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December 29, 2016

The Honorable Representative Kevin McCarthy
Majority Leader, United States House of Representatives
2421 Rayburn House Office Building
Washington, DC 20515

Recommendations for Healthcare Reform

Congressman McCarthy,

We express our appreciation for your December 2, 2016, letter seeking state input on healthcare reform. Knowing that the insights of both executive and legislative branch officials will be critical to your success, we offer several recommendations on behalf of Utah's Health Reform Task Force. The task force consists of both Democrats and Republicans from the Utah Senate and the Utah House of Representatives and has worked closely for the past nine years with Utah's governor, state and federal Medicaid officials, medical care providers, insurers, employers, and consumers to promote high-quality, consumer-oriented, affordable health care.

As you consider further reforms to healthcare, <u>we recommend that future reforms preserve, and restore where possible, state regulatory control over the payment and delivery of health care, including state determination of</u>:

1) whether to impose the individual or large employer insurance mandates;
2) the types and amounts of services that must be covered by health insurance;
3) whether and how to cover pre-existing conditions;
4) health insurance rating limits and the structure of rates within those limits, including determination of the factors on which those rates are based; and
5) whether and how to require the offering of coverage through a health insurance exchange.

<u>Additionally, we recommend that future reforms help improve health insurance affordability and continue, where possible, the use of premium subsidies for low income individuals to obtain insurance coverage.</u>

<u>We recommend the following related to Medicaid reforms:</u>

1) simplify and accelerate the federal approval process for state innovations that could lead to better health outcomes and improved system performance;
2) expand the ability of states to easily tailor Medicaid benefits and eligibility to fit within state budget constraints;

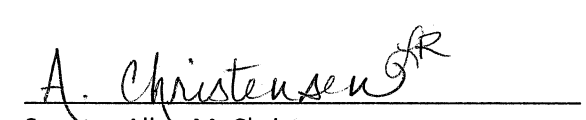
3) if Medicaid expansion and subsidized health insurance exchanges are retained, allow states to receive the enhanced Medicaid match rate for an expansion to less than 133% FPL, including to less than 100% FPL;
4) ensure that federal participation rate formulas or state block grants are not biased against states with high performing, low-cost health care systems, that they reflect the healthcare needs of states with diverse populations, and that they adjust for inflation and population growth;
5) ensure that federal financial participation is not diminished over time, unless accompanied by a commensurate reduction in program requirements;
6) minimize benefit cliffs and other features that create perverse incentives for enrollees;
7) reduce administrative complexity and costs; and
8) include transition provisions that realistically account for the challenges states face when making changes to the program;

We also recommend:

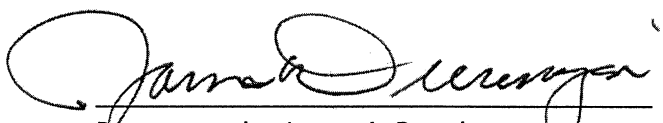
1) reforms that facilitate and incentivize the integration of behavioral health services with traditional health services, including the assessment, referral, and treatment of mental health and substance use disorders;
2) a thorough review of the various mechanisms used to fund the Affordable Care Act (e.g., taxes, fees, and funding reductions);
3) in light of the United States Supreme Court's recent decision in in *Gobeille v. Liberty Mutual Insurance Co.*, 136 S. Ct. 936 (2016), that the U.S. Department of Labor amend a recently proposed rule, or Congress pass legislation, that would ensure that state all-payers claims databases are able to obtain health insurance claims data from self-insured entities;
4) a careful review of the Health Insurance Portability and Accountability Act of 1996 to eliminate unnecessary barriers to telemedicine and other healthcare reforms, while retaining adequate privacy safeguards for patients and providers;
5) if the Affordable Care Act's Section 1332 waiver authority remains in place, that far greater flexibility be given to states to enact meaningful innovations under that authority; and
6) that Congress continue to consult with states and territories, including state and territorial legislatures, to ensure that proposed reforms honor legitimate differences in circumstances and priorities across states, and that proposed reforms respect the ability of individual states to develop innovations worthy of replication.

We request the opportunity to discuss these recommendations and others with you at an appropriate time in the near future.

Sincerely,



Senator Allen M. Christensen
Senate Chair, Health Reform Task Force



Representative James A. Dunnigan
House Chair, Health Reform Task Force