

DELAWARE HEALTH CARE COMMISSION
MARCH 1, 2007
DELAWARE TECHNICAL & COMMUNITY COLLEGE
CONFERENCE CENTER, ROOM 400 B
DOVER

Action Item

MINUTES

Commission Members Present: Lt. Governor John C. Carney, Jr., Chair; Theodore W. Becker, Jr.; Matthew Denn, Insurance Commissioner; Jacquelyn W. Gorum, DSW; Joseph A. Lieberman, III, MD, MPH; and Lois Studte, RN.

Members Absent: Richard Cordrey, Secretary of Finance; Carol Ann DeSantis, Secretary, Department of Services for Children, Youth and their Families; Vincent Meconi, Secretary, Delaware Health and Social Services; and Dennis Rochford, President, Maritime Exchange for the Delaware River and Bay Authority.

Staff Attending: Paula Roy, Executive Director; Sarah McCloskey, Director of Planning and Policy; Marlyn Marvel, Community Relations Officer; and Linda G. Johnson, Administrative Specialist.

CALL TO ORDER

John Carney called the meeting to order at 9:09 a.m.

Former Delaware House of Representatives Majority Leader, Wayne Smith, the new president of the Delaware Healthcare Association, was welcomed.

MINUTES OF FEBRUARY 1, 2007, MEETING

The February 1, 2007, minutes were amended to strike the sentence within the DHIN Update, "which is free to all physicians in Delaware".

Ted Becker made a motion to approve the February 1, 2007, minutes as amended. Dr. Joseph Lieberman seconded the motion. There was a voice vote. The motion carried.

UNINSURED ACTION PLAN

UPDATE: SMALL BUSINESS HEALTH INSURANCE REPORT

Paula Roy provided the Commissioners with background information and an update on the recommendations adopted February 21, 2007 by the Small Business Insurance Committee.

Previous work within the Small Business Insurance Committee revealed dissatisfaction with current laws governing the sale and purchase of health insurance in the small group market. Delaware law defines small groups as those ranging from 1 to 50 people. The current law was put in place in the early 1990's, based on model legislation developed by the National Association of Insurance Commissioners, and was intended to address problems of rate stability, predictability and the overall availability of health insurance for small firms.

Former Delaware House of Representatives Majority Leader, Wayne Smith, the new president of the Delaware Healthcare Association, was welcomed.

Action

The minutes of the February 1, 2007 meeting were approved as amended.

One overall problem uncovered during the most recent analysis was that the current law is complicated, difficult to understand and difficult to enforce. Specific problems identified include the following:

1. Problem: Rate Variation – High risk groups pay much more than low risk groups. Generally the variation is five times more, but could be as much as 9 times more. (9:1)

Recommendation: Compress the allowable rate variation, phasing in a reduction over a four year period. The initial allowable rate variation would be 5:1, and would decrease by .5 annually until it reaches 3:1. The result of compressing the rates is that some very low risk groups may experience increases, while high risk groups experience some rate reduction. The gradual decrease will mitigate any potential “shock” of these rate changes.

2. Problem: Multiple rating factors – The current law includes seven factors that can be considered when determining rates: age, health-related factors, group size, class of business, industry, location/geography and gender.

Multiple factors give more leeway in determining rates and negate the intent of making rates more predictable and stable.

Recommendation: Reduce the number of allowable rating factors to three: age, health status, group size

All three are legitimate predictors of risk, and the reduction will serve to keep rates compressed and reduce variation.

3. Problem: Groups of One

Many states with similar laws define small groups as those ranging from 2 – 50. Delaware opted to include “groups” of one to allow sole proprietors the advantages of purchasing health insurance in the group market, rather than the individual market. Interviews revealed that this allows an individual the option of purchasing insurance in either the individual or group market, depending upon which is more advantageous. Cost for a group of one is extremely difficult to predict, since only one adverse event will raise costs and there is nowhere to spread the risk. However, since the purchase of insurance in the group market by groups of one has been permitted for several years, the committee believed it imprudent to prohibit it.

Recommendation: Retain the current definition of 1-50, but allow a one point higher rate variation than groups of 2-50. Hence, the initial rate variation for groups of one would be 6:1 and would gradually reduce to 4:1.

4. Problem: Rate stability – As group characteristics changed from low risk to high risk, premiums were subject to very large increases. In addition to compressing the allowable rate variation another mechanism to make rates more stable from year to year needs to be implemented.

Recommendation: Outstanding

Two options have been considered, but members of the committee have requested additional time to explore the impact of each.

Option One: Place a cap on the amount that rates can increase from year to year to “trend” – the general increase in the cost of health care - plus an adjustment so that the maximum increase would be no more than 20 or 25 percent.

Option Two: Limit the amount of increases due to changes in health status (one of the allowable rating factors) to 15 percent.

5. Potential Problem: “Virtual” self-insurance with stop loss coverage

Although not documented in Delaware, other states report fears that those purchasing insurance in the small group market could avoid the laws by paying out of pocket for all services up to a designated limit (example, the first \$10,000 of cost) and purchasing stop loss or reinsurance at a very low “attachment point” – in the current example, \$10,000. Unlike large firms that typically do self-insure, small firms are not well equipped to act as self-insured. This is not a typical scenario in Delaware, but one which the Committee recommends should be avoided.

