

DELAWARE HEALTH CARE COMMISSION
MAY 1, 2008
DELAWARE TECHNICAL & COMMUNITY COLLEGE
CONFERENCE CENTER, ROOM 400 B
DOVER

MINUTES
Revised June 5, 2008

Commission Members Present: Lt. Governor John C. Carney, Jr., Chair; Lisa Barkley, MD; Theodore W. Becker, Jr.; Richard Cordrey, Secretary of Finance; Matt Denn, Insurance Commissioner; A. Richard Heffron; Carol Ann DeSantis, Secretary, Department of Services for Children, Youth and their Families; Janice Nevin, MD; and Dennis Rochford, President, Maritime Exchange for the Delaware River and Bay Authority

Members Absent: Vincent Meconi, Secretary, Delaware Health and Social Services.

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

CALL TO ORDER

The meeting was called to order at 10:05 AM by Chairman John Carney.

MEETING MINUTES OF MARCH 6, 2008

Cari DeSantis made a motion to accept the March 6, 2008, meeting minutes. Dr. Lisa Barkley seconded the motion. There was a voice vote and the motion carried.

UNINSURED ACTION PLAN

Presentation and Discussion: Small State, Big Opportunity Report - John Taylor, Jr., Executive Director of the Delaware Public Policy Institute (DPPI) and Jeanine Boyle, Director of State Health Policy with Astra Zeneca

Mr. Taylor and Ms. Boyle presented the report, "Small State, Big Opportunity, Taking Action for the Uninsured in Delaware." The report is a summary of the discussions and recommendations of the Delaware Public Policy Institute Uninsured Summit Series in 2007.

The Delaware State Chamber of Commerce conducted a summit where the nature and demographics of the uninsured was presented. Other state initiatives on addressing the uninsured were presented and options on how to address the problem were discussed. There was a consensus that addressing the uninsured could not wait for a national solution and that there is "no one size fits all solution."

Using the Delaware Health Care Commission's, "Delawareans Without Health Insurance," report, summit participants were informed that 13 percent of Delawareans (over 105,000 people) were lacking health insurance in 2006.

Action

The March 6, 2008 meeting minutes were accepted.

The report, "Small State, Big Opportunity, Taking Action for the Uninsured in Delaware," is a summary of the discussions and recommendations of the Delaware Public Policy Institute Uninsured Summit Series in 2007.

The first Summit on June 12, 2007, yielded the following guiding principles:

- Health care coverage should be universal
- Health care coverage should be continuous
- Health care coverage should be affordable to individuals and families
- A health care coverage strategy should be affordable and sustainable to society
- Health insurance should enhance health and well-being by promoting access to high quality care that is effective, efficient, safe, timely, patient-centered, and equitable.

Following the summit, the Delaware State Chamber of Commerce surveyed its members about the uninsured and options presented at the summit.

It also convened a smaller working group to further refine options and next steps prior to convening a second summit.

The survey revealed the following points. They were presented to the working group.

- Employers offering coverage plan to continue doing so;
- Most non-offering companies would like to offer coverage but believe that health insurance is too expensive;
- Overall, there was very high interest in programs that helped lower income workers obtain health insurance;
- Of the three reform strategies described, the most preferred option was direct premium assistance for low-wage workers, followed by a three share approach;
- About half of employers were interested in primary/catastrophic combination plan, and the respondents thought even fewer workers would be interested.

In October 2007, summit participants reconvened with the goal of reaching consensus on supporting initial steps in the process of increasing access to health coverage for uninsured Delawareans. They narrowed their focus to two uninsured populations: 1) those eligible but not enrolled in existing public programs; and 2) the low income, uninsured workers and their employers, who constitute one-half to one-third of the uninsured.

Statement of Priorities & Recommendations

The following recommendations were highlighted as critical action steps toward providing coverage to the uninsured.

- ❖ Access: Eligible, but Not Enrolled
 - Importance of outreach and education initiatives
 - Linking with other public programs
 - “Presumptive eligibility”
 - *Currently underway*: Delaware Covering Kids and Families
- ❖ Primary Care/Catastrophic Coverage: Low-income, uninsured workers and small employers.
 - Build on importance of primary care/medical home
 - Employer education initiative –benefits of a healthy workforce
 - Employer/employee commitments/contributions
 - *Currently underway*: Healthcare Leadership Council’s Health Access America for Delaware

An implementation report is forthcoming, and will further examine next steps to turning the report recommendations into a reality. Furthermore, the report will recognize existing and successful Delaware initiatives focused on providing or expanding coverage for the uninsured. Specifically, it should be noted that the work and analysis of the DPPI Policy Summit fully recognized the essential role of the Delaware Health Care Commission.

