



HealthWatch Wisconsin

# REPORTER

August 12, 2010

Analysis of Complex Healthcare Coverage Issues!

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*ABC for Health in partnership with HealthWatch Wisconsin, a membership organization that focuses work on maximizing access to care and coverage for the people of Wisconsin, has developed a new feature: "The HealthWatch Wisconsin Reporter" to highlight large scale and important health care coverage issues that require deeper analysis and review. "This new feature tackles the big issues, providing in-depth analysis and insight into complex questions.*

## Immigrant Health Issues Workshops!

ABC for Health will hold live, in-person trainings for all skill levels in Madison and Milwaukee this September! Join us as we spend 3 hours digging into public benefits options for nonqualified immigrants, undocumented immigrants with citizen children, changes in new legislation affecting immigrants with legal permanent resident status, and more! This training starts with "the basics" and advances to

## Special Report: Wisconsin's Medical Schools Answer to the WUHF Board

*You are receiving this Special Edition Newsletter as a benefit of being a subscriber to the HealthWatch Wisconsin Update Newsletter! Thank you!*

### The Wisconsin United for Health Foundation Board Asks for Clarification

The Wisconsin United for Health Foundation (WUHF) Board sat across the table from leaders of Wisconsin's two medical schools at Madison's Inn on the Park almost one month after the Legislative Audit Bureau (LAB) documented their findings. The LAB spent a year digging into the policy, procedure, and practice of the Blue Cross Blue Shield (BCBS) Conversion Funds, held in endowments by Wisconsin's two medical schools. This money represents BCBS's payback to the people of Wisconsin as part of the company's 2001 conversion to a for-profit entity. An Insurance Commissioner Order entrusted \$600 million to the Medical College of Wisconsin and the University of Wisconsin School of Medicine and Public Health, to promote public health and education initiatives that will **benefit the people of Wisconsin**.

WUHF Board members submitted written questions to both medical schools, to continue the conversation started at the July 15 meeting, where the LAB Report was presented. Board members were encouraged to identify areas of concern and considerations coming out of the LAB Report, especially the policy considerations/recommendations. They include:

- Amend Conflict of Interest Policies.
- Clarify "allowable uses" of medical education and research funds.
- Redefine the supplanting prohibition.
- Determine the degree to which medical education and research funds should be competitively awarded.
- Determine the level of public health funding the schools may directly expend.

The medical schools, in turn, submitted written responses. The August 9 meeting was an opportunity for further discussion on the written exchange.

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## Executive Summary

### 1) Senator Leann wants to see deliverables

Former State Senator Joseph Leann, a public member of the Board, asked how projects funded by the medical schools were improving Wisconsin's public health. "I



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#### **Live or Work Outside the Greater Madison or Milwaukee Area?**

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#### **Save the Date: HealthWatch Wisconsin Fall Conference**

We're looking ahead to October--Mark your calendar for HealthWatch Wisconsin's:

#### **The Changing Landscape of Insurance after Health Reform**

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Thursday, October 28, 2010  
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would like to see deliverables to the public health of our community. ... I want more specifics." Sen. Leann encouraged the medical schools to show the Board and the public specific public health benefits resulting from the more than \$70 million in grants funded over the last 5 years.

#### **2) No action taken on 35/65 split**

Sen. Leann said he was "disappointed" by the medical schools' answers to questions about the 35/65 split between public health and medical education and research funding. In particular, he was disappointed in the medical schools' lack of interest in paying academic partners out of the 65% portion. The group discussed the split between public health and medical education and research funding, but no one could draw any firm conclusions. Dean Golden of the UW's medical school argued that the split is a "distraction," as the division between public health and medical education and research is growing increasingly blurry. Wisconsin's Commissioner of Insurance, Sean Dilweg, encouraged the schools to continue evaluating the split on an annual basis.

#### **3) WUHF Board medical school reps call current supplanting definitions adequate**

Few appeared eager to impose a more rigorous definition of supplanting. Board members objected to a definition that would require grantees to seek other sources of funding first. Board member James Nellen II, a representative of the UW medical school, argued that this requirement would create hardship for community groups with limited grant-writing expertise. Board member Katharine Lyall, another UW medical school representative, said that if grantees had to seek other funding first, the medical schools would be left with only "bottom of the barrel projects" to fund.

