

KHPA Purchaser Advisory Council Meeting  
June 28, 2007, LSOB 9th Floor Conf Rm, Topeka KS  
Minutes- Final

**KHPA Purchaser Advisory Council Members Present:**

- Jane Chandler Holt – Chair
- Brad Clothier – Todd Kasitz (substitute)
- Andrew Corbin – Fred Palenski (substitute)
- Ken Daniel
- Bob Finuf
- Tresia Franklin
- Valerie Keller
- David Knocke
- Jeff Levin
- John Naramore
- Linda Steinke
- Dr. Marla Tobin – Michael Williams (substitute)
- Keith Wisdom

**KHPA Purchaser Advisory Council Members Unable to Attend:**

- Bill Bruning
- Gregg LeMaster

**KHPA Staff Participants:**

- Dr. Marcia J. Nielsen, Executive Director
- Dr. Andrew Allison, Deputy Director
- Dr. Barb Langner, Consultant
- Janis DeBoer, Advisory Council Manager

**Welcome by Jane Chandler Holt, Purchaser Advisory Council Chair**

Chair Holt opened the meeting, welcomed members, the public, and KHPA staff. The agenda was reviewed along with handouts (packet information provided to Advisory Council members is available on the KHPA Advisory Council website). The objective of the meeting was to facilitate discussion on health reform policy questions assigned to the Advisory Councils by the KHPA Board. The KHPA Board met on June 19 and reviewed and approved a draft Health Reform Plan Roadmap. The “roadmap” includes six sections as follows: 1) Goals for the 19<sup>th</sup> KHPA Board meeting, 2) Kansas uninsured demographics, 3) Determine overarching health reform goals, 4) Review health reform priorities 2008-2012, 5) Consider health insurance reform designs, and 6) Plans to complete health reform grid/Assign policy questions to Advisory Councils: Draft questions. Dr. Marcia Nielsen reviewed sections one through five of the roadmap and Dr. Barb Langner facilitated open discussion specific to section six.

**Review of Draft Health Reform Plan Roadmap – Presented by Dr. Marcia Nielsen, Executive Director**

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Prior to reviewing the roadmap, Dr. Nielsen pointed the group to a handout that outlines the proposed agendas for the upcoming meetings and a Gantt chart that reflects a draft planning timeframe for health reform in Kansas. Dr. Nielsen framed three draft health reform “messages” for Council members and noted that the focus of this month’s meeting and the July and August meetings will be based on these three messages: 1) Providing and protecting affordable health insurance, 2) Paying for prevention and primary care, and 3) Promoting personal responsibility. Page one of the Gantt chart captures the current KHPA ongoing initiatives as reviewed and discussed at previous meetings, including the Medicaid reform Premium Assistance initiative. Page two of the Gantt chart captures reform in collaboration with other state agencies and reform as outlined in SB 11(which is the focus of the remaining Advisory Council meetings) and ties back to the roadmap.

Specific to the roadmap, Dr. Nielsen informed the group of the KHPA’s Board discussion on June 19<sup>th</sup>. Next, she reviewed section two of the roadmap which includes major points learned from studies conducted in Kansas on the uninsured. In addition, she recommended that the group read a Mercer study in the context of reviewing data and decision points necessary to model an insurance product. The Mercer report is an output of the Business Health Policy Committee which was created in 2000 by the Kansas legislature. Third, was a discussion on how to define “all” in Kansas when determining coverage goals. Does “universal coverage” imply 100% coverage of all legal Kansas residents, or can it be defined as 95% or 96% coverage? Next, the three messages as noted above were reiterated and a timeline for implementing health reform was reviewed (consistent with the Gantt chart), assuming enactment of related legislation in early 2008. Last, was a discussion on health insurance reform designs, which was the focus of this month’s meeting.

### **Open Discussion of Draft Health Reform Roadmap Section Six – Facilitated by Dr. Barb Langner**

Dr. Barb Langner led the discussion on section six of the roadmap which consists of fifteen policy questions assigned to the Advisory Councils by the KHPA Board.

