



## **Maine Association of Health Underwriters**

### **2010 Health Care Reform Position Paper**

The Maine Association of Health Underwriters (MAHU) represents health insurance brokers and consultants advising thousands of Maine companies, representing tens of thousands of employees. MAHU supports health care reform that will improve the health security of Maine residents and the nation.

MAHU members have a unique and intimate understanding of the current health care system and the challenges that health care consumers face today. We also recognize that our system produces the majority of new health care technologies and innovation, the majority of lifesaving medications, and many of the best treatment outcomes in the world. For these reasons, we support reforms that preserve what is great about our system today while bringing much needed improvements to our citizens.

Any health care reform proposals must operate on three key principals.

#### **Guaranteed Access for all Individuals**

- End ban that prevents insurers from selling across state lines to enable Regional collaboration and/or Association health plans
- Create tax equity by enabling individuals to deduct health insurance premiums that are not otherwise excluded from income such as employer sponsored coverage
- Preserve the role of licensed, professional agents who advocate for consumers in the distribution of health insurance

#### **Reduce Cost**

- Preserve Health Savings Accounts and other patient-centered insurance options
- Create tax incentives for employers that invest in worksite health promotion

- Allow Medicaid flexibility to support individuals who qualify for assistance to direct Medicaid dollars to support private health insurance through their employer or in the market, if the person desires
- Promote greater education of patients about the cost and quality of providers, services and treatments

### Improve Quality

- Promote innovation and competition in the treatment of primary and emergency care
- Embrace technology including electronic medical records
- Promote evidenced based medicine in treatment protocols

### Guaranteed Access for all Individuals

It is important that all U.S. citizens have access to the health care system. This is a reality today as hospital emergency rooms cannot turn away individuals seeking care. It is well documented, however, that people with health insurance receive better and often more timely care than those who are uninsured. The reality is that affordability of health insurance is the largest obstacle for uninsured residents. We can address this issue with several incremental changes.

| What we SHOULD do  | What we SHOULD NOT do   |
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| <p><b>End the ban that disallows insurers from selling across state lines. This will encourage state regulators to consider their regulatory structure as it compares to other states. This will both provide options to consumers who choose to seek coverage that may be more affordable outside of their resident state and will additionally incentivize innovation from carriers to collaborate regionally and/or develop products to serve consumers within certain regions or industries.</b></p>   | <p>Remove authority from state level regulators. Local regulators will better serve the unique needs of the consumers of their state. A federal system of oversight will reduce the effectiveness and responsiveness to consumer needs and weaken consumer protections.</p>   |
| <p><b>Establish guaranteed access plans in each state as a safety net for individuals with high cost health care needs. Insurers should be allowed to appropriately underwrite risk. This encourages the healthy to purchase insurance and lowers cost for the majority of Americans. Guaranteed access plans will ensure that individuals otherwise uninsurable will have access to affordable coverage. This approach both preserves the stability of the market while creating the appropriate safety net to ensure everyone has access to health insurance coverage.</b></p> | <p>Mandate guarantee-issue coverage for all Americans. This approach pools all risks together resulting in higher than necessary premiums for the majority of people. Markets like Maine have experienced the unintended consequences of this approach with younger, healthier residents deeming coverage unaffordable and leaving the insurance market all together. The result, a death spiral as the spreading of risk contracts and premiums skyrocket.</p> <p>We should not attempt to solve this issue by mandating coverage as enforceability is extremely difficult and constitutionality questions come into</p> |

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|  | play.   |
| <b>Create tax equity by enabling individuals to deduct health insurance premiums that are not otherwise excluded from income such as employer sponsored coverage. This eliminates the current discrimination against non-group insurance purchases without disrupting the current employer based system.</b>   | Eliminate tax deductibility of employer provided health insurance. There are many advantages to the employer based system including underwriting efficiencies with pooling of risk. Employers also have an inherent risk in healthy workers for reasons that extend beyond insurance costs such as productivity. This creates incentive for employers to invest in worksite health promotion and education. We should preserve the employer based system that currently delivers health insurance to the majority of Americans today.                         |
| <b>Preserve the role of licensed, professional agents who advocate for consumers in the distribution of health insurance. In the case of an insurance exchange, ensure that the structure creates a vehicle to connect consumers to the current system of licensed brokers. This will ensure that consumers have access to a professional advocate to help them navigate health insurance options, choose appropriate coverage, and maintain access to professional guidance and advocacy on an ongoing basis.</b> | Create insurance exchanges that increase administrative burden or replace the role of existing professional insurance agents. The existing system of professional, licensed insurance agents provides exceptional advocacy for consumers in each state. This advocacy works for the majority of health insurance consumers today. Connecting consumers to this existing structure with outreach, education, and potentially a “portal” style exchange will connect consumers to professional advocacy with minimal additional cost and administrative burden. |

