Wyoming Healthcare Commission

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January 18, 2005

Honorable Dave Freudenthal
Governor of Wyoming
State Capitol
200 West 24th Street
Cheyenne, WY 82002-0010

Dear Governor Freudenthal,

The Wyoming Healthcare Commission respectfully requests an additional appropriation of $1,940,860 general fund to support its work through June 30, 2006. The Commission has carefully reviewed all its operational expenses to date and finds that of the $1,939,538 appropriated in total since its inception 18 months ago, a total of $290,549 remains unspent or unencumbered as of December 31, 2004. The Commission asks for additional funds in order to complete work already requested by the State Legislature and to begin additional tasks the Commission deems necessary to further its mandate of providing recommendations to improve healthcare access, cost and quality for the citizens of Wyoming.

Work Done To Date:

As of December 31, 2004, the Wyoming Healthcare Commission has completed all assigned tasks within both the budget and timeframes provided. The following table is organized by approved legislation in chronological order. It outlines the assigned (and unassigned or Commission generated) tasks, their due dates, status and cost.

Legislation	Task	Due Date	Status	Cost
2003 Chapter 122	Enabling Legislation			
	Preliminary Report	6/30/04	Done	
	"Final Report"	12/1/2004	Done	
	Joint Underwriting Authority Study (Enrolled Act 90)	10/31/03	Done	$25,000
	Rural Healthcare Study (not mandated)	None specified	On Track for 2/2005	$183,520
2004 Chapter 95	Second Appropriation			
	Medical Review Panels (not mandated)	None specified	Done 12/2/04	$4,434
	Mediation and Arbitration (not mandated)	None specified	Done 12/20/04	$2,216
2004 Chapter 100	Healthcare IT (IT2)			
	Interim Report	11/15/04	Done	

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	Final Report	10/15/2005	On Track	$398,146
2004 Chapter 103	Unreimbursed Catastrophic and Trauma Care	10/1/2004 had a one month extension	Done 10/28/2004	$120,000
2004 Special Session Chapter 4	Tort Reform/Medical Errors			
	Actuarial Studies (Milliman)			$125,000
	Non-Economic Caps	10/15/2004	Done	
	Excess Liability Funds	11/1/2004	Done	
	Risk Retention Groups	11/15/2004	Done	
	Medical Errors			
	Preliminary report	9/1/2005	On Track	
	Final report	10/1/2005	On Track	$240,000
	Professional Licensure Study (not mandated)	12/10/2004	Done	$4,835

The cost column in the above table represents direct payment to the consultant involved or direct allocation of staff time involved in research. It does not include Commission overhead or management expenses. The Commission has learned through experience that managing the various studies through the RFP process through to completion, release and follow-up is a time intensive and costly undertaking.

Work in Progress:

The Commission currently has two projects underway, for which we would like to ask additional funds.

The first is the legislatively mandated Healthcare Information System study. In that legislation (2004 Chapter 100 or SF 29) the Commission was given $400,000. An RFP was issued and four highly qualified respondents submitted to an oral interview process. Out of that competitive bid process the contract was let for $398,146 – leaving no money for the administration and management of the study or the "IT2" subcommittee. To correct this situation, the Commission is asking for an additional $40,000. This money will allow the IT2 group to meet, distribute information among themselves, and function as you would expect.

The second is the "Rural Healthcare Study." This is a study the Commission initiated in an attempt to get a firm understanding of who was delivering what kind of healthcare, and where. The intent was to look not only at doctors and hospitals but to inventory every kind of provider – nurses, nurse practitioners, physical therapists, etc. The Commission is trying to answer the question: If this is what exists today, what has to change to meet the needs of Wyoming citizens now and in the future? What we now call our "Supply Side Study" is an attempt to identify areas where there might be a shortage of providers and services, as well as where there might be excess capacity in the system. The Commission strongly believes that solid data in this area is needed in order to begin the process of analyzing how to improve the current delivery system. This task has proven to be much more difficult than anticipated and the Commission is now aware that we severely under-funded our project.

To finish this project and take the study to its next logical step - recommendations on how to create a more rational and equitable delivery system - the Commission is asking for $604,000, most of which will spent for professional (contractual) services.

