

REPRESENTATIVE DEE DAWKINS-HAIGLER (GA): So the one state that has an exchange is our state from Maryland who's going to help us go through this process. So for many of you, let's see. That's pretty much a lot of the South other than -- okay, I was just trying to see. So the first thing we're going to do is decide which type of structure we want to have. We have the active purchaser and then we also have the open market. And based on what was given to us, which way would you like to go? Because you all are going to help us. This is going to be our presentation. Our group is going to decide on one type of structure that we're going to have.

REPRESENTATIVE ERIC JOHNSON (TX): We have eight minutes to decide on this first point, then we have eight minutes to decide on the second point, which is the second point about the benefits.

REP. DAWKINS-HAIGLER: Oh, there's another Democratic state over here, you can give some input. Come on, help us.

SENATOR DONNE TROTTER (IL): If you tell them that you work [inaudible].

REP. DAWKINS-HAIGLER: The partnership, you're going to do the partnership? Okay.

SEN. TROTTER: At least that's what we're working on--doing an active purchaser model and working with the feds to help us design it....due to the benchmarks and proven track record of those companies already established in the state---Blue Cross/Blue Shield...[inaudible].

REP. DAWKINS-HAIGLER: Okay, so Illinois is doing active purchasing. Do Illinois. So we're just going to do the [inaudible].

SEN. TROTTER: [inaudible]. We have a quality-driven insurance market based on the track record...[inaudible]

REP. DAWKINS-HAIGLER: Okay, thank you. Go ahead.

REP. E. JOHNSON: So one of the main advantages to active purchaser --

REP. DAWKINS-HAIGLER: Just tell us what you did in Illinois so that we can --

SEN. TROTTER: Illinois...It was an open marketplace that opens up competitiveness through all the insurance agencies. First let's just go back to the insurance companies. First thing that we found out that insurance companies, and they are growing, our insurance companies in the state of Illinois have a \$30 billion reserve fund. So they have money to work this out, but they are in the business of making money. But with that, we know that if we open up the market, there's going to be those companies, new

companies, even though they meet the minimum requirements, really don't have a track record of being good to consumers. So we believe under the active purchaser, there -- we're dealing with those known entities that are out there and, in this case, Illinois has chosen Blue Cross-Blue Shield, which has a known entity and fulfills all the criteria that the federal government has asked for with the exception, because there is a list of things that the federal government says you have to have that qualify --

REP. DAWKINS-HAIGLER: The basic qualifications.

SEN. TROTTER: The qualified health plan. And what they didn't have, one, was pediatric services for dental and didn't have pediatric services for vision. And the state has opted to fund that through our, what we now call our KidCare program, which is an expansion of our Medicaid program. So those are the components that we put together that fit, that help us to sort of expedite this process over the timeline we've been given.

REP. DAWKINS-HAIGLER: Thank you.

REP. E. JOHNSON: Does anybody else have any advantages to the active purchaser type of model that they want to lay out there? Because we're going to try to get some advantages and disadvantages to both so we can pick.

SEN. TROTTER: Not only did the track record work, but also that the track record would be more of dealing with consumers, have a positive working track record in dealing with consumers. Consumers, of course, bottom line is cash first, but consumers are certainly in that mindset as they're going forward. It's not just about how much money I can get out in this new system that they're putting in place.

REP. E. JOHNSON: So in the active purchasing model you basically give yourself a better chance of keeping out some smaller players that -- without the track record, but you kind of limit the -- you increase the quality of the choices that you provided the consumer.

SEN. TROTTER: Recommendations. You have to remember, I mean, basically anyone can go -- can apply for it, and that's as long as they meet the QHPs, the qualified health plan that the federal government has put out there. But we will start with the smaller active purchaser, one with known entities that we have, because we know that this whole thing is going to expand.

REP. DAWKINS-HAIGLER: Okay, so we're following that you're going to use the three -- the requirement that says you have to use three smaller known entities, is that what you did? Or did you use your largest entity, which is Blue Cross-Blue Shield? Is it your largest?

SEN. TROTTER: No, no, we went to the -- of known the players that are out there --

REP. DAWKINS-HAIGLER: So that's the -- because you know in the requirements, you'd have to use the largest or three of the smaller, well-known. You use the largest.

