

1                                   **STUDY OF HEALTH INSURANCE INDUSTRY**

2   2000 GENERAL SESSION

3   STATE OF UTAH

4                                   **Sponsor: Peter C. Knudson**

5 AN ACT RELATING TO STATE COMMISSIONS AND COUNCILS; PROVIDING SPECIFIC  
6 STUDY TOPICS FOR THE HEALTH POLICY COMMISSION REGARDING THE IMPACT  
7 OF MANAGED HEALTH CARE AND VERTICAL INTEGRATION ON THE HEALTH CARE  
8 INDUSTRY.

9 This act affects sections of Utah Code Annotated 1953 as follows:

10 AMENDS:

11           **63C-3-104**, as last amended by Chapter 21, Laws of Utah 1999

12 *Be it enacted by the Legislature of the state of Utah:*

13           Section 1. Section **63C-3-104** is amended to read:

14           **63C-3-104. Duties of commission.**

15           The Health Policy Commission shall report to the Legislature and the governor on the  
16 following issues in accordance with Section 63C-3-101:

17           (1) (a) Each year, the commission may consider and make recommendations on the  
18 following:

19           (i) federal health care reform and its impact on the state, including recommendations to  
20 respond to federal health initiatives;

21           (ii) proposals for Medicaid reform and federal Medicaid waivers;

22           (iii) evaluation of Medicare and its relationship to Utah's reform;

23           (iv) impact of state initiatives on access, quality, and cost;

24           (v) impact of market structure on competition;

25           (vi) simplification of the administrative process;

26           (vii) feasibility of establishing a statewide health information repository for the purpose  
27 of gathering statistical information about providers, practice parameters, cost, quality, and access,

28 while protecting confidential information containing personal identifiers of patients from inclusion  
29 in any data base, except a data base created in accordance with Title 26, Chapter 33a, Utah Health  
30 Data Authority Act;

31 (viii) review the need for, and revisions to benefit plans;

32 (ix) the impact of federal and state health care reform on the viability of academic health  
33 centers in Utah; and

34 (x) other issues that are discovered during the planning process.

35 (b) The commission may change the order in which it considers and makes  
36 recommendations on the issues described in Subsections (2) through (8) and may consider other  
37 issues as it considers necessary to promote the purposes of this chapter.

38 (2) By December 1, 1995:

39 (a) advisability of, and if recommended, formation of a purchasing cooperative for  
40 individuals and employers with 50 or fewer employees, including structure, membership, costs,  
41 benefit plans, and health plan approval criteria;

42 (b) impact of medical savings accounts in the health care market;

43 (c) plan to address special population needs;

44 (d) plan to continue the following insurance reform implementation and refinement:

45 (i) systemwide community rating;

46 (ii) portability;

47 (iii) guaranteed issue; and

48 (iv) risk adjustment mechanism;

49 (e) continued development of the rural health plan, including the study and monitoring of  
50 the impact of managed health care plans in frontier areas of the state, and any consequences such  
51 plans have on the cost of medical care and access to health care providers in rural-frontier areas  
52 of the state;

53 (f) continued development of cost/quality monitoring process; and

54 (g) health care provider education reform emphasizing primary care and financing the  
55 health care provider education system.

56 (3) By December 1, 1996:

57 (a) alternatives to capitated reimbursement;

58 (b) final recommendations for rural health plan; and

- 59 (c) feasibility of including the following in a benefit plan:
- 60 (i) alcohol and drug treatment;
- 61 (ii) long-term care; and
- 62 (iii) integrating workers' compensation and automobile/health insurance.
- 63 (4) By December 1, 1997:
- 64 (a) mental health care reform;
- 65 (b) long-term care initiatives;
- 66 (c) advisability of, and if recommended, formation of a purchasing cooperative for the
- 67 public sector; and
- 68 (d) advisability of rating health insurance premiums based on lifestyle choices that affect
- 69 health care expenditures, including the consumption of alcohol or tobacco and other behaviors that
- 70 increase health risks.
- 71 (5) By December 1, 1998:
- 72 (a) feasibility of including Medicaid in a purchasing cooperative;
- 73 (b) continued development of mental health care reforms;
- 74 (c) continued review of benefit plans; and
- 75 (d) study and make recommendations on health care consumer education, information, and
- 76 advocacy.
- 77 (6) By December 1, 1999:
- 78 (a) evaluate the purchasing cooperatives;
- 79 (b) evaluate the advisability of expanding purchasing cooperative to employers with 50
- 80 to 100 employees;
- 81 (c) evaluate need for employer/individual mandates; and
- 82 (d) evaluate future needs of or for the uninsurable risk pool.
- 83 (7) By December 1, 2000[-];
- 84 (a) a comprehensive report and review on the implementation and effectiveness of the
- 85 state's health care reform[-];
- 86 (b) evaluate the competitive nature of the health care industry;
- 87 (c) evaluate the level of competition that exists between the various managed health care
- 88 organizations;
- 89 (d) study the impact that vertically integrated managed health care organizations have on

90 nonintegrated managed health care organizations, including:

91 (i) impaired competition within the market structure; and

92 (ii) limited access to essential services or facilities in certain geographic locations;

93 (e) determine whether or not a health care organization, which possesses singular

94 ownership of an essential service or geographic location, should be permitted to utilize this

95 ownership to its competitive advantage when it is not feasible for another health care organization

96 in that service area or community to duplicate those services or facilities;

97 (f) determine whether or not the discount prices or discount rates offered by vertically

98 integrated managed health care organizations to its competitors are comparable to discounts

99 offered to its subsidiaries;

100 (g) evaluate the practice of penalizing participating physician providers who refer patients

101 to providers who are not affiliated with the physician provider's health maintenance organization;

102 and

103 (h) make recommendations to the Legislature and the governor on ways to improve market

104 competition based on market dynamics rather than artificial price mechanisms.

105 (8) The issues listed in this section are intended only to be study items for the commission.

106 They do not represent a predetermined final outcome of that study. Any implementation of

107 recommendations resulting from the study remain the prerogative of the Legislature.

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**Legislative Review Note**

**as of 1-31-00 6:06 PM**

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

**Office of Legislative Research and General Counsel**