#### **Benefits Package:**

- 1) What benefits are considered crucial in a health insurance plan (drug coverage, dental, mental, etc.)?**
- 2) Which benefits should be dropped if we need to for cost considerations?**

#### **Comments/Input/Feedback from members:**

- How much do mandated services attribute to costs? For health reform purposes, can mandated services be stripped out of the benefits packets discussion? (KHPA Response: Yes, for health reform discussion, mandated services can be disregarded.)
- The public pays for individuals without health insurance coverage now. Do we know the cost to the State? (KHPA Response: The Institute of Medicine has completed a cost estimate study.)
- Additional studies are available that capture the cost of uncompensated care.
- The benefit package needs to be affordable and have high value to consumers.
- The benefit package needs to be crafted around funding availability.
- Plan design can have built-in incentives (i.e., co-pays for clinics can be less than co-pays for hospital emergency rooms).
- Limitations can be placed on benefits.
- Preventive care; biggest bang for your buck.
- Benefit plans can be targeted for low income individuals and be cost effective and valued.
- Mercer study benefit package appears “rich.”
- Mandated services add to the cost.

Summary: The general consensus of the Purchaser Advisory Council members was support for affordable benefits packages that are valued by targeted consumers.
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#### **Small Business:**

- 3) Should we limit incentives to small businesses that have not previously offered coverage, or open it up to all small businesses?**
- 4) What are the most critical issues to small businesses in terms of providing health insurance?**

Comments/Input/Feedback from members:

- Need to quantify small businesses; 1 to 10 employees have the most difficulty with regard to offering coverage, 11 to 20 employees have some difficulty, and greater than 20 employees do not have as much difficulty. The small business target group needs to be less than 20 employees, as opposed to less than 50.
- Need to offer incentives to all small businesses.
- There are currently incentives available in Kansas; tax credits are available.
- Don't want to differentiate between those small businesses that have offered coverage and those that have not offered coverage.
- The goal would be to cover individuals; not penalize small businesses who have been providing coverage.
- Small businesses would love to get out of the business of offering health insurance coverage if their employees could get coverage elsewhere.
- A tax refundable tax credit is not responsive enough; the credit needs to be more immediate.
- Don't want to create an uneven playing field.

Summary: The general consensus of the Purchaser Advisory Council members was to align incentives to all small businesses regardless of whether they have previously offered coverage and to also align incentives to individuals in the target population; health reform should be designed to minimize subsidies to existing insured populations.

**Employer Responsibility:**

- 5) Should employers be required to contribute to achieve health for all? Which employers?**
- 6) Should very small employers be carved out and not required to participate?**

Comments/Input/Feedback from members:

- No employer mandates.

Summary: The general consensus of the Purchaser Advisory Council members was employer contributions should not be mandated to achieve health for all Kansans.

**Individual Responsibility:**

- 7) What constitutes an affordable plan?**
- 8) How much should the individual pay?**

Comments/Input/Feedback from members:

- Most individuals pay less for health care than they use.
- Need to review reports on health care spending relative to income.
- The amount of 8% - 12% seems too high (Response: copy of MarketWatch study published on June 4, 2007, was provided to the group, "Setting a Standard Of Affordability For Health Insurance Coverage.")

Summary: The general consensus of the Purchaser Advisory Council members was that additional information was needed prior to making a recommendation on individual responsibility with regard to how much an individual should pay for a health care plan and what constitutes an affordable health care plan.

**Health Insurance Connector:**

- 9) What are the pros and cons of a health insurance connector?**
- 10) Should the connector be voluntary or mandatory? For only small business or open to all interested businesses?**

#### Comments/Input/Feedback from members:

A health insurance connector/exchange was described as a mechanism that accepts employer contributions for health insurance coverage to their employees.

- Massachusetts universal coverage approach not working; flawed since it lets people out.
- A connector/exchange would create a large bureaucracy; don't break a system that is working. Focus on small businesses with less than 20 employees and incomes of less than 200% of FPL; incremental reform.
- What functions will it perform; what value does it add to the market.
- Insurers would have to accept all individuals coming into a connector due to the cafeteria 125 benefit; therefore, even with a voluntary connector a guaranteed issue system is created.
- Individuals have access to insurance now; why aren't they buying? (Response: for low income they are not buying because health insurance is not affordable.)
- Cafeteria 125 plans combined with a risk pool of some sort could create an "unconnector;" look at Missouri.
- Employers would not want to have additional burden as a result of a connector.

