

LOUISIANA HEALTH CARE COMMISSION

Louisiana Department of Insurance
Commissioner of Insurance James J. Donelon



Report to the Legislature

January 1, 2016 to December 31, 2016

LOUISIANA DEPARTMENT OF INSURANCE

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HISTORY OF THE LOUISIANA HEALTH CARE COMMISSION

The Louisiana Health Care Commission was created in 1992 (La. R.S. 22:2161). The Louisiana Health Care Commission is a 47 member multi-disciplined advisory board which undertakes comprehensive review of complex health care issues facing Louisiana. The Commission examines certain health policy developed by the Louisiana Department of Insurance as well as other issues addressing reform of the health care and health insurance systems in Louisiana. The Commission's intent is to examine the affordability and accessibility of health care in the state of Louisiana.

Through public meetings and forums, the Commission receives testimony, reports and informational presentations from regional and national experts about the availability and affordability of health care and health insurance coverage in the state. The Commission openly solicits, encourages and receives public comment at all meetings. The Commission coordinates its efforts with other study commissions, state agencies and executive initiatives.

MEMBERSHIP OF THE LOUISIANA HEALTH CARE COMMISSION

The Louisiana Health Care Commission is composed of a great variety of health care experts and stakeholders, including health care payers, providers, employer organizations and community leaders. Members are also nominated from the governing boards of Louisiana's colleges and universities, and the Senate and House Insurance Committees; as well as at-large appointments designated by the Commissioner of Insurance.

Since its inception in 1992, the Louisiana Health Care Commission has included as many as 50 members.

During the 1995 Regular Session of the Louisiana Legislature, Act 594 revised and re-enacted the authorizing legislation to expand the Commission to 39 members and extend its work until June 30, 1999. During the 1997 Regular Session of the Louisiana Legislature, Act 869 increased the membership of the Commission to 44 members. During the 1999 Regular Session of the Louisiana Legislature, Act 446 was passed, which further increased the number of commission members and transferred the Louisiana Health Care Commission to the Louisiana Department of Insurance by La. R.S. 36:686(B).

During the 2004 Regular Session of the Louisiana Legislature, Act 495 amended La. R.S. 22:9 removing one dissolved organization and adding six new organizations to the Commission, expanding the membership to 50 members. The 2012 Regular Session of the Louisiana Legislature brought Act 271 which amended La. R.S. 22:2161 removing four dissolved organizations, reducing the membership to 46 members.

During the 2014 Regular Legislative Session, Act 90 amended La. R.S. 22:2161, removing one dissolved organization, changing the names of two organizations and adding two others. The current membership of the Louisiana Health Care Commission is 47.

LOUISIANA HEALTH CARE COMMISSION MEMBER LIST

The following is a list of Louisiana Health Care Commission members, along with the organizations they represent, as of December 31, 2016.

Ms. Robelynn Abadie

NAIFA Louisiana

Mr. Jeff Albright

Independent Insurance Agents & Brokers of Louisiana

Ms. Katie Brittain, PT, DPT

LA Physical Therapy Association

Ms. Diane Davidson

Louisiana Business Group on Health

Rachel Durel, DDS

Louisiana Dental Association

William L. Ferguson, PhD, CLU, CPCU, ARM

A list of nominees submitted by the governing boards of state colleges and universities and by a dean from the business schools represented by the Louisiana Association of Independent Colleges and Universities.

John F. Fraiche, MD

At-Large Appointment

Ms. Lisa Gardner

Louisiana Nursing Home Association

Ms. Lauren Gleason

Louisiana Department of Health and Hospitals

Mr. Arnold M. Goldberg

At-Large Appointment

Anthony M. Grieco, MD, MBA

Louisiana Association of Health Plans

Faye Grimsley, PhD, CIH

A list of nominees submitted by the governing boards of state colleges and universities and by a dean from the business schools represented by the Louisiana Association of Independent Colleges and Universities.

