Legislature’s health coverage gap working group opens day-long meeting

The Idaho Legislature’s joint committee on alternatives for Idaho’s gap population – the 78,000 low-income Idahoans who currently qualify neither for Medicaid nor for subsidized health insurance through the state insurance exchange – is meeting all day today. As the meeting opened, Co-Chair Rep. Tom Loertscher, R-Iona, asked staffer Elizabeth Bowen for a rundown of public comments the panel has received since its last meeting.

Bowen reported that 216 public comments have been received via mail or email, including postcards. Of those, 17 called for Medicaid expansion through waivers. The largest group, 117, favored covering those in the gap, without calling for specific policies. Another 72 opposed Medicaid expansion, without proposing any alternative policy proposals.

The committee’s agenda today includes a half-hour presentation from the Idaho Freedom Foundation, which opposes Medicaid expansion; another half-hour presentation from the IFF’s medical adviser, Dr. John Livingston, on “a policy solution for the gap population;” a 45-minute presentation from the Close the Gap Coalition on “Idaho’s roadmap to healthcare coverage;” followed by an hour-long presentation from the Foundation for Government Accountability on “An overview of Obamacare’s Medicaid expansion and Idaho’s most vulnerable citizens.”

After an hour lunch break, the committee’s agenda for the afternoon includes a 15-minute presentation from the Consortium for Idahoans with Disabilities on “Medicaid expansion for Idahoans with disabilities in the insurance gap,” followed by public testimony; signups have been taken in advance. Committee discussion will follow.


Birnbaum to lawmakers: Encourage charity care rather than expanding Medicaid

Fred Birnbaum, vice president of the Idaho Freedom Foundation, told lawmakers this morning, “You’ve heard from other presenters that the data from other states is good, that Medicaid expansion has benefited them economically. But there’s a problem with that.” He noted that Medicaid expansion is funded 100 percent by the federal government for the initial period, then it phases down to a 90 percent to 10 percent federal-state match.
“We have no data yet where the state has to pay a portion of the expansion costs,” Birnbaum said. “We don’t have it because it hasn’t come to be.”

He warned of a “perfect storm,” saying costs could skyrocket, particularly if that match fell precipitously in the future, though the law says it would stay at 90-10. “Some people said we’re sending dollars to Washington, we should get them back – that’s true, we all pay taxes,” Birnbaum said. But, he said, “Medicaid expansion is all borrowed money … so current taxes aren’t covering current spending, so if you put more spending onto that deficit I don’t think you can say our taxes are paying for it, somebody’s will eventually.”

Birnbaum said his group also doesn’t like the idea of waivers, in which Idaho would seek permission from the federal government to tap expansion funds to design its own program for the gap population, departing from the standard Medicaid model. “The waiver doesn’t eliminate the issue of dependence on the federal government. … Waivers aren’t forever and they don’t resolve the issue of federal dependency,” he said.

“I’ll acknowledge at the opening that when you look at our solutions, that if you push the Medicaid expansion button it seems like a comprehensive solution, and what we’re offering is more piecemeal,” Birnbaum said. “Medicaid expansion is a comprehensive program, but if it’s not an economically sustainable solution it’s not a solution. What we’re proposing is a number of things that would encourage private charities that exist now.”

Sen. Steven Thayn, R-Emmett, said he fears the 78,000 figure could be low, and twice as many people could enroll, as happened in some other states. But Rep. John VanderWoude, R-Nampa, said, “We’re told that’s a solid number,” because Idaho has experience based on its state insurance exchange that backs up that much-studied estimate. Sen. Maryanne Jordan, D-Boise, questioned some of Birnbaum’s economic assumptions.

Sen. Marv Hagedorn, R-Meridian, noted Washington state’s experience; that state has expanded Medicaid, but still has charitable programs like those Birnbaum is promoting, and those programs still are struggling to meet needs. “I will concede that dealing with these issues are not easy,” Birnbaum responded. “That’s one of the reasons that we would suggest using transition money … from the state government.” He said Idaho could tap funds from its Catastrophic Health Care program or its Millenium Fund to transition members of the gap population to private charity care.

