

HEALTHCARE REFORM

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Speakers & Topics

- Dan Bailey—General Intro and What's New vs. Reform Efforts 15 yrs ago; AAA Work Groups, ...
- Sandy—CT Health Reform; Possible Unintended Consequences; Health Net Experience
- Brian—What Comes After MA Reform; State Differences; CT Special Plan; AHIP Proposal; Politics & Reform
- Frances—CT Health Care Reform from the perspective of the Universal Health Care Foundation of CT—what it is & how to implement.

HEALTHCARE REFORM

General Introduction &
What's New in 2007 (Relative to
Health Reform Discussions and
Proposals of 15 Years Ago)

Daniel Bailey, MAAA

Health Coverage Reform

- Governmental Changes in Health Policy that MAY Affect the Scope, Nature, or Regulation of Commercial Health Insurance as well as Self Funded Employer Health Plans and Possibly Even Government Programs.

THREE CRITICAL ISSUES

Pertaining to the Finance & Delivery of Health Care
and the **Health Security** of the US Populace

- **COST**: \$2 tril for 300 mil in '06; 16% GDP.
Who Pays? 45% is Private; 55% is Public.
Cost increases at 2x COL—Unit cost & util
trend + more medicine =~ COL
- **ACCESS**: to provider of choice; to ins.
- **QUALITY**:

STATE vs. FEDERAL

- Federal Reform—enacted through federal government, such as COBRA, HIPAA, Mental Health Parity, the “Enzi” Bill. Thus MHP, etc apply to self-funded groups as well.
Federal law supersedes state.
- State Reform—enacted through state govts. States have differing regulations on health insurance, such as benefit mandates, rating methods, ...

Health Ins. Reform circa 2007

WHAT'S NEW (compared with early to mid-1990's)?

- States are not waiting for federal solutions and are drafting their own reform plans. State reform has taken center stage over federal. About half of the states are actively considering mandates, which in this case refers to mandatory health insurance coverage—pay or play reform, similar to MA. (Not to be confused with more benefit mandates.) **ERISA, however, likely precludes states from reform as sweeping as federal.**

THE MAIN FOCUS OF REFORM

- **SOLVING THE UNINSURED PROBLEM:**

Over 46 million people in the US without health insurance (46.6 mil as of most recent census conducted last year).

Most current reform efforts strive to reduce the number of the uninsured.

- There is mounting social concern over the cost of health care and cost of insurance.

FEDERAL REFORM

HOW IT OCCURS:

- Legislative process—
 - Originate and draft proposal or bill
 - Introduce to Committee
 - Action on the floor of Congress
 - Conference Committee action
 - Presidential action

FEDERAL POLICY

Congressional Committees w/ Health Jurisdiction:

A. SENATE--

- Committee on Finance
- Committee on Health, Education, Labor & Pensions
- Committee on Appropriations

B. HOUSE—

- Committee on Ways and Means
- Committee on Energy and Commerce
- Committee on Appropriations

FEDERAL POLICY (2)

- Were often directed at Small Group & Individ.

Question: Were early 90's NAIC state-specific efforts to reform Small Group (SG) sufficient? Why so much variation by state?

- Various federal proposals have been put forward and discussed, over past 5 to 10 years, to expand coverage in the SG market through Association business. AAA Issue Brief addresses it head on.

STATE MARKET REFORMS

(From the National Conference of State Legislators):

Number of States	<u>ENACTED</u>	<u>PROPOSED</u>
Single Payer	0	3
Subsidized Health Insurance	3	9
Insurance Market Reforms	2	10
“Connector” Purchasing Pool	1	9
Individual Mandate	1	3
Employer Assessment	3	5
Tax Credit	0	2

What States Have Done To Make Health Ins More Affordable/Accessible

- Small Group Reform; Loss Ratio Limits
- High Risk Pool for Uninsurable Individuals
- Restricted Rating—Community Rating or Modified Community Rating
- Insurer of Last Resort (non-profit BCBS)
- Encourage Limited (High Ded.) Coverage

--See Handouts, Session 79, 2005 SOA Health Spring Meeting, Jay Angoff presentation

Role of the AAA

American Academy of Actuaries provides Issue Briefs, letters, Capital Hill Briefings—the intent of Academy workgroups is to provide objective information with actuarial perspective to help policymakers make fact-based decisions.

Uninsured Workgroup (2 Issue Briefs)

1. Health Coverage Subgroup
2. Health Cost Subgroup

THE UNINSURED

- AAA Workgroup—2 Issue Briefs @ actuary.org (See links in Appendix)
- Five categories of Uninsured:
 - Financially Uninsured– Voluntary
 - Financially Uninsured– Unaffordable
 - High Risk (the “Uninsurable”)
 - Low Income and Eligible for Public Programs but not Enrolled
 - Low Income and NOT Eligible for Public Progs. (100%+ to 300% of FPL)

CALL TO ACTION

STAY INFORMED:

- Work with your Compliance & Legal teams to keep abreast of developing reforms in your state(s).

UNDERSTAND THE ISSUE of health cost and the high number of uninsured from the perspectives of the various stakeholders.

IDENTIFY OPPORTUNITIES & DEVELOP MARKET SOLUTIONS.

ADDITIONAL MATERIAL

SPECIAL INTEREST GROUPS

- DEF. People whose employment/income are affected by the issue. The business of healthcare and insurance affects many.
- In the health care debate 15 years ago, the actuarial profession was not asked to contribute as often as health economists. Capital Hill sought “unbiased” input. Actuaries were often perceived as representative of the special interest of the insurance industry; economists were not.

Other Academy Activities

- Issue Brief on Association Health Plans.
- Publication on Points to Consider When Evaluating Political Candidates' Platforms on Health Coverage and the Uninsured.
- The Role of the Actuary.
- Letters, Summary, Review of Gov't Actuarial work, such as Medicare Trustees Report.
- Traditionally involved with Federal Reform, but new Workgroup formed on State Reform.

Appendix

- LINKS TO AAA Websites:

http://www.actuary.org/pdf/health/pools_sep06.pdf

http://www.actuary.org/pdf/health/uninsured_dec05.pdf

http://www.actuary.org/pdf/health/enzi_may06.pdf

http://www.actuary.org/pdf/health/ahp_mar05.pdf

http://www.actuary.org/pdf/health/parity_1204.pdf

http://www.actuary.org/pdf/health/uninsured_guide.pdf

- OTHER LINKS:

<http://www.ncsl.org/programs/health/h-primary.htm>