New Commission Projects:

The Commission also has two new projects it would like to see funded. These projects follow on the heels of work previously done by this Commission and the earlier Healthcare Task Force.

Our newly formed Purchasing Pool(s) subcommittee will address the demand side of the equation. The subcommittee intends to investigate the development of one or more purchasing pools and will examine how pools can use market influence to address cost and quality issues as well as the role of the pools in developing

more sophisticated consumers of healthcare services along with encouraging healthy choices among pool members. The ultimate goal is to have at least one pool of both public and private sector enrollees actively purchasing well thought-out benefit plans at reasonable prices by calendar year 2007. Our hope is that these pools will allow us to fully cover or subsidize the coverage of some who have been previously uninsured. We recognize that pools have been looked at before, but believe it is time to revisit the concept. For this undertaking the Commission is asking for an appropriation of $331,800.

The Commission is also keenly aware of the lack of healthcare data available to all stakeholders trying to make solid fact-based decisions. To that end the Commission believes it makes sense to follow-up on the Information Systems Study with an investigation of databases in use by those in the vanguard of evidence-based medicine, benefit plan design and public health research. The goal is the creation of a single data repository from which all healthcare stakeholders can get the information they need to make more informed decisions on a wide range of issues – from individual treatment plans to population based programs. The Commission estimates that the research needed to draft a functional specification for such a database and pilot a data collection system will cost approximately $285,000 between now and the end of the biennium.

In addition the Commission recognizes that a sophisticated and coordinated public education campaign needs to begin. The public needs to understand what is driving healthcare costs and the public's role in bringing them under control. Our citizens will also need to understand what the Commission is doing to address health care costs, access and quality – and have on-going input into the thought process and planning. To that end we have included a line item with each project called "stakeholder outreach." The project budget also includes approximately $160,440 to pay the travel expenses of the Commissioners so they can attend public meetings, speak at community events and facilitate the public dialogue that needs to occur to make sure the Commission's work meets the needs of Wyoming's citizens.

The Bottom Line:

As the attached spreadsheet shows, it will take approximately $661,035 to cover the anticipated costs of the 11 Commissioners, the Commission staff, staff extenders, and office operating expenses for the next 18 months. The Commission's operating budget balance, as of December 31, 2004, is $141,415, leaving a shortfall of $519,620. Funding the continuing and new projects as outlined above will cost approximately $1,421,240 for total anticipated expenses of $1,940,860. The result is the Wyoming Healthcare Commission respectfully submits a request for $1,940,860 in additional appropriations. It should be noted that, at this time, there is a unexpended/unobligated balance of approximately $147,325 remaining from the Chapter 4 (HB 1010) appropriation that could be applied to the request, if it is appropriate to do so.

And What Does the Tax Payer Get?:

After a year of traveling the state, listening to experts and laymen, reading and studying, the members of the Commission have developed a deep appreciation for how complex the healthcare system is and how difficult it will be to address many of its problems. Many studies, by the Commission and others, have measured the problem and some of the underlying causes. The Commission believes the State of Wyoming deserves a fresh, innovative approach to the myriad of issues impacting the system. Some potential recommendations the Commission plans to think through carefully over the next year might mean dramatic changes. The goal is real reform that will have a positive impact on the kind of care our citizens receive and how much they have to pay for it.

The Commission also recognizes that any change – no matter how small - will be viewed as threatening to those benefiting from the current system. The Commission's responsibility is to assure that its proposals will lead to fundamental improvements for the citizens of Wyoming. The Commission must also make sure all stakeholders understand the consequences of not making the necessary changes.

We know that you understand how important it is to the state's future that we address the issues facing our state's heath care system. It has to be done if we expect to have the ability to attract businesses with high-

paying jobs to Wyoming and if we expect our younger citizens to stay and make a living and a life here. It is also important to the quality of life and general well being of all our citizens today.

If you have any questions about this request, I know you will call. I am looking forward to the work ahead.

Sincerely,

T. Chris Muirhead
Chairman

Enc: Budget spreadsheets
New Project Line Item Narrative
Financial Gant Chart