#### **4) Sen. Leann wants the \$17 million paid to the UW Foundation returned!**

Board members and UW medical school leaders agreed that the Foundation's 1% fee, over and above a 40 basis-point investment management fee, was too high. Sen. Leann argued that the more than \$17 million paid to the Foundation in fees over the last five years is money that should have gone to improving Wisconsin's public health. He urged the UW medical school to demand a refund. UW's Dean Golden said he plans to meet soon with the Foundation's new president to negotiate a fee reduction. The Commissioner of Insurance expressed interest in following this issue.

#### **5) Medical schools and WUHF Board want to encourage "leveraging"**

Medical school leaders and WUHF Board members argued that the conversion funds should support projects that are likely to attract additional funding from other sources. Leaders from the Medical College of Wisconsin explained that funding decisions take into account the possibility of leverage. WUHF Board member, Lyall representing the UW medical school voiced support for this focus on leveraging and stated that the Board should not adopt a supplanting rule that works to discourage leverage.

#### **6) No action taken on clarifying allowable uses**

Leaders of the medical schools argued that the distinction between local and national health issues, like the distinction between public health and research/education projects, is unclear. A wide-ranging discussion about whether education and research dollars were supporting projects focused on Wisconsin health issues reached no firm conclusions. The medical schools implied that any research project is potentially relevant to the health of Wisconsin residents.

#### **7) Insurance Commissioner remains undecided**

Commissioner Dilweg will take no immediate action to amend the Order or clarify the issues raised in the LAB report. He asked the medical schools to file with his office copies of their revised conflict of interest policies. He also asked the schools to identify how they plan to track public health funds that could come to Wisconsin as a result of federal health reform.

#### **8) Medical schools will collect better data on underserved populations**

Reduced registration cost will be available for members of HealthWatch Wisconsin! Join HealthWatch Wisconsin to take advantage of savings throughout the year! Conference sessions will be led by regulators, policy makers, and advocates in Wisconsin! HealthWatch Wisconsin will debut its new publication "My Health Reform Guidebook for Wisconsin" at this event! The publication is included FREE for members of HealthWatch Wisconsin!!

Continuing education credits will be offered for attorneys, social workers, and other professionals. Further details will be released as confirmed. See you in Madison in October!

## JOIN US...

**...in uniting the Public Health Workforce through comprehensive education and advocacy**

Become a member of HealthWatch Wisconsin! Whether you are joining for the first time or renewing your membership, you are teaming up with an impressive effort in Wisconsin that will work to focus and amplify the voices of health care advocates across the state. The membership year began July 1, 2010!! [Click Here](#) to complete a membership application! **Your individual membership fee for 2010-2011 is \$30.** Your workplace can purchase an **organizational membership for \$120.**

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The WUHF Board asked both medical schools to explain why minority and disability populations appeared to be underrepresented in projects that they have funded.

The medical schools responded that many funded projects do serve minority and disability populations, but that the schools need to improve their data collection process so that they can better demonstrate this.

### **9) Medical schools say no grants are "non-competitive"**

The medical schools and their representatives on the WUHF Board argued that all grants undergo a rigorous application and review process. While the LAB Report distinguished between "competitive" and "noncompetitive" research grants, Board member Lyall called this a false distinction and suggested the term "targeted" was more appropriate than "noncompetitive."

### **10) Medical schools call academic partners necessary for accountability**

The medical schools argued that faculty partners must participate in funded community projects to provide the medical schools with accountability. The UW's Dean Golden stated, "I want someone from my school on the payroll as leverage for accountability. We need oversight and accountability, or, God forbid, someone should misuse funds." Others agreed that community projects must have oversight and accountability.

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## Next Steps

The WUHF Board will respond to the Legislative Audit Bureau in writing, following the August 9 Board meeting. The minutes of the meeting will be submitted as a reflection of the conversation. Majority and minority viewpoints will be summarized.

## Materials to be Developed

- The Commissioner of Insurance wants the medical schools' conflict of interest policies to be on file at his office.
- Chairman Brancel asked the medical schools to prepare a document for WUHF stating how the schools planned to work together in the future, either formal or informal coordination, in light of federal money that could be coming to Wisconsin through health reform.
- WUHF Board member John Daniels wants each medical school to submit its diversity policy on the engagement of women and minorities.
- WUHF Board member James Nellen, echoing Sen. Leann, asked for a summary of how project successes/research was being disseminated (a one-page summary will suffice).
- WUHF Board member Sen. Leann wants a strategy on the UW Foundation fees.

