

**MINUTES OF THE
PRIVATELY OWNED HEALTH CARE ORGANIZATION TASK FORCE**
Thursday, May 26, 2005 – 9:00 a.m. – Room W125 House Building

Members Present:

Sen. Michael G. Waddoups, Senate Chair
Rep. David Clark, House Chair
Sen. Gene Davis
Sen. John W. "Bill" Hickman
Sen. Peter C. Knudson
Sen. Mark B. Madsen
Sen. Ed Mayne
Rep. Jackie Biskupski
Rep. Stephen D. Clark
Speaker Greg J. Curtis

Rep. Brad L. Dee
Rep. James A. Dunnigan
Rep. Patricia W. Jones
Rep. Bradley G. Last
Rep. Rebecca D. Lockhart

Staff Present:

Ms. Constance C. Steffen, Policy Analyst
Ms. Catherine J. Dupont, Associate General Counsel
Ms. Patricia Owen, Associate General Counsel
Ms. Joy L. Miller, Legislative Secretary

Note: A list of others present and a copy of related materials can be found at www.le.utah.gov or by contacting the task force secretary, Joy Miller, at 538-1032. A recording of the meeting may also be available from the task force secretary.

1. Committee Business

Chair Waddoups called the meeting to order at 9:05 a.m. Members of the Task Force and staff introduced themselves.

Chair Waddoups discussed the background and purpose of S.B. 61, "Privately Owned Health Care Organization Task Force." He reviewed the issues outlined in the legislation that the Task Force is authorized to study.

Rep. D. Clark stated one of the fundamental decisions the Task Force needs to make is whether health care is a right or a privilege.

Ms. Dupont discussed the MOU (Memorandum of Understanding) between IHC (Intermountain Health Care) and the Utah Legislature. Through the MOU, IHC agreed to give the Task Force access to its documents, information, business practices, and policies.

Ms. Owen pointed out that once the documents are in the possession of a governmental entity, it becomes a record for purposes of GRAMA (Government Records Access and Management Act). Therefore, it is important for IHC to indicate which documents are proprietary in order for them to be properly classified for purposes of access by others.

2. Organization of Intermountain Health Care

Mr. Merrill Gappmayer, Chairman of the Board, IHC, said IHC's mission is to serve the community by providing excellent health care that is affordable and available to diverse segments of the community. IHC is a nonprofit entity, and the motivation of its trustees is driven by public interest, not personal gain. He noted that IHC is a nationally respected and recognized health care leader.

Mr. Bill Nelson, CEO, IHC, explained that IHC is a 501(c)(3) tax exempt organization governed by

unpaid volunteer trustees. IHC employs 460 physicians and has 460,000 enrollees in its health plans. Integrating financing and delivery systems in health care enables them to improve medical outcomes and reduce the cost of health care. He noted that in 2004, IHC provided over \$67 million of charity care.

Mr. Doug Hammer, Vice President of Legal Affairs, IHC, distributed "IHC Briefing Book" to the task force members. He reviewed the organization, governance, mission, and charity policy of IHC. He pointed out that IHC hospitals meet all requirements for property tax exemption under the State Tax Commission standards for nonprofit hospitals.

3. Study Priorities

Dr. Stewart E. Barlow, President, Utah Medical Association, distributed a copy of his comments to the Task Force. He asked that, among other issues, the Task Force look into the ability of qualified physicians to have adequate access to patients and the ability of patients to have adequate access to qualified physicians and the additional cost, if any, associated with giving patients greater choice.

Mr. Dave Gessal, UHA (Utah Hospital Association), distributed an outline of his comments, "A Community Vision for the Future of Healthcare in Utah," "UHA, Utah Hospitals & Health Systems Association," and an excerpt from UPDATE, April 2005 issue. He discussed the following issues: Medicaid funding, niche providers and specialty hospitals, medical liability reform, the undocumented population, and healthcare workforce shortages.

Mr. Kent Michie, Department of Insurance, distributed "The IHC Factor in Utah," "I Have a Dream," and a copy of Deseret News article, "Group tries to put health care at top of U.S. agenda." He pointed out that IHC has a dominance in the marketplace, and there is a recurring perception of monopolistic and heavy-handed collection practices. He noted that multiple tax exemptions create a substantial tax subsidy.

Mr. Jack Towsley, MountainStar Health Care, said in 2004 they paid \$25 million in taxes. They also incurred \$41 million in uncollected funds for the same year. He stated the main question the Task Force should address is whether the size of IHC relative to other competitors produces benefit or harm to the public's interest and to fair and effective competition.

Mr. Tom Dickenson, Central Utah Clinic, commented that IHC creates dependence on its resources to meet the health care needs of the community. Attempts of other physicians to fill the unmet needs are labeled as competitors seeking gains. IHC health plans will not allow its patients to obtain services from other facilities even if they better meet the needs of the patients.

Ms. Jennifer Cannaday, Regence Blue Cross/Blue Shield, said achieving cost and quality benefits is not exclusive to vertically integrated systems. She questioned whether a vertically integrated system of significant size should be allowed to require exclusive contracts for the best price to their hospitals or limit access altogether. The Legislature is able to serve as an enabler of solutions and innovations.

Mr. LaMar Culmer, RespiCare Corporation, distributed "History of RespiCare Corp.," "RespiCare Corp. Gross Income," and "IHC Patient Choice Form." He recommended that all patients who are to receive

home care be given a choice of who provides that care. If undecided, they should be referred to one of the local willing provider home care companies using a rotating system.

A copy of comments from Kim Wirthlin, Vice President for Government Relations, University of Utah, was distributed to the Task Force. Also distributed was "One Step Toward Addressing Physician Shortage in Utah: Prohibiting 'Noncompetition' Provisions" from Janet Jensen, Stavros & Jensen. Ms. Jensen and Ms. Wirthlin were unable to attend the meeting.

Mr. Rob Schwartz, Managing Director, Strategic Resources, said the health care system in the country is broken. He distributed "The great state health-care giveaway." He recommended the Task Force invite outside experts to take a hard look at the health care system in Utah focusing on choice and competition.

Mr. Steve Burrows, Burrows Consulting, distributed a written copy of his comments and outlined some guiding principles for the Task Force to follow. Structure and business practices are two of the main issues on which the Task Force should focus. He requested that those most affected be asked for their input and recommendations and that the Task Force study what other states have done.

Ms. Brenda Pierce, Managed Care Consultant, observed that in an integrated system, the delivery service could remain nonprofit. Other for-profit services could be provided by a nonprofit entity without receiving the tax exempt status.

Mr. Jay Broadbent, Alpine Home Medical, expressed concern with IHC home health care. He said a physician had made an oxygen referral to his company for a particular patient. When the patient arrived home, IHC was there, even though the patient did not request them.

Mr. Tom Bradley, Petersen Medical, indicated that he would like the Task Force to address unfair competitive advantages IHC exercises during its discharge procedures. He commented that they want to be able to compete fairly with IHC.

4. Future Meeting Schedule

The Task Force did not discuss this item.

5. Other Items / Adjourn

Chair Waddoups adjourned the meeting at 1:50 p.m.