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House Minority Caucus Proposal Calls for Creation of Health Policy Authority

*Several health access & improvement measures require
additional funding*

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As health care remains the top domestic issue for Missourians, proposals to address access and affordability will continue to be a focus in the 2008 Missouri legislature. In its 2007 session, the Legislature enacted MO HealthNet to replace the 40-year-old Medicaid program and in September Governor Matt Blunt proposed another new program called “*Insure Missouri*,” which requires legislative action to be fully implemented.

The House Minority Caucus recently released its health policy agenda. Following is a summary and analysis of this proposal.

House Minority Caucus 2008 Health Policy Agenda Summary

The House Minority Caucus’ 2008 health policy agenda, released November 5, 2007,¹ includes:

Restoration of the Medicaid cuts made in 2005

A plan to insure all children

Creation of a Health Policy Authority to streamline bureaucracy and better coordinate health care planning in Missouri

Emphasis on preventive health services to lower the number of Missourians who smoke
Prevention of obesity and promotion of better health in children and youth by increasing the required amount of physical activity in schools

¹ News release from the House Minority Caucus, November 5, 2007

While many health care needs are addressed in the House Minority Caucus agenda, funding mechanisms must be identified and secured in order to:

- Restore health care to all of the vulnerable populations who suffer hardship as a result of 2005 Medicaid cuts.
- Implement a plan to insure all children
- Streamline bureaucracy and centralize health care planning. Successful implementation will require discipline as well as resources to adequately fund a central Health Policy Authority.
- Make long- term investments that lead to better health outcomes particularly reducing smoking and obesity.

What is the cost of this health policy agenda?

The largest cost of the health policy agenda is the restoration of the 2005 cuts in MO HealthNet eligibility and services. The estimated cost is \$155.8 million in general revenue in the current fiscal year (ending June 30, 2008). This will generate an estimated \$265.3 million in matching federal funds.²

Additional funds will be needed if Medicaid cuts are to be restored in Fiscal Year 2009. In addition, the Missouri Budget Project estimates a large deficit in Fiscal Year 2010 and urges a bipartisan effort to secure adequate revenue to support increased access to health care services and prevention programs. Funding must also be available for other key services including education and other infrastructure needs that are critical to support the basic services that benefit all Missourians.

Following is a review of the components of the Minority Health Caucus Health Policy Agenda.

Restore 2005 Medicaid cuts

In 2005 Missouri made deeper cuts in Medicaid eligibility and services than any other state. (Tennessee cut more people numerically, but it insured individuals at higher income levels). The General Assembly and Governor chose these cuts over raising revenue to balance the state budget.

In 2007 the General Assembly approved SB577, which renamed Missouri's Medicaid program as MO HealthNet. Minor changes were included to ameliorate the 2005 cuts such as insuring some individuals with a disability who are able to work (Ticket to Work), and removing some barriers to children's participation in the State Children's Health Insurance Program (SCHIP). SB577 restored payment for durable medical equipment in law, and also restored dental and vision services "subject to appropriations". Unfortunately money was not appropriated in the budget for these services, nor to support some of the positive changes made to SCHIP eligibility.

² News release from the House Minority Caucus, November 5, 2007

In addition to the small changes made in SB577, the Governor recently proposed *Insure Missouri*, a plan which, if fully implemented, will insure adults with incomes up to 185% of the Federal Poverty Level.³ While there are some hurdles to its implementation, *Insure Missouri* would provide insurance for some of the parents/caregivers who lost their insurance as a result of the 2005 Medicaid cuts.

However, there are some groups who are not included in *Insure Missouri*. These include children, individuals with a temporary disability, and elderly and individuals with a disability who have to spend themselves deep into poverty to be eligible for MO HealthNet (Medicaid). Many services formerly provided by Medicaid were not restored in MO HealthNet, nor are these addressed in *Insure Missouri*.⁴ The Minority Caucus' agenda is to restore all the Medicaid cuts made in 2005. This is a positive proposal that will support the vulnerable individuals who will not benefit from the Governor's *Insure Missouri* proposal, even if it is fully implemented.

Establish a Pathway to Insure All Missouri Children

Establishing a pathway toward covering all children in Missouri is a second goal of the House Minority Caucus. The proposal does not flesh out what this pathway will be. Public sentiment is strong about the need to insure children. An October poll commissioned by the Kaiser Family Foundation, the Harvard School of Public Health and National Public Radio showed that 80% of those polled support expanding the State Children's Health Insurance Program (SCHIP).⁵

Missouri had been successful in decreasing the number of uninsured children prior to the 2005 changes to Medicaid and SCHIP. As indicated above, some of the barriers to eligibility were addressed in SB577. The scope of effort needed to achieve the goal of insuring all Missouri children depends in part on the federal reauthorization of the SCHIP program and the withdrawal of administrative rules enacted in August by the Department of Health and Human Services.⁶

The SCHIP reauthorization bill was vetoed by the President, and the House failed to over-ride his veto. Negotiations are in progress, but action is not expected until after a two week Thanksgiving Break.⁷

Health Policy Authority

According to the news release by the House Minority Caucus, the proposed Health Care Authority would consist of an 11-member board of health care professionals appointed by the Governor, subject to Senate approval. It is hoped that the Health Policy Authority (HPA) will streamline the work currently being undertaken by more than 30 boards and

³ More information about *Insure Missouri* is available on the Missouri Budget Project web site at www.mobudget.org and from the State at www.insuremissouri.org.