Mr. Korey Harvey

Louisiana Department of Insurance

Ms. Linda P. Hawkins

League of Women Voters of Louisiana

Ms. Hedy S. Hebert

Louisiana Association of Health Underwriters

Marlon D. Henderson, DDS

National Dental Association

The Honorable Mike Huval

House Committee on Insurance

Randal Johnson

LA Independent Pharmacies Association

Jesse Lambert, PsyD

Louisiana Psychological Association

Eva Lamendola, OD

Optometry Association of Louisiana

MEMBER LIST

Mr. Jesse McCormick

America's Health Insurance Plans

Ms. Jennifer McMahon

Louisiana Hospital Association

Rachel Moore, MD

Louisiana State Medical Society

Ms. Barbara Morvant

AARP, the nominee of which shall be a volunteer representative.

Mr. Andrew Muhl

AARP Louisiana

B. Ronnell Nolan, HIA, CHRS

Health Agents for America, Inc.

Mr. John Overton

National Federation of Independent Businesses

Mr. Daniel Paquin

A domestic mutual, nonprofit health service and indemnity company.

Mr. Ed Parker

Louisiana AFL-CIO

Ms. Katie Parnell

Louisiana Primary Care Association

Mr. Clay Pinson

Louisiana Association of Business and Industry

Ms. Theresa Ray

At-Large Appointment

Dr. Anthony Recasner

Agenda for Children

Ms. Debra Rushing

Louisiana's Medicare Peer Review Organization as designated by the Health Care Financing Administration

James C. "Butch" Sonnier, BS, DC

Chiropractic Association of Louisiana

Mr. Chris Vidrine

A list of nominees submitted by the governing boards of state colleges and universities and by a dean from the business schools represented by the Louisiana Association of Independent Colleges and Universities.

Mr. Bryan Wagner

At-Large Appointment

The Honorable Rick Ward, III

Senate Committee on Insurance

Ms. LaCosta Wix

A domestic commercial health insurance issuer

Mr. Thomas N. Wright

Louisiana Association for Justice

STAFF:

Ms. Crystal Marchand Campbell, Executive Director

Ms. Julie Freeman, Assistant Director

BYLAWS OF THE LOUISIANA HEALTH CARE COMMISSION

ARTICLE ONE

NAME

The name of this commission shall be the Louisiana Health Care Commission, created under the provisions of R.S. 22:2161, as created by Act 1068, Section 1 of the 1992 Legislative Session, and as subsequently amended from time to time. The commission shall be domiciled in Baton Rouge.

ARTICLE TWO

PURPOSE

A. The purpose of this commission is to:

- 1) Study the availability and affordability of health care in the state;
- 2) Examine the rising costs of health care in the state, including but not limited to the cost of administrative duplication, the costs associated with excess capacity and duplication of medical services, the cost of medical malpractice and liability;
- 3) Examine the adequacy of consumer protections, as well as the formation and implementation of insurance pools that better assure citizens the ability to obtain health insurance at affordable costs and encourage employers to obtain health care benefits for their employees by increased bargaining power and economies of scale for better coverage and benefit options at reduced costs;
- 4) Examine the implementation issues related to national health care reform initiatives;
- 5) Conduct public hearings to receive testimony about the availability and affordability of health care in the state;
- 6) Receive further information and testimony from regional and national experts, when necessary, on health care access issues;
- 7) Serve as an advisory body to the commissioner and shall submit to the commissioner its recommendations on all matters which it is charged to examine;
- 8) Submit a yearly report on health care and health insurance, which takes into consideration the recommendations, actions and studies of the commission, to the legislature prior to each annual regular session.

BYLAWS

ARTICLE THREE

MEMBERS

A. Membership of the commission shall be comprised as follows:

- 1) Three members appointed from a list of nominees submitted by the governing boards of state colleges and universities and by a dean from the business schools represented by the Louisiana Association of Independent Colleges and Universities;
- 2) One member of the Senate Committee on Insurance appointed by the President of the Senate as an ex officio, nonvoting member;
- 3) One member of the House Committee on Insurance appointed by the Speaker of the House of Representatives as an ex officio, nonvoting member;
- 4) One member appointed by the secretary of the Department of Health and Hospitals;
- 5) Five at-large members appointed by the Commissioner of Insurance;
- 6) The Commissioner of Insurance or his designee, shall serve as ex officio;
- 7) The remaining members shall be appointed by the Commissioner of Insurance from a list of nominees, one nominee to be submitted by each of the following:
 - (1) The Louisiana Insurers' Conference.
 - (2) Louisiana Association of Health Plans.
 - (3) America's Health Insurance Plans.
 - (4) A domestic mutual, nonprofit health service and indemnity company.
 - (5) Louisiana State Medical Society.
 - (6) Louisiana Association for Justice.
 - (7) Health Agents for America.
 - (8) Agenda for Children.
 - (9) Independent Insurance Agents & Brokers of Louisiana.
 - (10) AARP Louisiana.
 - (11) The National Federation of Independent Businesses.
 - (12) Repealed by Acts 2012, No. 271, §2.
 - (13) Louisiana Independent Pharmacies Association.
 - (14) AARP, the nominee of which shall be a volunteer representative.
 - (15) Louisiana Association of Business and Industry.
 - (16) Louisiana Health Plan.
 - (17) NAIFA Louisiana.

