June 2020

Universal Health Care Work Group Meeting:
Background Materials and Information
June UHC WG Meeting

June Meeting Goal: prepare for actuarial analyses of three models advancing universal health care

June Meeting Plan:
• Discuss three draft “straw” models
• Review what comes next
• Confirm action items
• Hear public comment

Today’s Presentation: background to prepare for June discussions
• How we got here
• Survey and other input
• Description of draft models to prepare for 6/24 breakout sessions
Work Group Efforts To Date

1. Define and understand the problem including root causes
2. Develop assessment criteria and establish common language for models
3. Narrow to three “straw” models that address identified priorities to move forward for actuarial analysis
Discuss and Refine “Straw” Options

Team uses the work to date to develop 3 “straw” options to consider as starting point for framing options for the actuaries to model.

At June WG meeting:

- Workgroup members will join virtual breakout sessions to consider each of the models, discuss the key model components
- The whole WG will come back together to share themes of key components and any refinements
After the June Meeting

Evaluate the three models (including actuarial and financial impacts) using evaluation criteria

Develop recommendations

Identify outstanding issues that have not been addressed but still need attention; if possible, develop solutions

Identify near-term transition and other strategies for moving universal health care forward
Highlights from UHC WG Survey on Key Components of Universal Health Care Models
• Survey questions were informed by discussions at WG meetings, review of U.S. and international model elements

• Survey was sent out in early March, deadline extended

• Final responses reflect about 60% of WG members

• Summary of results is intended to inform the June UHC WG meeting discussions rather than be final selections
Categories of Survey Questions

WHO?
Questions about the population to be covered

WHAT?
Questions about health care coverage benefits

PARTICIPANT COST SHARE?
Questions about whether members pay premiums, copays, deductibles

FEDERAL DOLLARS?
Questions about use of current federal programs and dollars

PRIORITIES?
Questions about priorities for the model
Most respondents indicated wanting models to assess:

• Coverage for all Washington residents, regardless of immigration status

• Inclusion of a state-level coverage mandate – but with some exceptions
Responses were mixed on whether models should cover all residents regardless of current source of coverage

- ~30% want the program to only include people without current coverage source

- Among those who want to replace some, but not all coverage:
  - Most want to replace coverage purchased in the Exchange
  - Many want to replace Medicaid and employer-based coverage
  - Fewer want to replace Union Trust/Taft Hartley or Medicare

WHO Should the Model Serve (cont.)
Responders wanted to model coverage that includes:

- WA State Essential Health Benefits (EHB) Package
- Adult vision and adult dental and Medicaid required benefits above EHB
- Some interest in coverage for Alternative Medicine services (chiropractic, acupuncture, etc.)
- Some also wanted to include:
  - Long-Term Care
  - Services to support Social Determinants of Health
Majority of responses suggested that models should assume enrollees:

- Pay monthly premiums **and** set premiums based on household income (sliding scale)

Respondents expressed mixed opinions whether the model should include other cost sharing, such as co-payments or deductibles

- A few respondents want amount of copayments and deductibles to be income-based
AFFORDABILITY
Most ranked #1 or #2

ACCESS
Most ranked #2

EQUITY
Most ranked #3

“SOMETHING ELSE”
Most ranked #4

PRIORITIES
Responses to questions about what the model should prioritize as it’s designed and implemented
Priorities Continued: “Something Else”

From open comments, the additional key themes were:

**Quality of Care**
- “Quality” or “Quality of Care” noted by 3 members

**Providers**
- Provider Control
- Provider Payment Reform
- Ease Provider Burden/Admin. Simplification

**Sustainability**
- “Sustainability” noted by 2 members

**Other comments included:**
- “As complete coverage as possible”
- “Outcomes”
- “Buy-in or the ability to market this idea to people of Washington State”
- Only by including everyone will it be possible to control costs”
- “Cost Effective”
- “Price Transparency and Ease of Use”
- “Public Accountability”
Overview of “Straw” Approaches to Universal Health Care
Option A: Universal Coverage, State Administered (Universal 1)

**WHO:** Participation by all state residents

**WHAT:** State defines benefit package for all

**HOW:**
- State sets delivery system rules (e.g., promotion of primary care, use of value-based payment, etc.)
- **No health insurance carriers,** state contracts directly with providers

