

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-first Legislature – Second Regular Session

COMMITTEE ON REFORM AND HUMAN SERVICES

Minutes of Meeting
Thursday, February 6, 2014
House Hearing Room 1 -- 9:00 a.m.

Chairman Montenegro called the meeting to order at 9:02 a.m. and attendance was noted by the secretary.

Members Present

Mrs. Gonzales
Mrs. Lesko
Mr. Mendez

Mr. Seel
Mr. Smith

Ms. Townsend, Vice-Chairman
Mr. Montenegro, Chairman

Members Absent

None

Committee Action

HB2234 – DP (5-2-0-0)

HB2367 – DP (5-2-0-0)

CONSIDERATION OF BILLS

HB2367 – AHCCCS; annual waiver submittals – DO PASS

Vice-Chairman Townsend moved that HB2367 do pass.

Ingrid Garvey, Majority Research Analyst, explained that HB2367 requires the Director of the Arizona Health Care Cost Containment System (AHCCCS) to apply to the Centers for Medicare and Medicaid Services (CMS) by March 30 of each year for waivers or amendments to the current Section 1115 waiver. As of January 2014, there are approximately 1.26 million individuals enrolled in the AHCCCS program (Attachment 1).

Speaker Andy Tobin, sponsor, stated that the country is moving into a new social health program, the Affordable Care Act (ACA), and listed some negative consequences:

- The frequency of Medicaid fraud is going to go up, not down, now that more people are enrolled.
- The work force system will not improve.
- The ACA system disincentives people to remain employed.

He explained that HB2367 requires the Director of AHCCCS to apply for waivers or amendments to the current Section 1115 waiver to allow Arizona to:

- Institute a work requirement for all able-bodied adults receiving Medicaid services.
- Restrict benefits for able-bodied adults to a lifetime limit of five years.
- Invoke a copayment system to deter costly non-emergency medical visits and support usage of urgent care facilities.

Speaker Tobin stated that there are other programs such as cash assistance or unemployment, which have these types of work requirements attached. This bill asks for the same provisions to be added to the federally imposed health care program. He expressed concern that people will never have to leave their home because they will have healthcare and welfare checks provided to them even if they are actually able to work.

Discussion ensued between Mr. Mendez, Mrs. Gonzales and Speaker Tobin about the definition of able-bodied, job programs, copayments, chronic illnesses and caps.

Mr. Smith cited the statutory definition of able-bodied which refers to a person's physical and/or mental capacity to perform a job and earn a living: a person who functions normally in society, not having any physical or mental disabilities. He stated the legal definition might be the same as the statute.

Christina Corieri, Health Care Analyst, Goldwater Institute, spoke in favor of HB2367 and stated that the Medicaid program was intended as a temporary safety net for the neediest; it was not intended as a lifetime benefit for able-bodied adults. She referenced a non-partisan public report indicating that 2.5 million adults will choose to work less or not at all with the ACA Medicaid expansion eligibility; in response, the White House replied that was a good thing; they could spend more time with their family, or retire early. Ms. Corieri expressed that these are choices people can make, but to make the taxpayer pay for that choice should not be an option. She clarified that provisions such as the able-bodied adult work requirement, do not affect the children or elderly and a definition for clarification should be added to this language.

Ms. Corieri answered a series of questions from Mr. Seel about a Northwestern University study, the relationship between the Obama Administration and Medicaid programs, and numbers or statistics from the Centers for Medicare & Medicaid Services (CMS). She related that she has seen four waivers from other states approved for medical copayments, but all waiver applications for involving work requirements have been denied by the Obama Administration. She stated that this could change with the administration and flow of Washington in the future.

Representative Bob Thorpe, District 6, voiced support for HB2367, specifically the provision for copayments. He related input from medical professionals while visiting medical facilities last year and spoke about the use and abuse of the system by AHCCCS patients. He shared that Banner Health in Glendale built a half-million dollar clinic so they could send non-emergency patients there instead of filling up the emergency rooms. He spoke about how workers in the medical profession are afraid of the Emergency Medical Treatment & Labor Act (EMTALA) which is a requirement to provide treatment. Representative Thorpe stated he had asked the AHCCCS lobbyist for statistics on how many people use the emergency rooms for non-

emergency visits. Their reply was that they do not track those numbers. He expounded that was a blatant problem and the whole purpose of the \$15 copay is for AHCCCS patients to have some “skin in the game”.

Mr. Mendez questioned Representative Thorpe as to the insanity of reapplying to CMS for a provision of copays and continually being denied. The unproductive nature of asking for waivers over and over again and there must be a cost associated with this effort. Representative Thorpe replied that Arizona’s AHCCCS system is a fairly good system and they keep trying to improve. It is a job, as representatives, to not just accept whatever the federal government mandates, but to question that authority and improve programs. If the programs cause harm to the state, Legislators have the responsibility to the citizens to question that authority, make changes, and to do what is right.

