

"We'll definitely have dialogue, continuing dialogue with the governor's office and the state Legislature, and we'll answer any and all questions that they have," she said.

"We're keeping our eye on the July 1 goal, and we'll see how things go."

SEHCB Director Calls for Operational Shake-Up, Two-Part JCARR Process

"I am nothing if not a pragmatist, for better or worse."

Thus did newly installed Executive Director Bruce Gilbert introduce himself in his first official comments to the School Employees Health Care Board (SEHCB); a man with a track record of "reengineering" outcomes in the health care and insurance industry, a lawyer now charged with delivering results to the governor and Legislature after two years of deliberation by SEHCB.

Fresh off his former role as CEO of Verity National Group in San Antonio, Gilbert proposed major operational and administrative changes Wednesday that will shake up several subcommittees and split articulation of "best practice" standards for statewide health purchasing into two separate packages before the Joint Committee on Agency Rule Review (JCARR). SEHCB had originally envisioned a July 1, 2008 completion date and later revised that to fall 2008, allowing the full 90 days for JCARR. Now Gilbert is proposing an initial set of four rules that might be "implemented with little difficulty" by Sept. 1, and a second set of rules targeted for promulgation by Jan. 1, 2009.

"I think there are many people around the state, and especially in Columbus, who are looking to us for progress," SEHCB Chairman Stephen Loeb had said upon introducing Gilbert, who in turn suggested that definable outcomes delivered "sequentially" would be better than an all-or-nothing approach that keeps the state waiting for tangible results.

Gilbert had already set out the challenge facing the state and SEHCB.

"In the recent election, there many school levies that did not pass," he noted. "The reasons are perhaps complex, but among them is the fact that taxpayers have become reluctant to continue supporting districts until they can show better management of their resources – in particular, benefits and health care."

Gilbert said SEHCB's role in alleviating those problems had grown more difficult with its massive budget cut from \$1.4 million to \$700,000. The pressure became even greater, he said, based on initial conversations with the governor's office, Ohio Department of Administrative Services Director Hugh Quill, and others.

"It didn't matter who we spoke to," he said of SEHCB's accomplishments to date. "We have a perception challenge. When you are doing research and analysis, when you are out of the public eye for several months, you sort of slip away."

He would clarify later to *Hannah News* that the governor's office has in fact signed off on the two-part JCARR process, something the state attorney general's office had also approved.

Arguing for the initial presentation to JCARR on June 1, Gilbert said SEHCB had the immediate challenge of convincing the governor and the Legislature, "This is a relevant discussion and it's going to lead to something."

To achieve that delivery date, he called for four best practice standards to be reviewed by SEHCB over the coming month and approved by May 1:

1) "All health care plans subject to R.C. 9.901 shall include a wellness or healthy lifestyle program."

The program would take a preventive approach to "lifestyle" risks such as obesity, high blood pressure, high cholesterol, tobacco use, and stress.

2) "All health plans subject to R.C. 9.901 shall include a disease state management (DSM) program."

DSM was defined as relying on "evidence-based" clinical policies.

"Ten percent of the sickest patients account for about 70 percent of total health care costs," noted Gilbert's proposal. "Many diseases like cardiovascular disease and Type II diabetes can be better managed and, in some cases, prevented when we have the right data on which to base care decisions."

3) "All health care plans subject to R.C. 9.901 shall include access to one or more specialty networks."

The recommendation targets "complex medical conditions" including obesity, cancer, kidney disease, congenital heart disease, infertility, neonatology, high-risk pregnancy, and organ transplantation.

4) "All health care plans subject to R.C. 9.901 shall undertake periodic dependent eligibility audits."

Gilbert pointed to a recent Ford Motor Co. audit that found roughly 10 percent of "dependents" under its health plan were not actually eligible for coverage.

"With most employers covering, on average, two dependents for each plan member, the potential savings realized in a short period of time by performing a dependent eligibility audit can be substantial," the proposal said, noting a school district with annual benefit costs of \$3,000 each for 1,000 members and 2,000 dependents could save \$600,000 in the first year alone under the 10 percent figure.

As SEHCB moves toward final promulgation of initial rules by Sept. 1, Gilbert said members should be working simultaneously on a second set of best practice standards for delivery to JCARR by Oct. 1.

Board comments on the two-part plan and targeted schedule included the observation that the JCARR process and public feedback might introduce delays of their own. Other members applauded Gilbert's results-driven approach but cautioned that all best practices standards would need to be fully measured and vetted for maximum relevance before submission to JCARR.

Other questions addressed a revised compliance date for districts and regional purchasing pools, originally charged with implementing best practices within a year of final rules. Gilbert proposed that, instead of an unspecified implementation period of one year, SEHCB should set a specific date that would allow a similar amount of time while also providing board members and districts a definable goal. He offered Jan. 1, 2010 as a plausible deadline.

OCC Holds Governing Board Meeting

Wednesday's meeting of the governing board of the Ohio Consumers' Counsel (OCC) heard reports on new and old rate cases and the status of SB221 (Schuler) and HB487 (McGregor). The range of case outcomes, presented by Bruce Weston, deputy consumers' counsel and legal director, spanned gas, electric, and telephone services.

The OCC intervened on three Duke cases, with the bulk of concerns based on performance audits. The first case was a gas case, where the OCC questioned the policies and purchasing practices. The OCC gave recommendations and will follow up on a further review of asset management and how the company controls its capacity. They are also concerned with contracting other companies to run their pipelines, when Duke could service these lines themselves to save on costs, Weston said. A further review is being done and will be used in later PUCO proceedings.

The other Duke case concerned the security of coal samples to test for the quality or grade of the coal and the resale of their coal supply. The OCC was concerned with the management of the testing and advised that the resale of their managed coal supply be stopped because it has resulted in financial losses.

According to OCC Janine Migden-Ostrander, Duke's current rate structure under the Rate Stabilization Plan (RSP) most resembles the proposed provisions in SB221. The bill suggests that a base rate is set, as in the Electric Security Plan and then there are a whole host of riders. Asking for costs due to outages at the Zimmer power plant should be excluded