

Insure All Americans by 2010

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The Center for Health Transformation endorses the goal of access to insurance for all Americans with care provided in a 21st Century Intelligent Health System. We can achieve 100% coverage through market-based solutions, private/corporate efforts, tax incentives, direct public subsidies, strong community support, and faith-based outreach programs. Personal responsibility, individual ownership, portability, and healthcare consumerism are the hallmarks of such a system. New ideas presented below and existing Federal and State proposals include programs and financial support to advance us towards this goal.

In a 21st Century Intelligent Health System, the individual has: accurate, timely knowledge of health needs; access to the best information about how to maintain personal health; knowledge of whom to see and where to go for health services, and confidence that health providers are practicing medicine using the best practices based on the most up-to-date understanding of outcomes-based medicine.

The test for a new system is to provide affordable access to quality care and financial security for all. It must work for the poorest and sickest among us. It must include preventive care, provide for early intervention, and support the maintenance of healthy lifestyles. It must encourage and reward good health and healthcare purchasing behaviors. If a movement to healthcare consumerism is to be successful, it must be for all Americans. It must provide improved products and services at lower prices. Most importantly, the 21st Century Intelligent Health System must provide access to affordable insurance coverage for those currently uninsured. No one can be left behind.

To put it simply, insuring all Americans is a moral imperative. 18,000 people die every year because they are uninsured. According to the Institute of Medicine (IOM), uninsured adults have a 25% greater rate of dying than adults with insurance. Uninsured trauma victims are less likely to be admitted to the hospital or receive the full range of needed services. They are 37% more likely to die of their injuries. A recent Health Affairs report projected that by 2013 the number of uninsureds will rise from the current 45 million to 56 million lives. This means that without change, excess deaths for those without insurance will increase to over 24,000 lives per year.

Uninsured children are 70% more likely to go without care for common childhood conditions such as asthma, ear infections, and sore throats. Uninsured children are five times more likely to have an unmet need for medical care each year. The uninsured are 33% less likely to get a routine physical examination, and 25% less likely to visit a doctor for an illness. Uninsured women are 36% less likely to get a pap smear, and 60% less likely to get a mammogram. Uninsured men are 40% less likely to get a prostate examination.

The ripple effects of being uninsured and having poor health are felt throughout society. Uninsured children have impaired development and poor school performance. Uninsured adults have more absences from work, more unscheduled sick days, and greater rates of disability. The 2004 Kaiser Family Foundation study found the societal costs of the uninsured to be \$125 billion. Regardless of how one views the issue, the cost to society is high. Without insurance - the health, lives, and financial security of families are at extreme risk.

Eight out of 10 people who are uninsured are in working families. Almost 29 million of the uninsured in 2002 had household incomes of \$25,000 or more. The great job creation machine in this country is small business. Yet, 45% of companies with 3 to 9 employees and 24% of companies with 10-24 employees do not provide health insurance. Even if you are working for an employer that offers health insurance, you may be only a pink slip away from being uninsured. With employer-based health insurance, over 38% are worried or very worried about losing their insurance.

What is new? What has happened or is about to happen that provides an historic opportunity to make affordable healthcare available to 100% of the country? Well, new laws and regulations over the past 3 years have created the foundation for transformation to a 21st Century Intelligent Health System. In 2002, the U.S. Treasury Department recognized in regulation Health Reimbursement Arrangements (HRAs) that sparked the consumerism movement. In 2003, Congress passed Health Savings Accounts (HSAs). Employers who have and are adopting these new consumerism structures have demonstrated lower costs and better outcomes.

With these advances, carriers are now developing new healthcare consumerism products at lower costs with more choices. In 2004, Aetna consumerism plans showed cost increases of only 1.5% versus increases of more than 10% for traditional health plans. Employers that offered only consumerism plans had an average decrease in premiums of 2.9%. Similarly, United Health Care showed average cost increases of less than 1% for consumerism plans. Humana, Blue Cross Blue Shield, and other health insurers are finding similar results from their new consumerism products.

