Access and Affordability Committee Meeting, WHCC
July 11, 2006
8:00 a.m to noon
Cheyenne, WY

Attendees: Rex Arney, Dr. Darryl Bindschadler, John McBride, Linda O'Grady, Barb Rea, Rick Schum, Ken Vines, Susan Menghini (for Lynn Birleffi), Donna Anderson (Primary Care Association), Renee Garmino-Diaz (AARP) and Susie Mullen (staff for the committee) and Keith Hageman (staff to WHCC).

Agenda for the meeting: Two call-in presentations. Dr. Jon Gruber, health economist with Massachusetts Institute of Technology and Erin McGowen-Finchum and Lisa Crowley from Insure Montana.

Each call lasted about one hour followed by committee discussion.

Background: Dr. Jon Gruber was an advisor to Massachusetts Governor, Mitt Romney as Massachusetts began to structure their healthcare reform (with a Republican Governor and a Democratic State House.)

Insure Montana is a subsidized health insurance program designed to expand coverage for small business employers and employees in Montana.

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Dr. Gruber explained the Massachusetts plan is a framework, not an answer, but can be applied in other locations. He went on to say that the plan ended up satisfying folks on both the left and right; the left wanted a single payer approach and the right wanted subsidies.

Dr. Gruber spoke about several components of the Mass. plan including the "connector," which is the central purchasing mechanism of their plan. He also spoke to the fact insurance is unaffordable for lower income people and particular portion of the middle class in Massachusetts, and the fact that their plan is mandated. Their subsidy structure accommodates up to a $60,000 income level, and proof of insurance coverage will be filed with their income tax. The penalty for non-coverage equals 50% of what the coverage would cost.

Gruber shared some of the reasons Massachusetts was "ripe" to work on a healthcare reform plan.

- Only 10-11% of their population is uninsured
- Their Governor was politically motivated to get something done
- A significant amount of money ($385 million) in waiver previously dedicated as a safety net6 for hospitals was about to be discontinued.

The idea was to redirect those dollars to be spent on the uninsured in a somewhat preventative manner rather than financing the care of major illnesses.

Some of the challenges they faced in designing their plan included:

- The desire for comprehensive care did not align with the desire for affordability
- It is difficult to address cost and coverage at the same time.
- For those in the $60,000-$80,000 income level, even under the new plan insurance will continue to be expensive.
- Some were interested in a more barebones coverage approach rather than comprehensive.
- Additional dollars will be needed to make the subsidized portion of the plan more sustainable.
- An affordability loop hole needed to be designed and "affordability" defined.

Jon also explained that operation of the "connector" piece of the plan is not expensive and it does not require a lot of staffing. One of the biggest challenges is convincing the uninsured to become insured (generally because of the stigma associated with a subsidy program). It is important to get significant numbers of uninsured insured for purposes of an even distribution in the health pool. (The Massachusetts Medicaid program is not in the plan.)

The structure of the "connector board" includes eleven members, three of which are Governor appointed, 3 are appointed by the Attorney General, one actuary and the remaining positions are from insurance, Medicaid, finance and/or the state health insurance plan.

Commonwealth Care (benefits for those below 300% poverty) will be included in the plan. Soon four providers will be submitting bids for consideration. There will be options for everyone signed up for coverage. The connector board will set the standards, but the insurance companies supply the product. The connector is not controlled by the legislature (only if new laws are made) and one of their main functions is to also collect the premiums and pay out to the insurance companies.

For employers, firms with fewer than 50 employees can join the plan. For those firms with fewer than 50 employees, the employer makes a contribution that acts like a voucher. Small employers can join by paying a certain percentage of their payroll tax which amounts to about $300 per person per firm.

Dr. Gruber's current role is utilizing the micro simulation software model he designed that the submission of several expanded coverage plan options and the simulated program is able to determine costs and trade offs for each option. The opportunity exists for WHCC to submit a menu of incremental approaches for a cost and trade-off analysis. According to Dr. Gruber the simulator actually responds more effectively to incremental approach options as opposed to the universal approach.

Following are suggestions and comments from committee members and attendees following the Gruber call-in presentation.

- The properly structured incremental approach would allow us to move towards universal coverage in a more effective manner.

- We need to clearly define where the gaps are and what is already in place that we can "adjust: to help fill those gaps.
- We need to present models to the legislature for their consideration
- The needed revenue stream could come from employers, government and individuals
- Medicaid dollars could be used as a kick start.

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Insure Montana call-in presentation:

Erin McGowan-Finchum, Montana Commissioner Morrison's Legislative Policy Director, and Lisa Crowley, Staff for Insure Montana spoke about Insure Montana.

