

Coverage Options in National Health Reform: Input from the Utah Community

The Senate Finance Committee's "[Expanding Health Care](#)" proposal outlines several promising options to expand access to coverage for America's uninsured. We commend the Committee's efforts to expand affordable health care coverage, foster competition in the private market, and, where appropriate, to expand public programs to cover the most vulnerable populations. To meet the broader goals of the committee we offer the following recommendations:

Medicaid

Building on successful public programs like Medicaid and CHIP is wise public policy. Medicaid is the single-largest health plan in the nation, providing coverage to 16% of our population. It provides cost-effective quality care to our most vulnerable and low-income populations. Health reforms should utilize and build on this structure and experience.

To that end, we support the committee's proposal to...

1. Improve enrollment and retention efforts
2. Develop wellness and prevention programs within Medicaid
3. Set a floor for provider rates
4. Automatically increase the federal match rate during economic downturns

We also encourage the committee to...

- a) Expand Medicaid to at least 100% of the federal poverty level for all adults. These low-income individuals not likely to afford the premiums and cost sharing associated with private health insurance. Medicaid is the most cost-effective way to provide coverage to low-income Americans earning less than 100-133% of the federal poverty level. Due to regional differences in the cost of living, certain states may need the minimum coverage level to be set higher.
- b) Recognize that states, especially Utah, will be hard pressed to fund the new Medicaid expansions. For example, Utah currently does not provide comprehensive or credible coverage to childless adults. An expansion for this population is necessary, but will need to be accompanied with sufficient federal dollars.
- c) Use evidence-based medicine to define a basic benefit package that will ensure all Medicaid enrollees receive the same minimum standard of care. Currently, the quality and scope of coverage varies too much by state. For example, Utah's adult Medicaid enrollees often go years without dental benefits.
- d) Authorize full federal funding to cover adults without dependent children without the need for a waiver.
- e) Allow states to expand eligibility for pregnant women, children, and parents and still receive Federal matching funds.

Insurance Market

A fundamental first step of reforms must be to change the rules in the insurance market so that health plans compete on price and value. Insurance companies should no longer be allowed to avoid risk. Instead they should be incentivized to keep us healthy.

To that end we support the committee's proposal to:

1. Require private insurers to offer plans that are modified community rated and guarantee issue.
2. Create a "level-playing field" public plan option. This plan would stimulate healthy competition in the private insurance market, **compete on a level playing field** with private insurers, and model the behavior we want to see in the rest of the market. It would create a benchmark for all insurers in the private market and stimulate private market innovation.
3. Create Health Insurance Exchanges.

Please consider the following improvements:

- a. Phase out age rating in premium pricing and eliminate all exclusions for pre-existing conditions.
- b. Create state-based Exchanges with the option for regional Exchanges.
- c. Require that each insurer pool risk among all of its Exchange plans.
- d. To prevent adverse selection, make the Exchange the sole marketplace for buying individual and small group coverage.

Affordability and Benefit Design

Health reforms must make coverage, access to care, and benefits affordable. To this end, reforms should include reasonable limits on premiums, deductibles and out-of-pocket costs, as well as adequate sliding scale subsidies. We support the committee's proposals to:

1. Require all insurance plans to cover a broad range of benefits;
2. Provide sliding scale subsidies for people between 100 and 400% of the federal poverty level,
3. Provide tax credits to small businesses offering health insurance coverage.

We further recommend the following:

- a. Clearly define benefits and cost-sharing for each of the four insurance levels offered through the Exchanges, yet allow benefit choice by including options that are actuarially equivalent;
- b. Exempt people below 133% FPL from paying *any* premiums and create a sliding fee scale for people above 133% FPL;
- c. Exempt from the individual coverage mandate anyone whose premium *plus* out-of-pocket expenses total more than 8-10% of income and set a lower limit for families earning less than 600% FPL.
- d. Cap out-of-pocket-expenses for all purchasers, with a sliding scale for families below 600% FPL.

Achieving health reform *this year* is vital to our nation's economic recovery. We praise the committee for finding positive solutions that increase affordability, coverage, choice and competition. While the coverage policy options carry the highest price tag, we must remember that the road to cost containment leads through coverage, not around it.

Thank you for your commitment to passing health reforms this year that expand coverage, increase quality, and contains costs for all.