

**DELAWARE HEALTH CARE COMMISSION  
JANUARY 5, 2012  
DELDOT ADMINISTRATION BUILDING  
FARMINGTON/FELTON CONFERENCE ROOM  
DOVER**

**MINUTES**

**Commission Members Present:** Bettina Riveros, Chair; Theodore W. Becker, Jr.; A. Richard Heffron; Rita Landgraf, Secretary, Delaware Health and Social Services; Dennis Rochford; Karen Weldin Stewart, Insurance Commissioner and Fred Townsend

**Commission Members Absent:**

Thomas J. Cook, Secretary of Finance; Kathleen S. Matt, PhD; Janice E. Nevin, MD and Vivian Rapposelli, Secretary, Services for Children, Youth and Their Families

**Staff Attending:** Marlyn Marvel, Community Relations Officer and Robin Lawrence, Executive Secretary

**I. CALL TO ORDER**

The meeting was called to order at 9:10 a.m.

**II. APPROVAL OF DECEMBER 1, 2011 MEETING MINUTES**

**Action:** After a motion by Ted Becker which was seconded by DHSS Secretary Rita Landgraf, the minutes of the December 1, 2011 meeting were approved by a vote of the Commissioners.

**III. RESEARCH & POLICY DEVELOPMENT**

*Certificate of Public Review Reporting Requirements*

Issues arose last year regarding the need for closer coordination of health policy across Delaware. In light of that need and to strike a balance between primary care and emergency care utilization, the Delaware Health Resources Board (DHRB) imposed requirements on the planned Bayhealth Medical Center freestanding emergency department in Smyrna resulting from the Certificate of Public Review process. Among the requirements is that Bayhealth provide an Annual Report beginning July 1, 2012 to the DHRB and the Commission for a period of three years updating progress made on the other conditions listed (see **attached** *Certificate of Public Review Reporting Requirements* for the complete list of requirements).

Chairman Bettina Riveros asked Commissioners if they thought this was in alignment with the Commission's charge. They agreed that it is.

**IV. HEALTH PROFESSIONAL WORKFORCE DEVELOPMENT**

*State Loan Repayment Program*

Commissioner's reviewed the **attached** State Loan Repayment Program (SLRP) Action Item Summary of recommendations from the Loan Repayment Committee and the DIMER and DIDER Boards. Two applications were recommended for funding awards; Julie Quinn Nies, DDS and Cara Riley, DO. One practice site and three individuals were recommended denial of funding awards due to ineligibility; the practice site was not located in a federally

designated primary care Health Professional Shortage Area (HPSA), thereby also making the physician applicant at that site ineligible. The other two applicants were denied as the award would not be for recruitment or retention.

It was noted that there is a large amount of federal funds that are not being expended because there are not sufficient State funds to match. Although unspent federal funds can be carried over, at some point they expire.

Secretary Landgraf noted that there is the Grant Makers Association, an association made up of a variety of foundations. She thought that this might be a source to leverage funds to match the federal funds. She offered to contact the Association. It was suggested that this be further pursued by the Health Professional Workforce Development Committee, when it begins meeting in the coming weeks.

**Action:** Ted Becker motioned to approve the Loan Repayment recommendations as stated in the attached Action Item Summary of recommendations; Julie Quinn Nies, DDS to receive \$11,200 in State-only funds with a 2-year commitment and Cara Riley, DO to receive \$70,000 (\$35,000 in federal funds and a \$35,000 State-match) for a 2-year commitment. Secretary Landgraf seconded the motion. Motion carried.

#### Criteria for Loan Repayment Awards

The DIMER Board requested that specific criteria be identified for determining funding awards. The Loan Repayment Committee and DIMER and DIDER Boards developed a bulleted list outlined under *Criteria for Loan Repayment Awards* on the attached Action Item Summary. Commissioners reviewed the list and suggested that other states with loan repayment programs be contacted to find out how they score or weigh applications and also if and what other specialties they cover. Commission staff was asked to develop a set of questions, make contact with the states and report back at the February meeting.

The Health Professional Workforce Development Committee will be charged with refining and updating the criteria.

#### Pediatric Dental Loan Repayment Award

The Commission has up to \$100,000 in available funds for one pediatric dental award. Despite outreach efforts by Commission staff and the Division of Public Health (DPH) Bureau of Oral Health and Dental Services, there has not been a good response to this opportunity. DPH was only able to contact the residency programs, but was not permitted access to residents' direct contact information. There was a poor response from the residency program directors. DPH was thanked by the Commission for their efforts.

