



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

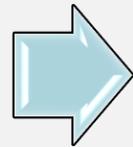
Today’s Presentation: background to prepare for June discussions

- How we got here
- Survey and other input
- Description of draft models to prepare for 6/24 breakout sessions



Work Group Efforts To Date

Define and understand the problem including root causes



Develop assessment criteria and establish common language for models



Narrow to three "straw" models that address identified priorities to move forward for actuarial analysis

June Meeting

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.

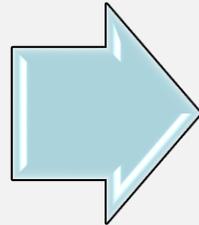
At June WG meeting:

- 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



About the Survey

Purpose of the Survey: Inform development of model options

Categories of Survey Questions



WHO?

Questions about the population to be covered



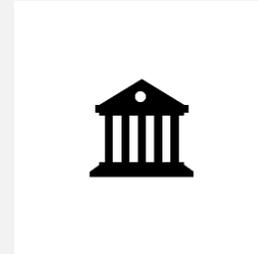
WHAT?

Questions about health care coverage benefits



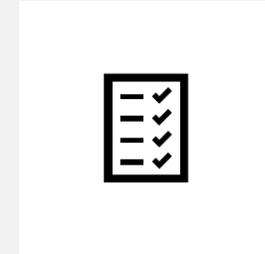
PARTICIPANT COST SHARE?

Questions about whether members pay premiums, copays, deductibles



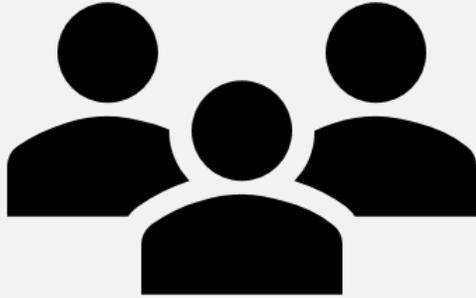
FEDERAL DOLLARS?

Questions about use of current federal programs and dollars



PRIORITIES?

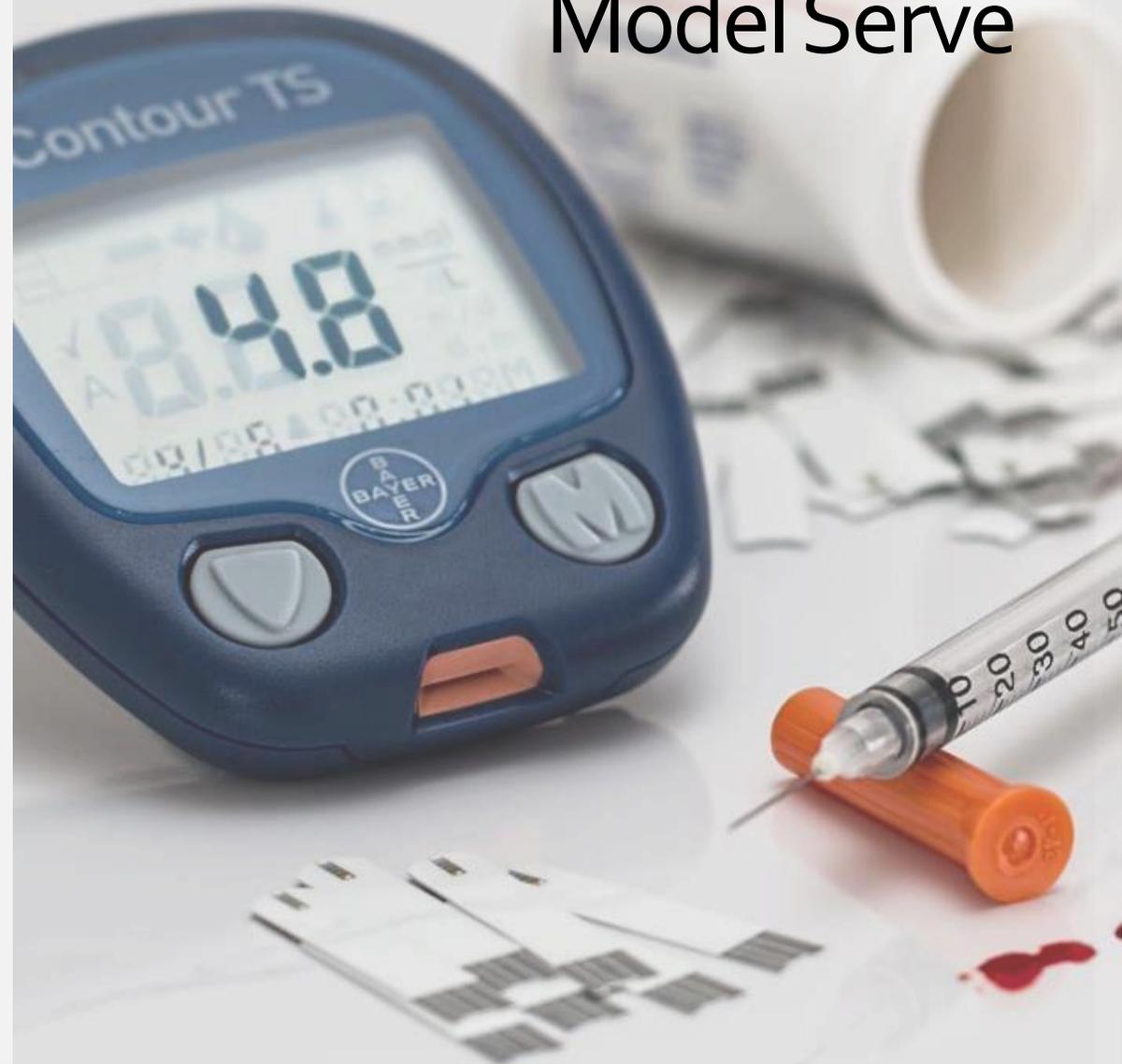
Questions about priorities for the model



