

# Summary of stakeholder feedback for the Guaranteed Health Benefit Plan

Page 1 of 4

Over the past 16 months, Washington State Insurance Commissioner Mike Kreidler and his staff have met with a variety of stakeholders on his proposed Guaranteed Health Benefit Plan. More than one hundred organizations and influential individuals from across the state have been consulted about the commissioner's proposal. Everyone seems genuinely intrigued with the concepts in the plan. The feedback has been helpful and has led to some revisions in his legislation.

Following are highlights of the feedback the commissioner has received from this significant outreach effort.

## Employers

Kreidler has met with small and large businesses, including sole proprietors and large self-insured employers.

- Employers have been generally supportive of the concept, particularly the emphasis on minimizing disruption and requiring broad participation in the plan.
- All of the employers the commissioner has met with understand that one of the benefits of the plan is a reduction in uncompensated care costs, which could reduce the level of cost-shifting that currently happens between payers.
- Small employers and sole proprietors who do not currently offer coverage have had concerns about being able to afford the payroll assessment. In response, Kreidler is exploring a tax credit for this group.
- For some, a payroll-based assessment may appear to be unfair – i.e., an employer offering relatively higher wages for comparable positions is “penalized” by having to pay higher payroll taxes. In response, the commissioner is exploring the viability of a modified payroll tax that would use industry-average wages and an assessment based on the number of full-time employees.
- The payroll tax may create a disincentive to locate high-wage employees, such as corporate officers, in Washington state. In response, Kreidler is exploring the viability of a modified payroll tax based on industry-average wages.
- Multi-state employers prefer a national solution, viewing state-specific health insurance reform as administratively burdensome. In response, the commissioner is exploring the idea of offering waivers based on certain conditions.

## Consumers

The commissioner has met with several organizations that represent consumers.

- Most everyone, particularly those who represent patients with high-cost diagnoses, expressed appreciation at his leadership in putting forward the Guaranteed Health Benefit Plan — recognizing the significant benefits it would have for their constituencies.
- All consumer groups expressed concern about the \$10,000 threshold. Some felt it was too high and did not do enough to ensure access to primary care. In response, Kreidler is maintaining his provision for expanding the Basic Health Plan to those earning up to

# Summary of stakeholder feedback for the Guaranteed Health Benefit Plan

Page 2 of 4

300 percent of the federal poverty level. Moreover, actuarial research shows us that once the Guaranteed Health Benefit Plan is in place, the cost for “routine” health care coverage (under \$10,000) will become more affordable, by as much as 35-40 percent, allowing more people to purchase those plans and giving them a comprehensive coverage package.

- Some consumer groups were skeptical that, once the plan was in place, the insurance industry would reduce the premiums for routine health care plans. All proposed insurance rates must be reviewed by the insurance commissioner to evaluate whether they are warranted or not. That decision is based on claims data and health care trends. Over the past year, Milliman has met with actuaries of many of the insurance companies to verify that their assumptions are correct. Commissioner Kreidler feels confident there will be a meaningful reduction in premiums for consumers and business for routine health care once the plan goes into effect.
- Some consumer groups expressed concerns about otherwise uninsured patients having to pay \$10,000 before the benefit kicks in, for fear they wouldn't receive treatment in a timely manner. In response, the commissioner has clarified that the threshold is \$10,000 in *incurred* costs in a year's time. Patients will receive coverage for health care even if they have not yet paid the full \$10,000 when they need the care.
- Some expressed concerns about what would be included in the benefit package. Kreidler has established a basic level of preventive services that include immunizations, age-appropriate cancer screenings and an annual check-up, and coverage for all medically necessary costs over \$10,000 over the course of a year. The Guaranteed Health Benefit Plan Board will be responsible for adopting the actual schedule of benefits for the plan.

## Insurance industry

Kreidler has met with the leadership of all Washington-based health insurance companies, and he intends to meet with some out-of-state insurers as well. Milliman also has met with several companies' actuaries on the commissioner's behalf.

- Many insurers raised concerns about the administrative difficulty involved and the break in good care management if consumers are able to choose whatever plan they want for their catastrophic coverage. In response, the commissioner has made it a requirement that a consumer must use the same carrier for routine and catastrophic coverage under the Guaranteed Health Benefit Plan.
- All insurers expressed concern about the rate negotiation process and the risk adjustment mechanism. Kreidler is quite interested in working collaboratively with the industry to ensure that the process is transparent and fair.

## Academics

The commissioner has met with health policy academics on the state and national level.

# Summary of stakeholder feedback for the Guaranteed Health Benefit Plan

Page 3 of 4

- Every individual was intrigued by the concepts and wanted to know more about the proposal.
- Several expressed enthusiasm at what they saw as a pragmatic solution to establishing universal health care in our state.
- They felt that, by limiting the catastrophic risk, it may very well result in a significant change in insurance company behavior, allowing companies to compete on service and quality instead of risk avoidance.
- All felt that the guaranteed nature of the proposal achieved the critical goal of having everyone in the risk pool. Since all Washington state residents would be covered, there would be no penalty for lack of coverage.

## Labor

Kreidler has met with a number of unions and organizations representing workers.

- Some shared the same concerns listed above in the “consumers” section, in particular access to primary care for those otherwise uninsured.
- Many expressed concerns about how the plan would impact the collective bargaining process. In response, the commissioner has clarified there would be virtually no substantive impact on the rights of unions to collectively bargain for health care benefits. The one percent payroll assessment levied on individual employees could be negotiated to cover all or part of it. Routine health care coverage and any other supplemental coverage for non-medically necessary expenses over the \$10,000 threshold also will remain bargainable.

## Health Care Providers

Commissioner Kreidler and his staff have met with a variety of providers in our health care system including hospital administrators, private general practice physicians, local medical societies, nurses and other front line health care providers.

- All expressed appreciation of Kreidler’s leadership on health insurance reform, and recognized that his plan could be the next step in our overall health care reform efforts.
- There was agreement that the Guaranteed Health Benefit Plan would result in lower uncompensated care costs at hospitals.
- Some expressed concerns about the \$10,000 threshold and access to primary care, and chronic care prevention and management. The commissioner is maintaining his commitment to expanding the state’s Basic Health Plan to individuals earning up to 300 percent of the federal poverty level (FPL).
- Many required assurance that their administrative burden would not increase as a result of the plan. The Guaranteed Health Benefit Plan maintains the relationship that providers have with payers today. The carrier continues to be billed directly from

# Summary of stakeholder feedback for the Guaranteed Health Benefit Plan

Page 4 of 4

providers. Additionally, Kreidler has modified his proposal to require that individuals' catastrophic carrier will be the same as their routine carrier, ensuring continuity of care.

## State and Local Government

The commissioner and his staff have met with state and local agencies across the state.

- All local agencies expressed their appreciation of Kreidler's leadership on this issue and had much praise for his plan.
- In addition to some of the same concerns mentioned above in other categories, those counties and cities operating local jails said they would like to see their inmate population included in the plan. Many inmates require treatment for catastrophic health conditions, which negatively impact county and city budgets. In response, the commissioner said he is open to modifying his proposal to give inmates in city and county jails the right to access their Guaranteed Health Benefit Plan coverage while incarcerated.
- Staff in the Department of Social and Health Services met with the Kreidler's staff and discussed the difficulty in including Medicaid and other DSHS programs in the plan at the start. In response, the commissioner has chosen to exclude Medicaid from the plan initially, thereby allowing time to see how it and other DSHS programs would fit within the plan.