



NAHU'S HEALTHY ACCESS PLAN

A SUMMARY OF OUR IDEAS FOR AFFORDABLE AND RESPONSIBLE HEALTH CARE REFORM

The members of the National Association of Health Underwriters (NAHU) believe all Americans deserve a health care system that delivers both world-class medical care and financial security. Americans deserve a system that is responsible, accessible and affordable. This system should boost the health of our people and our country's economy. Americans also deserve a system that is realistic.

We believe the time is right for a solution that controls medical spending and guarantees access to affordable coverage for all Americans. We believe this can be accomplished without limiting people's ability to choose the health plan that best fits their needs and ensures them continued access to the services of independent, state-licensed counselors and advocates. NAHU's Healthy Access proposal is a comprehensive approach to meeting this challenge, and a yardstick for evaluating other proposals.

CONSTRAINING MEDICAL COSTS

Comprehensive health reform plans need to address the true underlying problem with our existing system: the cost of medical care. We feel that the following recommendations would make important improvements to the U.S. health care system to lower costs, improve quality and create greater efficiency:

Behavior and Lifestyles Recommendations

- Require federal and state governments to incorporate wellness and disease-management programs into medical programs for employees and government-subsidized health coverage.
- Provide employers with legal protections and tax and premium incentives for wellness programs.

System Inefficiencies Recommendations

- Provide incentives for doctors and medical facilities to improve system efficiencies and eliminate errors with pay for performance, best-practice guidelines and support for evidence-based medicine.
- Create federal standards for interoperable electronic medical record technology to help unify the health care system, reduce errors and improve patient satisfaction.
- Enact comprehensive medical malpractice reform that limits non-economic damage awards, allocates damages in proportion to degree of fault, places reasonable limits on punitive damages and attorney fees, and imposes reasonable statutes of limitations on claims. Encourage state authorities to increase the effectiveness of discipline imposed on incompetent doctors.

Cost-Shifting Recommendations

- Reimburse providers participating in all federal health care coverage programs, including Medicaid, Medicare and SCHIP, at the same level paid to providers serving federal employees through the Federal Employees Health Benefit Plan.
- Encourage states to streamline the application processes for public health insurance programs like Medicaid and SCHIP, and allow for presumptive eligibility so that all eligible participants are enrolled and their providers are paid instead of incurring uncompensated care expenses.

Decreasing Utilization Recommendations

- Encourage expansion of consumer-directed health insurance products.
- Make consumers fully aware of the cost of the health care they are purchasing by enabling and encouraging health plans and providers to overcome policy concerns (e.g., prohibiting gag provisions in provider contracts) and bring complete price information to the public as soon as possible.

ACCESS FOR ALL

All Americans should have access to affordable health care coverage. As important as affordability, however, is choice. There needs to be choice of providers, choice of payers and choice of benefits, with many price and

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coverage options. The reality is that we are a diverse nation with diverse needs. One size does not fit all when it comes to health care.

Guaranteed Access to Health Insurance Coverage in Every State Recommendations:

- Right now, in a number of states there are people with serious medical conditions and no access to employer-sponsored health insurance; they cannot buy health insurance at any price. The federal government should immediately require that all states have at least one private, guaranteed purchasing option for all individual health insurance market consumers.
- Beyond that, the federal government should stipulate that a guaranteed purchasing option alone is not sufficient. The best solution is a partnership between the private individual market and the mechanism for guaranteed access. A state's high-risk pool or reinsurance mechanism could serve as a backstop to insulate the traditional market against catastrophic claims costs. The federal government should establish broad guidelines for qualified state-level financial backstops (i.e., capped rates for high-risk individuals) to allow for state innovation and ensure consistency of access and affordability.
- Federal grants should be provided to states' access mechanisms and premium-subsidy programs to help ensure affordable coverage.

Reinsurance Recommendation:

- Making it easier and more affordable for carriers to reinsure expenses related to extraordinary claims could prove to be an effective way of lowering premiums. In considering reinsurance as part of an overall reform package, Congress should conduct a study to thoroughly analyze the efficacy of reinsurance programs.

Affordable Access Grants to States Recommendations:

- States should be encouraged to create regulatory climates that ensure the availability of many affordable coverage options, and should offer premium subsidies to targeted populations in need of such support. The federal government should make block grants available to states to encourage and reward health insurance innovations that utilize the strengths of the existing private marketplace.

Tax Equity Recommendations:

- The vast majority of privately insured Americans receive their health insurance coverage through their employer or the employer of their spouse or parent. The preservation of the federal employer tax deduction and employee exclusion is critical.
- But the employer-sponsored health insurance system does not work for everyone. As such, federal tax laws should be updated to provide the same tax deductions to individuals and the self-employed that corporations have for providing health insurance coverage for their employees.
- Congress should remove the 7.5 percent of adjusted gross limit of medical expenses on tax filers' itemized deduction Schedule A form, allow the deduction of individual insurance premiums as a medical expense, and equalize the self-employed health insurance deduction to the level corporations deduct by changing it from a deduction to adjusted gross income to a full deductible business expense on Schedule C.
- The federal requirements regarding individual policies sold on a list-bill basis – whereby the employer agrees to payroll-withhold individual health insurance premiums on behalf of its employees and send the premium payments to the insurance carrier, but does not contribute to the cost of the premiums – need to be clarified regarding the establishment of Section 125 plans, HIPAA group insurance protections, and the applicability of state-based individual health insurance laws and regulations.

Public/Private Producer Community Education Partnership Recommendations

- All health insurance consumers, both private and public, should have access to quality information and assistance regarding their health care coverage. NAHU will assume responsibility for training insurance agents in all coverage options, both public and private, through the creation of a designation program: the Certified Health Care Access Advisor.

FINANCING ACCESS

Many of the Healthy Access recommendations, particularly those concerning controlling our nation's rising health care costs, will actually save both state and federal health care dollars. Despite these substantial savings, eliminating public-program cost-shifting and ensuring access to affordable private health insurance will likely

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result in the need for increased public funds. NAHU feels such funds should generally be derived from assessments on activities that drive health costs higher. Assessments that encourage healthy and cost-effective behaviors while discouraging unhealthy and cost-ineffective ones will result in additional funds and healthier citizens.