BYLAWS

- (18) League of Women Voters.
- (19) Louisiana Hospital Association.
- (20) Louisiana Primary Care Association.
- (21) Repealed by Acts 2014, No. 90, §2.
- (22) A domestic commercial health insurance issuer.
- (23) Chiropractic Association of Louisiana.
- (24) Louisiana AFL-CIO.
- (25) Louisiana Physical Therapy Association.
- (26) Louisiana State Nurses Association.
- (27) Louisiana Dental Association.
- (28) Louisiana Nursing Home Association.
- (29) Louisiana's Medicare Peer Review Organization as designated by the Health Care Financing Administration.
- (30) Louisiana Business Group on Health.
- (31) Louisiana Association of Health Underwriters.
- (32) Louisiana Psychological Association.
- (33) Optometry Association of Louisiana.
- (34) Repealed by Acts 2012, No. 271, §2.
- (35) National Medical Association.
- (36) National Association for the Advancement of Colored People.
- (37) Repealed by Acts 2012, No. 271, §2.
- (38) Louisiana Council on Human Relations.
- (39) National Dental Association.

B. All members shall be confirmed by the Senate.

C. The members of the commission shall serve without compensation.

D. The members shall serve for a term of two years.

E. Vacancies

- 1) Vacancies in the offices of the members shall be filled in the same manner as the original appointments for the unexpired portion of the term of the office vacated.
- 2) Any member who misses four (4) meetings in any given year or three (3) consecutive meetings shall be considered vacating that seat.
- 3) Vacancy may be declared upon the resignation, death, incapacity, or non-qualification of a member.

BYLAWS

ARTICLE FOUR OFFICERS

- A. The Commissioner of Insurance shall appoint a chairman and vice-chairman.
- B. Term of office for chairman and vice-chairman is two years.

ARTICLE FIVE EXECUTIVE COMMITTEE

- A. The function of the Executive Committee is to exercise the powers of the Commission which arise between regularly scheduled Commission meetings or when it is not practical or feasible for the Commission to meet.
- B. The Committee will consist of the Commission Chair, the Vice-Chair and three Commissioners representing the following groups: provider, insurer and consumer. Except for the Chair and Vice-Chair, members will serve two year staggered terms. Members will be selected by the chair.
- C. The Committee shall meet as necessary. A majority of the members shall constitute a quorum.
- D. Key Responsibilities
 - 1) Setting the agenda for commission meetings.
 - 2) Strategic Planning
 - 3) Performance Measures
 - 4) Proposing subcommittee assignments (including proposed Chairs) to the commission and coordination of the work of the subcommittees.
 - 5) Any emergency planning or implementation between regularly scheduled meetings.

BYLAWS

ARTICLE SIX

MEETINGS

A. A quorum for the transaction of business by the commission shall be 40 percent of the filled seats, excluding the ex-officio members.

B. All official actions of the commission shall require the affirmative vote of a majority of the quorum.

C. The commission shall meet twice in any one calendar year and may meet on the call of the chairman or upon the request of any three members.

ARTICLE SEVEN

COMMITTEES

The commission may establish committees, in such areas as may be directed by its membership. The chairman shall appoint the members of such committees and shall designate the chairman of each such committee. The duties and responsibilities of the committee will be determined by the commission membership. Each appointed committee shall make reports as the committee may deem appropriate.

ARTICLE EIGHT

PARLIAMENTARY AUTHORITY

A reasonably current version of Robert's Rules of Order, Newly Revised shall be the parliamentary authority for this commission.