CHAP Workgroup

Chairman Carney said that Delaware has a free cancer screening program, *Screening for Life*, which provides a primary preventive care visit to a health care provider. There have been discussions about merging aspects of the Screening for Life Program and CHAP to improve outreach and gain greater efficiencies in the program.

Mr. Carney asked Ted Becker, Chair of the CHAP Workgroup, to begin discussions on how these programs could operate more closely and efficiently.

Dr. Lisa Barkley asked if hospital emergency rooms were considered as a way of reaching potential CHAP patients. Mr. Carney responded that that method had been tried but proved to be unsuccessful.

Presentation: Microsimulation Modeling – Elliot K. Wicks, PhD, Health Management Associates

History of Coverage Expansion Studies in Delaware

Elliot Wicks, of Health Management Associates, a consultant who has worked with the Commission since 2001, provided an overview of the history of the Commission's progress towards achieving universal coverage in Delaware.

The Commission's Universal Coverage Committee was formed in 2006-07 and decided to develop the features of two approaches to universal coverage, which could then be modeled through micro simulation to estimate cost and coverage effects: 1. Building Blocks (Massachusetts style) plan; and 2. Single Payer plan. The Commission issued a Request for Proposals (RFP) for modeling the plans. Of the three respondents to the RFP, Jonathan Gruber, Ph.D., was selected.

Dr. Wicks introduced Dr. Jonathan Gruber, who did the major modeling for the reform proposal for the State of California and sits on the Massachusetts Connector Board. Dr. Gruber is widely known as one of the few people in the country knowledgeable in preparing these models.

Presentation and Discussion: Micro-simulation Modeling of a Universal Health Care System – Dr. Jonathan Gruber, Ph D., Professor of Economics, Massachusetts Institute of Technology

Dr. Gruber presented an overview of his report, *Modeling Healthcare Reform in Delaware*, outlining both the Single Payer and Building Blocks models. A copy of the report is attached to these minutes.

There have been discussions about merging aspects of the Screening for Life Program and CHAP to improve outreach and gain greater efficiencies in the program.

Dr. Jonathan Gruber presented an overview of his report, *Modeling Healthcare Reform in Delaware*, outlining both the Single Payer and Building Blocks models. A copy of the report is attached to these minutes.

Dr. Gruber said that it is important to remember that most people are in a well functioning group market and are satisfied with their health care coverage. As options are considered, it is important to keep in mind that plans that involve taking the entire system apart and re-forming it may draw a lot of opposition from these people.

Single Payer System Overview

Revenue Sources

Low Income Residents

- Premium contribution
- Income tax

Non Low Income Residents

- Premium contribution
- Income tax

Firms

- Payroll tax on Social Security earnings

Federal Government

- Medicaid/SCHIP match

Low income residents will be required to contribute to their premium. Their contributions will be dictated by the following schedule:

- Free below 200 percent FPL
- An additional 0.8 percent of income for every 50 percent of FPL above 200 percent
- No more than 8 percent of income at 700 percent of FPL

All other residents would be required to contribute the full amount of their premium.

A payroll tax would be levied on the Social Security earnings of employers in the following manner:

- 6 percent on the first \$200,000 of payroll
- 9 percent on the following \$300,000 of payroll
- 12 percent on all payroll above \$500,000

Medicaid expanded to all children and adults up to 200 percent of FPL. All employees will automatically purchase healthcare from the state using tax-free dollars (equivalent to a Section 125 expansion for all workers)

Building Blocks Coverage Overview

Revenue Sources

Low Income Residents

- Premium contribution
- Income tax

Non Low Income Residents

- Premium contribution
- Income tax

Firms

- Payroll tax on Social Security earnings
- Voucher contributions

Providers- Doctors and Hospitals

- Tax on revenues

Federal Government

- Medicaid/SCHIP match

Low income residents will be required to contribute to their premium. Their contributions will be dictated by the following schedule:

- Free below 200 percent FPL
- An additional 1.7 percent of income for every 50 percent of FPL above 200 percent FPL
- No more than 10 percent of income at 500 percent of FPL

Reform Details

- All other residents will be required to contribute the full amount of their premium.
- All employers must spend at least 12 percent of Social Security earnings on health care, or be taxed the difference.
- Workers who qualify for the state's low income pool can bring their employer's health care contribution to offset the state's cost in the pool.
- All providers will be taxed on their revenues, 2 percent on doctors and 4 percent on hospitals.
- All residents above 500 percent FPL can buy into the new formed market
- Compress all prices for single and family plans such that the most expensive plan cannot be more than 2.5 times the least expensive plan.
- Allow rating on age only
- Small firms (those with less than 100 employees) are allowed to purchase group insurance for their workers at the price point of the reformed market
- Medicaid expanded to 100 percent FPL for adults, 300 percent for kids
- All employers will be able to buy healthcare using tax-free dollars (equivalent to a section 125 expansion for all workers)

Key Assumptions Used for Modeling

Single Payer

- Premiums in a single-payer provider world will realize 20 percent savings in addition to the current average ESI premium in Delaware.
- One hundred percent takeup by the non elderly population
- Federal government matching on Medicaid will be: 50 percent on all adults below 200 percent FPL, 50 percent on children below 133 percent FPL, 65 percent on children from 133 – 200 percent FPL.

