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Robin Lunge, Director

MEMORANDUM

To: Representative Lippert, Chair
House Committee on Health Care

From: Robin Lunge, Director Health Care Reform, AOA

Cc: Trinka Kerr, Chief Health Care Advocate, VLA
Susan Barrett, Executive Director, GMCB
Kate Jones, Financial Director, GMCB
Kelly Murphy, Budget Analyst, Finance and Management

Date: February 23, 2016

Re: Health Care Advocate Bill Back

You requested that AOA, GMCB, and HCA meet to work through the details of how your Committee could provide an additional \$160,000 in funding for the Health Care Advocates Office through either bill back or Global Commitment Funds. We discussed several options and weighed the following factors: current general fund support for the Health Care Advocate's Office in the GMCB budget, available funding for the Global Commitment (GC) Managed Care Entity (MCE) Investments, GC criteria for funding MCE investments, current MCE investment amounts provided to HCA and to GMCB, impacts on GMCB operations, and impacts on industry.

Given the committee's goals, we suggest that the committee create a new bill back authority administered by the GMCB and appropriated directly to AOA to fund \$510,000 of the HCA's budget. This includes the additional \$160,000 proposed by the Committee and the \$350,000 in Global Commitment that is currently proposed in the GMCB's budget. This would require that the Committee enact a new HCA bill back statute in Title 18, which would allocate the expenses as follows: 20% to the State, 20% to the hospitals, 20% to the nonprofit hospital and medical service companies, 20% by health insurers, and 20% by HMOs. We are happy to work with Legislative Counsel to draft the necessary language.

This solution solves several issues discussed by the Committee:

- *raises an additional \$160,000 without new general fund needed;
- *relieves pressures on the Global Commitment MCE Investments;
- *ensures sustainable funding for HCA; and
- *balances the GMCB's concerns of potential conflicts by appropriating the money from bill back directly to AOA.

Please let us know if you have any questions or concerns.