ARTICLE NINE

AMENDMENT

These bylaws may be amended at any meeting of the membership. Amendments shall be made by a quorum of the membership at such meeting, PROVIDED proper notice is given to the members, together with a copy of the proposed changes, prior to the meeting. These bylaws may be further amended at any time in which the provisions of R.S. 22:2161 are amended.

ARTICLE TEN

NOTICE

All notices relative to this commission are posted pursuant to the Open Meetings Law.

MEETINGS OF THE LOUISIANA HEALTH CARE COMMISSION

The Louisiana Health Care Commission conducted four meetings during the calendar year, January 1 – December 31, 2016. Throughout the year, the Commission heard from various experts on health care issues that are of importance to the state of Louisiana. The Commission also closely monitored federal health care reform legislation and its impact on Louisiana residents.

The Executive Committee for the Health Care Commission consists of the Chair, Vice-Chair and three commission members representing health care providers, insurers and consumers. The mission of the LHCC Executive Committee is to plan the agenda for Louisiana Health Care Commission meetings, schedule any emergency meetings necessary between regular meetings and to propose subcommittee assignments. The LHCC Executive Committee held four meetings via conference call during the calendar year, January 1– December 31, 2016.

JANUARY 29, 2016

The first meeting of the Louisiana Health Care Commission for the calendar year was held on January 29, 2016. The Commission received an update on Marketplace enrollment figures from the State Director of Navigators for a Healthy Louisiana, Southwest Louisiana Area Health Education Center. He reported the U.S. Department of Health & Hospitals allocated \$1.6 million in assistance to Navigators for a Healthy Louisiana. Over 186,000 plans included approximately 222,643 people who were eligible to enroll in those Marketplace plans, and an estimated 82,430 people will enroll in Medicaid expansion. More information on State of Enrollment can be found at:

<http://www.lidi.la.gov/consumers/boards-commissions/health-care-commission/lhcc-meetings>

The Commissioner of Insurance gave an update on the LA Health Cooperative (LAHC). He stated that LAHC was placed in conservation by the Louisiana Department of Insurance, and with the approval of the Court, a receiver was appointed to administer the Co-Op. He reported all enrollees were able to find new coverage, effective January 31, and the Co-Op is currently in the process of winding down its operations and paying final claims.

The Deputy Commissioner of the newly reorganized Office of Life, Health & Annuity discussed the rising costs of pharmaceutical prescription drugs by 13 percent within the last year. He stated the formation of a Resolution would create a work group to conduct a study on rising health care and pharmaceutical costs to analyze and determine the pattern of average increases in annual premiums from 12-14 percent, and according to CMS:

- overall healthcare spending increased to 5.3 percent in 2014;
- prescription drugs increased to 12.22 percent;
- hospital care expenditures increased to 4.1 percent;
- physicians and clinicals increased to 4.6 percent;
- and other services increased to 5.2 percent.

APRIL 29, 2016 MEETING

He also stated that the Agenda for the Annual Health Care Conference on April 12 would include a panel discussion on the issue of rising health care costs. With no objection, a Resolution to form the work group was offered and a motion was made and seconded by a commission member to adopt the resolution and form the work group.

APRIL 29, 2016

The next meeting of the calendar year was held on April 29, 2016. The Commissioner of Insurance acknowledged the success of the LDI's Annual Health Care Conference held on April 12, 2016. He also addressed the withdrawal of United Healthcare ("UHC") from the individual market in Louisiana. As it stands, with the withdrawal of UHC, the individual marketplace in the 59 Louisiana parishes would have two remaining statewide insurers—Blue Cross and Vantage-- available on the exchange; the remaining parishes would have three remaining insurers as a result of Humana's participation. He advised insurers must notify regulators by mid-May as to whether they intend to operate on the individual exchange next year, and health forms and rate filings are due on May 11. He also stated that Vantage will again offer statewide coverage in the Individual Market in 2016.