Building Blocks

- Premiums in the reformed non-group market will realize a 10 percent savings in addition to the current average small group premium and the current average non-group premium
- Mandate effectiveness to be 95 percent for all subsidized insurance (e.g. Medicaid) and ESI, 80 percent effective for all non-subsidized insurance. Mandate effectiveness takes place after all voluntary take-ups.
- Federal government matching on Medicaid will be 50 percent on all adults below 200 percent FPL, 50 percent on children below 200 percent FPL, 50 percent on children below 133 percent FPL, 65 percent on children from 133 – 300 percent FPL.

Change of Meeting Chairman

Following the presentation the meeting was turned over to Ted Becker to lead the discussion, as Chairman Carney had to leave.

Discussion

The following questions were raised during discussion.

Dr. Nevin asked how low income Medicare individuals fit in the plan. Dr. Gruber responded that the single payer plan does not include people over 65 because the Model assumes that the federal government will continue Medicaid coverage. Dr. Nevin said it is important that we keep in mind that we are assuming that Medicaid and the federal government will continue to provide a 50 percent match under this model.

Matt Denn asked if the model assumes there is no impact on premiums from the provider tax. He asked if it assumes that the provider absorbs the entire tax and it is not charged back to the people. Dr. Gruber replied that the model does not assume that.

Mike Meister, of the Medical Society of Delaware, stated that there is little support for a provider tax by the Universal Coverage Committee. Delaware is trying to recruit more primary care physicians and a provider tax will make it that much more difficult.

Wayne Smith, of the Delaware Healthcare Association, stated he strenuously disagrees with a hospital provider tax. The average “not for profit” hospital surplus in the U.S. was 5 percent. Dr. Gruber’s model calls for an 8 percent tax. This has the potential to put Delaware’s not for profit hospitals out of business.

Jim Lafferty, of the Delaware Mental Health Association, reminded Dr. Gruber that Delaware is currently in a grim financial state. He asked how the model takes major economic swings into account. He asked if it includes adjustments to overcome a general economic downturn.

Dr. Gruber responded that the model is based on a point in time, and does not take economic changes into account.

Dr. Wicks commented that a “rainy day fund” was discussed in the Universal Coverage Committee. In good times, revenue collected would increase and in bad times it would fall. The objective would be to collect enough revenue during the good times to carry through the difficult times.

Dr. Robert Frelick asked if pharmaceuticals are included in the overall cost of the proposal. He asked if savings are being lost in administrative costs in the single system versus the building blocks system.

Dr. Gruber responded that the costs of pharmaceuticals are included in the proposal. Administrative savings assumptions are factored in at a savings of about 10 percent.

Update: CHAP Oversight Committee

At its April 23, 2008 meeting, the CHAP Oversight Committee reviewed the outcome of Dr. James Gill’s work in evaluating CHAP enrollees Health Risk Assessments (HRAs) and individual charts. This work will be presented to the Commission at its June 5 meeting, as well as the Committee’s recommendations on the path forward. Mr. Becker observed that the HRA process is proving to be very burdensome.

Site visits have been conducted, and those observations will also be presented to the Commission in June.

The CHAP contract is executed on a 2 year cycle through responses to Requests for Proposals (RFPs). For Fiscal Year 2009 it is necessary to release an RFP for CHAP health homes and program management.

Ted Becker requested the Commission’s authorization to begin contract negotiations with the CHAP outreach and enrollment vendors to renew their contracts for one additional year without RFPs being issued. In addition, he requested authorization to issue RFPs for program management and health homes.

Action

Dr. Barkley made a motion that the Commission authorize the CHAP Oversight Committee to begin contract negotiations with the CHAP outreach and enrollment vendors to renew their contracts for one additional year, and to issue RFPs for CHAP health homes and program management. Dr. Nevin seconded the motion. There was a voice vote and the motion carried.

INFORMATION & TECHNOLOGY

UPDATE: Delaware Health Information Network (DHIN)

Ms. Roy reported that there are currently about 400 DHIN users and one million and three transactions per month. St Francis Hospital and Quest Diagnostics are planning to join. Nanticoke Hospital plans to join in the beginning of calendar year 2009.