⁴ A full description of "restoration of Medicaid cuts" made since 2002 is available at www.mobudget.org in the Health Care section entitled, "Summary of SB581 Provisions".

⁵ More information on the poll is available at www.kff.org.

⁶ A brief on these changes is available at www.mobudget.org.

⁷ CQ Today, November 16, 2007

commissions, functioning as an “umbrella agency for comprehensive health care policy.” An office of Inspector General, which would be a watchdog for corporate abuse and would ensure efficient allocation of health care resources, would be established under the authority.

While few details are available at this time, the Health Care Authority was modeled on similar authorities in Kansas, Oklahoma and Texas⁸. Following are key facts about Kansas, Oklahoma and the proposed Missouri authority.

	Kansas Health Policy Authority⁹	Oklahoma Health Care Authority¹⁰	Missouri Health Policy Authority¹¹
When was this created?	July 1, 2005, through legislation	Created in 1995 as the single state Medicaid agency	TBD
What are the Authority’s primary responsibilities?	Coordinate a statewide health policy agenda that incorporates effective purchasing and administration with health promotion strategies.	Control the cost of state-purchased health care while assuring that it meets acceptable standards of care and that the citizens who rely on State-purchased health care are served in a progressive and positive system	To be an umbrella state agency for comprehensive health care planning and provide a systematic approach toward providing access to health care for all Missourians.
Who are the Board members of the Authority?	The KHPA has a 9-member board that includes health care, business and community leaders who are appointed by the Governor and Legislature. There are also 6 ex officio members from the state agencies	The OHCA Board has 7 members. Two are appointed by the president pro tem of the Senate, 2 by the Speaker of the House, and 3 by the Governor. Two of the 3 Governor’s appointees must be consumers	The MHPA would have an 11 member Board that includes health care professionals as well as at least one consumer and one consumer advocate. The members will be appointed by the Governor, subject to Senate approval

⁸ Information about these state authorities is available at www.khpa.ks.gov. and www.okhca.org. No information was available on the State of Texas’ web site.

⁹ ibid

¹⁰ ibid

¹¹ Phone conversation with Representative Judy Baker, 11/8/07.

<p>Are there Advisory bodies?</p>	<p>The KHPA has 4 Councils: Consumer Advisory Council Purchaser Advisory Council Provider Advisory Council At-large Advisory Council</p>	<p>Drug Utilization Board Medical Advisory Committee Perinatal Task Force (focuses on issues that affect women’s health) A Joint Legislative Oversight Committee</p>	<p>There will be advisory committees, but these are not fully defined at this time.</p>
<p>What kinds of policy does the authority oversee?</p>	<p>All public health insurance and the state Employee Benefits plan. A premium assistance plan for families with incomes 37% to 100% of FPL is being phased in over 4 years. The state either pays the premium for parents to competitively bid state-procured health plans (similar to what MO pays to managed care plans in MO HealthNet), or by paying the premium for employer-sponsored insurance.</p>	<p>All public health insurance. A premium assistance program, Insure Oklahoma, is offered to families with income up to 18%% of FPL. It includes 2 components: 1) an employee-sponsored program in which the state pays approximately 60% of the cost; and 2) an individual plan for workers who are unemployed or do not have access to employer sponsored insurance</p>	<p>All public health insurance, the State Employee Benefits Plan, any premium assistance programs that might be developed, and an insurance “connector”, if it is created.¹² The Authority will use data to evaluate options being used in Missouri, as well as in other states, and implement what best fits Missouri’s needs, with the goal of assuring that everyone has access to affordable health care.¹³</p>

¹² The “connector” is the concept Massachusetts developed to provide information about and access to insurance for businesses and individuals.

¹³ Phone conversation with Representative Judy Baker, 11/8/07.

The HPA proposes adding a number of new positions or entities, all of which would be managed by the HPA.