## HealthWatch Wisconsin to Respond

Tune in to an upcoming episode of the **HealthWatch WatchDog** for our comment on the WUHF Board's questions and the medical schools' responses.

## **TEN QUESTIONS the Wisconsin United for Health Foundation Board Should Ask the Medical Schools**

In preparation for the August 9, 2010 WUHF meeting, the staff of HealthWatch Wisconsin drafted our own questions--those we urged the WUHF Board to ask the two medical schools. We explain them [HERE](#).

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ABC for Health, Inc. is a Wisconsin-based, nonprofit public interest law firm dedicated to linking children and families, particularly those with special health care needs, to health care benefits and services. ABC for Health's mission is to provide information, advocacy tools, legal services, and expert support needed to obtain, maintain, and finance health care coverage and services.



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## The Legislative Audit Bureau Recommendations

The [Legislative Audit Bureau \(LAB\) Report](#) suggested in their May report that the medical schools periodically used the funds to *benefit their own institutions*, rather than the public's health. To view a summary of LAB key findings and recommendations, view the [PowerPoint presentation](#). As presented at the July 15 WUHF Board meeting, the following are LAB Policy Considerations:

**Amend Conflict of Interest Policies.** This is something the schools can do right away, without involving outside stakeholders.

**Clarify "allowable uses" of medical education and research funds.** The LAB was concerned with the very broad interpretation of the "uses," noting that some were already part of the "core functions of the schools," including equipment, travel, etc. The LAB also said a change in this area would need stakeholder involvement.

**Redefine the supplanting prohibition.**

**Determine the degree to which medical education and research funds should be competitively allowed.** The LAB pointed to the Dean's discretion, especially at the Medical College of Wisconsin, where only 26.4% of the Medical Education and Research grants were awarded competitively (2004-2008). For the University of Wisconsin School of Medicine and Public Health in that same time period, only **17.9%** of the Medical Education and Research grants were awarded competitively (2004-2008). That's approximately 64 grants non-competitively distributed out of a total of 78. While the LAB complimented many of the oversight functions written into other aspects of Partnership Program processes, they found the lack of oversight in the realm of non-competitively awarded grants to be curious. Here, too, the LAB requested changes be made with input from stakeholders.

**Determine the level of public health funding the schools may directly expend.** The original Commissioner of Insurance Order says that a percentage of funds should be distributed for public health and community public health organizations that is *appropriate* amount of funding, so community organizations have *reasonable* access. The LAB wanted both words "appropriate," and "reasonable access" defined to justify the existing 35% distribution, whereas 65% goes to medical education and research. As a caveat, the LAB noted that both medical schools spend about 1/3 of the 35% of public health and community health organization money in addition to the 65%. When they asked the medical schools about this additional distribution of funds, the response was "for synergy." In this policy area, LAB suggested stakeholder involvement to address concerns and define key definitions.

### Members of the WUHF Board:

[Click Here](#) for a more detailed biography of current WUHF Board members.

- President/Chairman: Mr. Ben L. Brancel (Public Member)
- Vice President: Timothy T. Flaherty, M.D., (Medical College of WI Representative)
- Joseph S. Leean (Public Member)
- Ms. Katharine C. Lyall, (University of WI Medical School Representative)
- Mr. Tom Lyon (Public Member)
- Rev. Rolen L. Womack (Public Member)
- Mr. David Meissner (Public Member), (Retired from Public Policy Forum)
- Mr. John Daniels, (Medical College of WI Representative)
- Mr. James W. Nellen II, (University of WI Medical School Representative)

### About WUHF:

- In 1999 Blue Cross & Blue Shield United of Wisconsin become a for profit stock corporation
- Conversion funds were split equally between the UW Medical School and the Medical College of Wisconsin.
- The Foundation's primary purpose is to realize the full value of Blue Cross/Blue Shield and to transfer the proceeds from the sale of the stock to the two medical schools.
- The Foundation also reviews and approves revised five-year plans, submitted by the two medical schools, to ensure compliance with the Insurance Commissioner's Order.

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