Action

Authorization was given to begin contract negotiations with the CHAP outreach and enrollment vendors to renew their contracts for an additional year, and to issue RFPs for CHAP health homes and program management.

WORKFORCE DEVELOPMENT

UPDATE: Workforce Development Committee

Dr. Nevin reported that the Workforce Development Committee held their first meeting on April 3, 2008. It is anticipated that several sub-committees will be formed to help with the work of the Committee. The next meeting is scheduled for June 5th at Delaware Technical University's Terry Campus in Dover, Room 427.

State Loan Repayment Program

The Loan Repayment Committee met on Thursday, February 7, 2008, the DIMER Board of Directors met on Wednesday, February 20, 2008 and followed up with a conference call on Wednesday, March 12, 2008. The following recommendations for funding were made:

I. Funding Updates:

- \$35,100 available in State DIMER funds (through June 30, 2008)
- \$251,979 available in State DIDER funds (through June 30, 2008)
- \$73,000 available in Federal matching funds

II. Applications to Review:

I. **Site: Nemours Pediatrics, Seaford**

- This site, located at 121 South Front Street in Seaford, treats approximately 6,500 patients per year. Of those, about 70 percent are Medicaid enrollees. The practice is open 53.5 hours per week and the hours of operation are as follows:
 - Monday: 7:30 am – 5:00 pm
 - Tuesday: 7:30 am – 5:00 pm
 - Wednesday: 8:30 am – 9:00 pm
 - Thursday: 7:30 am – 9:00 pm
 - Friday: 8:30 am – 5:00 pm

Meredith McComas Lequear, DO, Pediatrician

Dr. Lequear graduated from New York College of Osteopathic Medicine in 2004. She completed a residency training program in pediatrics at the Good Samaritan Hospital Medical Center in West Islip, New York in June 2007. Dr. Lequear has about \$180,356 in loans (verified) and is requesting a three-year contract.

Recommendation

The Loan Repayment Committee and DIMER Board of Directors recommended that loan repayment be awarded to Meredith McComas Lequear, DO in the amount of \$40,000 (\$20,000 State plus \$20,000 Federal) for a two-year contract at Nemours Pediatrics in Seaford.

Action

Dennis Rochford made a motion that the Commission accept the recommendation that Dr. Meredith McComas Lequear be awarded loan repayment in the amount of \$40,000 for a two year contract at Nemours Pediatrics in Seaford. Dr. Nevin seconded the motion. There was a voice vote and the motion carried.

PUBLIC COMMENT

An opportunity was given for public comment, and none was given.

NEXT MEETING

The next meeting of the Delaware Health Care Commission will be held on Thursday, June 5, 2008 at 9:00 a.m. at Del Tech Terry Campus in Room 400 B.

ADJOURN

The meeting adjourned at 12:00 PM.

Action

The Commission accepted the recommendation that Dr. Meredith Lequear be awarded loan repayment in the amount of \$40,000 for a two year contract at Nemours Pediatrics in Seaford.

NEXT MEETING

The next meeting of the Delaware Health Care Commission will be held on Thursday, June 5, 2008 at 9:00 a.m. at Del Tech Terry Campus in Room 400 B.

GUESTS

Prue Albright
S. Bernard Abelman
Brad Allen
Anthony J. Brazen, D.O.
Jeanine Boyle
Judith Chaconas
Jeanne Chiquoire
Tim Constantine
Barbara DeBastiani
JoAnn Fields
Hans Francke
Jeffrey Fried
Robert Frelick, MD
Fred Gatto
Jonathan Gruber, PhD
Branch Heller
Bill Kirk
Jim Lafferty
Lolita Lopez
Sheila Nutter
Vincent McCann
Mark Meister
George Meldrum
William F. O'Connor
Brian Olson
Sandy Richards
Tom Savage
Wayne Smith
John Taylor
Elliott Wicks, PhD
Janet Zhou

Advances in Management
Delaware Health Resources Board
New Castle County Chamber of Commerce
Div. of Medicaid and Medical Assistance
Astra-Zeneca
Division of Public Health
American Cancer Society
Blue Cross/Blue Shield of Delaware
Wheeler & Associates/MACHC
League of Women Voters
Alliance for Healthcare Reform
Beebe Medical Center
Medical Society of Delaware
Division of Public Health
Massachusetts Institute of Technology
Alliance for Healthcare Reform
Blue Cross/Blue Shield of Delaware
Mental Health Association Delaware
Westside Family Healthcare
Electronic Data Systems
Alliance for Healthcare Reform
Medical Society of Delaware
Nemours Foundation
Public Observer
La Red Health Center
Alliance for Healthcare Reform
Public Observer
Delaware Healthcare Association
Delaware Public Policy Institute
Health Management Associates
Massachusetts Institute of Technology