

Louisiana Health Care Commission Meeting Minutes
Poydras Building Hearing Room
Baton Rouge, Louisiana
February 3, 2017

Members present: Jeff Albright, Dr. Katie Brittain, Dr. William Ferguson, Dr. John Fraiche, Lisa Gardner, Arnold Goldberg, Dr. Anthony Grieco, Linda Hawkins, Hedy Hebert, Randal Johnson, Dr. Jesse Lambert, Dr. Eva Lamendola, Jesse McCormick, Barbara Morvant, Andrew Muhl, John Overton, Katie Parnell, Clay Pinson, Dr. Anthony Recasner, Theresa Ray, Debra Rushing, Dr. James “Butch” Sonnier and Thomas Wright

Members absent: Robelyn Abadie, Diane Davidson, Dr. Rachel Durel, Lauren Gleason, Dr. Faye Grimsley, Korey Harvey, Rep. Mike Huval, Dr. Marlon Henderson, Jennifer McMahan, Dr. Rachel Moore, Ronnell Nolan, Daniel Paquin, Ed Parker, Chris Vidrine, Bryan Wagner, Senator Rick Ward

Staff present: Crystal M. Campbell and Julie Freeman

Chairman John Fraiche called the meeting to order at 9:08 a.m.

Dr. Fraiche asked for a motion to approve the minutes from the November 4, 2016 meeting. Arnold Goldberg moved to approve the minutes, Dr. Ferguson seconded the motion, and with no objections, the minutes were approved.

Roll call was conducted and a quorum was noted for the record.

Chairman Fraiche introduced new members, Dr. Katie Brittain, representing the Louisiana Physical Therapy Association; Mr. Randal Johnson, representing The Louisiana Physical Therapy Association and Dr. Anthony Recasner, representing The Agenda for Children.

Following the introduction of new members, he welcomed Mr. Mike Bertaut, Healthcare Economist and Exchange Coordinator for Blue Cross and Blue Shield of Louisiana (BCBS). Mr. Bertaut began with an overview of what has transpired on the individual health insurance market within the past five years and what steps have been taken in order to stabilize the individual health insurance market, improve the quality of the market, and make it more competitive in order to impede large rate increases that have occurred within the last few years. Mr. Bertaut stated that in 2010 BCBS ventured to determine whether health care costs in the individual market were driving increasing premiums more arduously than underwriting and regulation by conducting a nationwide survey by a group of actuaries. The objective was to distinguish state-to-state variations in

the amount of underwriting and regulations that existed in 2010 and how those factors affected the prices in the individual market. Prior to the Affordable Care Act and its pricing structure, lower age ratings affected the propensity for higher prices in markets located in New York, Albany, Denver and Philadelphia. Baton Rouge was a middle-of-the-road market that BCBS had the ability to price a starting product at a \$1,000 deductible PPO with 80/20 co-insurance, \$35 office co-pays at a maximum of \$2,000 or less in out-of-pocket costs. Unregulated markets in Lexington and Phoenix had extraordinarily inexpensive policies priced at \$190-\$200 per month. In the higher markets located in New York City, the policy prices ranged from \$800-\$900 per month. Mr. Bertaut noted that despite a population of 20 million in the state of New York, only approximately 70,000 people had an individual health insurance policy, in stark contrast to Baton Rouge's population of 200,000 in the individual market at one-fifth the size of New York.

In 2016, BCBS again conducted research on the aforementioned states and markets in an effort to determine what changes had occurred in the insurance market. According to Mr. Bertaut, the variation from the most expensive to the cheapest markets flattened considerably, with very minimum variation in the policy prices in Phoenix and Lexington, including the New York markets, as a result of the ACA standardizing/federalizing the marketplace. The states with the least regulation experienced the largest rate increases resulting in a marketplace of narrower network platforms operating on a higher cost sharing platform.