SEN. TROTTER: Those who have track records of -- and have -- well, basically, it's the benchmark, and these are just benchmarks. We're just using ones that are benchmarked. But even with benchmark, is what the history was, so they have a history of --

REP. DAWKINS-HAIGLER: Of doing good.

SEN. TROTTER: Of providing quality services. They have a history of keeping the consumer --

REP. DAWKINS-HAIGLER: Happy, well, satisfied.

SEN. TROTTER: Of course, on the top of their --

REP. DAWKINS-HAIGLER: Okay, and then Senator Pugh, you're going to tell us what you did in Maryland?

SENATOR CATHERINE PUGH (MD): Yeah, very much the same. We have an active market, but we also -- we have a strong insurance lobby. So of course, the Blue Cross-Blue Shields are in. And but you know, the concept is the same. We felt that we would get more consumer involvement by having active purchasers, but the insurance companies, the larger ones are in and there's a big emphasis on making sure that small business is able to provide for their employees as well. But we went to the active purchaser.

REP. DAWKINS-HAIGLER: Okay, so any other states are considering active purchaser or open market? Because I know in Georgia, they were considering not only open market, but other -- anybody from any state trying to come in and do it, which was kind of scary to us in Georgia. Isn't that correct, Representative Mosby? When we have a discussion, they were even considering companies outside of Georgia, which would be complicated because in Georgia, we mandate that women have certain healthcare services where other states may not mandate that, so that was one of the concerns that we have from the women's caucus. So can you give me your idea, won't you? Turn your microphone on for us because they're taping it.

REPRESENTATIVE BILL CRAWFORD (IN): Representative Bill Crawford from Indiana. First off, Indiana has not decided that it's going to do its own exchange. And we have a deadline of November the 16th to

inform the federal government whether we will or will not do our own exchange. If we don't, then the feds will come in and do the exchange. We are hopeful that Indiana, because that's the only way we have input in the decision-making process, is if in fact we opt in, or say like Kentucky just to the south of us, is doing its own exchange. So the only input we would have is if, in fact, our state and NCSL [National Conference of State Legislatures] put out a booklet about the number of states--and Maryland is obviously ahead of everybody did an excellent job and we're encouraging it. But here our governor has - he's term limited [inaudible], so he couldn't run again.

There are -- there's a Democratic candidate, a republican candidate, and a Libertarian candidate. And what he did was he wrote a letter to all three of them asking them to let him know because they don't take office till January even if they're elected November the sixth. And so asking them to determine whether we will or will not engage in the exchange, the black caucus here believes that we should engage in our own exchange. The only way we have input is -- and if the federal government comes in, the golden rule applies. He or she who has the gold, rules. And it's the federal rule and they will do it. So there are some states, and I believe it's a number of states, it might even be the majority that are not determined yet whether they will or will not do an exchange.

REP. DAWKINS-HAIGLER: But in your thought process, are you thinking more of the active purchaser or the open market for Indiana?

REP. CRAWFORD: We're hopeful that we have our ability to sit down at the table and make that determination [inaudible].

REP. DAWKINS-HAIGLER: Okay, Representative King.

SEN. TROTTER: More open market is that free enterprise and that whole mindset that they have.

REPRESENTATIVE JOHN KING (SC): In South Carolina, the Democrats, we have tried to set up an exchange with resistance from the Republican side. And I think in many states like that where we have had the resistance, I think we're more open to letting the federal government step in and set up our exchange because we're not even sure what we would get if the Republicans set it up. So in South Carolina, we have just -- we have tried to put it out there, and unfortunately we have not been able to do anything. So I think in our best interests is it is what the federal government to set it up for us, up under the leadership of the Democratic party.

REP. DAWKINS-HAIGLER: Okay.

REPRESENTATIVE BARBARA W. BALLARD (KS): We have our insurance commissioner office, and it's insurance commissioner that's trying to set up the exchange. But because the governor is opposed to it, he asked her to stop. She indicated that she was – didn't work for him. She was elected to state -- by the state the same as he was, and that she was going to continue to set up the exchange. Well, they pulled part of the funding, of course we refused to take the \$35 million. But she is working on setting it up anyway, it's just that it's not moving anywhere because the governor has to make sure that they identify it by the 16th what we're going to do. But she is working on it. And I don't know which one we're looking at, but I have a feeling it may be the open market.