Insurers and large employers have shown the way to healthcare consumerism. Now small employers and individuals are beginning to experience the benefits of consumerism. Assurant Health reports that 43% of HSA applicants were previously uninsured. Affordability is the key. 71 percent of people who bought HSAs from Assurant Health paid premiums of \$100 per month or less. Golden Rule, another company offering HSAs, stated the majority of enrollees (52.83 percent) paid between \$51 and \$100 a month. On average, Golden Rule's customers saved 45-55 percent on annual insurance premiums. Forrester Research predicts 24% of Americans will be covered under consumerism plans by 2010.

The Center for Health Transformation supports pushing this movement to the next level - providing affordable insurance coverage for all Americans. What is needed to achieve this long sought after goal? To reach the uninsured, government subsidies are needed that encourage personal responsibility and empower individuals to purchase private insurance. Letting everyone buy into the same free-market products will expand choices, lower costs, and improve quality. In addition, a more vibrant free-market is needed to encourage more competition, increase technological innovation, and provide creative plan designs. Insurance markets have for too long been over-regulated with stifling bureaucracies.

History has proven that laws and regulations matter. Insurers can only operate and create affordable products within the legal and regulatory boundaries allowed. The Congress and state legislatures must act swiftly to expand on the successes of healthcare consumerism.

The following U.S. Congressional and State legislative actions are needed now:

FEDERAL ACTIONS:

1. Amend the McCarren-Ferguson Act to establish a national health insurance market that gives individuals the freedom to shop for Health Savings Account insurance plans across state lines (through the internet or by personal agent).
2. Extend HSAs to low income Americans by providing eligible families up to \$1,000 in direct contributions to their HSA, along with a \$2,000 advanced tax credit to purchase an HSA-eligible High Deductible Health Plan (HDHP). Individuals would receive up to \$300 in their HSA and receive up to \$700 in an advanced tax credit to purchase an HDHP.
3. Make the HDHP insurance premiums tax deductible for federal income taxes (a direct reduction from Federal Adjusted Gross Income; AGI).
4. Allow HSA dollars to be used to pay for health insurance premiums.
5. Allow employers to limit the use employer funded HSAs to healthcare while employed.
6. Allow HSA contributions up to the HDHPs maximum out-of-pocket exposure.
7. Provide tax rebates to small businesses that contribute to their employee’s rebates (up to \$500 per family or \$200 for a single employee).
8. Allow employers to establish Health Reimbursement Arrangements (HRAs) for plan members without violating eligibility for HSAs.
9. Allow employers to get a business expense deduction for funding HRAs
10. Allow 100% roll over of funds in flexible spending accounts.
11. Ensure there is no difference in coverage between mental health and other benefits in HDHPs.
12. Pass legislation that requires providers receiving federal or state funds to disclose quality information on mortality rates and complication rates.

The Joint Committee on Taxation 10-year (2006-2015) estimates the cost for some of these ideas as follows:

1. Refundable tax credit for purchase of health insurance.....	\$64.1 billion
2. Above-the-line deduction for HDHP premiums.....	\$32.8 billion
3. Refundable tax credit for contributions to employee HSAs.....	<u>\$20.3 billion</u>
Total Proposed Budget Amount	\$117.2 billion

STATE ACTIONS:

1. Create regional reciprocity approval agreements for HDHPs.
2. Remove all state, county, and city premium taxes on HDHPs.
3. Make the HDHP insurance premiums tax deductible for state income taxes.
4. Remove any existing state law and regulatory conflicts to offering flexible HSAs.
5. Prepare for HSA cross-state selling under reciprocity agreements by removing unnecessary mandates, outdated pricing restrictions, and bureaucratic costs.
6. Provide for state HSA tax subsidies supplemental to the proposed federal subsidies.
7. Create HDHP incentive-based high risk insurance pools that provide subsidized protection for the uninsurable.

Clearly, addressing the uninsured is about saving lives and saving money. To reach the goal of 100% coverage by 2010, the Center for Health Transformation has a long list of recommendations for hospitals, doctors, other medical professionals, employers, and insurers. While all parties must move in a coordinated simultaneous manner, new laws are needed now. The Center for Health Transformation applauds the legislation to date that has created a foundation for Healthcare Consumerism. It is time to move to the next generation of changes needed to address this national crisis. We encourage Congress and State legislators to take immediately action to pass the above ideas. Creating a 21st Century Intelligent Health System and insuring every American will save thousands of lives and billions of dollars – but we must act now if we are to succeed.

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