of an emphasis on preventive care.

**10:43 A.M.**

Shelly Stafford, Insurance Agent, Wray, CO. Ms. Stafford provided the committee with testimony from the insurance agent's perspective. She stated that many people in rural areas are losing their insurance through their employers. Given that most insurance companies are leaving the rural areas, rural residents are left without options for health insurance coverage. Many residents who are self-employed are leaving the rural areas because they cannot afford health insurance nor is coverage readily available in rural Colorado. Ms. Stafford stated that approximately 95 percent of her clients have business group of one coverage.

**10:47 A.M.**

Joe J. Marx, Health Insurance Advisors of Colorado, Fort Morgan, CO. Mr. Marx stated that he markets health and life insurance for small groups in rural areas. In eastern Colorado and the mountain areas, carriers no longer want to participate. Pacificare and Humana have recently left these areas of the state. Premiums have increased between 20 and 90 percent. He stated that carriers are pricing themselves out of the market. Carriers do not want to participate in rural areas due to a lack of network adequacy. Mr. Marx believes rate banding may be one solution that should be explored. Another problem for self-employed rural residents is that insurance coverage is limited. For example, if a wife of a farmer gets a job in town and secures health insurance for the family, the insurance does not cover all situations. Should the husband become injured while working on the farm, the insurance company will deny the claim as a workers' compensation claim.

**11:19 A.M.**

Diana Sanne, Morgan Community College, Sterling, CO. Ms. Sanne provided comments on the concerns of state classified employees in rural areas. Compared to state employees in metro areas, there are far fewer health insurance options for state employees in rural areas. Currently there are three options for state employees in northeastern Colorado. However, even with coverage, there are few health providers who are accepting these insurance carriers and/or accepting new patients who carry insurance coverage through any of these three companies.

**11:27 A.M.**

Jim Horner, Journal Office Supply, Sterling, CO. Mr. Horner provided the committee with comments from the small employer's perspective. Mr. Horner stated that it costs about \$800 a year for a family of three to be insured. Plus, many of his employees are over 50 years old and their premiums are higher. For these employees, the cost of health care consumes approximately one third of their income. Mr. Horner stated that as an employer, it is becoming increasingly difficult to afford health insurance for employees. His company has had to decrease the number of employees in order to afford health care coverage. Today, his company is running with a minimum number of employees and can no longer afford to replace an employee when he or she leaves and must use that employee's salary to cover the other employees' insurance premiums. Mr. Horner commented that his younger employees are opting out of insurance because they believe they can go to the emergency room and receive treatment should they need it. Senator Hagedorn stated that this is not true. An emergency room must only ensure that a patient is stable. If the patient is stable under federal law, then the hospital does not have to treat the person if the person cannot pay for treatment. For example, an uninsured person who goes to an emergency room with cancer, but is considered to be in stable condition, will not necessarily be provided with treatment.

**11:43 A.M.**

Rick Dykstra, Progressive 15, Seiber, CO. Mr. Dykstra addressed the committee, stating that rural Colorado needs an adequate number of insurance carriers. Cost is market driven, but if there are several carriers to choose from, at least the public has choices.

**11:57 A.M.**

Gina Weingardt, Colorado Department of Corrections, reiterated the problems of availability of insurance for state employees in rural Colorado. Ms. Weingardt stated that there are approximately 1,100 state employees in northeastern Colorado. The lack of insurance options makes it difficult to recruit and maintain these employees.

**12:00 P.M.**

Mark Kinney, Rx Plus Pharmacies, Louisville, CO. Mr. Kinney stated that there is a shortage of pharmacies in rural areas and this is a concern for rural residents. Mr. Kinney clarified that independent pharmacists are not responsible for the increase in prescription drug prices. The pharmacy passes on the increase but is not raising prices to increase profits. According to Mr. Kinney, rural independent pharmacists believe they help keep costs down since they know their clientele and are often able to work with medical doctors to ensure that a patient receives a prescription drug that they will not have an adverse reaction to and thereby need more medical services.

**12:12 P.M.**

Shane Hutchinson, Colorado State Association of Health Underwriters, Fort Collins, CO. Mr. Hutchinson expressed concerns about the need for rate banding.

**12:14 P.M.**

John Elliff, M.D., Sterling Eye Center, Sterling, CO. Dr. Elliff stated that the problems in rural health are largely in delivery. Simply, there are not enough people to provide medical care in rural areas. Dr. Elliff believes there needs to be incentives to attract medical providers to rural areas. He suggests giving tax credits against rural health providers' gross income. Another suggestion is to even the taxation between for-profit and not-for-profit providers. Dr. Elliff believes that even though a provider is not-for-profit, they are still in competition against the for-profit provider. He believes that both groups should be taxed or that for-profit providers should be given a break on their real and personal property tax. Malpractice insurance is also a burden for medical providers. Dr. Elliff believes the only people who benefit from malpractice insurance are the insurance carriers and attorneys. Dr. Elliff also believes that attorney contingency fees should be eliminated. A final idea for increasing services in rural Colorado is to have University Hospital establish clinics and health centers in rural areas.