REP. DAWKINS-HAIGLER: And I think it's probably -- I'm going to let you talk, Senator Pugh. I think what's going to end up happening is in those Southern states and other states that are more conservative, they probably would end up being open market places as opposed to those who have, well on the front end, have chosen active purchaser. Senator Pugh.

SEN. PUGH: Yeah, and can I also caution that as we -- as you move towards this-- that when those exchanges get set up, that we make sure that we have representation on those exchanges because one of the things I don't think there's been a big discussion about, I mean, this is setting up. I mean, they're setting up non-profits across states to operate these exchanges, and we've got to make sure that it is diverse and inclusive, and we are.

REPRESENTATIVE KAREN CAMPER (TN): But if you have the active purchaser one and you have an organization on a large scale like a Blue Cross-Blue Shield, how can you then ensure what you're talking about? Because they're already established with whatever the diversity is that particular --

REP. DAWKINS-HAIGLER: Not the companies, she's talking about the exchanges.

SEN. PUGH: Yeah, I'm talking about the commissions and the exchanges themselves. We make sure that those were diverse.

SEN. TROTTER: And if I can address the Blue Cross-Blue Shield. We chose Blue Cross-Blue Shield because of their positive track record that was there. So it was just --

REP. CAMPER: I understood that piece.

SEN. TROTTER: And they just happened to have a plan that fit all the criteria before the federal government even put it out. And wherever they were deficient, we knew that we had the resources to

make them even stronger. So that's just a -- Blue Cross-Blue Shield is just basically our committees' thought of saying this is the benchmark of what we're looking for.

REP. DAWKINS-HAIGLER: Okay, now we're going to move on to the next question because we're limited on time.

REP. E. JOHNSON: We just need to make sure -- we have to decide because we have to report back to the group what our decision was, so have we decided that we're more inclined to go with the active purchaser over the open marketplace unless somebody objects? I think we'll select this and move to the second decision point.

REP. CAMPER: All right, I'll probably be the only one.

REP. DAWKINS-HAIGLER: So you want to do open?

REP. CAMPER: I need to know more about the -- I need to have more discussion. We don't have time to do it, though.

REP. DAWKINS-HAIGLER: Yeah, because we do need more discussion. What about Oklahoma, what are you doing?

SENATOR CONNIE JOHNSON (OK): Well, we did something. It just never got to the House. The Tea Party railroaded ours. The Republicans came up with their own exchange. It went into committee, they voted it out, but then they never brought it to the floor. And it's my understanding right now that the governor's just in limbo 'til after the election and see what happens. But as of the October 1 deadline, we did nothing and don't plan to do anything.

REPRESENTATIVE MIKE SHELTON (OK): She's part of the Tea Party in Oklahoma, so she's not going to move on state insurance until [inaudible].

REP. DAWKINS-HAIGLER: the governor's part of the Tea Party and she's not moving on in till after the election. Okay, any other state? No other states?

REPRESENTATIVE EARL HARRIS (IN): But I just think here in Indiana it makes sense, and I think it really makes sense for the most states if you can find a way to perfect it. I mean, it depends on certain things like a Bill expressed here, you know. We won't know whether we are in or out in terms of the option, but the principle-wise, I just think the active purchaser, it does make sense.

REP. DAWKINS-HAIGLER: Okay.

REP. CRAWFORD: Could I make one additional comment, please?

REP. DAWKINS-HAIGLER: Yes, sir.

REP. CRAWFORD: If you remember, there was -- the Supreme Court upheld the Individual Mandate, and it didn't say -- you know, it said you can't have that mandate. However, the issue comes down to the fact that Representative Darrell Issa, who's a right-wing Republican in the the United States Congress brought in a professor from Case Western University in Ohio, and that professor said that if in fact the federal government does your mandate, the federal government cannot subsidize -- you can give subsidies for a person to purchase insurance up to 400% of FPL (Federal Poverty Line). That's according to federal law, 400% of FPL. So that's about \$83,000 annual salary. But he claims, the professor, and there's no legal precedent for this, that if in fact the federal government does your mandate, you couldn't -- they cannot subsidize, whereas if the state does its own mandate, they can subsidize the person. The feds cannot -- and that was just testimony before Congress. But that's the part of the NCSL analysis.

