

## Solutions for a Modernized Health Care System

# EXPAND ACCESS TO QUALITY, AFFORDABLE HEALTH CARE COVERAGE

Despite a significant decline in the uninsured population since the Affordable Care Act's coverage expansion provisions took effect in 2014, over 28 million Americans will remain without coverage in 2025.<sup>1</sup> Successfully expanding access to coverage for the uninsured requires forward-thinking solutions to several structural challenges in the coverage marketplace, including:

- Lack of affordable coverage options for many individuals
- Difficulties in applying for coverage
- Confusion about eligibility for coverage
- A belief that coverage isn't necessary or beneficial
- Concerns regarding the sustainability of current health insurance distribution channels

Adopting the following policy solutions will help the uninsured obtain and maintain affordable, quality coverage and will improve the health status of impacted individuals. Further, these solutions will help advance a modernized health care system that's consistent with the following core principles:

- Optimize public resources
- Modernize government health care programs
- Build upon the foundation of employer-based health coverage
- Employ progressive approaches to health care benefits
- Modernize the way care is delivered to improve affordability and quality
- Make technology an enabling force for better health care

## STREAMLINE HEALTH INSURANCE COVERAGE OPTIONS

Approximately half of uninsured adults are likely eligible for publicly subsidized coverage, either through Medicaid or premium tax credits to purchase Public Exchange coverage, and currently face a fragmented set of coverage programs.<sup>2</sup> To make eligibility and enrollment less administratively complex and to prevent individuals from "churning" on and off coverage, **allow states to consolidate Medicaid and Exchange options into single, subsidized state-based markets** that work in conjunction with a national eligibility framework. Within this consolidated individual market:

- Continue to offer income-based subsidies to individuals and families with incomes up to 400% FPL.
- **Allow states to adjust the degree to which certain services are covered according to an individual's income and health profile.** To accomplish this:
  - **Integrate low-income social support programs** into health benefits, such as job training, housing, transportation, and financial instruction, for individuals with incomes lower than approximately 138% of the federal poverty level (FPL).
  - For non-disabled adults with incomes closer to 400% FPL, **offer benefits that include financial tools**, such as health savings accounts (HSAs), as well as cost-sharing amounts that adjust based on income level.
  - **Preserve broader benefits packages for vulnerable populations**, such as long-term care services and supports for the elderly and disabled, and Early and Periodic Screening, Diagnosis and Treatment services for children.

<sup>1</sup> Congressional Budget Office, March 2016.

<sup>2</sup> Kaiser Family Foundation, October 2015.

To support states in establishing their own coverage solutions, provide each state with sufficient and sustainable federal subsidy funding and **allow the state to design its own approaches to reducing its number of uninsured residents**.

## **BROADEN ACCESS TO AFFORDABLE COVERAGE SOLUTIONS**

To address the underlying cost drivers that have made coverage unaffordable for many individuals and families, restructure covered benefits and available coverage options, thus allowing individuals more flexibility to select health plans that suit their needs and financial circumstances. To effectively restructure benefit design:

- **Grant states more flexibility to design benefit structures and provider networks** that reflect local health care needs and circumstances. In turn, states should reconsider their benefit mandates and payment policies to ensure that covered services – including prescription drugs, diagnostic screenings, labs and other services – are evidence-based and reflect the most recent scientific and clinical guidelines as well as evolving technology capabilities.
- **Incorporate consumer incentives and engagement tools into benefit design** to improve health and lower the cost of coverage.
- **Allow a 5:1 age rating** to make coverage more affordable for young people.

## **INTEGRATE ENROLLMENT AND INCENT INDIVIDUALS TO OBTAIN COVERAGE**

Approximately 10 percent of uninsured Americans have reported that they don't need health insurance or would rather pay the ACA's financial penalty than enroll in coverage.<sup>3</sup> Other uninsured individuals have reported difficulty in completing the enrollment process. To encourage all individuals to enroll in coverage – public or private – and maintain their coverage going forward:

- **Restructure and simplify available financial assistance** by allowing individuals to use subsidies for coverage inside and outside the Public Exchanges.
- **Provide individuals with more accessible and understandable tools and resources** on the financial impacts of income-based coverage subsidies and the size of a potential financial penalty for forgoing coverage.
- Strengthen financial penalties for forgoing coverage, and **establish more rigorous eligibility controls** over participants moving in and out of coverage.
- **Establish multiple application pathways** to simplify the enrollment experience for many individuals and increase the number of enrollees. Ensure each pathway has sufficient administrative capacity to accommodate consumer demand for identifying and selecting coverage options.
- **Integrate enrollment in health coverage with enrollment in other means-tested programs** (e.g., food stamps).
- Upon an initial determination of eligibility, **proactively enroll individuals who qualify for fully subsidized coverage** into a coverage option.

## **HELP INDIVIDUALS BETTER UNDERSTAND AND NAVIGATE THEIR COVERAGE OPTIONS**

To make coverage less confusing and more accessible to individuals, provide them with more education on available options, using direct marketing approaches and strategies that meet individuals where they are. To accomplish this:

- **Develop high-impact awareness campaigns** that proactively share easily understandable coverage, cost and quality information with consumers to improve their health literacy and help them make informed decisions.
- Using direct marketing approaches and techniques, **provide robust, culturally-sensitive education and consumer assistance** to individuals on available coverage options and how these options work.
- Support greater access to end-to-end impartial coverage "advisors" to help individuals navigate their coverage choices, select and enroll in a coverage option, and **understand how to use their benefits after enrollment**.

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<sup>3</sup> Kaiser Family Foundation, December 2015.