**12:35 P.M.**

The committee recessed for lunch.

### **1:19 P.M. -- Northeastern Colorado Health Care Providers**

Jack Berry, M.D., Wray, CO. Dr. Berry, immediate past president of the Colorado Medical Society, offered testimony to the committee. Dr. Berry believes the entire health care system is failing, not just rural health care. The failure of the health care system is more obvious in rural areas due to the factors of time, distance, and lack of providers. Dr. Berry distinguished between rural Colorado as it is viewed by those living in and outside of metropolitan areas. To Dr. Berry, Sterling is not rural — Wray is rural and the problems that each area has are slightly different.

Dr. Berry believes there needs to be a physician every 40 miles to provide three basic services: obstetrical care; care for acute medical emergencies, including heart attacks, strokes, etc.; and trauma care. In order to accomplish this, incentives need to be provided to attract physicians to practice in rural Colorado. Additionally, rural physicians need to be trained in a broad manner so that they can handle many situations. Dr. Berry believes the tax credits that were enacted for physicians who practice in rural Colorado should be expanded to include all health care providers and that the tax credits must be permanent and not contingent upon excess General Fund reserves. He believes there should also be incentives for training physicians in rural health care.

Dr. Berry stated that the insurance issue needs to be addressed as well. The last year that Dr. Berry practiced in Wray, CO, 40 percent of his charges were written off. Hospitals cannot afford to stay in business when 30 to 40 percent of patients are not paying for services. One solution proposed by Dr. Berry is to eliminate the small group market. There should be one group, not a small group and a large group market. This would result in one large risk group. He stated that the Oregon health plan has had success in instituting a system that puts everyone in one group.

Dr. Berry continued by noting that in the last two years, the number of medical students entering family medicine or becoming general practitioners has dropped. The financial incentives are not as great for family medicine as they are for specialties. Also, it is more difficult to practice in rural areas.

### **1:54 P.M.**

Maribeth Berry, Colorado Rural Health Center, Wray, CO. Ms. Berry testified to the committee. The Colorado Rural Health Center is a non-profit center that advocates for rural health issues. Colorado does not have a rural health division within the Colorado Department of Public Health and Environment. Ms. Berry offered her expertise to the committee on how to serve rural communities more effectively. Currently, there is a shortage of nurses in rural Colorado. Metro jobs pay much better and nurses are leaving rural areas for jobs in Denver. This hurts rural communities extensively. Without nurses, rural hospitals cannot function.

### **2:05 P.M.**

DeAnn Cure, Haxtun Hospital District, Haxton, CO. Ms. Cure addressed the committee from the perspective of a rural hospital. Providing health insurance to employees of rural hospitals is a problem. Health insurance is becoming a larger and larger part of the hospital's budget. Additionally, availability of staff is a problem. Physicians are returning to rural Colorado but other health care professionals are not. The nursing shortage is becoming increasingly acute. Respiratory therapists and radiologists are scarce as well. Rural areas are also having difficulty operating nursing homes. Licensed nursing home administrators are difficult to find in rural areas. TABOR has caused difficulties for rural hospitals. TABOR has tied the hands of rural hospitals that do not have the money to make large purchases (equipment, buildings, etc.) outright but are unable to borrow money for these purchases.

### **2:22 P.M.**

Denise Hase, Northeast Colorado Health Department. Ms. Hase talked about the health status of the people in northeastern Colorado. People in rural areas tend to be less healthy than metro people. Ms. Hase thinks there should be more of an emphasis on preventive care. The public health system needs to be strengthened. Ms. Hase stated that it is in people's financial interest to stay healthy. Healthier people use health care less and keep costs down. Another thing that can help rural Colorado is to place state employees in rural areas. This helps bring insurance carriers to these areas.

### **2:41 P.M. -- Recruitment of Rural Health Care Professionals**

Cindy Ehnes, Colorado Association of Family Medicine Residencies. Ms. Ehnes addressed the committee and provided written materials (Attachment A). According to Ms. Ehnes, data shows that the availability of primary care providers in rural areas is good but there are pockets of

rural areas, for example Trinidad, CO, that are not served well at all. In these areas, in order to be successful there needs to be at least two doctors. If an area only has one physician, that physician is on call 24 hours a day, seven days a week. Also, the medical school loans that a medical school graduate has can be prohibitive to practicing in a rural community. Public policies that assist physicians who practice in rural Colorado are imperative to keeping the physician in the rural area. Ms. Ehnes stated that the number one factor discouraging physicians from practicing in smaller communities is Medicare and Medicaid compliance. The administrative hoops that a physician goes through in order to be reimbursed for serving Medicare or Medicaid patients are extensive and result in many providers deciding not to serve Medicare or Medicaid patients.

