MINUTES

MONTANA HOUSE OF REPRESENTATIVES
53rd LEGISLATURE - SPECIAL SESSION

COMMITTEE ON HUMAN SERVICES & AGING

Call to Order: By **REP. WILLIAM BOHARSKI, Chairman,** on December 2, 1993, at 1:00 P.M.

ROLL CALL

Members Present:
Rep. Bill Boharski, Chairman (R)
Rep. Bruce Simon, Vice Chairman (R)
Rep. Stella Jean Hansen, Vice Chairman (D)
Rep. Ellen Bergman (R)
Rep. Duane Grimes (R)
Rep. Angela Russell (D)
Rep. Tim Sayles (R)
Rep. Liz Smith (R)

Members Excused: None

Members Absent: Rep. Beverly Barnhart
Rep. John Bohlinger
Rep. Tim Dowell
Rep. Brad Molnar
Rep. Tom Nelson
Rep. Sheila Rice
Rep. Carolyn Squires
Rep. Bill Strizich

Staff Present: David Niss, Legislative Council
Alberta Strachan, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: **CHAIRMAN BOHARSKI** opened the meeting by stating the agenda would consist of a presentation by the Health Care Authority on the status of their services, their goals, and how they are going to accomplish those goals.

Executive Action: None

INFORMATION HEARING ON THE HEALTH CARE AUTHORITY

Sam Hubbard, Executive Director, Montana Health Care Authority, stated that the Health Care Authority was established by SB285 and given the mandate to propose alternative health care plans that will ensure Montanans access to quality health care services at affordable costs. The Authority has until October 1, 1994 to deliver these universal access plans to the legislature. In addition, it is charged with developing a number of related resource planning and cost containment mechanisms designed to meet its overall mission. The health care system is in need of reform. The system is not working effectively and efficiently to serve the health care needs of Montana citizens. The legislature recognized the existence of the following basic problems: One in 5 people has inadequate or no health insurance; health care costs are increasing at a rate of two to three times that of inflation, forcing Montanans who buy insurance for their employees or their families to devote a growing portion of their resources to health care; employees find that they must either sacrifice wage increases to maintain their benefits or agree to pick up a larger share of the bill; increased health care costs also mean fewer resources are available for other important social needs, such as education, transportation and public safety; access to health benefits has become a driving force in many Montanans' employment decisions; health care providers are concerned that they devote too much time and expense to administrative needs, leaving less time for patient care. To solve the problems, the Authority is committed to achieving the following goals: control the growth in health care spending and promote universal health care access; develop a unified health care data base focusing on costs and usage of health care; encourage and facilitate consumer education regarding the efficient and effective use of health care resources; maintain and improve the quality of health care services in Montana. **Mr. Hubbard** then discussed what other states are doing and also discussed the regional boards and the budget of the authority. **EXHIBIT 1**

CHAIRMAN BOHARSKI asked for questions from the committee and audience.

REP. HANSEN talked about the health care system in Montana and peoples' problems in dealing with the amount of paperwork and the frustration it entails. She asked whether there could be a central accounting system both between Medicare and the provider so that paperwork could be done in one central office. Any person who is dealing with Medicaid on any extended basis deals for months getting their bills in order. A patient does not know for three months what the commitment is to the hospital. Perhaps some type of computerized plastic card might be available which connects with a central billing facility. That would take away much of the frustration that occurs. That would take away much of the frustration that occurs.

Mr. Hubbard stated that the statute does require that a study he

made in an attempt to establish a unified billing system. It is **Mr. Hubbard's** understanding that the federal health care financing system is working on some type of uniform billing system for federal programs. Finally, SB285 requires the Authority to work with Medicaid, Medicare, Indian Health Service and the Veteran's Administration to explore the feasibility of integrating the benefits of the system. All of this will be a part of the mission.

REP. BERGMAN questioned whether regional boards have representation from each county and how often these boards meet.

Mr. Hubbard stated that there are five regional boards and that each of the regional boards consists of one member from each county. Nominations from each of the counties are arriving. The statewide board makes the final selection. There are three selection criteria that the state board must follow: the balance between consumers and providers; the balance between urban and rural; and the balance of gender equity. The regional boards meet quarterly but are allowed to meet more frequently. In budgeting for the next 18 months, the board will probably meet every other month.

REP. GRIMES asked what portion of the budget received the $100,000 cut and, in regard to the work plan now in place, whether all of the fiscal resources will be spent in this biennium?

Mr. Hubbard said that the authority knew the Governor was going to request a $150,000 reduction in the budget and the Board confirmed that it would be more comfortable with a reduction of only $100,000. There is still the October 1, 1994 deadline to spend the consulting money during this current fiscal year in order to meet the deadline. The areas where it was suggested the reductions might best occur would be not hiring a data base manager in the second year. Two projects not due until the next biennium are a long term care study and the prescription drug study; $25,000 has been allocated for those two studies during the end of this biennium. Delay of the start of these projects is going to occur. Fifteen thousand dollars is going to be cut from administration, and there will be savings of $50,000 due to the late appointing of the regional boards. If further cuts are due, a loss of flexibility will occur.

