

UHA, Utah Hospitals and Health Systems Association Healthcare Coverage Coalition

Utah Healthcare Reform Proposal

OBJECTIVE: “Health Coverage for All ... Supported by All”

--*American Hospital Association*

THE NEED FOR REFORM

More than 300,000 Utahns are uninsured. Of those, 90,000 are children (newborn to 18 years of age) and more than 100,000 work for small businesses. Uninsured individuals often get inefficient healthcare. Most of the cost of providing care to the uninsured is being passed on to Utah businesses that offer health benefits to their employees. On average, Utah businesses that provide health benefits pay a “hidden” 17% premium tax to cover the cost of care for the uninsured.

ELEMENTS OF A HEALTH COVERAGE REFORM PLAN

- **SHARED RESPONSIBILITY**—Support of healthcare coverage for all.
 - **Individuals**—A healthcare insurance policy is **REQUIRED** for all—employed/unemployed; rich/poor;
 - **Employers**—Encourage support of group and/or employee selected plans;
 - **Federal and State Governments**—Government programs provide a **SAFETY NET** and required subsidies.

- **ESSENTIAL BENEFITS INSURANCE PLAN**—Insurance that is portable and state of Utah community-rated and risk-adjusted.
 - **Incentives** for behaviors that deliver long-term healthy outcomes, such as “Wellness and Preventive” care;
 - **Co-payments** paid by individuals for important essential care (“Primary” Care);
 - **Co-Insurance** by individuals for required care (“Life” Care and “Comfort” Care);
 - **No Essential Plan Insurance** coverage for elective or “Optional” Care.

- **COVERAGE ADMINISTRATION**—Administered by an independent ***Healthcare Coverage Commission*** and an independent ***Insurance Exchange***.
 - Essential Plan benefit levels set by the Commission;
 - Modified community-adjusted risk;
 - Broad-based funding to provide subsidies for those unable to afford coverage.

- **DISPUTE RESOLUTION**—Essential coverage level disagreements between patient and insurance companies would be determined by judges appointed by the independent Commission.

- **INSURANCE EXCHANGE**—Provides a health insurance marketplace for individuals and employers.
 - Insurance purchased through or authorized as qualifying coverage by the Exchange;

- Individual essential benefits and group essential benefits products rated and approved by the Exchange;
- Government employees are participants in the Essential Benefit Plan through the Exchange.
- **FUNDING OF INSURANCE PREMIUMS/SUBSIDIES**—Broad-based funding required.
 - **Individuals**—Pay the essential policy premium unless provided by employer or the individual’s income is below a set percentage of Federal Poverty Level (FPL).
 - The taxpayer is obligated to provide coverage for everyone claimed as a dependent. The taxpayer listed on the state income tax return must confirm coverage or pay the premium.
 - **Employers**—Continue to support health insurance coverage as a business expense at a minimum premium level equal to the Essential Benefit Plan rate.
 - A sliding scale will be used to set the premiums/tax for small employers. Small employers will be defined in financial terms rather than strictly by number of employees.
 - Note: The higher the FPL Safety Net level provided by state and federal governments, the lower the financial commitment that will be needed from small employers.
 - **Individual and Employer Tax Incentives**—Tax credits against any premiums due will be given if: 1) a person has their own insurance; 2) an employer provides insurance for employees; 3) individuals meet exemption at the designated percentage of FPL (Federal Poverty Level), or 4) small business has an exemption.
 - **Insurance Companies**—Assessed an additional Insurance Premium Tax on health insurance premiums.
 - **General Fund Revenues**—General Fund Revenues, such as sales taxes, tobacco taxes, etc. Dedicated tax to subsidize healthcare insurance coverage (similar to the Utah mass transit tax model).
 - **Healthcare Facility Provider Contribution**—Offering credits for provider contributions paid and/or services provided, disproportionate shares of Essential Benefit Plan patients, charity care given, and bad debt.
 - **Healthcare Professionals**—Define a level of charity care expected in lieu of a financial contribution.
 - **Redistribution of Current State Appropriated Funds**—Consolidate HIP, PCN and other related state-funded programs into this plan.
- **PRESERVE/ENHANCE STATE AND FEDERAL SAFETY NET PROGRAMS**—Medicaid and similar programs for the poor, Medicare for the elderly and disabled, etc.
 - **Below 100% to 200% of Federal Poverty Level**—Protect ALL those below the percentage of FPL selected.
 - **Between selected percentage and 400% of FPL**—Maximize Federal support dollars and provide a sliding scale to subsidize coverage.

ADDITIONAL INFORMATION

Healthcare Coverage Commission—Administration

Utah's reformed health insurance coverage system will be administered by an independent Commission. All individuals employed in Utah will be required to obtain an Essential Benefits Insurance Plan from an insurance company that is offering a "Qualified" plan by the Commission.