The legislative bill that passed in 2005 that was the impetus for Insure Montana actually jump started four different programs, of which Insure Montana was one. The remaining three dealt with prescription drugs, Medicare provider increases and increases in CHIP.

There are 170,000 (19% of population) uninsured folks in Montana with 53% of the uninsured working for a business with 10 or fewer employees. There are basically two components to the Insure Montana small business plan.

- For businesses with 2-9 employees that are currently providing some form of insurance, there is a government tax credit. There is enough funding (13 million for the next two years) and 40% of the revenues actually are used in the tax credit option. This amount reflects about $100 per employee per month and $100 per spouse per month.
- For businesses with 2-9 employees not previously offering coverage there is a purchasing pool. A request for proposal was issued by the Insure Montana Governing Board to providers. Blue Cross Blue Shield of Montana was granted the opportunity to provide for the purchasing pool. There are two health plans to choose from in the pool. There is also a premium incentive program for employers to assist low wage employees based on family income.

Seven of the eight positions on the Insure Montana Governing Board are appointed by the Governor and Insurance Commission. The representative criteria for the board include, small business, consumers, state employee, public health official, Medicaid official and an insurance expert.

450 businesses are currently enrolled with an average tax credit of $5200. To qualify for the tax credit the employer can include all employees making under $75,000 per year and must not owe delinquent taxes.

To qualify for the insurance pool, an employer cannot have offered insurance over the past 24 months. 350 businesses are now enrolled in this portion of the plan. There are two plans available, one with a $1000 deductible, the other with a $500 deductible. Both plans are innovative and include two paid for visits before deductible is met. The average incentive payment is $194 per

month and the average assistance payment is $145. $302 is the average monthly premium amount, before assistance payment.

One of the challenges has been it is taking them longer to ramp than they had planned, but they hope to enroll another 350 in the portion of the plan within the upcoming year.

The target market for this plan is the small group market and the data for building this program was acquired through State Planning Grant monies in 2003. The plan does not really address single entrepreneurs, but they did begin their program with the 2-5 employee criteria and just recently moved it to nine or under, and that was a finance based decision. The program is administered by the State Auditor's Office and the Governing Board. They currently have three employees. The Insure Montana staff worked with the staff of BCBS to get folks enrolled. Children can be on the Kid Care CHIP program and the parents can be on the Insure Montana program.

Regarding the funding, a 2004 bill that enacted a tobacco tax allowed 25 million per year for health care initiative. The amount available will decrease incrementally and monies cannot be spent until the revenue is collected. The coverage is creditable as opposed to portable. The timeline is that in 2011 they will go back to the drawing board and look to the Health and Resource Fund established by the Governor's office in addition to other revenues. The total sign up potential is 7000 businesses.

One of the challenges associated with this program has been the time it takes for businesses to sign up, i.e. individual employee health statements.

Their recommendation to our committee is to look at a variety of different sources for funding and to be creative.

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Committee member and attendee comments and thoughts:

- Take a serious look at where we are now with the CHIP program for parents
- The WY risk pool was designed 16 years ago and it is expensive, and serves only 700 folks
- Need to look at state and federal partnerships for leveraging revenue
- The HIFA waiver program will involve 50% of the premium being paid by the employer, and the employee is responsible for the remainder with a variable subsidy assistance.
- Two of the apparent gaps are a childless family and employers who won't pay the 50%
- Tobacco tax has increased and has not been earmarked.
- Make sure incremental is the first step leading to bolder steps later.
- Be sure that universal is our goal.
- There is 18 million in premium taxes goes to the general fund, how do we pitch for those funds? How much of that 18 million is available?
- We prefer incentives rather than mandates

- We need to decide what a governing body might look like and who would handle the money
- AARP is already offering comprehensive coverage in two states; we need to find out more about this.
- There needs to be more than one funding stream and there also needs to be shared risk.
- We need to find out about the available tobacco dollars and the most current uninsured numbers.
- The small group employer law is a 23 page law that needs to be revised.
- We can identify the population segments we want to begin with, and Gruber can tell us the cost and how we can work towards universal.
- We need to find out if there has been a change in bankruptcy filings due to cost of healthcare and lack of insurance coverage

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Homework:

Barb, Susan and Rick will review the Small Employer Law, and possibly involve Lloyd Wilder.

Ken and Rick will visit with Senator Scott regarding the risk pool.

Rick will bring to the next meeting information on the Idaho small business plan.

Susie (and others) will write the grant application to Academy Health for the RWJ state reinsurance study monies.

Susie will pursue the idea of someone from the committee possibly attending the State Coverage Initiative Conference in Chicago the early part of August.

Linda and Susie will find out how much of the tobacco tax money is available?