The CEO of the Louisiana Association of Health Plans presented an overview of bills currently pending in the 2016 Louisiana Legislative Session that could have a positive impact on the state, if enacted. More information on Legislation in 2016 can be found at:

<http://www.lidi.la.gov/consumers/boards-commissions/health-care-commission/lhcc-meetings>

A representative of the Department of Health and Hospitals ("DHH") provided an update on DHH's status with regard to Medicaid expansion for fiscal year 2016-2017. He reported that Governor Edwards signed an Executive Order to move forward with Medicaid expansion, with the approval of the federal government, effective July 1. Projected enrollment for fiscal year is 200,000 people. Additionally, anyone with a household income below 138 percent below the federal poverty level will qualify for Medicaid expansion, as follows:

- Household of one, with an income of \$16,242/year
- Family of four, with an income of \$33,465/year
- Family of five with an income of \$44,946/year

He also addressed the national problem with opiate dependence. He stated the Medicaid population problem predominantly exists in the rural south for those patients with incomes less than \$40,000 per year and there are limited resources to remedy this problem.

Finally, he addressed the budget for fiscal year 2015-2016, concluding on June 30, and also reported the following:

- DHH is projected to reach June 30 without any reductions and payment of claims or fees for services are projected to be made through June 30 without issue for the current fiscal year.

MEETINGS

- Following the special session, the budget for FY 2016-2017, went from \$2 billion to \$750 million, and out of a \$750 million deficit, \$408 million was assigned to DHH.
- \$23.6 million of the state’s general fund reductions will come from DHH. Reductions include the Office of Public Health for reductions in restaurant inspections; Office of Behavioral Health for reductions of forensic patients, defined as the “criminally insane” at the Jackson, Louisiana facility; and the Office of Aging Services for Hospice.
- There is a downward trend with the Bayou Health program enrollment with projected growth decreases of \$62.5 million in savings for FY 2016-2017.
- Expansion adjustments will result in \$176,000 in savings applied to FY 2016-2017.
- Additional savings would occur through expansion by refinancing the health care of pregnant women through Uncompensated Care Costs Disproportionate Share Hospital (“DSH”) Program expenditures to the public private partners from within the expansion population from July through December 2016.
- Elimination of funding for in-home care services is an additional budget measure. Reduction in Prescribed Minimum Benefit payments to five Bayou Health plans.
- There will be no funding available to the four public private hospitals in Lake Charles, Chabert, Bogalusa, Houma and Alexandria for FY 2016-2017.
- The DSH Program (disproportionate share payments) is the largest optional, remaining DHH program with currently no mandate from the federal government to proceed with this program that is reportedly an initiative entirely at the discretion of the state.
- There is an anticipated 20 percent reduction in DSH expenditures at the aforementioned hospitals.
- There is projected movement from DSH to Bayou Health, but even with these savings, DHH will still incur a shortfall.

The Director of External Relations at the LSU Health Sciences Center gave a presentation on the Louisiana Physician Workforce and reported the following:

- There will be a total physician shortfall between 61,700 and 94,700 by 2025. However, according to the Institute of Medicine, there is no shortage of physicians but rather a maldistribution.
- Louisiana is close to the national average and ranks 42nd in the country. However, due to medical advances, utilization rates, available supply and other advances, Louisiana has a shortage of primary care physicians, as well as internal medicine and mental health providers, though the population is increasing and there is an increase in health care coverage as a result of the ACA.
- The age percentage change between 2003-2014 with respect to Louisiana Direct Patient Care Physicians are as follows:
 - 34 years old and younger – 10 percent increase
 - 35-44 years old - 2 percent increase
 - 45-54 - 9 percent decrease
 - 55-64 years old – 47 percent increase

SEPTEMBER 16, 2016 MEETING

- There is a 12 percent increase in urban populations and a 19 percent increase in rural populations.
- There is an 11 percent increase in primary care physicians; a 14 percent increase in non-primary care physicians; a 3 percent increase in males and a 54 percent increase in females.

Overall, he reported medical school and resident enrollments have increased as well as programs targeting primary care; public medical school retention of medical students and residents is among the top in the country; shortages exist in primary and specialty care; there is a projected increasing demand for primary care physicians and continued support for medical schools in order to have the requisite number of health care providers to care for our citizens. More information on Louisiana Physician Workforce can be found at:

<http://www.ldi.la.gov/consumers/boards-commissions/health-care-commission/lhcc-meetings>

September 16, 2016

The third meeting of calendar year 2016 was held on September 16, 2016.