As a result of BCBS's nationwide participation in the ACA, Mr. Bertaut reported that Texas, Arizona, Illinois and New Mexico all sustained significant losses as a system at the tune of approximately two-and-a-half billion dollars. He further reported that from 2014-2015, Louisiana lost \$200 million dollars on individual products and BCBS yielded \$200 million dollars less in premiums and paid out in claims in the new individual marketplace in 2015. In 2014, Mr. Bertaut stated that nine percent of BCBS's membership was in Louisiana and in 2015, \$60 million dollars was lost on the individual market.

Mr. Bertaut emphasized the importance of transparency and presented BCBS's 2016 income statement illustrating how claims dollars were spent as a corporation and a not-for-profit plan. He stated the company received approximately \$3 billion dollars in risk premiums in 2015 for a fully insured group plan, spent 41 percent on hospitals and 27 percent of the money went to doctors and the services they order outside of their offices.

Additionally, he reported there to be 80 percent higher claims costs in 2014 with an ACA population:

- Twice as likely to be obese
- Twice as likely to suffer from substance abuse
- Two-and-a-half times likely to visit an emergency room
- Two-and-a-half times likely to suffer from Hepatitis C
- Three-and-a-half times likely to suffer from HIV
- 67% more likely to be diabetic
- 50% more likely to suffer from depression
- 50% more likely to visit an Urgent Care center

- 21% more likely to be hypertensive

He further stated the individual risk pool is out of balance reporting the average age of an insured to be 34 years old and the risk pool average age is 44 years old, 51 percent of the state is of the female population, and 57 percent of the risk pool is female. Moreover, he cited only 40 percent of insureds who purchase health insurance pay premiums to maintain twelve consecutive months of coverage resulting in a volatile population, in contrast to 47 percent of insureds on average prior to the ACA who maintained continuous insurance coverage with BCBS.

Mr. Bertaut also commented on the significance of BCBS's mission to stabilize the risk pool in Louisiana that had a significant lack of federal enforcement for qualifying events provided for special enrollment periods. Based on a current age rating program at 3:1, a 21-year-old individual pays 75 percent more for his health insurance than economically necessary in order to benefit a 64-year old individual who pays \$125 per month for health insurance.

Finally, he opined that repealing Obamacare in whole would be disruptive; guaranteed issued coverage should be maintained; elimination of the individual mandate would drive up costs; and elimination of the employer mandate would result in more people seeking individual coverage or Medicaid. And while reinsurance programs were designed to assist with costs, these programs did not materialize.

Click [here](#) to view Mr. Bertaut's power point presentation. You may also visit www.stratitalkela.com to hear Mr. Bertaut discuss the ACA, rate increases and more.

Chairman Fraiche then introduced Pranay Udutha, Senior Legislative Aide to Senator Bill Cassidy, who presented *A State Alternative to Obamacare*. Mr. Udutha underscored the importance of three core values moving forward into 2017:

1. Provide health care coverage to the uninsured;
2. If you like what you have you can keep it; and
3. Respect states' rights, giving states options to choose from and include states in the repeal and replacement process.

Mr. Udutha stated that under this framework, Congress enables the repeal and replacement of Obamacare by the states, and it's the states' choice to choose an alternative; opt for no credits or Medicaid expansion, or opt to stay in Obamacare. Implementation of the proposed alternative replacement plan would occur based on the following timeline:

- 2017- Congress passes Obamacare repeal with a 3-4 year phase out, replacing it with the state option;
- Mid-2018- State legislatures choose among options and how to enroll residents;
- 2019- 116th Congress is sworn in and states implement replacement of option of choice; and
- The President grants authority for states to choose to opt in to alternative at any time.

Additionally, states could choose to use tax credits, enrolling eligible Americans automatically with optional opt-out by individual, similar to the automatic Medicare enrollment at age 65. Under this framework, a 95 percent enrollment could be achieved, restoring stability and actuarial soundness to the insurance market through the law of big numbers.

Mr. Udutha further reported that funding would go directly to the patient, the states would have no state exchange, and could choose capital block grant funding or federal tax credit funding, but a federal or state tax credit would go to the patient to purchase the health coverage. Moreover, a Health Savings Account (HSA) would be established, funded by federal tax credits/state block grant, individual contributions and employer contributions. With an HSA, states could enroll with an opt-out; purchase other commercial insurance; and have a direct contract with a provider network and employer-sponsored health insurance.