DHCC will work with DHSS to further promote the opportunity online.

## **V. SPECIFIC HEALTH CARE ISSUES**

### *Tier IV Drug Pricing Project*

Through Senate Bill 137, the DHCC has been charged with determining the impact of specialty tier prescription drugs on access and patient care.

The first meeting was held December 9, 2011, in which there were nearly 40 participants from a broad range of industries; insurance and pharmaceutical industries; community and non-profit organizations, physician and State representation, to name a few. A lively discussion took place where the group began defining the problem. Specialty tier drugs are expensive and often require co-insurance rather than co-payments, which is a percentage of the cost, rather than a fixed dollar amount.

The group will meet again this month and report back at the February Commission meeting. They will review the options, the intended and unintended consequences and potential solutions. Findings will be synthesized and brought before the Commission for a final vote before a final report is due to the General Assembly on March 15, 2012.

Insurance Commissioner Karen Weldin Stewart noted 75 percent of Delaware citizens are on self-insured plans and any legislation passed will not affect these plans. She said most of the legislation resulting from actions of the Department of Insurance is not applicable to most Delaware citizens. This puts a burden on the few that it does affect.

## **VI. OTHER BUSINESS**

It was noted that health care costs are the only costs expected to rise more than 15 percent. The Commission needs to tackle the issue of costs regardless of the Affordable Care Act.

### *Patient-Centered Medical Homes*

Bettina Riveros noted that there has been much interest across the State with innovation grants and the patient-centered medical home model in general.

The Medical Society of Delaware and Blue Cross Blue Shield of Delaware have teamed together on a pilot. They are making progress and expect to expand. The Commission will hear more from them as they move forward.

Another initiative is "Project Engage". Secretary Landgraf reported that Project Engage is a collaborative effort between Christiana Care, Brandywine Counseling and a managed care organization. Its focus is on in-patient addiction issues. Patients presenting in the emergency department that are admitted and suspected of substance abuse are screened, offered access to pier specialists and referred to Brandywine Counseling for addiction treatment. To date, 180 people have successfully come through the program. The program is helping reduce the number of visits to the emergency room and helping treat the root of the problem for these individuals.

Project Engage meets the Centers for Medicare and Medicaid Service (CMS) Innovation Grant criteria. They have sent a Letter of Intent to apply for Innovation Grant funding. Only the private sector can apply for the grants although the State can partner. Other initiatives are taking place across the State. The Secretary has been asked for a Letter of Support for at least five Innovation Grant applicants. Applications are due the end of January 2012.

It was noted that there is heavy competition for the grant funding, but even if funding is not granted, Project Engage will continue. The project has received a contribution of \$1 million from an anonymous donor. It is hoped that this project can be replicated across the State.

An expert from Harvard will be invited to speak at the next Commission meeting on Patient-Centered Medical Homes.

#### Sunset Review

Chairman Bettina Riveros reminded members that the Delaware Health Care Commission Joint Sunset Committee (JSC) Public Hearing is scheduled for Tuesday, January 31, 2012, beginning at 5:30 p.m., in Legislative Hall. She encouraged all Commissioners and the public observers to attend.

The JSC staff is completing its draft report on the Commission and will deliver to staff when complete. When delivered, the draft report will be shared with Commissioners for review and comment in advance of the hearing.

#### Blue Cross Blue Shield of Delaware / Highmark Update

Insurance Commissioner Karen Weldin Stewart reported on the Blue Cross Blue Shield of Delaware (BCBSDE)/Highmark affiliation. To gain a better understanding of the affiliation, she quoted from the Pittsburgh Post, "BCBSD is Delaware's largest health insurance carrier, with more than 300,000 customers. Highmark isn't acquiring BCBSD so much as it is managing it from afar, in much the same way that it operates "controlled affiliate" Highmark Blue Cross Blue Shield West Virginia, formerly Mountain State Blue Cross Blue Shield."

Commissioner Stewart explained that many times these small insurance companies affiliate with larger companies for IT and staff. In fact, some of these smaller companies have no employees at all. She noted that small insurance companies are not able to compete with the larger insurers. They have old IT systems that can not keep up with today's computing, they lack the resources to conduct research on new products, lack access to professional expertise/specialized actuaries and are often unable to meet compliance deadlines and pay claims on time.

Commissioner Stewart is aware that people were nervous due to the previous Care First affiliation and the eventual unwind. She made sure that there was also an unwind provision in the Highmark affiliation.