REP. SMITH requested a printout of the budget allocation.

Mr. Hubbard stated he would get a copy of this printout for the committee.

CHAIRMAN BOHARSKI questioned whether July 1 is a realistic completion date. He wondered the authority will acquire the data base information in the amount of time allocated?

Mr. Hubbard stated that the Vermont program suggests the

authority split the data collection and design activities into two parts. There is a distinction to be made between the long term data base design and the short term data needs.

REP. SIMON stated that someone from the authority might consider meeting with the Joint Interim Subcommittee On Liability which ties in very closely with some of the cost containment strategy the authority is considering. The emphasis on the next meeting relates to tort reform of medical issues. Regarding the Vermont system and their plan and the universal access and single payer system, he asked what kind of figures they had arrived at.

Mr. Hubbard stated that he had only seen a draft of their plan and did not know what the outcome of the final numbers might be. They have projected that an additional $450 million per year to fund a universal access approach based on a single payor.

REP. HANSEN questioned if any of the Vermont program had been tried and **Mr. Hubbard** stated that it had been tried.

CHAIRMAN BOHARSKI questioned budgetary constraints.

Mr. Hubbard stated that there was a cost containment goal of bringing the greater growth and health care spending in the State in line with the overall inflation rate. If a recommendation is made of a plan that is going to involve any tax increase, their time will have been wasted. They are determined to comply with the statute requirements of doing an analysis of each plan but they are thinking about how they might deal with developing a third option. The bulk of the work is involved in developing the data sources and collecting the data and doing various planning and cost containment activities necessary to lay the foundation of the analysis for the alternative design approaches. It may not be feasible by October 1 when the plan is due; it may be feasible that in the ensuing months, before the '95 session starts, they will be able to come up with their own recommendations as to the approach both in terms of what it should contain and what the phase-in of the implementation schedule will be.

REP. RUSSELL then discussed the regional boards and the Indian health plan. **Mr. Hubbard** stated that there was a universal access plan for the Indian population and a plan for veterans. An advisory board is being initiated.

REP. SIMON discussed the certificate of need and the health care plan for Oregon.

CHAIRMAN BOHARSKI suggested a study of other states' health care plans and the administrative costs in the health care plan in Hawaii.

TESTIMONY ON THE HEALTH CARE PLAN

Angela Lanning, Project '94, spoke on data collection and how this data is collected; patient records and their accessibility was also discussed.

Terry Frisch, Project '94, suggested that a claims clearinghouse be investigated. Hospitals were not interested in this proposal and were not inclined to try such a procedure.

Jim Jacobson, Montana Veteran's Association, stated his support of the health care authority.

Bob Robinson, Director, Department of Health and Environmental Sciences, discussed the certificate of need and the preventative health program. **Mr. Robinson** then discussed the care of premature babies and the amount of money involved in this service.

CHAIRMAN BOHARSKI asked if there were other groups which may have approached the Health Care Authority requesting information and sharing information.

Mr. Hubbard stated that there was much interest by many different groups and individuals who have followed the legislation. There are advocacy groups saying that they are interested but recognize that the battle is not going to be in the authority but in the Legislature.

CHAIRMAN BOHARSKI then asked if the sharing of information is going to work to the benefit of the authority.

Mr. Hubbard said that he felt it would.

CHAIRMAN BOHARSKI stated that he intended to contact the Insurance Commissioner's Office and Project '94.

ADJOURNMENT

Adjournment: 2:40 P.M.

John E. Boharski

REP. WILLIAM BOHARSKI, Chairman

ALBERTA STRACHAN, Secretary

WB/as

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HOUSE OF REPRESENTATIVES
HUMAN SERVICES AND AGING COMMITTEE

ROLL CALL

DATE 12-2-93

NAME	AYE	NO
REP. WILLIAM BOHARSKI, CHAIRMAN	X	
REP. BRUCE SIMON, VICE CHAIRMAN	X	
REP. BEVERLY BARNHART		X
REP. ELLEN BERGMAN	X	
REP. JOHN BOHLINGER		X
REP. TIM DOWELL		X
REP. DUANE GRIMES	X	
REP. STELLA JEAN HANSEN	X	
REP. BRAD MOLNAR		X
REP. TOM NELSON		X
REP. SHEILA RICE		X
REP. ANGELA RUSSELL	X	
REP. TIM SAYLES	X	
REP. LIZ SMITH	X	
REP. CAROLYN SQUIRES		X
REP. BILL STRIZICH		X

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MONTANA HEALTH CARE AUTHORITY

BACKGROUND

The Montana Health Care Authority was established by SB 285 and given the mandate to propose alternative health care plans that will ensure that all Montanans have access to quality health care services at costs that are affordable. The Authority has until October 1, 1994 to deliver these "Universal Access Plans" to the Legislature. In addition, it is charged with developing a number of related resource planning and cost containment mechanisms designed to meet its overall mission.

