



Children, Families, Health, and Human Services Interim Committee

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65th Montana Legislature

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MINUTES LOG HJR 20 Subcommittee January 17, 2018 Room 102, Capitol Building Helena, Montana

Please note: This document is a Minutes Log and provides a notation of the time elapsed between the beginning of the meeting and the time at which the item was presented or discussed, a motion was made, or a vote was taken. The narrative presented here is provided only as a guide to the audio or video record of the meeting. The official discussion, motion, or vote is available on the audio or video archive of this meeting. The Legislature does not prepare a transcript of meeting activities. The time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

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Please contact the Legislative Services Division at 406-444-3064 for more information.

SUBCOMMITTEE MEMBERS PRESENT

REP. KATHY KELKER
SEN. ALBERT OLSZEWSKI
SEN. ED BUTTREY
SEN. TOM FACEY

CHERIE TAYLOR, Northern Rockies Medical Center
SARAH SWANSON PARTRIDGE, Farm Equipment Sales, Inc.
CONNIE PREWITT, Billings Clinic
DR. ROMAN HENDRICKSON, Ruby Valley Medical Clinic
MARILYN BARTLETT, Department of Administration
KRIS HANSEN, State Auditor's Office
JEN HENSLEY, PacificSource Health Plans
OLIVIA RIUTTA, Montana Primary Care Association
JOHN G. HILL, Bozeman Health

COMMITTEE MEMBERS EXCUSED

BOB OLSEN, Montana Hospital Association
KEVIN LARSON, Employee Benefit Management Services, Inc.

STAFF PRESENT

SUE O'CONNELL, Lead Staff
FONG HOM, Secretary

VISITORS' LIST ([Attachment 1](#))

AGENDA ([Attachment 2](#))

COMMITTEE ACTIONS

The subcommittee continued its work on transparency in health care pricing by reviewing materials and hearing presentations on:

- the manner in which health care services are priced and reimbursed; and
- new models for reimbursing health care providers for the services they provide.

CALL TO ORDER AND ROLL CALL

00:00:09 Rep. Kelker called the meeting to order at 8:30 a.m. The secretary took roll. Bob Olsen and Kevin Larson were absent. Mr. Olsen joined the meeting in the afternoon. ([Attachment 3](#))

00:01:37 Rep. Kelker gave an overview of the meeting.

REMAINING MEETING TOPICS AND SCHEDULE

00:03:15 Rep. Kelker ([Exhibit 1](#))

Committee Questions

00:05:37 Sen. Facey asked about the meeting dates that were proposed for March, May, June, and August.

00:07:53 Rep. Kelker discussed the February 16 meeting date.

00:08:15 Sen. Facey asked about the last meeting date for the subcommittee.

00:08:20 Rep. Kelker said that the presentation would be done on May 14.

00:09:25 Josh Poulette, Legislative Fiscal Division, described his role with the study.

TOPIC TERMINOLOGY

00:10:21 Rep. Kelker discussed the Reimbursement and Pricing ([Exhibit 2](#)) and Model Costs Reduction Programs ([Exhibit 3](#)) terminology materials.

Subcommittee Questions and Comments

00:15:26 Marilyn Bartlett commented on keeping an eye on the consumer and on the payer.

00:18:45 Sen. Facey commented on Chapter 2 regarding consumer sovereignty.

00:20:28 Sen. Olszewski commented that the consumer could be the person who is the receiver of services or the person who pays for the services.

00:21:43 Connie Prewitt commented on the population of patients, reducing costs, and looking at the quality initiatives.

00:24:30 Ms. Bartlett discussed reference-based pricing and the medical Consumer Price Index (CPI).

00:27:03 Sen. Facey asked Ms. Bartlett if the Medicare rate was an honest reference point or an arbitrary number.

00:27:30 Ms. Bartlett said that Medicare was the best reference point because the rates are based for each facility.

00:28:17 Sen. Olszewski said that you have to understand what you have in your budget

and what you are spending in revenues and you have to try to balance that.

DISCUSSION OF PRE-MEETING READING MATERIALS

00:31:00 Josh Poulette discussed the book chapter entitled, "How Much Should We Spend on Medical Care?" (**Exhibit 4**)

Subcommittee Questions and Comments

00:34:33 Jen Hensley commented that consumers are in charge of their care.