Summary: The general consensus of the Purchaser Advisory Council members was opposition to an insurance connector, regardless of whether it would be voluntary or mandatory.

#### Mandates:

**11) Should all Kansans be required to have health insurance?**

**12) Should all businesses be required to provide health insurance or pay some assessment?**

#### Comments/Input/Feedback from members:

- Yes, all Kansans should be required to have health insurance.
- Need mandate for risk selection management.
- Need "teeth" to get it done.
- Yes, but affordability is the issue.
- How do you practically implement a health insurance requirement?

Summary: The general consensus of the Purchaser Advisory Council members was support for an individual mandate, but concerns and reservations regarding the practicality of such a requirement.

#### Revenue Streams:

**13) What funding should be used to pay for health reform?**

**14) Should we create a "health assessment fee" on items like tobacco that adversely impact health? What other goods should be assessed?**

**15) What is an appropriate amount for the state to spend on health reform efforts?**

#### Comments/Input/Feedback from members:

- There were questions regarding the tobacco settlement.
- How would the additional revenue be spent? (KHPA response: Funding would be used to subsidize premiums and co-pays.)
- If there is an individual mandate should employers pay an assessment? (KHPA response: If there were an individual mandate without an employer contribution, employers may "leave the game" of providing health care coverage.) ERISA firms out of the equation.
- A member asked the group for a show of hands if there was support for a tobacco tax increase and directing the proceeds to fund the provision of health insurance for uninsured Kansans. (KHPA response: A direct email response to the KHPA, as opposed to a show of hands, was offered to the group.)

- Expansion of the Medicaid program should be on the table – issue is the richness of the benefit package.

Summary: A Purchaser Council member requested a survey be generated asking if there was support among Council members for an increase in the tobacco tax as a potential funding source for health reform. The survey triggered responses from 9 of 15 Council members. The general consensus of the Purchaser Council survey respondents was support for a tobacco tax if used as a dedicated and sustainable financing mechanism for health reform.

The group was provided an updated calendar of the upcoming KHPA Board meetings, Health for All Kansans Steering Committee meetings, Joint Oversight Committee meetings, and Council meetings. It was noted that the tentative October meeting has been deleted from the calendar. Also, Dr. Nielsen invited Council members to attend the November 1, 2007, Joint Oversight Committee meeting whereby Kansas-specific health reform options will be presented.

Dates of the remaining Purchaser Advisory Council meetings are as follows: July 18, August 8, and September 5.

### **Next Steps**

- The Advisory Council grid will be used to prioritize the issues that the council will consider for health reform, focusing first on health insurance reform options, as identified by SB 11 (June meeting).
- Other health reform options, such as those developed in collaboration with other agencies, will be considered subsequent to the health insurance reforms (July meeting).
- Advisory councils will begin to “fill in the grid,” identifying the advantages and disadvantages of various health reform options (August meeting).
- The KHPA Board and Health for All Kansans Steering Committee will then use the grid to inform their development of health reform options (August meetings).
- The development of health reform options will be iterative, in that the Board and Health for All Kansans steering committee will direct/provide feedback to the Advisory Councils as they consider reform options (September meetings).
- Independent consultants and KHPA staff will analyze various reform options in order to identify the economic costs (to consumers, to business, to state government, to federal government) as well as to identify the number of individuals who will get access to health care under each reform option (September meeting).
- The Joint Oversight Committee for the KHPA will be apprised/consulted on health reform options (September meeting).
- The KHPA Board will present the final health reform options to the legislature (KHPA Oversight Committee and legislative leadership) and Governor on November 1 2007.

### **Adjournment**

Next Meeting: Wednesday, July 18, 1:30 – 3:30 at the LSOB, 9<sup>th</sup> & Jackson, 9<sup>th</sup> floor, Conference rooms 9E/9F.