So you've got to be careful if you're protecting your citizens and you do your own mandate and the state then can subsidize. We have a 44 cent a pack cigarette tax in Indiana. It has a surplus of \$279 million. It's for the HIP program, the Healthy Insurance Program which the Feds have not approved yet, have not -- we're going to run out at the end of this year unless they extend the program. They've given us written indications they're not going to extend, that they have questions about our program. So you got to look at -- and we got \$116 million to explore the creation of exchange, our exchange. So all those things you have to factor in what's in the best interest of the people that you represent.

REP. DAWKINS-HAIGLER: Thank you. And so our next question. Well, we want to try to finish this. Are we on active or are we on open? So we can just present, active or open? Active? Open? Let's see hands. Open? Then that means it's active. Active, okay. We're moving to the next question. So the next question basically we're going to deal with the minimum and maximum essential health benefits. And the first thing we need to decide is whether or not your exchange is going to be completely ran by the state, where you're going to have a joint partnership with -- Senator Trotter, you said you all have a joint partnership, or whether it's going to be totally federal the way that it's -- so yours is just for a year?

SEN. TROTTER: [inaudible].

REP. DAWKINS-HAIGLER: Okay, so you're going to -- you're doing a combination? But right now to get you to 2014, you're going to use the federal -- the partnership, and then you're going to move back to state mandate -- the state is going to regulate its own exchange? You're on -- that's your mindset.

SEN. TROTTER: [inaudible]That's my mindset.

DAWKINS-HAIGLER: You don't want that. Okay, now let me ask you, Senator Pugh, what did you all do in your plan? Senator Pugh, did you all -- is it state ran? Is it a partnership with the federal government, or is it federal?

SEN. PUGH: It's the first one.

REP. DAWKINS-HAIGLER: It's the first one. So you started off with state, with the state mandate. So they didn't even do the partnership. So you are in partnership?

SEN. PUGH: Yeah.

REP. DAWKINS-HAIGLER: You're in the middle.

SEN. PUGH: Because we just got \$126 million to continue.

REP. DAWKINS-HAIGLER: Will you stay like that for a year? Illinois is going to stay like that 'til 2014 and then go to the state solely doing -- running the exchange. What are you all going to do?

SEN. PUGH: I think we're probably going to stay the same-- yeah, we're transitioning, but we initially work with the federal government to establish and, again, just got \$126 million to set up our state exchanges.

REP. DAWKINS-HAIGLER: So they're going to transition.

SEN. PUGH: Yeah.

REP. DAWKINS-HAIGLER: And the reason why I'm asking that is that's going to guide this question on minimum and maximum benefits because with the minimum, that's just the basic minimum, the ten things that'll have to be covered which we have seen that were outlined for us. Now next question, did you all do minimum or maximum?

SEN. TROTTER: [inaudible]. Again, it's still in the planning stages.

REP. DAWKINS-HAIGLER: You don't know.

SEN. TROTTER: Right now, minimum.

REP. DAWKINS-HAIGLER: So you're minimum.

SEN. TROTTER: [inaudible]. So that \$8 billion deficit is really is what's controlling us right now, but it is our intent to ultimately go to the maximum with that. But we're minimum right now to answer your question.

REP. DAWKINS-HAIGLER: Okay, so you're a minimum right now. And Senator Pugh said she's not sure. She's going to check and let us know. So the rest of you that's listening to this, being that we don't have -- an exchange as it is already, I'm pretty much sure we're probably all going to be at the minimum phase, the minimum state? Right, correct, everybody? Representative Mosby, what are we doing in Georgia?

REPRESENTATIVE HOWARD MOSBY (GA): [inaudible].

REP. DAWKINS-HAIGLER: And the reason why I'm bringing Representative Mosby up because you all know his real profession is working at Grady Hospital. He's been there how many years?