The plan(s) will be purchased with individual dollars, employer-sponsored dollars or a combination of both. Subsidies will be available for individuals who are unable to afford the Essential Benefits Insurance Plan premium. All subsidies will be financed through broad-based funding mechanisms.

The requirement for individuals to carry healthcare insurance will be administered through the state's income tax system. The individual will provide evidence of coverage (i.e. policy number, coverage period, etc.) for all individuals and dependents included on the Utah State Tax return. Most individuals who do not file an income tax return would be considered "presumptively eligible" for subsidized coverage.

➤ ***Insurance Exchange***

Insurance may be obtained through an independent ***Insurance Exchange*** created by state law. All health insurers doing business in Utah will have the option of offering an Essential Benefits Plan through the ***Insurance Exchange***. Self-insured employers may be required to have their offering certified by the ***Insurance Exchange*** to determine if its offering meets the requirements of the Essential Benefits Plan.

ERISA plans can be certified by the ***Insurance Exchange*** as compliant with the Essential Benefits Plan requirements, but do not need to be offered through the ***Insurance Exchange***.

The ***Insurance Exchange*** is a "marketplace" for health insurance policies. All policies will be portable, risk adjusted, and modified community rated. Utilization of the ***Insurance Exchange*** will be mandatory for individuals without qualifying coverage. Use of the ***Insurance Exchange*** will be available as an option for individual and other group plans. Many insurance "consultants" will be required to help those individuals needing insurance coverage select an appropriate plan.

Individuals who have not purchased or do not opt to select a health insurance plan will be assigned to a provider (allocated amongst providers) or adopted by the state in its role as risk taker and "provider of last resort."

➤ ***Essential Benefits Insurance Plan***

Taxpayers will be required to purchase an Essential Benefits Insurance Plan for themselves and their dependents. Compliance with this requirement will be enforced through the state's income tax system. Individuals who are employed will participate in a plan they select with their employer. Individual and employer contributions toward

insurance premiums will be required to be at certain minimum levels as well as capped as set by law. Employers will also contribute a pro-rata share of the premium for part-time employees.

Coverage levels in the Essential Benefits Insurance Plan will be categorized as follows, with the goal of investing in healthcare services providing long-term benefit and cost savings.

Wellness and Preventive Care—appropriate wellness counseling and preventive and cost-mitigating care will be covered, with only minimum out-of-pocket co-pays (\$5 to \$10). An incentive payment may also be considered to encourage long-term, positive health outcomes.

Primary Care—screenings and primary care including normal check-ups, visits to primary care providers, medications and outpatient mental health services will be covered. Co-payments should be slightly higher (\$15 to \$25).

Life Care—interventions that are necessary to save life or prevent fundamental disability will be covered. Co-payments should be tied to broad cost corridors, but would generally be in the range of \$100 to \$1,000. (Examples: \$100 for an ER visit, \$500 for general surgery under \$15,000, and \$1,000 for cardiac surgery.)

Comfort Care—includes minimum coverage levels for elective procedures that improve mobility or comfort, but are elective in the true sense of the word. Co-payments should be tied to a percentage of the allowed amount for the procedure and the percentage of individual contribution should be significant (25 to 50%).

Optional Care—services identified in this category are not covered and would be paid for solely by the individual. Included in this category would be cosmetic, Lasik, orthodontic and other similar services.

➤ ***Funding of Health Insurance***

The total dollars required to provide the level of coverage or subsidies dictated by this plan has not been calculated. However, an educated *best guess estimate* suggests that the total incremental funding needed may approximate \$200 million per year.

➤ ***Other Considerations Unique to Healthcare Providers***

- **Transparency** as to coverage levels and pricing of services is critical.
- **Automation** to an electronic health record and optimization of health information technology should be supported.
- **Evidence-Based Medicine/Best Practices** must be the focus of patient care.
- **Advanced Directives** are needed so that patients can express their preferences as to the healthcare measures they would want--or wouldn't want-- if they have a terminal or incapacitating injury or illness.

➤ ***Winners ---Short and Long-term***

- Employers win as they share the cost of insurance with their employees.
- Employers win in their competitive positions as they all will pay for some portion of healthcare insurance premiums, thus “leveling the playing field.”
- Employers win as their healthcare premiums will not be the only source for subsidizing the uninsured.
- Healthcare providers win as they will have a reduced number of uninsured patients.
- Utah citizens win as they will no longer have a portion of the population without insurance, and with emphasis on preventive care and wellness, the long-term burden on society will be reduced.
- Insurers, employers and providers will experience efficiency gains and savings which may offset the additional costs of coverage.