

The Opportunity for Health Reform

October 5, 2009

Rick Ramsay
Vice President, State Advocacy
America's Health Insurance Plans

Breaking Down the Opportunity

1. The Atmosphere and Emerging Consensus
2. Key Issues to Navigate
3. Tension Points
4. Solving the Political Challenge

The Evolving Atmosphere

- Broader consensus among stakeholders
- Recognition that cost containment and quality improvement are complementary goals
- Massachusetts, California = lesson is?
- Presidential pledges attainable
 - Retain what's working - “keep coverage you like”
 - Path toward universal coverage - “down payment”
- Congressional cooperation
- Background noise – getting around the roadblock

Common Reform Elements

A New Marketplace
or Exchange

Subsidies to
Purchase Coverage

Medicaid
Expansion

Government-Run
Plan/
Co-Operatives

Personal Coverage
Requirement/
Guarantee Issue

Delivery System
Reform
Comp. Effectiveness

Exchanges or An Exchange: What is the Right Balance?

National (House)



- Centralized with bidding and negotiation
- Active purchaser with no outside market
- Scope of market: Y1 = 10; Y2 = 20; Y3 = SHHS
- Commissioner reg authority outside
- Benefits standards (70%) plus federal panel

Federalism (HELP)



- HIPPA “fallback model “– state gets 1st crack
- Establishing, participating, and fallback (plus regional/inters tate and subsidiary)
- Scope of market: dependent on path
- Benefits standards (70 %) but MAC stricken at committee level

State-Based (Finance)



- Federal rules with broad state discretion (including funding)
- Medigap-like model; standards role likely for NAIC
- Scope of market: likely to 50
- Benefits standards (65%) and no federal panel

Comparing Design Choices

Government-run plan added to the offerings



Key elements

Cost containment

Ensure access to quality coverage

Keep your plan if you like it

Administrative savings

Encourage competition

Market reforms and fundamental regulatory changes



Health Plans Support Reform

Solution-Oriented Approach

- **March 2006** Board charts new course
- **November 2006** Access proposal
- **April 2007** Quality and safety improvement proposal
- **May 2008** Affordability proposal

- **Summer 2008**



- **November 2008** Guarantee issue announcement (full participation)
- **December 2008** Comprehensive reform proposal released
- **March 2009** Rating reform announcement (no medical underwriting)

Key Issues

Role of Government

Health Plan
Responsibility

Employer
Responsibility

Reimbursement/
Payment Reform

Individual
Responsibility

FINANCING

Key Issue: Role of Government

- Government-run/public plan option
- Health exchange
- Federal vs. state regulation
- Benefit design
- Will to move beyond FFS

Key Issue: Employer Responsibility

- Employer mandate
- Pay or play
- “Grandfathering” and benefit design
- Minimum creditable coverage

Key Issue: Individual Responsibility

- Coverage requirement
- Parents responsible for covering children
- Making more informed and healthier choices
- Creditable coverage and affordability

Key Issue: Health Plan Responsibility

- Guarantee Issue/Pre-existing conditions
- Rating reforms
- Small group reform
- Streamline administrative processes
- Future state of care management

Key Issue: Delivery System Reform

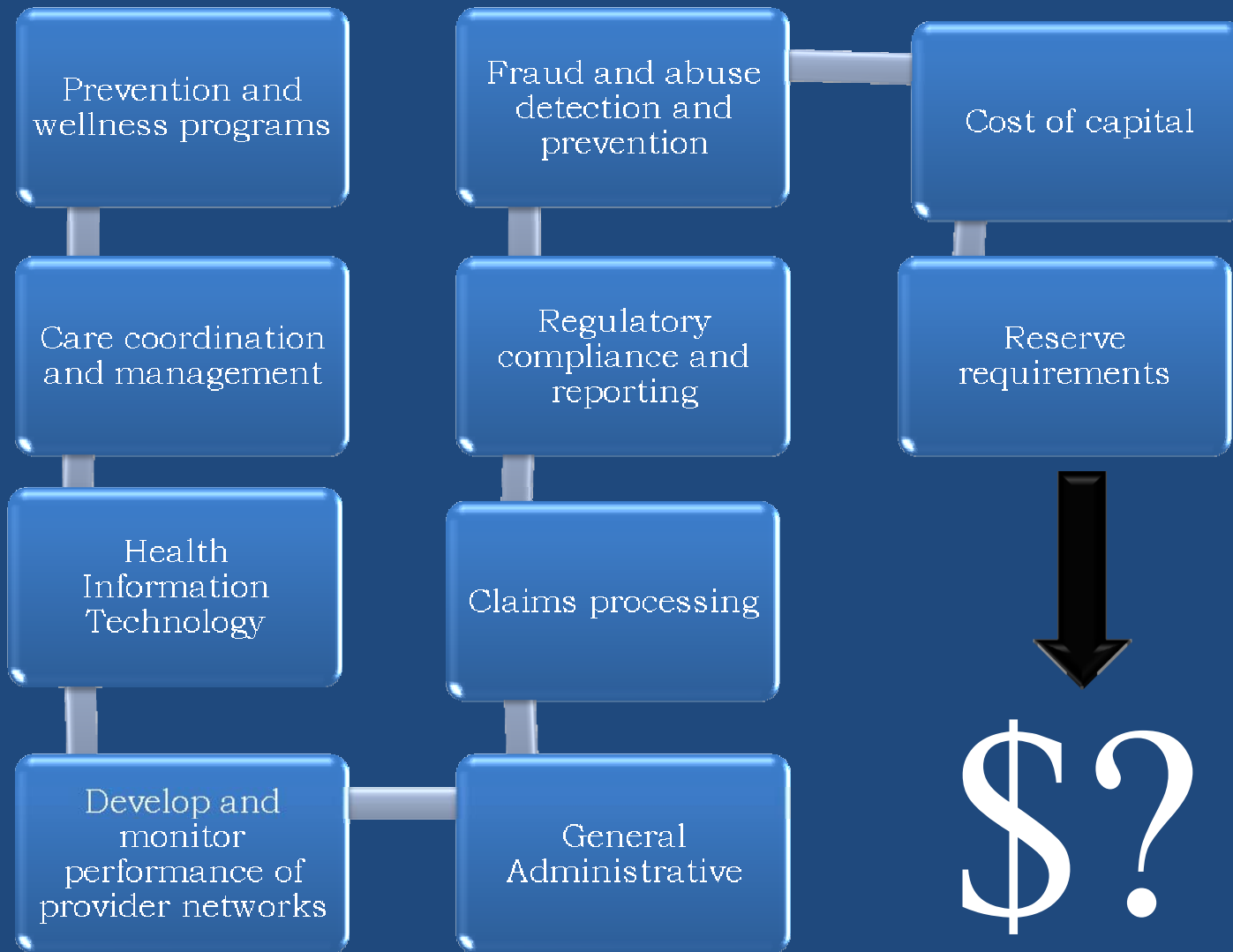
- Reforming provider reimbursement
 - Pay for performance, not volume
 - Episodes of care
- Driving the evidence base
 - National comparative effectiveness entity
 - Improve patients' overall health
- Medicare
 - The classic blunt instrument or transformation?

Key Issue: Financing

- Surcharge income Taxes
- Medicare payment cuts/productivity
- Medicare Advantage
- Excise taxes on high-value plans
- Consumption taxes

Administrative Costs: Value or Waste?

(NHE Long-Term Average = 12.5 percent)



House MA Cuts (Deep Red = Greater)