Also, by lowering costs in equalizing tax treatment, average tax benefits could be derived, adjusted for age and geography as follows:

- \$2,500/person in average HSA proposed credits for Uninsured/ACA Coverage;
- \$7,567 in average government spending for Public Insurance (Medicare, Medicaid, etc); and
- \$1,900/person in average tax benefits for Employer Sponsored Insurance.

Finally, patients would be afforded portability, protection and price transparency with the following advantages:

- Patients could move between health insurance plans without penalty during open enrollment;
- Continuous coverage and protection for those with pre-existing conditions; and
- Providers would be required to publish cash price for services reimbursed from an HSA.

When questioned by Commissioner Donelon as to whether one plan might offer states more federal dollars than the other under Senator Cassidy's plan, Mr. Udutha stated that each state would receive the same amount of money.

Click [here](#) to see Mr. Udutha's presentation.

Chairman Fraiche then introduced speaker and commission member, Linda Hawkins, who presented on behalf of the League of Women Voters of Louisiana to discuss its position on the Affordable Care Act.

Ms. Hawkins began with the background of The League of Women Voters of the United States, a nonprofit, nonpartisan political organization that encourages informed and active participation in government to increase the understanding of major public policy issues, and

influence public policy through education and advocacy efforts. On a state and local level, the League's public policy position addresses voting rights, the election process, citizens' rights, natural resources, environment, representative government education, equal rights, fiscal and tax matters—all expanded and modified to other positions upon the organization's process of study and approval.

Ms. Hawkins stated that The League's health care policy position for both the United States and Louisiana are *not based on the ability of the patient to pay for services* but for a basic level of quality care at an affordable cost. She stated that quality health care is nationally financed, employer based or financed through general taxes. The League opposes a strictly private market-based financing model solely administered by the private sector and supports a combination of private and public or federal, state and healthcare resources, based on the urgency of the medical condition, patient life expectancy, expected outcome of treatment, cost of procedure, duration of care, quality of life and wishes of the patient/family.

Additionally, Ms. Hawkins informed the Commission that The League of Women Voters of Louisiana and United States supports the improvement of the Affordable Care Act and not repeal, with an adequate alternative plan in place. She reported that The League issued a letter on January 9, 2017 to Senators John Neely Kennedy and Bill Cassidy calling on them to act on behalf of the all constituents who would be adversely affected by the repeal including but not limited to the working poor or elderly, adding Louisiana ranked 49th in healthcare and to have the highest number of working poor.

Ms. Hawkins also emphasized in her presentation the harmful impact that the ACA repeal would have in Louisiana and cited economic and budget losses according to the Milken Institute School of Public Health and the Center on Budget & Policy Priorities. *Click [here](#) to view Ms. Hawkins' power point presentation.*

Finally, Ms. Crystal Campbell, Executive Director of LHCC, announced the Pharmaceutical and Healthcare Cost Workgroup is meeting approximately once a month, sometimes more, depending on everyone's schedule, and it is continuing to study and gather relevant data on several different cost factors across the board. She reported the workgroup began studying prescription drug costs gathering information in order to determine the pricing of drugs and reported at the last meeting the workgroup discussed transparency from a consumer perspective and from a physician perspective. Next, she stated the workgroup will study chronic disease management and costs associated with that as well as costs associated with preventative health. Ms. Campbell invited anyone to attend the workgroup meetings and announced the next meeting is scheduled for February 22 at 9:30 a.m.

Chairman Fraiche announced the next LHCC meeting would occur on May 5, 2017 and the 2017 Annual Health Care Conference is scheduled for September 28, 2017.

With no further business, Chairman Fraiche asked for a motion to adjourn the meeting. Dr. Ferguson moved to adjourn and Ms. Lisa Gardner seconded the motion. Hearing no objections, the meeting was adjourned at 11:00 a.m.