Commissioner Stewart distributed the list of 49 conditions that were imposed in order for the BCBSDE/Highmark affiliation to occur. She elaborated on a few:

- BCBSDE corporate headquarters will remain in Delaware and will commit to the same level of employment after the integration.
- It will continue with the same rules it currently has to pay claims.
- Its assets and reserves will be fully protected and can only be used for the benefit of BCBSDE and its subscribers.
- The Board of Directors will be Delaware residents of 5+ years, and will not be Blue Cross or Highmark employees.
- Community contributions will continue and be expanded in some instances.
- BCBSDE will spend \$3 million to subsidize a new children's health insurance program in Delaware for families that earn up to 300 percent of the federal poverty level. Premiums will average \$83. The program has the potential to cover an additional 9,000 Delaware children.
- BCBSDE will commit \$1 million annually over a five-year period beginning in 2012 to support the Delaware Health Information Network (DHIN).
- BCBSDE will contribute \$500,000 annually for a ten-year period beginning in 2012 to invest in healthcare workforce development initiatives.

The complete list of the 49 conditions can be found on the Department of Insurance website:

<http://www.delawareinsurance.gov/departments/bcbs/BCBSD%20HIGHMARK%20FINAL%20DECISION%20ORDER%20and%20EXHIBIT%20A%20DEC%2030%202011.pdf>

Commissioner Stewart also shared that the Department of Insurance has been making the rate review process more and more transparent. Through the process, they have been able to negotiate and bring rates down. The filings can be found on their website at:

<http://www.delawareinsurance.gov/departments/rates/ratefilings.shtml>

#### Accountable Care Organizations

Jonathan Blum, the Deputy Administrator and Director of CMS, and a national expert on Accountable Care Organizations will be speaking in Delaware at the Ammon Medical Education Center at Christiana Care Hospital on Monday, January 30, 2012, beginning at 2:00 p.m. Anyone interested may contact the Delaware Health Care Commission office for further information.

## **VII. PUBLIC COMMENT**

### Small Group Definition

Regarding the \$10 million that is being used to help reduce individual and small group market rates, Dr. JoAnn Fields asked Commissioner Stewart how small groups are being defined and how that will be monitored.

Commissioner Stewart responded that regarding monitoring, the companies will be required to submit rates. Small groups are currently defined under Delaware law as 1-50. Under the Affordable Care Act, states may expand that to 1-100.

### Senate Bill 137

Joann Hasse asked that if Senate Bill 137 affects State employees, will a fiscal note be required. Secretary Landgraf replied that if it affects the State, there will be a fiscal note(s).

### Blue Cross CHIP Subsidy

Regarding the \$3 million Blue Cross has agreed to spend to subsidize a new children's health insurance program in Delaware, Ms. Hasse thought she had read that it would be available to families earning between 200 and 225 percent of the federal poverty level (FPL). Commissioner Stewart confirmed it is for families who make too much to qualify for the children's health insurance program (CHIP), but make less than 300 percent of the FPL. She noted that the new insurance program will not be subsidized by the State.

### CHIP Performance Bonus Funding

Secretary Rita Landgraf wanted to share with the group the reasons that Delaware did not apply for any of the \$300 million federal performance bonus funding available to states to expand CHIP. To be eligible the State must have met at least five of eight criteria; Delaware only met four. Based on the 2009 criteria, Delaware did meet the criteria of being above the national average for the number of children enrolled and insured. Delaware did not meet the criteria that the State would pay for subsidies/premiums, which it does not. Another criteria not met was that of continuous eligibility. Unless the recipient would present information otherwise, the State would deem a recipient continuously eligible until an audit was conducted. If after the audit it was found they are not eligible, federal funding would no longer support them and full support would fall to the State. Also, Delaware does not have presumptive eligibility, in which a person is put on Medicaid and if found ineligible, they must be supported with State-only funds.

Secretary Landgraf emphasized that it was not that the State did not want to go after the funds, but it would have increased the State's obligation during a time when the State is experiencing less than optimal economic conditions. She noted that there are ebbs and flows in CHIP enrollment because of unpaid premiums and because some families only enroll when they need a service and then drop out when no longer needed. It is important to know, however, that Delaware does aggressively conduct outreach to reach eligible families.