Birnbaum said his group’s charity-care proposals would target the chronically ill. “I think there’s nothing unreasonable about suggesting to young people that are able-bodied that you work and you pay for your insurance,” he told the lawmakers. “We want to encourage those that are able-bodied to work full time. I think that’s very important.”

Birnbaum said that while Medicaid expansion in other states has reduced the number of uninsured people, he doesn’t believe it has cut costs in the health care system.
IFF’s medical adviser says he opposes SHIP program, encourages people to volunteer at free clinics

Dr. John Livingston, a retired physician and surgeon who was appointed by Gov. Butch Otter to the Your Health Idaho insurance exchange board, is giving his part of the Idaho Freedom Foundation’s anti-Medicaid expansion pitch to the Legislature’s health coverage gap working group this morning. Livingston praised the exchange, saying it’s provided health insurance to 100,000 Idahoans and will soon be self-sustaining. “Our governor is to be congratulated for that effort,” he said.

Livingston said he’s changed his position on various health care issues in the past three years as a result of what he’s learned, coming to favor direct primary care as a result of working with Sen. Steven Thayn, R-Emmett; and supporting existing Community Health Clinics, as a result of working with Sen. Dan Schmidt, D-Moscow, Rep. John Rusche, D-Lewiston, and Stephen Weeg, the YHI board chairman, whom he thanked “for helping me come to that conclusion.”

But Livingston surprised lawmakers by saying he opposes the SHIP program, the Statewide Healthcare Innovation Plan, a major, grant-funded program spearheaded by the state Department of Health & Welfare that’s seeking to transform Idaho’s health care delivery and payment system. That approach is the same that’s being considered for a waiver program for an Idaho-designed gap coverage plan. The idea is to move away from the costly and inefficient fee-for-service model to a patient-centered medical home model, focused on value and better health outcomes for patients. Such a system would reward preventive care and management of chronic diseases, with the aim of driving down costs while keeping people healthier.

“I am absolutely 100 percent against the SHIP program,” Livingston told the panel. “The reason I’m against it is I see it as a command and control, top-down, vertically integrated system housed in the Department of Health & Welfare designed to control health care delivery for the state of Idaho.”

Livingston asked, “How can that possibly operate and cut costs more than the free-market system?”

Many lawmakers, including House Republicans who oppose outright Medicaid expansion, have just as fervently touted the SHIP program, and the need to transform Idaho’s health care system to make it more efficient and less costly.

Livingston said, “I believe that there are a proportion of patients in our state that need our help.” But he said it should just be the 15 to 20 percent of the gap population that “have chronic diseases that preclude them from being able to work,” saying, “That number is not 78,000 people.”
“If you truly want to participate in providing care to people on the margins, volunteer your services to free clinics – they’re all over the state,” Livingston said.

Livingston said, “We can utilize marketplace solutions.” Among those he said he’d favor: For physician assistants “to be given more ability to run their own clinics, and there may be a telemedicine component to this or something like that. But we need to get those people out in the field seeing patients.” He said the costs of Lasik and cosmetic surgeries, things patients generally must pay for in full themselves without the help of insurance, have dropped over the last 20 years. “That’s the marketplace,” he said.

**Surber: IFF claims ‘not maybe based in fact’**

Corey Surber, director of state advocacy for St. Alphonsus, is beginning this morning’s presentation to lawmakers from the Close the Gap Coalition, but first she took some time to address some of the claims already made to lawmakers this morning. “So far this morning, you have heard quite a bit to be afraid of, and I think we all recognize we still have a very serious problem ahead of us, that deserves a very well thought-out solution crafted by Idahoans for Idahoans,” she said. “A couple of claims that have been made earlier … I think are not maybe based in fact.”

