

## Volume I, Issue 3 - May 21

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.

### National Spotlight

#### Senate Finance Committee Releases Second Document on Policy Options for Health Reform

During April and May, the Senate Finance Committee has held various meetings and roundtable discussions with stakeholders on policy options for health reform legislation that the committee plans to unveil in June. The committee has held three roundtable discussions with stakeholders and health care experts on the topics of delivery system reform, expanding coverage, and financing of health reform. Following each of these roundtable discussions, the committee has released a detailed document outlining the options under consideration by the committee. The most recent document was released on May 14, 2009 related to the policy options being considered by the committee to expand affordable coverage to all Americans. The first document released at the end of April describes options to reform the health care delivery system and the third document to be released later in May will contain options for financing comprehensive health care reform. The options being considered by the committee to expand coverage to all Americans fall into the following eight categories:

- **Insurance Market Reforms:** The committee is considering various changes to the insurance market including guarantee issue, renewability and elimination of pre-existing condition exclusions for the individual market and a new micro group market consisting of employers with ten or fewer employees. Limitations on rating rules are under consideration for the individual and small group markets with a phase in of these federal rating rules in the states. Also under consideration are options for the functions, eligibility, and structure of a single health insurance exchange or multiple exchanges to help people find, compare, and enroll in health coverage.
- **Making Coverage Affordable:** The committee is considering options to establish a minimum set of benefits to be offered by insurers, designation of four benefit categories to be offered by insurers, and tax credits for low-income individuals and small employers.
- **Public Health Insurance Option:** Under consideration by the committee are five options for offering a public health insurance plan to compete with private insurers. The five options include not offering a public option, offering an option like Medicare where the government sets provider payment rates based on Medicare rates and providers must participate, a level-playing field option where payment rates are set above Medicare rates and provider participation is voluntary, a third-party administrator (TPA)

option administered by regional TPAs that would establish provider networks and negotiate payments with providers, and a state-run option.

- **Role of Public Programs:** Various options are under consideration for public health insurance programs. One option would expand Medicaid to parents and children under 150 percent of the federal poverty level. Another option provides three alternatives for accessing coverage through Medicaid which include keeping Medicaid in its current structure, offering Medicaid through an exchange, and a third option where parents and children would access Medicaid under the current structure and other Medicaid eligible adults would get a subsidy to purchase coverage through an exchange. Other options under consideration by the committee include public program options for those age 55 to 64 and providing the Children's Health Insurance Program through an exchange for children not eligible for Medicaid.
- **Shared Responsibility:** The committee is considering requirements for individuals to purchase coverage, whether employers should be required to offer coverage, and options for exemptions from the requirements and fines for noncompliance.
- **Prevention and Wellness:** Under consideration by the committee are options to increase coverage of preventive services in Medicare and Medicaid, state grants to provide preventive services for the uninsured, and tax incentives for workplace wellness programs.
- **Long Term Care Services and Supports:** The committee is considering options to increase access to home and community-based services in Medicaid including increasing federal matching funds and waiver flexibility, facilitate community living, and promote innovation.
- **Options to Address Health Disparities:** Options under consideration by the committee to address health disparities include the uniform collection of data on race, ethnicity, gender, and disability to assist in the measurement and research of health disparities, providing states the option to cover legal immigrant adults, and options to promote maternal and child health.

### **President Obama and Stakeholders Discuss How to Reduce Health Care Cost Growth**

President Obama and Administration officials met with health care industry stakeholders on May 11, 2009 to discuss how to reduce the growth rate of health care costs. Attendees at the meeting included representatives from America's Health Insurance Plans, the American Hospital Association, the American Medical Association, the Advanced Medical Technology Association, the Pharmaceutical Research and Manufacturers of America, and the Service Employees International Union. The stakeholder groups represented at the meeting presented the President with a letter indicating their commitment to decrease the annual health care spending growth rate by 1.5%, a savings of \$2 trillion or more over ten years, by:

- Implementing proposals in all sectors of the health care system focusing on administrative simplification, standardization, and transparency that supports effective markets.

- Reducing over-use and under-use of health care by aligning quality and efficiency incentives among providers across the continuum of care so that physicians, hospitals, and other health care providers are encouraged and enabled to work together towards the highest standards of quality and efficiency.
- Encouraging coordinated care, both in the public and private sectors, and adherence to evidence-based best practices and therapies that reduce hospitalization, manage chronic disease more efficiently and effectively and implement proven clinical prevention strategies.
- Reducing the cost of doing business by addressing cost drivers in each sector and through common sense improvements in the care delivery models, health information technology, workforce development, and regulatory reforms.

President Obama indicated that these efforts would be compatible with his and Congress' efforts to pass health care reform legislation this year and that legislation must decrease rising health care costs, allow Americans to retain the coverage and doctor choices they currently have if they so desire, and provide Americans access to quality and affordable health care.

### **House Democrat Coalitions Announce Principles for Health Reform**

The "New Democrat Coalition" of approximately 60 moderate democrats and the "Blue Dog Coalition" of approximately 50 conservative democrats in the House of Representatives recently released principles for health reform. On May 7, 2009, the New Democrat Coalition released health reform principles that focus on improving access, quality, and affordability in the health care system by: 1) fostering and harnessing innovation, 2) building on the strengths of the private market, and 3) realigning the health care system to better coordinate care, focus on prevention, and purchase value. On May 12, 2009, the Blue Dog Coalition released their principles for controlling costs, increasing value, and improving access through: 1) realignment of payment incentives, cost and quality transparency, and public program integrity to control costs, 2) strengthened care coordination, financial wellness incentives, and investment in health research to increase value, and 3) coverage tax credits, rural payment modernization, increased loan assistance for providers in underserved areas, expanded telemedicine, the elimination of pre-existing condition exclusions, and improvements in long term care services to improve access.

### **State Spotlight**

#### **Iowa Enacts Health Reform Legislation**

On May 19, 2009, Governor Culver signed health reform legislation that establishes a "Health Care Coverage Commission" to study and develop methods to affordably insure all citizens through public programs, private insurance, and other mechanisms. The Commission is charged with:

- Recommending options for coordinating a "Children's Health Care Network" to cover children under the age of nineteen with a family income less than 300 percent of the federal poverty level through the modification of existing public programs that maximizes federal funding and to provide access to affordable private coverage for children not eligible for public programs.

- Evaluating ways to ensure a seamless transition between public programs and private health insurance coverage for children and adults.
- Developing options that would provide individuals and families with access to three separate affordable benefit plans (basic, intermediate, and comprehensive) that could be subsidized for those with lower incomes, with the goal of providing plans and subsidies that limit spending to 6.5% of family income.
- Studying options to pool employees of counties, cities, schools, community colleges, nonprofit employers, and small employers with the state employee health plan.
- Evaluating the ramifications of requiring employers with more than ten employees to offer a Section 125 cafeteria plan to their employees for the pretax purchase of health insurance coverage.
- Studying options for the development of an “Exchange” or “Connector” type structure to provide access to affordable health care coverage through an existing government agency or a newly created entity.