Ms. Ehnes stated that primary care physicians represent about one-third of all physicians in Colorado. Ideally this ratio would be 50 percent primary care and 50 percent specialists. Primary care physicians are the cornerstone of the system and should be emphasized. The Colorado population has grown more quickly than had been predicted and this results in a greater need for more primary care physicians. Also, the physician population tends to be retiring earlier and this may contribute to a shortage of primary care physicians in the next ten years. Approximately 20 percent of primary care physicians serve in rural areas and this correlates with approximately 20 percent of the total population living in rural areas.

The Commission on Family Medicine tries to encourage residents to practice in rural areas by requiring rural rotations. The Commission also has four Family Medicine residencies that specifically focus on training in rural medicine. The Commission also tries to assist rural communities and family medicine residents to find each other.

### **3:21 P.M. -- PERACare and the State's Influence in the Health Insurance Market**

Sue Ellen Quam, Department of Personnel/GSS. Ms. Quam provided the committee with an overview of the state's benefits program and provided written materials (Attachment B). The state performs a salary survey each year and state employees get increases as the survey depicts. The Department of Personnel also performs a benefits survey but increases in the state's contribution only increases if the Legislature passes a bill to do so. Increases in the state's contribution have not kept pace with the rate at which health insurance premiums have increased. Premium increases for 2002 will be around 22 percent, but the state's contribution will not increase.

Jan Rothmeyer, Department of Personnel/GSS. Ms. Rothmeyer stated that Colorado faces challenges in that many state employees are not able to afford insurance because the state's contribution is lagging behind. This also hurts the state when recruiting employees. Another problem is that health care coverage in rural areas is much more expensive than it is in urban areas. Insurance carriers in rural areas are suggesting that state employees in rural areas pay higher rates than state employees in urban areas. The state is able to do this only if they choose. Another option is PERACare. The idea behind PERACare is to pool all government employees (city, county, state), and thereby create a larger pool that insurance providers would want to bid on. Before the state moves to a program like PERACare, it must be certain that there would be coverage statewide. The premiums for PERACare would not necessarily be less than the premiums currently being paid for other plans.

### **3:45 P.M.**

Lana Calhoun, Public Employees' Retirement Association (PERA). Ms. Calhoun addressed the committee and provided written materials (Attachment C). Ms. Calhoun confirmed that PERACare is unable to add new providers until the conclusion of 2003. She stated that rates are not guaranteed during the current time frame. For some public employers, the existence of PERACare has reduced premium rates. PERA has taken an unusual stance by prefunding PERACare rather than using a pay-as-you-go structure. Ms. Calhoun stated that PERACare does not have vendor coverage in certain areas of the state at this point. Three counties have no coverage and two counties have partial coverage. PERA is working to improve upon this. Through PERACare, vendors can rate differently based on the geographic area of the state being served. PERACare's goal is to provide choice to public employees. However, providing choice in premiums does not ensure low costs. PERA has certain provisions for those who enroll their employees in PERACare. For example, PERACare requires that the employer cover at least 50 percent of the premium cost to the employee. Given this requirement, the state's current contribution rate would not be sufficient in some areas. Ms. Calhoun noted that after seven months there are 604 enrollees in PERACare.

### **3:57 P.M.**

Wendell Pryor, Colorado Association of Public Employees (CAPE). Mr. Pryor addressed the committee on PERACare and provided written materials (Attachment D). CAPE supports PERACare and sees it as a viable option for state employees. PERACare is structured after a similar insurance system offered in California by the California Public Employees' Retirement Association. According to Mr. Pryor, state employees have essentially taken a pay cut given that the state has not increased its contribution for monthly premiums at the same rate as premiums have increased in recent years. This is particularly felt in rural areas where health care is more expensive. The state is also suffering because employees are leaving for other government positions where the benefit packages are more appealing. The state used to be the leader in governments as far as insurance benefits are concerned, but this is no longer the case. The state's policy is to pay the prevailing amount when it comes to insurance premiums but the state has not kept pace with that policy. At one point the state was paying 80 percent of the premium, but this has fallen in recent years.

**4:15 P.M. -- Bill Requests**

Julie Hoerner, Office of Legislative Legal Services, offered an alternative deadline schedule for bill requests to the committee. Rather than having the final meeting on September 19, 2001, the final meeting could be moved to a later date to give the committee more time to discuss bill drafts. Senator Fitz-Gerald suggested moving the final meeting to Friday, September 28, 2001. After some discussion, the committee decided to meet on September 26, 2001, and conclude by sunset prior to the beginning of Yom Kippur. The committee also discussed the need for a bill deadline waiver from the Legislative Council, Executive Committee.

**4:30 P.M.**

The committee adjourned.