



Proposal to the Blue Ribbon Commission on health care costs and access



**Insurance Commissioner Mike Kreidler
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Universal health care coverage for all Washington residents must be our goal. We cannot maintain the current system where access to health care continues to decrease at the same time that costs are rising.

Today, more than 740,000 Washington residents are uninsured. Yet, they do receive health care – either in the form of uncompensated care or through publicly funded community clinics. Only 60 percent of the nation's employers offered health care coverage in 2005, down from 69 percent in 2000. The costs of providing care are shifted to those employers and individuals who purchase insurance, and to tax-funded programs. From 2002-2004, the amount the Washington health care system and the insurance-buying public spent on providing care for the uninsured has risen \$96 million to more than half a billion dollars.

This trend puts those employers who do provide coverage at an increasingly competitive disadvantage and diverts millions in state revenues from other public policy priorities.

As a society, we have chosen to preserve an employer-based health insurance system. Therefore, the foundation of health care financing should be employer-funded coverage, with individual coverage and public sector programs filling in the gaps.

Collectively, employers, the public sector and individuals all have an obligation to contribute to the funding of health care coverage. The Blue Ribbon Commission's five-year plan for increasing access to health care should clearly establish those obligations.

In doing so, the Commission must address five key principles: Availability, affordability, quality care, equity and choice.

I. Every Washington resident is obligated to contribute their fair share toward the cost of health care coverage. However, this coverage obligation should be limited to an amount that is affordable.

• Employer Responsibility

Employers with more than ten employees should have two options for providing health insurance to their employees – either fund at least a minimum level of coverage or pay a health care access fee to the state to provide coverage. The access fee should be based on the cost of providing a basic level of coverage which could be approximately one dollar per hour for each employee without coverage. [\$160 - \$176 per month for a full-time employee] This funding obligation should be extended to all employers over a reasonable period of time. If the courts interpret federal law (ERISA) as preventing the State from establishing this employer obligation, the State should pursue other approaches that are tailored to withstand judicial review.

• Public Sector Responsibility

The public sector currently provides more than half of the coverage in this country. This includes funding coverage for low-income individuals through publicly financed insurance and clinic-based programs. In addition to funding these programs, the State should also provide assistance to purchase coverage for those employees and others who do not receive health coverage through their employers and who lack the income to purchase a policy. Subsidized coverage should be made available on a sliding scale for individuals whose incomes are under 300 percent of the federal poverty level, and who have limited savings and/or assets.

• Individual Responsibility

Individuals who are unemployed, self-employed, or who do not receive coverage through their employer, should be required to maintain a specified level of health care coverage. The cost of coverage should be subsidized for individuals who have incomes below 300 percent of the federal poverty level [\$2,448 for a single person] and no significant assets.

2. Create a non-profit organization or public entity to implement and operate reforms.

A new organization (similar to the Massachusetts Health Insurance Connector) should be created to help individuals and small employers shop for health insurance plans. Like the Massachusetts entity, the Washington “Health Insurance Connector” would carry out the following roles:

- Establish the amount that individuals are expected to contribute toward their health care costs.
- Determine the minimum benefits package that employers are expected to provide their employees, and individuals would be required to purchase.

In order for the benefit to be meaningful, it must include coverage for preventative services and provide protection from catastrophic expenses.

- Review and certify low-cost and/or high-value health care plans for individuals and small employers that cover additional services to those provided under the minimum benefits package.
- Make it easier for individuals and small employers to shop for cost-effective, quality health plans by providing a one-stop shopping location and information source for all plans.
- Provide an administrative framework that can collect contributions from more than one employer toward health plan coverage for an individual, and that small employers can use to offer a cafeteria (“Section 125”) plan with pre-tax dollars.
- Develop and implement improved mechanisms for pooling risks and for subsidizing coverage for low-income individuals.

3. Require administrative efficiencies in the health insurance system

To reduce high administrative costs, the state should create a non-profit organization to carry out a centralized provider credentialing program and a single uniform claims processing system.

The Utah Health Information Network and One Health Port in Puget Sound are examples of potential platforms for the implementation of claims processing.

4. Invest in outcomes-based healthcare

We must continue to implement evidence-based health care purchasing initiatives and incentives in order to reduce the amount we spend on poor quality and inefficient care. Paying providers to perform higher quality care will be a crucial step in improving the efficiency of health care services.

The State should continue to pursue new health care purchasing strategies that offer greater incentives for providing high quality, efficient, and outcomes-focused care. This should include support for the expanded adoption of interoperable electronic health care records and databases to track health care outcomes, building off the work of Inland Northwest Health Services. It should also include continued support for the work of the Puget Sound Health Alliance to enable health care purchasers to use evidence to identify and measure quality health care, and to produce publicly-available comparison reports designed to help improve health care decision-making.