

Volume I, Issue 6 - June 22

UnitedHealthcare is pleased to bring you this issue of the Health Care Modernization News Flash to update you on health care issues under discussion in Washington, D.C. and in the states, and to share our perspectives on modernization of the health care system.

Our Perspective

UnitedHealth Group Assists in Development of Senior Navigation Act

Senator Mark Warner of Virginia recently introduced the Senior Navigation Act that establishes an advanced illness care management benefit in the Medicare program that provides patients, their families, and caregivers with the necessary tools, information, and support to age well and with dignity in the setting of their preference. This legislation builds on the Advanced Illness Model created by UnitedHealth Group. As stated by Senator Warner on the Senate floor, “This initiative builds upon the efforts of the hospice community and the private sector. UnitedHealth Group has created an Advanced Illness Model in their benefit design and offers this program to the seniors they serve in Medicare Advantage and Special Needs Plans. They have found by providing access to the hospice and palliative care teams earlier, patients experience an increase in the quality of their life and duplicative or futile care is reduced.” UnitedHealth Group provided technical assistance with provisions in the bill that create an advanced illness care management benefit, establish a national education campaign and clearinghouse providing advanced care planning resources, assure portability of advanced directives across states, create incentives for hospitals and physicians to get accredited and certified in hospice and palliative care, and increase integration and coordination between the Medicare and Medicaid programs.

National Spotlight

Congressional Budget Office Estimates Cost of Senate Health Reform Bill at Over \$1 Trillion

The Congressional Budget Office (CBO) has issued a preliminary cost estimate for the health insurance coverage portion of the draft Affordable Health Choices Act from the Senate Health, Education, Labor, and Pensions (HELP) Committee. The CBO estimates that this bill would increase the federal budget deficit by \$1.042 trillion over ten years. Health insurance coverage subsidies for individuals and employers in the bill are projected to cost \$1.339 trillion. This cost is estimated to be offset by \$257 billion in higher tax revenues resulting from a decline in employer-based coverage, \$38 billion from reduced spending on

Medicaid and the Children's Health Insurance Program (CHIP), and \$2 billion from penalties paid by uninsured individuals who do not comply with the health insurance coverage mandate. The CBO also estimates that the bill would cover 16 million of the current 46 million Americans who are uninsured. Approximately 39 million people would obtain coverage through the new "Gateways" or health insurance exchanges, but 15 million fewer people would be covered by employer-based coverage and 8 million fewer people would be covered by other sources. The Senate Finance Committee has delayed the release of its health reform bill until the CBO provides them with cost estimates of their entire bill.

President Obama Proposes Additional Medicare and Medicaid Savings to Fund Health Reform

President Obama has released a proposal to reduce spending in Medicare and Medicaid by an additional \$313 billion to help pay for health reform. These program savings are in addition to the \$635 billion reserve fund from his February budget proposal, bringing the total proposed funding available for health reform to \$948 billion. In his budget proposal earlier this year, President Obama proposed to create a reserve fund for health reform consisting of \$309 billion in savings from Medicare and Medicaid and \$326 billion in revenues resulting from changes in the tax code. The additional \$313 billion in savings from Medicare and Medicaid are to be achieved by reducing Medicare provider payment rates to account for growing productivity improvements in the economy, gradually reducing Medicare and Medicaid subsidies by 75 percent to hospitals for treating the uninsured as more people get health insurance coverage, and paying lower prices for prescription drugs under the Part D program.

State Spotlight

Oregon Legislature Sends Health Reform Bills to Governor for Signature

The Oregon Legislature has passed two pieces of health reform legislation now awaiting signature from the Governor. One bill (HB 2116) establishes the Health Care for Oregon Children program. This program includes an expansion of the Children's Health Insurance Program (CHIP) and premium assistance consisting of full premium assistance for children with family incomes under 200 percent of the federal poverty level, sliding scale premium assistance for children with family incomes between 200 and 300 percent of the federal poverty level, and access to the program without subsidies for children with family incomes above 300 percent of the federal poverty level. The bill also implements a 1 percent health insurance premium tax from October 2009 through September 2013 and a tax on hospitals dedicated to fund Medicaid, CHIP, and premium assistance programs for low-income adults. Another bill (HB 2009) consists of a variety of health care provisions including:

- **Health Care Policy Board:** The Board is responsible for developing a plan by the end of 2010 that provides access to affordable health care for all state residents. The Board is tasked with recommending policies and procedures for an "Oregon Health Exchange," establishing a baseline health plan to be offered in the Exchange, making recommendations for a

public plan to operate under the same rules as other health plans to be offered in the Exchange, evaluating changes to the market including an individual mandate, employer mandate, and a premium assistance program, and establishing quality standards for insurers and providers, reimbursement methods to reward comprehensive health care, and cost containment mechanisms.

- **Oregon Health Authority:** This Authority is to carry out the duties of the Board including oversight of the Exchange once it is established to include rating standards and the selection and pricing of benefit plans, administering the Oregon Prescription Drug Program and the Family Health Insurance Assistance Program, becoming the state Medicaid agency, creating an all-payer claims database to research reform efforts and provide consumer information on cost and quality, and developing uniform contracting standards for the purchase of health care.
- **Rate Filing:** The bill requires a public comment period once premium rates are filed and establishes a list of components that must be provided to justify the rates including administrative expenses, claims experience, surplus, benefit design, and projected loss ratios.
- **Health IT Oversight Council:** This council is established to develop a strategic health IT plan for the state and to oversee a public-private collaboration to help providers access electronic medical record systems. The health IT strategy is to be incorporated into the Exchange to provide information to consumers.
- **Health Workforce Database:** Establishes a database to track demographics, training, education, practice status, growth, and economic indicators of the health care workforce.
- **Comparative Effectiveness:** The Health Resources Commission is to conduct comparative effectiveness research on new and existing treatments, procedures, and services to be distributed to providers, consumers, and third-party payers.
- **Standards for Insurers:** A workgroup is established to develop uniform standards to be used by all insurers for eligibility verification, claims processes, and payment and remittance.
- **Data Reporting:** The bill requires all insurers to report the number of covered lives by line of business and zip code, all hospitals to report capital improvement projects, and all reporting entities (insurers, fraternal benefit societies, health care service contractors, third party administrators, pharmacy benefit managers, fiscal intermediaries, prepaid managed care health services organizations, and insurers providing coverage under Medicare) to report data that will help the state determine distribution of resources, demands for health care, costs and effectiveness of various treatments, improvements in quality and affordability of health care and coverage, and health

disparities. The bill requires a unique patient identifier, provider identifier and uniform coding.