## Reduce Cost

Cost is the single largest issue facing our health care system today. Polls show that the majority of Americans are happy with the health care system and their insurance, but almost all of us feel that the cost is too high and unsustainable at the current rate of inflation. As insurance brokers, this is the most pressing concern communicated to our membership from our clients.

| <b>What we SHOULD do</b>   | <b>What we SHOULD NOT do</b>   |
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| <b>Preserve Health Savings Accounts (HSA) and other consumer directed insurance initiatives. These programs are demonstrating measurable results in both the Maine market and nationally. Not only are they reducing current cost, but they are also often reducing out-of-pocket costs for individuals while aligning incentives to encourage cost conscious utilization of the health care system at the individual level. The current third party payer system in the U.S. has disassociated patients from the cost of their care resulting in poor utilization</b> | Mandate minimum creditable coverage levels at the legislative level. Individuals know best what level of coverage is appropriate for themselves and their families. We should allow maximum flexibility and avoid mandating specific coverage levels with health insurance contracts. This consistently drives prices up and puts legislators in the role of designing insurance contracts, which they have no expertise doing.<br><br>We should not impose minimum loss ratio (MLR) provisions as a profit regulator. Competition is the best regulator of profits and MLR provisions |

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| <p><b>habits and further disassociation between personal behaviors and health care costs. HSA's are a fundamental component in reconnecting patients to the cost of their care.</b></p>  | <p>threaten HSA plans and make it difficult for carriers to introduce new products. MLR provisions also negatively impact smaller carriers or carriers that are new to a market in addition to making it more difficult to underwrite very small companies where administrative expenses tend to be higher.</p> <p>Ensuring consumers are adequately informed regarding available health insurance policies, coverage levels and limitations, can be achieved by connecting consumers to licensed, professional health insurance agents.</p> |
| <p><b>Create tax incentives for employers that invest in worksite health promotion and wellness programs. To truly lower health care costs over time, we as individuals must live as healthy a lifestyle as possible. We cannot sustain obesity and chronic disease trends in this country and expect to afford our health care without significant restrictions to available services. Because most Americans access health insurance and therefore the health care system through their employers and because employers have an inherent interest in the health and productivity of their employees, we should encourage employers to invest in prevention and health promotion at their workplaces. Tax incentives should be available to companies that invest in "best practice" worksite health promotion and wellness programs that are focused on behavior change and produce measured results. Incentives should aid employers in establishing worksite wellness programs and not just create a reward system that provides rebates for success in order to enable smaller employers to make initial worksite wellness investments.</b></p> | <p>We should not attempt to address this issue by focusing on insurance payment reform. Mandating that insurers cover more preventive services for example, does not translate to improved personal behavior choices.</p>  |
| <p><b>Create Medicaid waivers to allow individuals who qualify for assistance to purchase lower cost private health insurance. The shift in coverage from private to public both strains state budgets and medical providers as reimbursement levels are often lower than the cost to deliver care. The recent recession has exacerbated this phenomenon by</b></p>  | <p>Increase Medicaid eligibility and/or create a new public insurance program to reduce the number of uninsured. Lowering cost by simply paying doctors and hospitals fixed rates without consideration for the cost incurred to deliver care is not a long term solution. This approach threatens long term cost stability and access to quality care.</p>  |

**shifting more Americans to public coverage. Private coverage should always be the first option to reduce the impact on state budgets and provider reimbursements. Waivers should be available to Medicaid to purchase private coverage when available and offered at a cost savings to Medicaid.**

## Improve Quality

Americans deserve high quality health care and we must ensure that our system encourages innovation and rewards high quality care, especially as studies often illustrate that high quality care additionally translates to lower cost care.

| <b>What we SHOULD do</b>  | <b>What we SHOULD NOT do</b>  |
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| <p><b>Promote innovation in the treatment of primary and emergency care. As more Americans control their health care spending with tools like Health Savings Accounts, the market will respond with efficient treatment solutions such as urgent care centers and small clinics such as those embedded in retail locations. This type of innovation offers individuals more choices at often lower costs.</b></p> | <p>Allow Certificate of Need provisions stifle innovation and allow political muscle to insulate larger providers and prevent new companies and/or products from reaching the market.</p> |
| <p><b>Embrace technology including electronic medical records. Duplication of services and medical errors would be reduced with portable, electronic medical records. In additional safety improvements could be achieved in areas including prescription drug interactions.</b></p>  | <p>Allow false barriers caused by antiquated record keeping to impact patient health and safety.</p>  |
| <p><b>Promote evidenced based medicine in treatment protocols. There are significant variances in physician practice patterns that result in varying costs and levels of effectiveness in patient care. We should promote information sharing and evidenced based treatment protocols wherever possible to ensure patients receive the best possible care.</b></p>  | <p>Continue paying providers for volume of treatments and services alone without consideration for quality and outcomes.</p>  |