UNITEDHEALTH GROUP®

A Modern, High-Performing, Simpler Health Care System

A Path Forward...

Of the 324 million people in the United States, employer-sponsored insurance covers 174 million, Medicaid and related State-based health programs cover 75 million, Medicare serves 56 million, Exchanges cover approximately 10 million, and 28 million people remain uninsured.

Health care is profoundly local, with considerable variation from market to market. States are best positioned to achieve the important goals of expanding and enhancing the quality of coverage and care. Establishing the State as the benefits/coverage owner will require adequate funding, increased flexibility, and new, modern capabilities and approaches in order to achieve a simpler, more affordable and effective market-based system that can achieve targeted coverage, quality, and fiscal goals.

Any health care reform and modernization efforts should protect and preserve the stability, choice, and access of existing, successful market segments such as employer-sponsored insurance, Medicare Advantage, and Medicaid.

Premiums in the Individual Market have more than doubled since the Affordable Care Act (ACA) was enacted. Exchanges have meaningfully failed to achieve enrollment expectations, and deeply flawed product and risk pool designs have led to unsustainable economics and limited choices among health plans, ultimately discouraging healthy individuals from enrolling and staying enrolled.

The ACA's Tax on Health Insurance and other ACA taxes have aggravated already untenable health care costs, and need to be immediately repealed. The return of the Tax on Health Insurance will directly increase the cost of coverage for 156 million Americans in 2018 through premium increases or benefit reductions.

Medicaid expansion is succeeding in cost-effectively expanding access to care. More than 16 million additional people have enrolled in Medicaid since 2013. A State-based, structured mechanism for coverage – with more value, flexibility, and superior performance than Exchanges – Medicaid has proven to be over 20% more cost-effective than Exchange coverage at delivering affordable and stable health care to millions of individuals.

Exchange beneficiaries, as well as the remaining uninsured in the United States, would gain the most from being in suitably managed State-based public and private market structures which are more stable, efficient, and effective.

The following solutions – a blend of existing and new flexible, State-based public and private coverage platforms – are offered to achieve greater stability, affordability, and choice in health care and can meaningfully advance access to coverage for the millions of individuals who remain uninsured.

State-based Health Care Market Solutions

Transitioning to a simpler, flexible, and more sustainable State-based coverage system can achieve the important goals of providing more affordable coverage options, improving health outcomes, and achieving Federal and State budget savings. A coherently organized portfolio of State-based public and private coverage platforms, State-based markets comprise a blend of existing and new coverage platforms with increased flexibility and modern capabilities and approaches, including:

Across all State-based Health Care Market coverage platforms, additional investments in modern health care capabilities, best practices, and proven solutions are needed, including:

- Converting big data to actionable information, through advanced analytics, predictive modeling, and applied technology;
- Transitioning to integrated care, through synchronized care delivery approaches across medical, pharmacy, behavioral, and social services;
- Providing access to high-quality, lower-cost ambulatory care settings;
- Simplifying the consumer experience through transparent and digitally enabled personal health records;
- Empowering consumer decision-making; and
- Accelerating value-based care by promoting aligned, performance-based networks.

State-based Health Care Market Coverage Platforms, Specific Flexibilities, and Modernized Approaches Include:

Medicaid

States should design, implement, and offer sustainable Medicaid coverage solutions – often through Federal waivers – that provide new flexibilities and program elements, such as:

- Designing more localized, flexible health benefit designs to encourage appropriate use and place of services;
- Developing unique provider network structures that address geographic and population-specific needs;
- Establishing provider payment rates based on the achievement of quality outcomes and resource use;
- Passively enrolling qualified individuals who cannot otherwise access creditable coverage;
- Designing and implementing innovative wellness and prevention programs, consumer incentives, and engagement tools;
- Establishing appropriate consumer cost-sharing requirements to recognize the differences among beneficiaries, including income-specific copayments, deductibles, and premiums;
- Leveraging pharmacy care services to lower drug costs;
- Utilizing financial tools – such as Health Savings Accounts – in benefit structures; and
- Implementing enrollment strategies that simplify eligibility determinations.

Managed care best practices and capabilities – across existing Commercial, Medicare, and Medicaid markets – can be deployed in new and distinctive ways to expand coverage, address affordability challenges, and achieve sustainability.

Flexible Private Individual Market Benefits

States should pursue innovative approaches that seek to revitalize State-based, flexible private individual market benefits. To restore consumer choice, access, and affordability – often through Federal waivers – States should:

- Establish State-specific approaches to benefits standards, product choice, and age rating bands;
- Allow insurers to offer innovative, affordable products that appeal to consumers, such as short-term, limited duration plans and association health plans;
- Maintain risk adjustment and develop other structures to mitigate risk, such as creating Complex Coverage Pools;
- Foster network flexibility, emphasizing quality and accountability; and
- Maintain a majority of the ACA consumer protections.

Defined, Funded, and Well-Managed Complex Coverage Pools

Appropriately structured and well-managed Complex Coverage Pools – administered by State-enabled public-private partnerships – would provide patients with complex health conditions with needed specialized, high-quality care. Key components of Complex Coverage Pools include:

- Predefined conditions designating individuals for automatic enrollment in coverage;
- Dedicated Federal funding for the Complex Coverage Pools;
- Rigorous participation requirements established to maintain eligibility;
- The reduction or elimination of premiums, out-of-pocket costs, and other barriers to coverage and care;
- Custom referrals to high-performing providers most capable of addressing the specific needs of the individual; and
- Provider payment rates set at Medicare levels with incentives for practicing high-quality, evidence-based medicine and effective use of health care resources.

We estimate the cost for one year of enrollment of approximately one million lives in Complex Coverage Pools would be $14 billion versus $25 billion otherwise. With the appropriate infrastructure and sustainable funding, establishing Complex Coverage Pools would contribute to a revitalized, sustainable, and balanced individual insurance market by reducing premium costs in the individual market by upwards of 25 percent.

States pursuing State-based Public and Private Health Care Markets can expect to achieve **a flexible and coherent market-based coverage system** that is **simpler, provides more choice, and is more affordable** for health care consumers. This approach will enable States to **respond to the specific circumstances and needs** of its communities. **Using proven, market-based solutions**, States can **deliver better quality health care** aligned to the unique needs of consumers.

Note: Coverage estimates are neither exhaustive nor mutually exclusive and, therefore, do not sum to the population total. According to the U.S. Census Bureau, over 20% of insured individuals report coverage from multiple sources.

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