**A Potential Variation: “Universal 1.5”**

Coverage for all state residents except people eligible for some/all federal coverage (Medicaid, Medicare, Federal Employees, VA), otherwise the same as 1
“Straw” Approaches for Universal Health Care - For Breakout Group Discussions

Option B: Universal Coverage, Delegated Administration (Universal 2)

**WHO**: Participation by all state residents

**WHAT**: State defines benefit package for all

**HOW**:
- State sets delivery system rules (e.g., promotion of primary care, use of value-based payment, etc.)
- Health insurance carriers that meet requirements provide coverage, contract with the providers

*A Potential Variation: “Universal 2.5”*

Coverage for all state residents *except* people eligible for some/all federal coverage (Medicaid, Medicare, Federal Employees, VA), otherwise the same as 2
“Straw” Approaches for Universal Health Care - For Breakout Group Discussions

Option C: “Fill in The Gaps 1” – Coverage for People without Coverage

**WHO:**
- Participation by state residents without federal coverage or employer-sponsored coverage
- Could include or exclude people with Exchange coverage, tax credits

**WHAT:** State defines benefits package for all

**HOW:**
- State sets delivery system rules (e.g., promotion of primary care, use of value-based payment, etc.)
- Similar to Cascade Care, but available to anyone not eligible for other coverage
- Carriers that meet requirements provide coverage, contract with providers

---

**A Potential Variation: “Fill in the Gaps 1.5”**
Provide subsidies to participants to other current coverage options
Going Deeper: Different Models from Different Perspectives
Spinning the Chessboard

Heading into discussions and ultimately evaluation of the different models, it will be important to understand how different stakeholders could be impacted by various policy decisions.

The statute charges the workgroup with proposing transition strategies that are “just” for all stakeholders.

The following slides highlight a selection of model differences with limited discussion of potential impacts on different groups.
“Straw” Options for Modeling

• **Universal Coverage – State Administered**
  – All permanent WA residents covered.
  – The state is responsible for all payer functions.
  – The provider network remains private.

• **Universal Coverage – Delegated Administration**
  – All permanent WA residents covered.
  – The state ***delegates responsibility*** for most payer functions.
  – The provider network remains private.

• **“Fill in The Gaps 1” – Coverage for People without Coverage**
  – Subsidized access to care for those who do not have access to affordable coverage.
Highlights from Different Models – Illuminating Stakeholder Impacts

• Access
• Provider Compensation
• Economic Impact
• Efficiency
Access Challenges Today

• **Reimbursement-Driven Limitations**
  - Providers may limit the number of Medicaid members a provider will accept due to lower levels of reimbursement.
  - Similarly, individuals without insurance coverage may be unable to access care due to an inability to pay.

• **Unaffordable Premiums Reduce Access**
  - Many Washington residents cannot afford premiums for coverage for which they are eligible.
  - Some are not eligible for financial support through existing programs.

• **Cost-sharing Reduces Access**
  - Even those with coverage may delay or not access care due to cost-sharing.
<table>
<thead>
<tr>
<th>Access Issue</th>
<th>Universal Coverage State Administered</th>
<th>Universal Coverage Delegated Administration</th>
<th>Close the Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reimbursement-Driven Limitations</td>
<td>Fully mitigated</td>
<td>Partially mitigated</td>
<td>Not mitigated</td>
</tr>
<tr>
<td>Unaffordable Premiums</td>
<td>Fully mitigated</td>
<td>Fully mitigated</td>
<td>Mitigated for those enrolled in the plan</td>
</tr>
<tr>
<td>Cost-sharing</td>
<td>Fully mitigated</td>
<td>Fully mitigated</td>
<td>Mitigated for those enrolled in the plan</td>
</tr>
</tbody>
</table>
Provider Compensation Today

• Variable Reimbursement by Payer
  • The same services are reimbursed differently by each payer, with public payers paying the least

• Average Compensation Depends on Payer Mix
  • How much a practice is paid for services on average depends on what type of insurance their panel has

• Payment methodologies and policies vary across payers
  • How providers are paid, how quickly, and under what circumstances varies from payer to payer
  • A fragmented payer system also makes movement toward value-based purchasing challenging.
## Provider Payment Tomorrow