- 1) An Office of Inspector General to investigate provider fraud. In SB577, the legislature failed to enact a state false claims act that is at least as effective as the federal false claims act. There was bipartisan support on the federal level to encourage states to enact strong false claims acts, and this provision was included in the Deficit Reduction Act of 2006. Had Missouri done this, it would have allowed the state to retain an additional 10% of the money that is recovered from fraud. The Missouri Budget Project supports stronger efforts to identify and prosecute provider fraud. While this Office, as it is currently conceptualized, does not sufficiently strengthen Missouri's false claims act, it could be a step in the right direction.
- 2) A Chief Health Officer or Missouri Surgeon General. Responsibilities would include advising the HPA and the Director of the Department of Health and Senior Services, serving as Chair of the State Board of Health, creating an Internet web site to promote healthy lifestyles of all Missourians, providing health information and increasing health literacy. The CHO will also represent healthcare providers in the development of state health policy.¹⁴
- 3) Center for Healthcare Workforce Research. The center would be responsible for collecting and analyzing data regarding the healthcare workforce, access, adequacy, organization, cost and effectiveness of health care services.
- 4) Office of Healthcare Technology. The responsibility of this Office would be to develop the infrastructure to support an integrated electronic health information system. It would also oversee privacy and security concerns, including procedures to protect consumers.

The Missouri Budget Project believes the goals of the HPA are worthwhile. However, each of the newly created entities comes with a significant price tag. While the proposal suggests some ways to at least partially fund some of these, it will realistically need some additional state general revenue resources. If enacted, the proposal will be implemented at the same time that the state budget is likely to again be in major crisis (Fiscal Year 2010).

Its implementation will also require the dismantling a number of oversight committees, task forces and commissions, many of which were enacted in statute last year. If real streamlining isn't accomplished, this proposal could result in additional layers of bureaucracy. The Kansas HPA is fairly new and as yet untested. The scope of

¹⁴ This concept is based on HB 321, introduced by Representative Judy Baker in the 2007 session. The bill was introduced in January, but was not referred to a committee until the last day of the session. See <http://www.house.mo.gov/bills071/action/aHB321.htm>

Oklahoma's HPA is much narrower than the proposed Missouri HPA. Successful implementation in Missouri will require an immense amount of discipline and focus.

Lowering the number of Missourians who smoke

According to the Kaiser State Health Facts web site, Missouri lags behind most other states in lowering its number of smokers. The average percent of smokers in the United States was 20.6% in 2003. In Missouri, the rate was 23.4%, ranking Missouri 41st (1 is the best).¹⁵

Fewer Missourians attempted to quit smoking in 2005 than in other states.¹⁶ Missouri ranked 45th nationally, with only 49.5% of its smokers trying to quit. When the data for the fact sheet was compiled, Missouri was one of only eight states whose Medicaid insurance did not cover smoking cessation.¹⁷ Even though MO HealthNet is intended to emphasize wellness, it currently does not cover smoking cessation.¹⁸

The proposed health policy agenda would allow those who are insured through MO HealthNet to be eligible to participate in best practices and evidence-based interventions that promote smoking cessation. The estimated cost is \$4 to 6 million.¹⁹

Lowering obesity rates in children

Missouri has a large number of children who are overweight. In 2003 16% of Missouri children were overweight, ranking the state as 37th in the number of overweight children. (Number 1 has the fewest overweight children). This rate is twice as high as in the state with the fewest children who are overweight (Utah). The average rate in the United States was 15%.²⁰

A recent study indicates that obesity is taking a toll on children. From 2002 to 2005, the number of prescriptions taken for obesity-related illness by children and youth ages 5-19 has increased substantially. For example, prescriptions to lower cholesterol have increased by 15%, and prescriptions to treat Type 2 diabetes have increased by 103%.²¹

The Democrats' proposed health policy agenda seeks to combat the increasingly sedentary lifestyle of many children. Their plan requires 150 minutes of physical activity per week in grades K-8, and requires an additional physical education credit in high schools. High schools would also be required to work with students to develop a personal fitness plan, and assists students in setting and assessing personal fitness goals.

¹⁵ See Kaiser State Health Facts at www.statehealthfacts.org

¹⁶ *ibid*

¹⁷ *ibid*

¹⁸ MO HealthNet Division at <http://www.dss.mo.gov/mhd/general/pages/about.htm>. and phone conversation with eligibility specialist, 11/8/07

¹⁹ News release from the House Minority Caucus, November 5, 2007

²⁰ *ibid*

²¹ Study supported by Express Scripts, Inc., St. Louis Post Dispatch, 11/8/07

According to a report by the Surgeon General, nearly half of American youth ages 12 to 21 do not participate in physical activity on a regular basis.²² The amount of physical education and opportunities for physical activity provided by schools is decreasing.²³ By requiring more physical activity as part of the school day, it is hoped that children will be more likely to choose an active lifestyle as adults, as well as experience improved academic achievement. Studies such as the report released by the College of Sports Medicine in 2006 indicate that academic achievement is higher among children and youth who are most active.²⁴

The Missouri Budget Project is a statewide, nonprofit, nonpartisan fiscal analysis organization that informs the public on Missouri's budgetary and tax policy options...and their impact on low and middle income citizens. More information is available at www.mobudget.org

²² www.education.com/reference/article/Ref_Report_Surgeon/

²³ *ibid*

²⁴ "Academic achievement higher among most active kids." News release from the American College of Sports Medicine, 8/3/06, at www.acsm.org