THE PROBLEM

Why is Montana's health care system in need of reform? Because, in the view of many, the system is not working effectively and efficiently to serve the health care needs of Montana citizens. In passing SB 285, the Legislature recognized the existence of the following basic problems:

- 1 in 5 Montanans has inadequate or no health insurance. These Montanans worry that they, or a family member, might have to forego necessary care or incur unaffordable costs in the event of a serious illness.
- Health care costs are increasing at a rate two to three times that of inflation, forcing Montanans who buy insurance for their employees or their families to devote a growing portion of their resources to health care.
- Employees find that they must either sacrifice wage increases to maintain their benefits or agree to pick up a larger share of the bill.
- Increased health care costs also mean fewer resources are available for other important social needs, such as education, transportation and public safety.
- Access to health benefits has become a driving force in many Montanans' employment decisions. Many worry that a change in their job could result in a loss of health benefits.
- Health care providers are concerned that they devote too much time and expense to administrative needs, leaving less time for patient care.

PROGRAM GOALS

To solve these problems, the Authority is committed to achieving the following goals:

1. Control the growth in health care spending

2. Promote universal health care access

3. Develop a unified health care data base focusing on costs and usage of health care

4. Encourage and facilitate consumer education regarding the efficient and effective use of health care resources

5. Maintain and improve the quality of health care services in Montana

WHAT OTHER STATES ARE DOING

Some 30 other states are currently pursuing health care reform; 16 states have enacted legislation addressing health care delivery and financing mechanisms. Whether their focus is managed competition, market-based incentives, purchasing alliances or single-payer systems (or some combination of all of these), other states' efforts invariably focus on increasing access and controlling costs.

MHCA WORK PLAN

The Health Care Authority will design two different plans for providing all Montanans with access to health care. These two plans will also contain analyses of several strategies for health care cost containment. In addition, the Authority will also play an active role in monitoring and attempting to influence the national debate on health care reform, particularly as it affects rural states, in order to maintain a significant role for the state in both the design and management of national health care reform in Montana.

PROGRAM STAFF

The Authority will achieve its goals during the next 18 months with a small core staff consisting of five full-time FTEs. This effort to minimize bureaucracy will require greater emphasis on using contract services, with several consultants expected to carry out various portions of the work plan.

REGIONAL BOARDS

The Authority is required to appoint members to five regional health planning boards, with each county having at least one representative. The Authority expects these regional boards to play a key role in generating grass roots opinion on health care reform and in providing advice and counsel on developing and implementing a reform plan.

DOING IT RIGHT

The ambitious time lines in SB 285 require the Authority to complete numerous tasks before October 1, 1994, when the statewide plans are to be submitted to the Legislature. The Authority will submit two financing plans for consideration: a single payer and a multiple payer approach. However, should the research, public hearings and actuarial analysis and

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findings suggest that yet another alternative merits attention, the Authority will not hesitate to consider it.

KEY DATES

Recruit staff and select consultants	12-31-93
Select regional board members	12-17-93
Develop Montana problem statement	1-21-94
Hold town meetings on problem statement	2-11 thru 3-15-94
Regional boards complete regional health resource plans	4-1-94
Conduct public hearings on regional plans	5-1 thru 7-1-94
Complete draft of statewide universal access plans	5-1-94
Complete unified data base design	7-1-94
Conduct town meetings, and public hearings on statewide plans	7-15 thru 9-1-94
Submit final statewide plans to legislature	10-1-94
Complete final actuarial estimate	11-1-94
Complete certificate of need study	12-1-94
Complete draft of long-term care study	5-1-96
Complete draft of prescription drug study	8-1-96
Submit prescription drug study to legislature	12-15-96
Submit long-term care study to legislature	1-1-97

BUDGET

The 1993 legislature appropriated $1.5 million for the Authority to complete its very ambitious work plan during the current biennium. Recognizing the State's difficult financial situation, the board has agreed to a reduction of $150,000, believing that it can sustain such a cut and still complete its mandated tasks. Any additional reductions, however, will severely impede the Authority's ability to complete its duties within the time frames established by SB 285.

FOR FURTHER INFORMATION

For further information about the Authority and its operations, please contact:

Montana Health Care Authority
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Helena, MT 59620
406 • 443-3390

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AUTHORITY MEMBERS	Dorothy Bradley, Chair Water Program Administrator Bozeman
	Lloyd (Sonny) Lockrem, Jr., Vice Chair Insurance Trust Manager Billings
	John Molloy, M.D. Physician Great Falls
	Maggie Newman Insurance Agent Ronan
	Donald J. Rush Hospital Administrator Sidney
EX-OFFICIO MEMBERS	Joseph P. Mazurek Attorney General
	Mark O'Keefe State Auditor/Insurance Commissioner
	Peter S. Blouke, Director Dept. of Social and Rehabilitation Services
	Robert J. Robinson, Director Dept. of Health & Environmenal Sciences
STAFF	Sam Hubbard Executive Director