Among them: She responded to Idaho Freedom Foundation Vice President Fred Birnbaum’s suggestion that the Close the Gap Coalition’s use of five-year estimates of savings for the state were “some sort of a game.” She said, “I will say that five-year cost estimates are the safest to use and the most accurate, and that is why we used them. However, the savings persist over the 10 years, and that data is available.”

She said there was a suggestion that the Medicaid gap consists largely of childless adults. In fact, she said, more than 60 percent have at least one child at home. And she noted “concern we might get stuck on the hook if the feds increase the match rate.” Several states have had provisions approved by federal authorities that say that “if the match rates increase, they can step away and not jeopardize the remainder of their Medicaid program.” Idaho is considering a similar provision. She also cited Birnbaum’s suggestion that expanding Medicaid risks increasing the federal debt. “The CBO does indicate that closing the gap would reduce the federal debt,” Surber said.

**Surber on coverage gap: ‘We know that there is a cost of doing nothing here’**
Cory Surber, representing the Close the Gap Coalition, told lawmakers, “It’s a very broad-based coalition of a couple hundred organizations, including health care providers, nonprofits, community advocacy groups who are in favor of a complete solution to the coverage gap.” She detailed the four years of study by two work groups appointed by Gov. Butch Otter, and their conclusion that Idaho needs to redesign its Medicaid program and tap federal Medicaid expansion funds to help it do so.

“We know that there is a cost of doing nothing here,” Surber said. “It’s costly in terms of lives. It is true that people delay seeking care, they avoid seeking care because they don’t have the access that they need, and people die unnecessarily as a result. We know that taxpayer dollars are being spent inefficiently, and that our federal tax dollars are going elsewhere and not being used for the benefit of Idaho’s citizens.”

After four years of study, she said, “We have a better understanding of what our gaps in delivery are. … We have gathered data and research. … And we have before us now the opportunity to put in place an Idaho solution that integrates with the SHIP model and yes, gets 1.6 mil Idahoans in a transformed system of care that is not bifurcated and inefficient.”

She added, “Charity care in Idaho is strong. We have a robust charity care system in our state. It’s not that it doesn’t exist today and doesn’t have the potential to grow. But it is at maximum capacity for the patients that we see. … It does not meet the needs of the gap population.”

**Heinze on SHIP: ‘We do what any business does: We do what we get paid for’**

Tim Heinze, CEO of Valley Family Health Care, discussed the SHIP program with lawmakers this morning, on behalf of the Close the Gap Coalition. “I don’t think that we’re advocating for more, more, more,” he said. “What we’re really trying to do is do something different. And that’s really what SHIP is about, and what practice transformation is about.”

Heinze, who formerly worked for Kaiser Permanente in California, the pioneering managed-care organization, noted that the United States spends far more than other countries on health care, but still, many patients don’t have access to care. “We obviously need to do something different than what we’re doing,” he said. “We’re talking about changing the way we deliver medicine.”

He said, “The costs are going up because as providers, we do what any business does: We do what we get paid for, and we don’t do what we don’t get paid for.”

People delay seeking care, including preventive care, often because they can’t afford it, he said; they can’t afford their medications, and sometimes they don’t seek care until they’re very sick, with tragic results. “We
spend significant time, energy and money trying to provide and arrange care that patients can afford,” Heinze said. “It’s not sustainable – we can’t do what we don’t get paid for.” That’s why health care transformation looks at “alternative payment methodologies, that pay based on quality and outcomes, and responsibility and accountability on the part of patients and on the part of providers.”

**Surber on closing the gap: ‘We stand to save $165 million dollars’**

Cory Surber of the Close the Gap Coalition said Idaho needs a comprehensive solution to its coverage gap, that builds in lessons learned from the SHIP project and begins to reduce health costs. The coalition is recommending a waiver program, with legislative protections included in it, that emphasizes primary care, but doesn’t stop there, including full coverage. Idaho would tap federal Medicaid expansion funds for the program. “You can see the breakdown in savings, but the punchline here is that we stand to save $165 million dollars,” she said, by bringing back the share of their federal taxes that Idahoans already have paid, and stopping paying at the state and county level for catastrophic and medical indigency programs that are “inefficient” and “not meeting the need.”