### BCBSDE/Highmark Affiliation Affect on Specialty Tier Drugs

Regarding the Blue Cross/Highmark affiliation, Chery Hieks asked Commissioner Stewart if it was her understanding that decisions in terms of policy will remain in Delaware, particularly as they relate to specialty tier drugs. How Blue Cross handles specialty tier drugs in Delaware is different than how Highmark is treating specialty tier drugs in other states. She asked if that will change or is Highmark more of the backroom and IT support.

Commissioner Stewart and Linda Nemes responded that Highmark will be more of the backroom-type support. Regarding specialty tier drugs, the Board of Directors will be citizens of Delaware and they will have a large say in how plans are administered.

#### Blue Cross CHIP Expansion

Sarah Noonan asked when the CHIP expansion goes into effect and asked for more information on the premium reduction, as she thought \$83 premium seemed high.

Secretary Landgraf explained that it is really part of the Medicaid program. They call it CHIP expansion, but it is supported through the Department of Insurance, which significantly negotiated the premium down. DHSS provided information to DOI on the CHIP program.

The CHIP expansion goes into effect June 2012.

#### Cost for Dental Practice

Joann Hasse commented that she had recently asked her former dentist how much it would cost today to set up a new dental practice. He guessed it would cost about \$250,000. Ms. Hasse emphasized that in terms of recruiting new dentists to Delaware, it is not just the cost of dental school, but also the cost to set up a new practice.

#### Improved Emergency Medical System

Joann Hasse shared with the group that she was on the Health Resources Board for 16 years. In the last eight of those years she was on the Review Committees when Kent General and Wilmington hospitals were planning expansions and renovations of their emergency departments (EDs). Two different ED doctors in different practices agreed that one of the reasons EDs are more crowded today is because the emergency medical system in Delaware has significantly improved. So much so, that previously many of those patients coming into the ED would have never made it to the hospital in the first place. This is a factor that has made EDs so busy.

#### Primary Care

Dr. Robert Frelick commented on the lack of medical school graduates going into primary care. He noted that many more graduates went on to primary care 15-20 years ago, and only about two percent do so today. One of the reasons is the high cost of attending medical school. It costs more than \$70,000 per year to attend Jefferson Medical College, including tuition, books, supplies, room, board and other expenses. Students cannot go to school at that cost and then afford to go into primary care.

He asked to consider what can be done in Delaware. If Jefferson or any other medical school is teaching in Delaware (referencing Jefferson coming to the University of Delaware) they should be considered a State school and bring with them the same in-state cost system to keep costs down. He believes Delaware should be pursuing this.

Dr. Frelick emphasized the importance of primary care. Unless a patient already has a primary care doctor, it is difficult to find one accepting new patients. He has found that patients wanting to see a primary care doctor are more concerned with finding a doctor than they are with the costs. Furthermore, he believes primary care doctors should be receiving more compensation because they do more. They play an important part in the health care system. Even specialists recognize their importance; they rely on primary care specialists to screen, evaluate and take care of patients' overall health needs.

Bettina Riveros noted that there are also comments by Dr. Nevin on this subject in the December minutes.

#### **VIII. NEXT MEETING**

Topics at the February 2, 2012 Commission meeting will include:

- Briefing on DHIN by Dr. Jan Lee, Executive Director, Delaware Health Information Network (DHIN)
- Harvard speaker on Medical Homes
- Specialty Tier Drug Pricing update
- Workforce Development update
- Sunset Review update

#### **IX. ADJOURN**

The meeting adjourned at 10:30 a.m.



## **GUESTS**

Amelia Auner	Planned Parenthood of Delaware
Rebecca Byrd	The Bryd Group
Judy Chaconas	DHSS/Division of Public Health
Jeanne Chiquoine	American Cancer Society
Barbara DeBastiani	Wheeler and Associates
Tom Ferry	
JoAnn Fields, MD	Family Practice Physician
Robert Frelick, MD	
Joann Hasse	League of Women Voters
Cheryl Heiks	Cozen O'Connor
Jonathan Kirch	American Heart Association/American Stroke Association
Emily Knearl	Planned Parenthood of Delaware
Lolita Lopez	Westside Family Health
Linda Nemes	Department of Insurance
Sarah Noonan	Westside Family Health
Brian Olson	La Red Health Center
Brian Posey	AARP
Hiran Ratnayake	Christiana Care
Jill Rogers	DHSS / Division of Public Health
Lisa Schieffert	Delaware Healthcare Association
Ronda Somerviller	Delaware Physicians Care, Inc.
Mark Thomson	Medical Society of Delaware
Paula Victoria	Delaware Physicians Care, Inc.