

A Modern, High-Performing, Simpler Health Care System

A Path Forward...

Of the 325 million people in the United States, employer-sponsored insurance covers 174 million, Medicaid and related State-based health programs cover 75 million, Medicare serves 58 million, Exchanges cover approximately 10 million, and more than 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 increased flexibility, new, modern capabilities and approaches, and adequate funding 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 more than doubled within the first two years under the Affordable Care Act (ACA). They have continued to rise at aggressive rates since. Exchanges have meaningfully failed to achieve enrollment expectations, and deeply flawed product and risk pool designs have led to unsustainable economics and limited choice, ultimately discouraging healthy individuals from enrolling and staying enrolled. Further, the Exchanges lack the capacity to effectively help patients with complex health conditions that require specialized, high-quality care.

The ACA's Tax on Health Insurance and other ACA taxes have aggravated already untenable health care costs, and need to be repealed. The Tax on Health Insurance directly increases the cost of coverage for more than 150 million Americans and the return of the Tax in 2020 threatens further premium increases or benefit reductions.

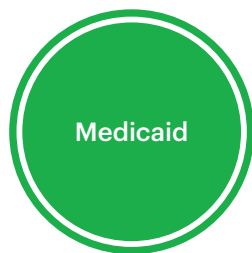
Medicaid expansion is succeeding in cost-effectively expanding access to care. More than 16 million additional people have enrolled in Medicaid since 2013. A State-based, structured mechanism for coverage – with more value, flexibility, and superior performance than Exchanges – Medicaid costs 40% less than Exchange coverage, and has proven to be a more effective option to deliver 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 tens of millions of individuals who remain uninsured or in the Exchanges.

State-based Health Care Market Solutions

A coherently organized portfolio of State-based public and private coverage platforms would 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;
- ▶ Advancing care effectiveness, through integrated care delivery approaches across medical, pharmacy, behavioral, and social services;
- ▶ Improving clinical engagement and the consumer experience through digitally enabled individual health records;
- ▶ Providing access to high-quality, lower-cost ambulatory care settings; 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 enabled through Federal waivers – that provide new flexibilities and program elements, such as:

- ▶ Designing localized, flexible health benefits to encourage appropriate use and place of services;
- ▶ Developing performance-based networks to improve quality and lower costs;
- ▶ Aligning provider payment rates to reward quality outcomes and efficient health care resource use;
- ▶ Implementing innovative wellness and prevention programs, consumer incentives, and engagement tools;
- ▶ Establishing appropriate consumer cost-sharing requirements and benefit designs that recognize the differences among beneficiaries;
- ▶ Leveraging a pharmacy care services approach to lower drug and medical costs through integrated care delivery, transparency, and applied technology;
- ▶ Utilizing financial tools – such as Health Savings Accounts – in benefit structures;
- ▶ Transitioning dual eligible and complex populations to managed care, including Long-Term Services and Supports (LTSS);
- ▶ Promoting fully integrated health and human services care models that incorporate social determinants of health to improve outcomes by eliminating barriers and aligning incentives; and
- ▶ Implementing enrollment strategies that simplify eligibility determinations and increase access to coverage.

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 enabled 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

Achieving strong, affordable, and stable State-based individual markets by better covering and caring for those with clinically complex conditions:

Our Complex Coverage Pool (CCP) proposal requires no additional federal funding and produces meaningful savings for CCP members, reducing current premiums and cost sharing by up to 62%. Importantly, CCP members would pay less than the premiums they are currently paying in the Exchanges.

Complex Coverage Pools would be administered by State-enabled public-private partnerships with organizations that have expertise in managing patients with complex conditions, coordinating their care providers, and ensuring accountability for improving outcomes. Key components of a CCP should include:

- ▶ Predefined conditions designating individuals for automatic enrollment in coverage;
- ▶ Enrollment limited to those not eligible for Federal health programs or employer-sponsored insurance;
- ▶ Dedicated federal funding for the Complex Coverage Pools;
- ▶ Rigorous participation requirements established to maintain eligibility;
- ▶ A reduction to premiums and out-of-pocket costs and other barriers to coverage and care;
- ▶ Custom referrals to high-performing providers most capable of coordinating care to address the specific needs of the individual; and
- ▶ Provider payment rates set at Medicare levels with incentives to practice high-quality, evidence-based medicine with effective use of health care resources.

Upon implementation of CCPs, the 93% of the individual market that is not enrolled in a CCP would experience premium reductions of 27%. For the 7% of the individual market in a CCP, members would receive the same 27% premium reduction and the additional benefit of resulting federal tax credit savings. This would total as much as 62% savings – in premium and cost sharing combined – for CCP members, depending on their income levels.

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