Recommendation: Prohibit the sale of stop loss insurance in the small group market.

The Committee’s next steps are to seek Commission approval; receive additional information on the impact of Options one and two for achieving rate stability; and draft legislation and secure sponsors.

Matt Denn had 3 questions about the report: 1.) Impact of community rating on premiums. The report referenced a US General Accounting Office report on the impact of community rating, which concluded that premiums in states with community rating were 6 percent to 7 percent higher than states without community rating. Is there a point along the rate compression continuum that produces similar results? 2.) Potential for carriers to leave. The report notes that if the recommended changes were adopted some carriers that are particularly good at selecting good risk may leave Delaware. Are there potential inflationary impacts that could result from this? 3.) Price sensitivity. The report describes research concluding that a 30 percent decrease in rates would cause only 15 percent of small employers to offer coverage. The report concludes that the opposite is likely to be true as well; that a 30 percent increase in rates would cause only 15 percent of employers to drop coverage. Is there research to back up the second conclusion?

Dr. Lieberman suggested that the Commission revisit the report at the next meeting once answers to Matt’s questions were received.

UPDATE: COMMUNITY HEALTHCARE ACCESS PROGRAM (CHAP) OVERSIGHT WORKGROUP

Ms. Roy reported that the CHAP Oversight Workgroup held a meeting via conference call on February 14, 2007 due to adverse weather conditions. The meeting focused on two efforts of the program: 1) an evaluation by Dr. James Gill; and 2) revising the monthly CHAP Statistics Report to make it more meaningful.

There was consensus that the Commission revisit the report at the next meeting once answers to Matt Denn’s questions were received.

The CHAP Oversight Workgroup meeting was held via conference call on February 14, 2007 due to inclement weather.

The Health Risk Assessment was discussed. May 2007 will mark its first anniversary. The Workgroup is considering incorporating questions about smoking and obesity in the assessment. Dr. Gill, the evaluator, will need to determine whether there are tested research questions on these subjects.

Mr. Carney said that the State Employees group has initiated another piece to their wellness program which includes a health risk assessment survey, compiled by a professional firm. Questions from that survey could be reviewed for possible inclusion in the CHAP health risk assessment.

The second component of the CHAP evaluation is geo-mapping. Dr. Gill plans to identify the racial and ethnic breakdown in targeted income brackets to learn if the CHAP population matches the demographics of the target population.

Dr. Gill will evaluate the current outreach programs to determine whether they are capturing people. He also will conduct chart reviews to determine if care has changed in the high risk populations.

Preliminary results of the geo-mapping and chart reviews will be presented at the April Health Care Commission meeting.

INFORMATION AND TECHNOLOGY

Gina Perez reported that the Delaware Health Information Network (DHIN) opened certification testing on Monday, February 26. All of the hospitals and the DHIN quality assurance contractor, John Snow, Inc. are testing the system by processing test patient transactions.

Proposals were sought from marketing vendors to develop DHIN's public web site and collateral material to educate physicians about DHIN.

Rob White, Chair of the DHIN Board of Directors, added that everything will have to be "right" to go live on March 30th. If a hospital or practice is not ready, the live date will be postponed for a couple of weeks. John Snow, Inc. will determine whether the DHIN is ready to go live.

Lois Studte asked if the public would be made aware of the DHIN's progress. Mr. White responded that there will be a public awareness campaign in the future.

HEALTH PROFESSIONAL WORKFORCE DEVELOPMENT

The Loan Repayment Committee met on February 1, 2007, and the DIMER Board met on February 21, 2007. The following three recommendations for funding were made.

The current available balance of state funds for physicians is \$49,000. There is \$25,338 available in federal matching funds.

Cecil C. Gordon, Jr., MD – Private Group Practice Site Application

Primary care group practice located at 611 West 18th St., Wilmington, DE 19802. About 15% of the patient population (1,224 annually) is Medicaid enrollees. The practice uses a sliding fee scale for self-pay patients, and is already a CHAP provider. The practice is requesting one OB-GYN and one Women's Health Nurse Practitioner.

DHIN opened certification testing on Monday, February 26.

Hours of operation: Mon - Fri: 8:30 am – 5:00 pm
Saturday: 9:00 am – 3:00 pm

Recommendation

The Loan Repayment Committee and DIMER recommend that the Cecil Gordon Practice be approved as an eligible loan repayment site.

Chevelta Bostick-Smith, DO- OB-GYN

(Site: Cecil C. Gordon, Jr., MD)

Dr. Bostick-Smith graduated from Michigan State University College of Osteopathic Medicine in 1998, and completed a residency at Cooper University Hospital in OB-GYN in 2006. She speaks Medical Spanish. Having been born and raised in Washington, DC, she is passionate about providing care to underserved inner-city populations. She currently has \$122,500 in outstanding educational loans and requests a 3-year contract.