REP. MOSBY: Many of them.

REP. DAWKINS-HAIGLER: I don't know, but -- and he runs all the money there, so I want to see what he's going to say to this.

REP. MOSBY: I'm a young man. No, we, you know, in Georgia, we are looking at the open marketplace and we want -- the federal guidelines, as Senator Trotter said, actually prevent a lot of the small insurance companies from actually participating, but that's what the state was actually trying to get to. So it is going to opt for the minimum amount of federal quote unquote interference in the process that they could possibly get to allow for more private sector participation, free market in the insurance process, so.

REP. DAWKINS-HAIGLER: Okay, thank you so much, Representative Mosby. Anyone else have any ideas about the minimum, maximum, where they think their state is going to go once you -- once we decide on what the exchange is going to be?

REP. BALLARD: [inaudible] We'll probably do the minimum too because they don't really want it. That's why they didn't take that money and because they want free market and all of that, then we would -- they would go now. We would want maximum, but I think the real conservative Republicans would because I think, and I might as well say it right here, the Koch brothers are from Kansas. That's where all the money is. They're bank rolling everything and they're free market all the way.

REP. DAWKINS-HAIGLER: Thank you.

REP. E. JOHNSON: Now for purposes of this exercise, we don't have to be limited to what our actual states are doing. We could say what we would do. In this case, what we need to decide is, you know, what level benefits if we could do our own thing, what we would do here. So does anybody want to speak on behalf of the maximum benefit approach to it and what the advantages would be of going that route over the minimum so we can have something to report back to the group when we go back.

SEN. TROTTER: Well, I can. For someone who is for decades now been fighting for universal healthcare, you know, with the mindset everybody in and nobody left out. Of course, you want maximum of every kind of benefit that people who need those services can get. But it does come down to the fiscal constraints of what can you afford. So it's also what do you want and the reality of what you can really accomplish and do it correctly. We had just in Illinois, for example, when we designed our KidCare program, we took up KidCare programs up to 400% of the federal poverty line. And then, you know, but we still had that threshold. Then we went to all kids. Well, we're now down, back down to some kids because we just can't afford everything we want to do. So yes, I mean, I think there are people out here believing it is our moral responsibility and our legislative responsibility to help those who need the services the most. So yes, I think any person of conscience would like to have maximum benefits.

But even -- I mean if you look at it, it's a misnomer because they're calling it the maximum, but the maximum essential business, you know, healthcare benefits. So anyway --

REP. DAWKINS-HAIGLER: Does anyone -- thank you, Senator Trotter. Anyone else have any input on this? And if you were to have, increase it beyond the ten that's required, the minimum, what would it be? What would it look like? What would you add to that list?

SEN. C. JOHNSON: I just have concerns. I see where we mentioned pediatric oral and vision care, but there's nothing in the essential for adult oral, dental, and vision. So that would be my concern that those health services be included as well.

REP. DAWKINS-HAIGLER: Thank you, Senator. Anyone else? So she said, adult oral and vision that she would like to add to the minimum. Anyone? Okay, Madam President.

REP. BALLARD: I would agree with Senator Johnson. I also would like to see either some mental health pilot program set up for our seniors because of the depression and isolation that they have and we barely cover other people for mental health, so they're not even covered unless you have mental health centers in your communities.

SEN. C. JOHNSON: And, Dee [Dawkins-Haigler], one more would be alternative therapies, alternative and complementary therapies.

REP. DAWKINS-HAIGLER: So do you mean -- give me an example what you mean by alternative? Do you mean like holistic? Other approaches?

SEN. C. JOHNSON: Chiropractic, naturopathic, homeopathic.

REP. DAWKINS-HAIGLER: Homeopathic and chiropractic, okay. Podiatry would be extra. Okay.

SEN. C. JOHNSON: [inaudible]. Podiatry.

REP. CRAWFORD: [inaudible]

REP. DAWKINS-HAIGLER: Thank you. So that's basically what we were looking at, the minimum, which we know we have to cover, and then the maximum, Rep. Johnson was basically saying if we could envision the type of healthcare that we wanted in a perfect world, what would it look like? And I think this is what it's beginning to shape up like, correct? You don't have a microphone.