Kristin Gwinn, Executive Director, Protecting Arizona's Family Coalition, spoke in opposition to HB2367 and asked that it be held in order to speak to the sponsor about amendments. She pointed out that HB2367 requires annual requests for waivers and stated concerns for each:

1. First waiver: Work requirement
 - a. A definition of able-bodied is not in the bill.
 - b. Would a parent of a disabled child fall under this category.
 - c. There is a lack of appropriations to cover the administration cost to process monthly reports.
2. Second waiver: Emergency copayments
 - a. There is already a \$30 copay required for emergency room visits and it is listed on the AHCCCS website.
 - b. There is no evidence of long-term systemic or significant misuse of emergency rooms by AHCCCS recipients who are fully covered and able to see their primary care physicians.
 - c. There will be a normal and gradual shift in behavior among the newly insured, as a result of the expansion, who previously had to rely on emergency room care but are learning to use their new options. It is normal, it is expected and it is temporary.
 - d. Raising the copays, vaguely described in the bill as *meaningful*, will discourage actual emergency use of the emergency rooms by Arizona’s poorest citizens.
3. Third waiver: Five-year cap
 - a. The documentation requirement in the first waiver makes it unnecessary and punitive.
 - b. There are more job seekers than jobs available; some of the unemployed will remain so for a long time, through no fault of their own.
 - c. After five years and all of the documentation, they are cut off from the benefits.

Ms. Gwinn asked that HB2367 be amended to only include the first waiver which could be easily granted. She stated the other two waivers are too great a risk to the health and safety of Arizona’s most vulnerable citizens and do not address the problem they were designed to solve. She confirmed Mr. Mendez’s statement that there is currently not the infrastructure to support the processing and job reporting. When asked the penalty for failure to report, she replied that right now, an individual would lose their benefits and have to reapply but, with this bill, the benefits would be lost for a year.

Jennifer Carusetta, Chief Legislative Liaison, Arizona Health Care Cost Containment System (AHCCCS), answered Mrs. Gonzales' question as to the cost of applying waivers, if CMS has approved any waivers with caps, and if AHCCCS has the capacity with current funding to handle the reporting process. She suggested that Mrs. Gonzales refer to the sponsor about the five-year lifetime cap.

Vice-Chairman Townsend announced the names of those who signed up in support of HB2367 but did not speak:

Dave Kopp, Americans for Prosperity Arizona

Vice-Chairman Townsend announced the names of those who signed up as neutral on HB2367 but did not speak:

Tara Plese, Arizona Alliance for Community Health Centers

Vice-Chairman Townsend announced the names of those who signed up in opposition to HB2367 but did not speak:

Theresa Ulmer, Planned Parenthood Arizona

Brenda Thomas, representing self

Diane Ziple, Arizona Family Health Partnership

Alona Del Rosario, Arizona Coalition to End Sexual and Domestic Violence

Alexandria Kassman, representing self

Ellen Katz, representing self

Question was called on the motion that HB2367 do pass. The motion carried by a roll call vote of 5-2-0-0 (Attachment 2).

HB2234 – AHCCCS eligibility; hospital assessment; repeal – DO PASS

Vice-Chairman Townsend moved that HB2234 do pass.

Ingrid Garvey, Majority Research Analyst, explained that HB2234 repeals the statutes and language related to the expansion of Medicaid in the corresponding hospital assessment provisions (Attachment 3).

Representative Adam Kwasman, sponsor, explained the downfall of the federally invoked healthcare, the Affordable Care Act (ACA), and the Medicaid expansion program. He stated that the ACA is in violation of Proposition 108 and referenced a handout (Attachment 4) citing studies that show higher emergency room usage in relation to increased Medicaid coverage, which could cause states an economic crisis. He said that to support HB2234, is to be responsible stewards of the state's healthcare and every sign points to a collapse at the federal level. The cost of care is not going to go down and Legislators need to prevent Arizona from going bankrupt.

Glenn Hamer, President, Arizona Chamber of Commerce and Industry, spoke in opposition to HB2234 and stated that the Chamber supported Governor Brewer's plan last year to restore AHCCCS coverage as mandated by voter-approved Proposition 204, to expand the childless adult eligible population to 133 percent of the federal poverty level. He addressed three points of the benefits of the Medicaid expansion and stated that if HB2234 passes and repeals these

enactments, it would put the state in an untenable budget position, especially when the 2015 budget is uncertain, and Arizona is still recovering from a recession.

Discussion ensued between Mr. Hamer and Mr. Seel as to the importance of the legislation and the process of the system. Mr. Seel related that last year, no committee hearings or discussion was offered on the Medicaid expansion and that type of legislation should have included public testimony and debate. Mr. Hamer replied that last year, there was a clear majority in the House and Senate to approve the expansion and it will continue to be a major item for future discussion. He stated that it is a bi-partisan agreement that the indigent need to be covered, but a disagreement of how that should happen.