<table>
<thead>
<tr>
<th>Provider Payment Issue</th>
<th>Universal Coverage State Administered</th>
<th>Universal Coverage Delegated Administration</th>
<th>Close the Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable Reimbursement by Payer</td>
<td>Single-payer eliminates payment differences</td>
<td>Pricing variation is drastically reduced</td>
<td>An additional plan and fee schedule is added</td>
</tr>
<tr>
<td>Average Compensation Depends on Payer Mix</td>
<td>No longer dependent on payer mix</td>
<td>Variation in payment for services across payers is reduced</td>
<td>No change</td>
</tr>
<tr>
<td>Variable Payment Policies</td>
<td>Payment policies are standardized, reducing burden on providers</td>
<td>Payment policies are partially standardized, reducing burden on providers</td>
<td>An additional plan with its own policies is added</td>
</tr>
</tbody>
</table>
Economic Dynamics Today

- **Large, Fragmented Insurance Industry**
  - Entire industries employing thousands are built around a fragmented coverage system

- **Health Insurance and Employment Markets are Linked**
  - For many, health insurance coverage is tied to employment

- **There is Competition in the Insurance Market**
  - There is competition among payers for both limited health care resources and for covered lives
<table>
<thead>
<tr>
<th>Economic Dynamics</th>
<th>Universal Coverage State Administered</th>
<th>Universal Coverage Delegated Administration</th>
<th>Close the Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large, Fragmented Health Insurance Industry</td>
<td>System reduced to a single payer; significant job loss from current industry</td>
<td>System reduced to a limited number of payers; some job loss from current industry</td>
<td>No change</td>
</tr>
<tr>
<td>Health Insurance and Employment Markets are Linked</td>
<td>The link between markets is significantly weakened</td>
<td>The link between markets is significantly weakened</td>
<td>No change</td>
</tr>
<tr>
<td>Competition in Insurance Market</td>
<td>Competition in the insurance market is eliminated</td>
<td>Competition in the insurance market eliminated; plans compete for administrative roles</td>
<td>No change</td>
</tr>
</tbody>
</table>
Efficiency Today

• **Every Payer Has a Different Strategy**
  • Each payer tries to incentivize providers to improve quality and reduce costs in different ways.
  • Providers end up being held to too many different standards and metrics to be highly successful at any of them.

• **Analytics and Data are Highly Fragmented**
  • What each payer can see and act on is generally limited to the set of claims they paid.
  • For example, it is difficult to detect fraud and waste because each payer is only looking at their own data and not the system as a whole.

• **Consumers and Taxpayers are Paying for Duplicative Infrastructure**
  • Each payer has their own claims processing system, data analytics, staff, educational materials, disease management programs, etc. This duplication has a cost.
## System Efficiencies Tomorrow

<table>
<thead>
<tr>
<th>System Efficiencies</th>
<th>Universal Coverage State Administered</th>
<th>Universal Coverage Delegated Administration</th>
<th>Close the Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Each Payer Has a Different Strategy</td>
<td>One payer, one strategy</td>
<td>The state could implement policies reducing variability in strategies</td>
<td>One more strategy is added to the mix</td>
</tr>
<tr>
<td>Analytics and Data are Highly Fragmented</td>
<td>Completely mitigated</td>
<td>Completely mitigated</td>
<td>Not mitigated</td>
</tr>
<tr>
<td>Consumers and Taxpayers are Paying for Duplicative Infrastructure</td>
<td>Completely mitigated</td>
<td>Partially mitigated</td>
<td>Not mitigated</td>
</tr>
</tbody>
</table>
Key Considerations

• Statute requires the committee to recommend strategies that provide for a “just transition for all stakeholders.” It is important to think about the policies from a variety of perspectives.

• Policies that make sense at the aggregate level can negatively impact individuals.

• Some policies will simultaneously create benefit for one group while creating hardship for others.

• In the breakout groups, try to think about each issue from a variety of stakeholder perspectives.
• “Straw” options are intended to kick off June discussion

• Models offer frameworks for actuaries to model:
  • Based on components discussed at meetings and from survey feedback
  • Able to model a few options

• Consider the key considerations from Optimus’ overview

• Results of breakout discussions will be shared and discussed by all at June meeting
  • All breakout discussions will be summarized and shared

• Will review and discuss model output later this summer

Summary
Come to the Virtual June Meeting Ready to Discuss and Refine Straw Models
More discussions to come this summer
Thank You

For questions or comments, please contact HCAUniversalHealthCareWorkGroup@hca.wa.gov

Visit the Universal Health Care Work Group webpage for more information