00:35:47 Dr. Hendrickson commented on social services that are not funded but contribute to health problems and deficit in life expectancy.

00:37:05 John Hill commented on combining social services and health care spending.

00:39:16 Dr. Hendrickson commented on medical care in a broader social context.

00:40:31 Sen. Olszewski commented on the consumer sovereignty issue.

00:42:41 Sen. Buttrey commented on the costs of providing care and the legal liability issues.

00:43:40 Mr. Poulette suggested that the U.S. still has a physician shortage based on an article that he read.

00:44:39 Sen. Buttrey said that it is important to realize that there is a training shortage for physicians in Montana.

00:45:30 Cherie Taylor noted that the consumer has choice and that patients will choose a pill alternative to fixing their health needs rather than opt for a healthy diet and lifestyle.

00:49:36 Mr. Poulette discussed the Singapore Healthcare article (**Exhibit 5**) and an American Journal of Public Health editorial on "A Way Forward for Bipartisan Health Reform? Democrat and Republican State Legislator Priorities for the Goals of Health Policy" (**Exhibit 6**).

Subcommittee Questions and Comment

00:53:10 Rep. Kelker commented on the Singapore Healthcare article and referred the subcommittee to Governor Bullock's Montana Health Care Innovation Plan (**Exhibit 7**) and said that the document will be discussed at a later time.

00:55:54 Ms. Prewitt said Billings Clinic spends time getting patients to the right location and having the right service at that location.

00:58:07 Sarah Swanson Partridge commented about express care that is not available in the rural areas of Montana.

00:59:59 Olivia Riutta commented on health insurance literacy.

01:01:39 Ms. Taylor commented on express care being the hospital emergency room in rural areas.

01:04:55 Sen. Buttrey asked how the behavior of consumers can be changed if there is no financial incentive or disincentive for the choices they make.

01:06:32 Dr. Hendrickson said that the fee-for-service system is transitioning to payment for outcome.

01:09:04 Rep. Kelker asked the subcommittee to read the article that demonstrates that other countries are able to deal with this issue.

01:09:56 **BREAK** (reconvened at 9:46 a.m.)

INTRODUCTION TO REIMBURSEMENT AND PRICING - Steve Loveless, President SCL Health

01:17:40 Steve Loveless gave a presentation on Price Transparency. **(Exhibit 8)**

Subcommittee Questions of Mr. Loveless

01:49:00 Ms. Hensley asked why an independent contractor hospitalist would exist over an employee hospitalist and vice versa.

01:50:40 Sen. Buttrey asked about any controls put in place that would ensure that the cost of the items Mr. Loveless listed won't be shifted on to items that aren't publicly listed.

01:53:24 Sen. Facey asked if there was any legislation that Mr. Loveless would like in order to help his organization.

01:56:14 **BREAK** (reconvened at 10:38 a.m.)

HEALTH CARE REIMBURSEMENT AND PRICING

02:09:31 Rep. Kelker introduced the panel.

Panel Discussion

Kirk Bodlovic, Regional Chief Financial Officer, Providence Health & Services

Jesse Laslovich, Vice President, Network Development, St. James Healthcare

John Church, Health Care Consultant (via phone)

Mary Dalton, former State Medicaid Director

02:10:43 John Church

02:12:18 Kirk Bodlovic

02:13:16 Jesse Laslovich

02:14:12 Mary Dalton

Questions to the Panel regarding Reimbursement and Pricing (Exhibit 9)

02:14:47 Rep. Kelker asked about payer mix.

02:15:05 Mr. Bodlovic

02:17:36 Mr. Laslovich

02:18:35 Rep. Kelker asked Ms. Dalton how the Medicaid program has evolved in the 31 years that she worked in the Department of Public Health and Human Services.

02:21:51 Rep. Kelker asked Mr. Church what he has seen in the federally funded clinics in terms of payer mix.

02:24:05 Rep. Kelker asked Mr. Church about the federal requirements in terms of payer mix.

02:25:06 Rep. Kelker asked Mr. Church if the reimbursements that he gets from government programs and commercial programs actually cover the costs of the services that are provided.