Recommendation

The Loan Repayment Committee recommends that \$39,000 be allocated to Dr. Bostick-Smith for a two-year contract.

Valerie Tuck, CNP- Perinatal/Women’s Health

(Site: Cecil C. Gordon, Jr., MD)

Ms. Tuck graduated from Temple University with a BSN in Nursing in 1976, and University of Pennsylvania with a MSN/CRNP in Perinatal Nursing in 1996. The majority of her work experience has been with high-risk underserved populations, which she considers the driving force of her career. She currently has \$19,600 in outstanding educational loans and requests a 3-year contract.

Recommendation

The Loan Repayment Committee recommends that \$10,000 be awarded to Ms. Tuck for a two-year contract.

Action

Lois Studte made a motion that all three loan repayment applications be approved. Ted Becker seconded the motion. There was a voice vote. Motion carried.

SPECIFIC HEALTH ISSUES

UPDATE: Speaker’s House Task Force on Mental Health Issues.

Paula Roy said one of the components of Mental Health Issues Work Plan, approved by the Commission in November 2006, was to participate in the Speaker’s Task Force on Mental Health Issues created by House Resolution 93. This task force was formed at the request of the Medical Society of Delaware.

Ms. Roy informed the Commission that the Task Force report includes support for SCHIP expansion to parents, discussion of an application to the federal government to have certain areas of Delaware designated as a health professional shortage area, and support for the Loan Repayment Program and increased marketing.

UPDATE: DIDER

Ms. Studte reported that the DIDER Board of Directors met on February 20.

Action

All three loan repayment applications were approved.

Dr. Louis Rafetto, chair of the DIDER Board, and staff from the Higher Education Commission and Health Care Commission are working with Temple University School of Dentistry to finalize the details of how tuition assistance and scholarship funds will be distributed to Delaware students attending the school. Seventy five thousand dollars was allocated for Delaware students at Temple. The plan is to award each Delaware student with a minimum \$5,000.00 tuition supplement, and distribute the remaining funds based on financial need.

The DIDER Board discussed the need to address a shortage of dental hygienists and assistants, in addition to dentists.

Mr. Carney reported that the Joint Finance Committee expressed considerable concern during the Commission's budget hearing about the need to make people aware of the tuition assistance, scholarships and loan repayment available for students through DIMER and DIDER. A major concern is how Delaware students attending schools out of state find out about the Loan Repayment Program.

UPDATE: Oral Health Coalition

Sarah McCloskey reported that a new Oral Health Coalition met on February 23rd. Currently housed within the Division of Public Health, there are plans for the Coalition to spin off into its own organization. The interim board includes former Representative Stephanie Ulbrich as Chair; Vice-Chair Dr. Ray Rafetto; and Secretary/Treasurer Debra Singletary, of Delmarva Rural Ministries. Meetings will be held quarterly over the next year.

PUBLIC COMMENT

Dr. Joann Fields, a private physician and member of the League of Women Voters, commended the Commission for holding onto the "group of one" concept for small business health insurance. She asked if there are plans in the state to expand eligibility for Medicaid and CHAP to cover more uninsured people. Other states cover people up to 300 percent of the federal poverty level.

Mr. Carney responded that the Commission has recommended to the Governor and Legislature to expand CHIP to include parents of the children within that income bracket. The federal budget, however, does not provide enough funding in CHIP to accommodate those states who have expanded their program. CHIP funding is 65 percent federal and 35 percent state match. For Delaware, it has been proposed to use the surplus funds (not all eligible children are enrolled, creating a surplus) to cover the parents of those children. There is not currently a proposal to expand CHIP beyond 200 percent of the federal poverty level.

Dr. Robert Frelick suggested that the Commission's Annual Report be more widely publicized.

NEXT MEETING

The next meeting of the Delaware Health Care Commission will be held on Thursday, April 5, 2007, at 9:00 a.m. at the Del Tech Terry Campus Conference Center, Room 400 B.

ADJOURN

The meeting adjourned at 10:30.

Next Meeting

The next meeting of the Delaware Health Care Commission will be held on Thursday, April 5, 2007, at 9:00 a.m. at the Del Tech Terry Campus Conference Center, Room 400 B.

GUESTS ATTENDING

Anthony Brazen, DO
Judy Chaconas
Barbara DeBastiani
Michael Duva
Jo Ann Fields, MD
Robert Frelick, MD
Lolita Lopez
Linda Nemes
Sheila Nutter
Brian Olson
Gina Perez
Rosa Rivera
Albert Shields
Wayne Smith
Betsy Wheeler
Kathleen Widdoes
Rob White
Calvin Young

Division of Medicaid & Medical Assistance
Delaware DHSS/Division of Public Health
Wheeler and Associates Management Services
Delaware Healthcare Association
League of Women Voters
Medical Society of Delaware
Westside Health Services
Department of Insurance
Electronic Data Systems
La Red Health Center
Advances in Management
H J M C
Office of the Lieutenant Governor
Delaware Healthcare Association
Wheeler and Associates Management Services
Electronic Data Systems
DHIN and Delaware Physician's Care Incorporated
UAW Community Healthcare Initiative