“We don’t believe that having a Band-Aid proposal that covers part of the group with a partial solution is going to cover our health coverage crisis,” Surber said. “We need a full solution that integrates with the delivery system reforms and the payment reforms that we have under way.”

Her group estimated that if Idaho follows its recommendation, it would see $524 million in county savings, new revenue and state savings, while investing $358 million in state funds. That comes to a net gain over five years of $165.5 million for the state.

**Overflow space available for those watching Medicaid expansion hearing**

Rep. Tom Loertscher, R-Iona, just announced that if people can’t find seats in the room where the Legislature’s working group on the state’s health coverage gap is meeting, WW 17 on the lower level of the state Capitol, there’s overflow space with an audio feed across the hall in room WW53. Loertscher is the House co-chair of the joint panel; he's presiding over today's meeting.
On Medicaid reimbursement rates and expansion…

As lawmakers questioned Cory Surber and Tim Heinze of the Close the Gap Coalition, Rep. John VanderWoude, R-Nampa, noted that before the national health care reform law passed, lawmakers frequently heard complaints from medical providers about the reimbursement rates under Medicaid. “If the reimbursement rate is non-profitable, why should we add 78,000 people to it?” he asked. Surber responded, “Medicaid payment rates change over time. ... We get less underpayment now than we got prior to Obamacare. Getting some underpayment is better than no payment, is one way I would respond.”

Hagedorn: Focus on ‘sideboards’ for Idaho model to address coverage gap

Sen. Marv Hagedorn, R-Meridian, the Senate co-chair of the Legislature’s working group studying the health coverage gap, warned that the panel should limit its focus. “We’re focused on Medicaid. And I don’t want to get us confused with just general insurance companies and how we’re going to change their lives,” he said. “Medicaid is state and federal insurance. And we’re trying to figure out how are we going to manage those dollars most efficiently in Idaho.”

Hagedorn suggested that the panel “focus on sideboards.” He said he’s no expert on federal waivers and the like, “But I do know what my constituents have told me that they don’t want to do. So I do think we’re much better off on focusing on: Where are we going to set our sideboards?” In “an Idaho model,” he said, the panel should delineate its sideboards, “then provide that model to the rest of the Legislature, see if they’re going to adjust those sideboards or whatever that might be ... see if we can get something we can hand to Health & Welfare.” He noted that there’ll be a new president come January, “and that’s going to also complicate. So I think we need to focus on what our sideboards are going to be to take care of this problem, and reinvent how we do Medicaid, and not get so far down in the weeds that we get ourselves lost.”

Pfister: ‘So-called gap population needs work, not welfare’
The final presentation to lawmakers on the health coverage gap working group today is another Idaho Freedom Foundation-backed presentation, from Gregg Pfister, legislative relations director for the Naples, Fla.-based Foundation for Government Accountability. He told the panel, “These people need work, not welfare. A full time minimum-wage job is enough to lift almost all of them out of poverty and into the category of individuals who qualify” for federal health insurance subsidies to help them buy insurance. He said by expanding Medicaid, “You are extending Medicaid to people that already have insurance … growing government and reducing your budgetary flexibility.”

Sen. Maryanne Jordan, D-Boise, questioned Pfister’s data, saying Idaho data shows its gap population mainly consists of uninsured working families, many with children. He said he’s citing national data.

“The solution to that would be the same solution that I mentioned earlier, it’s a good-paying job. … There are jobs out there and that’s the solution,” he said. “To move people onto this dependency … that’s not compassionate.”

Pfister said, “Medicaid expansion prioritizes able-bodied adults over its most vulnerable citizens. Its costs are uncontrollable. … It will help direct people with insurance onto Medicaid, and it puts the truly needy at risk.” He added, “The so-called gap population needs work, not welfare.”

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