The chairperson welcomed the Program Director and Chief Technology Officer of the Louisiana Health Care Quality Forum (LHCQF) as they presented on the Louisiana Health Information Exchange and LDH's Electronic Health Record Incentive Plan.

The Program Director reported that with the passage of the American Reinvestment & Recovery Act by President Obama in 2009, funding was granted for health care information technology, and subsequently, the LHCQF was awarded two grants. The first grant was used to fund the building of a statewide health information exchange, and the second grant established the Louisiana Regional Extension Center to assist providers, particularly those in primary care independent practices, to implement a new health care infrastructure, defined as "Meaningful Use," (MU) promulgated by CMS for providers' use of certified electronic health record (EHR) technology in ways that measurably improve patients' quality and value. The program director reported that as of last year, in conjunction with work of the Office of Public Health, 70 statewide parish health units have made the successful transition to electronic health records, managing thousands of patients within a single system.

The Program Director informed members of Congress' passage of a new set of regulations created under the Medicare Access and CHIP Reauthorization Act (MACRA). She stated that MACRA combines the Medicare Meaningful use (MU), Physician Quality Reporting System (PQRS), and Value-Based Modifier (VBM) into MIPS payment adjustments, a Merit-Based Incentive Payment Model system moving from a pay-for-performance to pay-for-service activities at the Medicare level. With a program roll out introduction in 2017, and a full roll out in 2018, the overall effect will enable providers who have higher MIPS scores to receive a slightly higher payment rate on specific services than providers who score lower and receive lower reimbursement rates.

NOVEMBER 4, 2016 MEETING

Next, the Chief Technology Officer with LHCQF, gave an update on the Louisiana Health Information Exchange (LaHIE), an exchange that manages a secure HIPAA compliant messaging system between providers and patients. He stated the purpose of the exchange is to facilitate the process of providers accessing patient records across different care settings in order to make better informed decisions. He reported there are more than 300 participants in this health exchange across Louisiana for various health care facilities. Through this exchange, providers are able to access information at multiple locations where patients have been treated, through Direct Secure Messaging, a method of exchanging data through the MU program. He reported LaHIE has information on approximately 4.5 million patients and has collected information from different participants through the exchange since 2011.

Next, the President and Co-Founder of Turn Key Solutions, L.L.C., presented on the role of Cyber Security in Health Care. Since the high-profile data breach against the nation's second largest insurer, Anthem, followed by a rapid succession of other organizations victimized by security hacks in 2015, businesses are now faced with evolving security threats against its networks and must have a risk management plan in place.

He recommended that businesses employ a 5-step risk management process:

1. IDENTIFICATION of Risk Areas – such as insufficient backups, incomplete antivirus protection, disgruntled employees and mobile devices.
2. ASSESSMENT of Risks- do a real risk assessment that involves your staff, not limited to IT.
3. CREATION of a Risk Management Plan prioritizing risks.
4. IMPLEMENTATION of risk controls.
5. PERIODIC RE-EVALUATION of the success of implemented safety measures.

He also recommended an extra layer of defense for the security of electronic data in the form of cyber liability insurance that covers cyber risks such as identity theft, business interruption and other expenses related to security or privacy breach.

November 4, 2016

The final meeting of the calendar year 2016 was held on November 4, 2016. The Chair introduced the Chief Medical Officer of the Louisiana Department of Health, who presented on the current overall health in Louisiana and discussed the state's struggle with poverty being the top social determinant affecting health care in Louisiana. She reported Louisiana ranked 50th in the country for overall health and recommended the following 5-step strategy to improve the state's ranking:

1. Improve Access Through Expansion
2. Assess Expansion
3. Engage Stakeholders in Quality

4. Define Quality Targets
5. Integrate Quality, Transparency & Benchmarks

Next, the CMO provided an overview of Medicaid expansion results. She reported that 331,000 new adults signed up for Medicaid expansion since July 1, resulting in:

- 29,568 preventative health check-ups
- 2,661 women screened for breast cancer, with 25 diagnosed
- 2,132 adults received a colonoscopy; 537 patients had polyps removed and 20 patients were diagnosed with colon cancer
- 923 adults with hypertension were treated

She stated that prior to Medicaid expansion, Louisiana had one of the lowest reimbursement rates in the country for Medicaid providers and that many doctors are paying to take care of an indigent population through the overhead of patients' private insurance, subsidizing a patient population that is unaffordable. To remedy the problem, she recommended the increase of Medicaid reimbursement rates and stated great efforts are being made on behalf of the Department of Health and Hospitals in this endeavor.