02:28:51 Rep. Kelker asked Mr. Laslovich about reimbursement rates at St. James Healthcare.

02:29:54 Rep. Kelker asked Mr. Laslovich to comment on the price that self-payers are charged.

02:30:20 Rep. Kelker asked Mr. Bodlovic about the costs of self-payers in his

organization.

02:31:43 Rep. Kelker asked Ms. Dalton if she had an opportunity to interact with the adults who were on Medicaid.

02:36:36 Rep Kelker asked Mr. Church to discuss the reimbursement rates for the clinics that he researched. Did they break even because they have the federal offset or did they struggle with reimbursement?

02:38:57 Rep. Kelker asked Mr. Laslovich about the effects that the reimbursement rates had on patients at St. James.

02:41:50 Rep. Kelker asked Mr. Bodlovic what his situation was in the case of bargaining.

02:44:22 Rep. Kelker asked Mr. Church if federal clinics are able to bargain with insurance companies.

02:45:25 Rep. Kelker asked Ms. Dalton about the reimbursement rates for Medicaid.

02:51:15 Rep. Kelker asked about the government presence that might affect insurance premiums on the commercial market and how it affects the reimbursement rates that private insurers might give.

02:52:18 Mr. Laslovich

02:55:37 Mr. Bodlovic

02:57:32 Mr. Church

Subcommittee Questions of the Panelists

03:03:24 Sen. Olszewski asked Mr. Bodlovic and Mr. Laslovich whether they were including Medicaid bed tax revenues and related matching funds in the figures they provided.

03:04:16 Mr. Bodlovic

03:05:08 Mr. Laslovich

03:05:28 Mr. Bodlovic

03:05:41 Sen. Facey asked Mr. Church about possible legislation to address the issue further.

03:08:02 Sen. Facey asked if the federal government goes to a block grant type of program for Medicare and Medicaid, would that immediately alleviate the situation?

03:08:55 Ms. Dalton

03:11:50 Mr. Church

03:12:16 Ms. Dalton

03:13:03 Ms. Taylor asked Mr. Church about the state of California putting the chagemasters in public viewing and how it has affected the cost structure of medical care in California.

03:15:29 Sen. Olszewski asked Mr. Church about a government-directed health care system that is required to live on a fixed budget and whether services will be limited because of the fixed budget.

03:22:52 Sen. Buttrey asked Mr. Church if California provides any incentive or disincentive for people to use the data that is collected or any incentives or disincentives for the people using the emergency room instead of getting preventive care.

PUBLIC COMMENT

03:28:04 Pamela Refling, Bozeman, said consumers need better information to make educated decisions.

03:31:11 Gary Lusin, Bozeman, recommended that the subcommittee read, *"An American*

Sickness", and commented that transparency is truth.

LUNCH (reconvened at 1:02 p.m.)

MODEL COST REDUCTION PROGRAMS

Panel Discussion

Pam Palagi, Vice President of Finance, St. James Healthcare, Butte
Dr. Monica Berner, President, Blue Cross Blue Shield of Montana
Scott Malloy, Senior Program Officer, Montana Healthcare Foundation
Todd Lovshin, Vice President/Montana Regional Director, PacificSource Health Plans

04:34:27 Todd Lovshin
04:36:15 Scott Malloy
04:36:57 Dr. Monica Berner
04:38:58 Pam Palagi

Questions to the Panel regarding Model Cost Reduction Programs (Exhibit 10)

04:39:58 Rep. Kelker asked Mr. Malloy about some cost effective and high quality clinical delivery models in health care.
04:43:45 Rep. Keller asked Dr. Berner about the delivery of care while looking at a whole system of insurance.
04:48:44 Rep. Kelker asked Ms. Palagi what she sees in her world that is creative and forward thinking.
04:50:33 Rep. Kelker said that there have been concerns raised about hospitals monopolizing health care and whether that limits a patient's choice because the hospitals are connected to a larger system.
04:51:05 Ms. Palagi
04:51:25 Mr. Lovshin
04:57:21 Rep. Kelker asked whether there are ways to link the primary care physicians with specialists and do it in a way that is useful across Montana.
04:58:26 Dr. Berner
05:02:57 Mr. Malloy
05:05:36 Mr. Lovshin
05:07:57 Ms. Palagi

Bob Olsen arrived at the meeting at 1:29 p.m.