Representative Bob Thorpe, District 6, spoke in support of HB2234 and quoted some statistics from a report:

- The estimated cost to Arizona could approach \$1 billion over the next ten years for the Medicaid expansion.
- A total number of new Medicaid patients is estimated at 1.1 million.
- The covered population will increase from 1.3 million to 2.4 million.
- Arizona is spending \$1,000 per patient and the federal government is picking up over \$7,000 per patient.
- The state would be paying about \$1.3 billion.

He stated that if those figures are correct, the state will be facing a huge financial burden. Some suggest that Medicaid expansion is nothing more than corporate welfare. Two billion dollars is borrowed money from the federal government, which is infused into the State of Arizona each year and is helping the corporations that are in the health care industry. Representative Thorpe queried what happens if the federal government realizes it is approaching \$18 trillion dollars in national debt and decides to cut back. When Arizona gets a letter from the U. S. Department of Health and Human Services stating they can no longer afford to subsidize Arizona's population of Medicaid recipients, but is still mandated to uphold the program, it will bankrupt the state. He relayed that health care professionals have stated that Medicaid is good insurance but it is not a good delivery of health care.

Greg Vigdor, President, Arizona Hospital & Healthcare Association, spoke in opposition to HB2234 and stated that the Association is still in support of the Governor's proposals, AHCCCS restoration, expansion and the use of a hospital assessment to finance it.

Discussion ensued between Mr. Seel and Mr. Vigdor on the cost, funding and financial future of reimbursement reduction and uncompensated care. Mr. Vigdor stated he would get the Committee information on the calculated numbers.

Chairman Montenegro announced the names of those who signed up in support of HB2234 but did not speak:

Christina Corieri, representing self

Names of those who signed up in opposition to HB2234 but did not speak:

Tara Plese, Arizona Alliance for Community Health Centers

Michelle Pabis, Scottsdale Lincoln Health Network
Shirley Gunther, Dignity Health
Michael Sistik, Flagstaff Chamber of Commerce
Theresa Ulmer, Planned Parenthood Arizona
David Jones, Arizona Construction Association
Rip Wilson, representing self
Steven Moortel, Community Partnership of Southern Arizona
Brian Hummell, American Cancer Society Cancer Action Network
Michael Fronske, Maricopa Integrated Health System
Warren Whitney, Maricopa Integrated Health System
Steven Moortel, Banner Hospital
Jennifer Carusetta, Arizona Health Care Cost Containment System
Stuart Goodman, Dignity Health
Barbara Meaney, Tenet Healthcare Corporation
Reginald Ballantyne, Tenet Healthcare Corporation
Becky Hill, Choices Network of Arizona
Kelsey Lundy, Arizona Physicians Independent Practice Association
Rob Dalager, Amerigroup Corporation
Ken Howell, Abrazo Healthcare
Deb Gullett, Arizona Association of Health Plans
Alexandria Kassman, representing self
Susan Cannata, Arizona Academy of Family Physicians
Crystal Hamilton, Maryvale Hospital, Abrazo Healthcare
Wendy Briggs, Arizona Hospital & Healthcare Association
Chad Heinrich, Greater Phoenix Chamber of Commerce
Tom Ways, Phoenix Health Plan
Dan Jones, Phoenix Baptist Hospital, Abrazo Healthcare
Barbara Fanning, Arizona Hospital & Healthcare Association
Jeff Sandquist, Arizona Hospital & Healthcare Care Association
Ellen Katz, representing self
Virginia Brant, All Arizona School Retirees Association
Rory Hays, Arizona Nurses Association
David Landrith, Arizona Medical Association
Ryan Harper, Tenet Healthcare Corporation
Dr. David Tupponce, Paradise Valley Hospital, Abrazo Healthcare
Lisa A. Atkins, Greater Phoenix Leadership, Inc.
Bryan Milward, UA Healthcare
Tom Franz, Greater Phoenix Leadership, Inc.
Gibson McKay, UA Healthcare
Stan Holm, West Valley Hospital, Abrazo Healthcare
Bahney Dedolph, representing self
Frank Molinaro, Arrowhead Hospital, Abrazo Healthcare
Kristin Gwinn, Protecting Arizona's Family Coalition
Steven Moortel, Tucson Medical Center Healthcare
Steve Harris, Arizona Heart Healthcare, Abrazo Healthcare
Helena Whitney, University of Arizona Health Network
John MacDonald, Maricopa Integrated Healthcare System
Joseph Abate, Arizona Osteopathic Medical Association

Brenda Thomas, representing self
Diane Ziple, Arizona Family Health Partnership
Alona Del Rosario, Arizona Coalition to End Sexual and Domestic Violence
Kathryn Busby, Health Net, Inc.

Question was called on the motion that HB2234 do pass. The motion carried by a roll call vote of 5-2-0-0 (Attachment 5).

Without objection, the meeting adjourned at 11:19 a.m.

Tracey Gardner, Committee Secretary
April 4, 2014

(Original minutes, attachments and audio on file in the Office of the Chief Clerk; video archives available at <http://www.azleg.gov>)