Next, the President and CEO of the Franciscan Health and Wellness of Franciscan Missionaries of Our Lady Health System (FMOLHS) presented on the Cost Effectiveness of Preventive Health. The CEO reported that FMOLHS provides care to over 40 percent of the state's population. With health care reform, a new business model went into effect compelling FMOLHS to formulate other skills and competencies to care for communities in terms of managing risks and groups of people. Since the program's implementation, FMOLHS has achieved over \$20 million in savings within five years going into the sixth year with flat premium rates for open enrollment, reducing risks and working to reduce costs and improve quality of health care. She also reported an increase in costs of self-insured and fully funded plans for employers and the actual workforce.

Additionally, the CEO reported on the success that the Healthy Lives program achieved through participation incentives and outcome incentives which are linked to employer and community activities, customized for each population and utilize automated incentive management. She stated the program is managed by focusing on health wellness and at-risk groups with special emphasis on preventive care, nutrition, exercise and avoiding chronic disease by working closely with primary care physicians and health coaches. For more information on Healthy Lives, see www.ourhealthylives.org.

SUBCOMMITTEES OF THE LOUISIANA HEALTH CARE COMMISSION

Health Care and Pharmaceutical Costs Work Group

The Pharmaceutical Drug Cost Working Group of the Louisiana Health Care Commission was renamed the Health Care and Pharmaceutical Costs Work Group at the beginning of 2016 in order to broaden the study to examining the rising costs of health care in general, including, but not limited to, pharmaceutical and prescription drugs.

The work group met three times during 2016 to further narrow these topics and identify the largest source of costs in health care.

Initially, the work group members present asked for a list of discussed topics/issues to be distributed so that participants could begin the process of gathering data and other resources, including bringing in other participants, or recommending participants or other sources of information.

The following list is a comprehensive list of the topics that were discussed, some in more detail than others. The inclusion of any one topic does not require that it necessarily be pursued further, nor does the exclusion of any topic remove it from future consideration.

Topics/Issues

- Technology costs in health care services and proof of improved quality outcomes and/or costs, and other foundations for a cost-benefit analysis of new technologies.
- Shortage of health care providers at all levels, including physicians, and a discussion on medical schools and admission requirements on over-all competition and supply; effect of Medicaid expansion in Louisiana and other states, along with the decrease in uninsureds, on health care provider supply shortages; longer life expectancy; utilization management.
- Insurance and non-insurance fraud in health care.
- Identification of the half-dozen or so largest “bubbles” in costs of health care goods and services and the reasons behind the cost bubbles.
- A cost-benefit analysis of wellness programs and the identification of strategies that have successfully reduced costs by encouraging healthier behavior or adherence to prescribed medications, and other positive outcomes.
- Specialty drugs and generic drugs: costs and supply issues.
- Compounding pharmacies and their products, and the effect on market prices.
- Use of unapproved drugs and the unapproved use of approved drugs.
- Merger of hospitals and the merger of insurers on prices.
- Strategies to reduce over-utilization of health care goods and services, and possible effect of increased cost-sharing to reduce utilization.
- Upward price costs for insurance premiums as a direct result of the Affordable Care Act.

- Long term cost benefit of consulting and working with patients.
- How health care costs affect small businesses.
- Cost of treating chronic diseases and inevitable readmission and the role preventive care could play in reducing those costs; study how cost savings are measured.

Given how broad the topic of health care costs is, the work group plans to continue to identify sources of health care costs, and gather as much data and expertise as possible from both our work group members and outside experts. The ultimate goal will be to bring some reasonable recommendations forward to the commission, to Commissioner Donelon and to our legislators through LHCC's next Annual Report to the Legislature.

LOUISIANA DEPARTMENT OF INSURANCE ANNUAL HEALTH CARE CONFERENCE

The Louisiana Department of Insurance held its Annual Health Care Conference in Baton Rouge on April 12, 2016. There were over 500 consumers, health care providers, academics, government and business representatives from Louisiana and surrounding states in attendance. There were also 18 exhibitor booths at the conference.