REPRESENTATIVE RON WATERS (PA): Ron Waters from Pennsylvania. In our state, we have cut a lot money out of the substance program, substance abuse programs. And I would like to see more resources given to help people who have those [inaudible] problems [inaudible]. It's a more expensive alternative than these.

REP. DAWKINS-HAIGLER: Okay, that's great. So we have substance abuse, we've had podiatry, we've had alternative care, homeopathic, holistic, we've added mental health for seniors. And oral and vision. Did you want to -- yes, so it'll be taped, recorded properly.

REP. MOSBY: As the presenter said today, I think also we should have the flexibility to add some of those -- I think we have the flexibility to add some of those things that we're trying to address in our particular state. So if obesity is the thing that we want to go after, having bariatric medicine or something like that to be part of our program to address some health disparity or some health need in our specific state.

SEN. TROTTER: You know while a good representative is going back, just to show you how callous they are in my state when we had to cut \$2.7 billion out of our Medicaid budget, they called chiropractic services was nothing but backrubs for poor people. You know, so we had -- so we cut that out. Podiatry services, which we know is key for diabetics, that was just pedicures for poor people. I mean, so you

know, when you think these are the kind individuals that you're fighting to give, again, necessary services, it's mind-boggling.

REP. DAWKINS-HAIGLER: So then we have to continue to educate them. So Representative Camper, then President Ballard and then Senator Pugh are going to be the last ones because they're going to come up -- they're coming back across the hall. So we have to close out.

REP. CAMPER: This is why I think that we're talking about the maximum benefits. This is why I believe the open market, what is it called? The open marketplace could be more beneficial because you'll have more competition in an open marketplace. You have more companies creating specified or a particular product that is --

REP. DAWKINS-HAIGLER: Expanded coverage.

REP. CAMPER: Expanded coverage that fits some of the maximum potential based on what you as the active purchaser just buying it could say I want to tell [inaudible] to be this because this is my need, this is my family's history, this is my -- so that's why I want to know more about the open competitive market versus just the active. And I think that is directly related to what's going to happen here.

REP. DAWKINS-HAIGLER: Okay, so our chairman of this committee, he's going to help us get some more information on the open market. Did you want to say something to this, President Ballard?

REP. BALLARD: I just want -- I won't ask for the clarification from Representative Crawford, but when he was talking about the Fed's have a list, I mean, there's a list of things that we can include right there. And then so if we know what that list is and it must be pretty comprehensive, then some of those things we want maybe included there and only then if you need to add up something that's not there, then you have to consider whether you would or not. So that would help with open too.

REP. DAWKINS-HAIGLER: Okay, thank you, thank you for that. And then, finally, Senator Pugh?

SEN. PUGH: I think one of the concerns that we also have to have because a lot of this stuff will be set up online, is how do you outreach to community? And that was one of the charges we made to the healthcare exchange that it has to go beyond what's online, how you're going to be promoting this? How's the community going to know about it? And that has to be an essential part of how do you build out that exchange and the outreach efforts.

REP. DAWKINS-HAIGLER: So the people that you set up, the different community groups, the boards, were they tasked with that? Were they charged with getting the word out to --

SEN. PUGH: Yeah, the exchange is charged with the setting up the outreach efforts to, you know, all of the communities and especially in the minority community, what's the outreach going to be and how are you going to go about doing that.

REP. DAWKINS-HAIGLER: Okay, so you all are clear on that? She said that they had an exchange of non-profits and organizations who would be charged with getting the word back out to the larger community who may not necessarily be able to get that information from online or from other sources that --

SEN. PUGH: Because when people start talking about setting up these things, it's online.

REP. DAWKINS-HAIGLER: It's online, okay. Thank you so much. We appreciate that. So, where are we? So we're on minimum or maximum? In our ideal world, where are we? In our perfect world, where we are? Maximum, so we're going with maximum, okay. Alright, thank you.

SEN. TROTTER: Yes, I want to thank Madam Chairman [Dawkins-Haigler] for controlling this meeting and for the other honorable one [Rep. E. Johnson] for his penmanship, and a job well done.