05:08:47 Rep. Kelker asked about critical access hospitals, clinics, private doctors, and larger hospitals in larger communities working together.
05:09:19 Mr. Lovshin
05:11:34 Dr. Berner
05:15:04 Rep. Kelker asked about ways of handling chronic illness that may help with the costs as well as the quality of care for people who have these chronic problems.
05:16:55 Ms. Palagi
05:17:51 Mr. Malloy
05:19:53 Mr. Lovshin

05:23:00 Rep. Kelker asked about education for health care providers who are not physicians, nurses, or physician assistants.
05:23:52 Mr. Lovshin
05:27:16 Mr. Malloy
05:28:40 Dr. Berner
05:31:34 Ms. Palagi
05:33:25 Rep. Kelker asked about the TV advertisements for medications and whether the panelists find that patients expect the medications to be prescribed.
05:34:54 Mr. Lovshin
05:36:01 Dr. Berner
05:38:46 Ms. Palagi

Subcommittee Questions and Comments

05:40:00 Dr. Hendrickson noted that the original charge of the study bill that was to look at transparency, competition and choosing the most cost-effective approach.
05:43:36 Ms. Bartlett discussed two key points: one, getting the data to the right person at the right time to be able to make the decisions; and two, pharmacy pricing.
05:46:09 Ms. Taylor asked the panelists to comment about the possibility of Montana reducing the costs of medical care.
05:47:19 Mr. Lovshin
05:48:58 Mr. Malloy
05:50:06 Dr. Berner
05:51:56 Ms. Palagi
05:52:57 Sen. Facey asked Dr. Berner how the state would address drug price transparency.
05:55:18 Bob Olsen asked Mr. Lovshin about the Community Care Organization model in Oregon.

PUBLIC COMMENT

06:00:37 Pamela Refling, Bozeman ([Exhibit 11](#))

BREAK (reconvened at 2:55 p.m.)

SUBCOMMITTEE DISCUSSION: KEY POINTS TO SHARE WITH INTERIM COMMITTEE

06:25:46 Sen. Facey discussed what the state insurance plan can do and what the Legislature can require them to do, what the Legislature can control and what is appropriate, and the Department of Public Health and Human Services finding ways to be transparent and increasing savings with Medicaid.
06:28:24 Ms. Swanson Partridge said that transparency of health care costs should include travel and other related costs and that looking at additional reimbursements for other members of the care team may be a worthwhile idea.
06:32:30 Ms. Taylor commented on getting transparency at the primary care level.
06:34:46 Ms. Bartlett commented on the balance of cost and care and that chronic conditions are the highest cost drivers.
06:37:38 Ms. Hensley commented on the health care costs related to social issues and noted that many innovations underway in health care were not mandated by the Legislature.
06:41:49 Sen. Olszewski commented on the state's role in transparency efforts and on the

need for uniform data.

06:47:21 Rep. Kelker reminded the subcommittee that there is already a database effort by the Montana Medical Association and others on health care information.

06:48:07 Sen. Buttrey spoke to the importance of pursuing transparency in pricing and finding a way to give people incentives and the importance of medical providers having access to price transparency so they can make the best financial and medical choices for their patients.

06:51:09 Ms. Riutta commented on the models on managing chronic care, the need for community health workers, and the need to help people understand their health care with the price transparency.

06:54:20 Dr. Hendrickson spoke about the need for transparency of quality of care.

06:57:07 Ms. Prewitt discussed the Comprehensive Primary Care Plus program.

06:58:50 Mr. Hill commented on the collaboration between the payers and the providers that often go unnoticed. He also commented on the need to listen to the consumer voice when working on delivery models.

PREVIEW OF NEXT MEETING

07:04:25 Rep. Kelker said the next meeting will include a panel discussion of consumer needs in price information, a demonstration of two existing transparency tools, a presentation on the Montana Health Information Exchange, and a review of the formats of medical bills. The next meeting will be February 16, 2018.

ADJOURNMENT

07:06:37 With no further business before the subcommittee, Rep. Kelker adjourned the meeting at 3:36 p.m.