Local and national speakers discussed health care issues that could affect many Louisiana policyholders, employers and providers. Conference panel topics included a status of Louisiana's public health care system, an update on the federal marketplace; a legislative update; a panel discussion on What's Driving the Cost of Health Care; and a panel on producers' issues within the Marketplace.

The guest speaker was Kenny Cole, M.D., Chief Clinical Transformation Officer of Baton Rouge General, who spoke on a "Value Driven Health System."

ANNUAL HEALTH CARE CONFERENCE POWERPOINT PRESENTATIONS

The following is a list of presentations given during the 2016 Annual Health Care Conference; each listed presentation contains a link to the Louisiana Department of Insurance website where the PowerPoint presentations can be accessed in their entirety.

Louisiana's Public Health Care System

Frank A. Opelka

Special Projects Director, Department of Health and Hospitals

<http://www.lidi.la.gov/docs/default-source/documents/health/lhcc/department-of-health-and-hospitals-presentation.pdf>

Marketplace Update

Brian Burton, MPH

State Director, Navigators for a Healthy Louisiana
Southwest Louisiana Area Health Education Center

<http://www.lidi.la.gov/docs/default-source/documents/health/lhcc/brian-burton-2016.pdf>

The Good, Bad and Ugly of Federal Exchanges

Korey Harvey

Deputy Commissioner, Office of Health, Life and Annuity
Louisiana Department of Insurance

<http://www.lidi.la.gov/docs/default-source/documents/health/lhcc/exchange-panel-slides.pdf>

Legislative Update

Jeff Drozda

Chief Executive Officer
Louisiana Association of Health Plans

<http://www.lidi.la.gov/docs/default-source/documents/health/lhcc/legislative-update.pdf?>

Striving for A Value Drive Health System

Kenny Cole, M.D.

Chief Clinical Transformation Officer, Baton Rouge General

<http://www.lidi.la.gov/docs/default-source/documents/health/lhcc/striving-for-a-value-driven-health-system.pdf>

LOOKING AHEAD

The Louisiana Health Care Commission will continue to study, monitor and make recommendations related to the availability and affordability of health care and health care coverage to the Commissioner of Insurance.

The Louisiana Health Care Commission will continue to study the issue of the uninsured and underinsured in order to make recommendations to further expand coverage options.

The Louisiana Health Care Commission will continue to monitor all federal and state legislation and make recommendations accordingly.

The Louisiana Health Care Commission will continue to monitor the implementation of federal health care reform as policies develop at both a state and national level.

The Louisiana Health Care Commission will coordinate and host the Louisiana Department of Insurance Annual Health Care Conference scheduled for September 28, 2017 in Baton Rouge.

The Louisiana Health Care Commission will hold meetings on February 3, May 5, August 18 and November 17 in 2017.

CONCLUSION

We trust that this report is both informative and enlightening to our state legislators. The Louisiana Health Care Commission remains committed to addressing the many health policy issues that play a part in ensuring that Louisiana citizens have access to affordable, quality health care. The Commission will continue to educate and encourage discussion of all stakeholders in the debate of the provision of health care for all Louisiana citizens.

The Commission looks forward to playing a role in the search for more effective and efficient solutions for the delivery of health care in Louisiana.



John F. Fraiche, MD
President and CEO
St. Elizabeth Hospital Physicians
Chair, Louisiana Health Care Commission



Crystal Marchand Campbell
Executive Director
Louisiana Health Care Commission

For more information about the Louisiana Department of Insurance and the Louisiana Health Care Commission, you may access the Department website at www.ldi.la.gov. Lists of Louisiana Health Care Commission members and meeting dates are available on the website.

APPENDIX

The following is a list of Louisiana Health Care Commission members, along with the organizations they represent and contact information, as of December 31, 2016.

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Positions Presently Vacant

- Louisiana Council on Human Relations
- Louisiana Health Plan
- Louisiana Insurers' Conference
- Louisiana State Nurses Association
- National Association for the Advancement of Colored People
- National Medical Association
- At Large Appointment



**Louisiana Health Care Commission
2016 Report to the Legislature**

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