Most respondents indicated wanting models to assess:

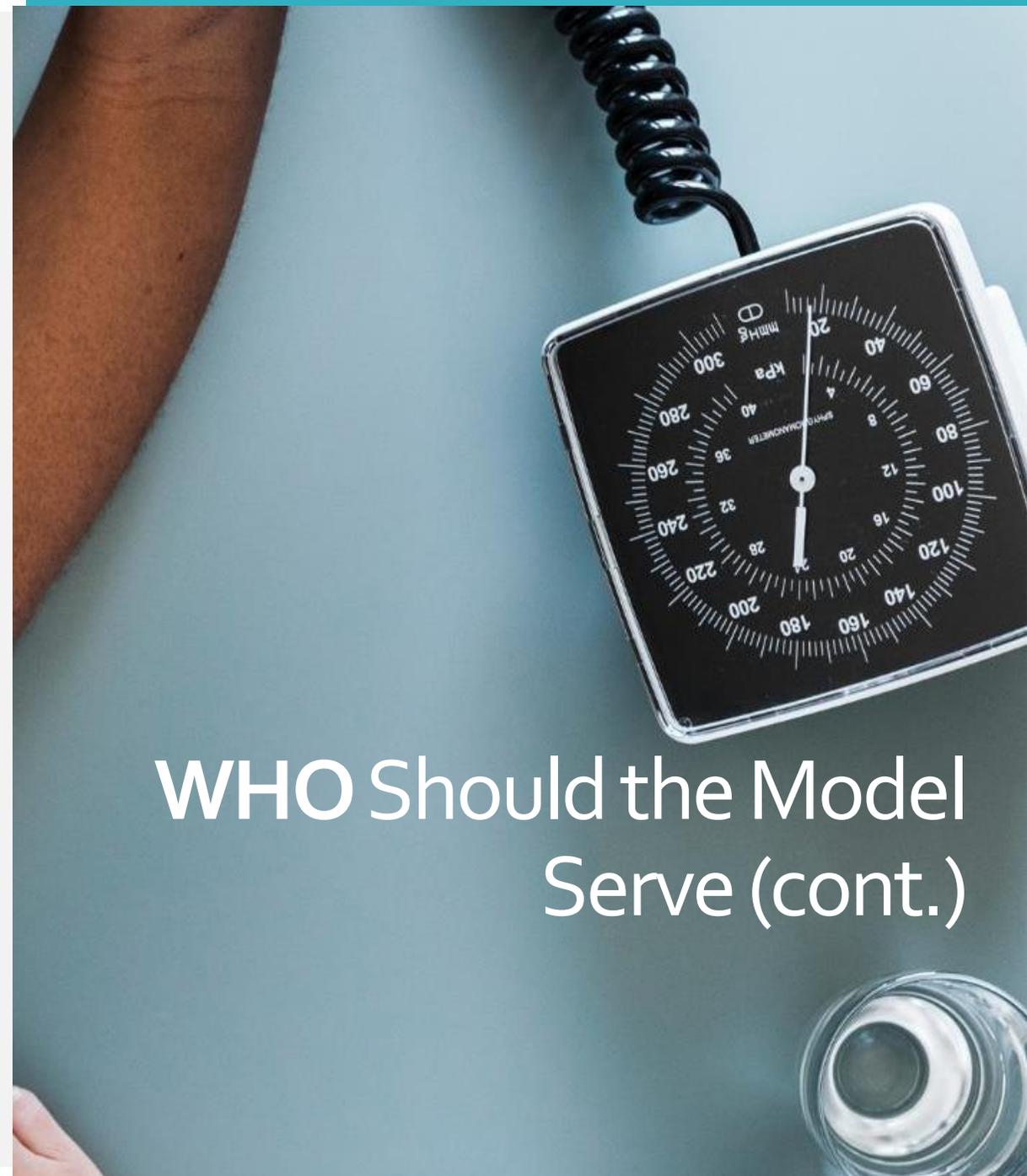
- Coverage for all Washington residents, regardless of immigration status
- Inclusion of a state-level coverage mandate – but with some exceptions

WHO Should the Model Serve



Responses were mixed on whether models should cover all residents regardless of **current source of coverage**

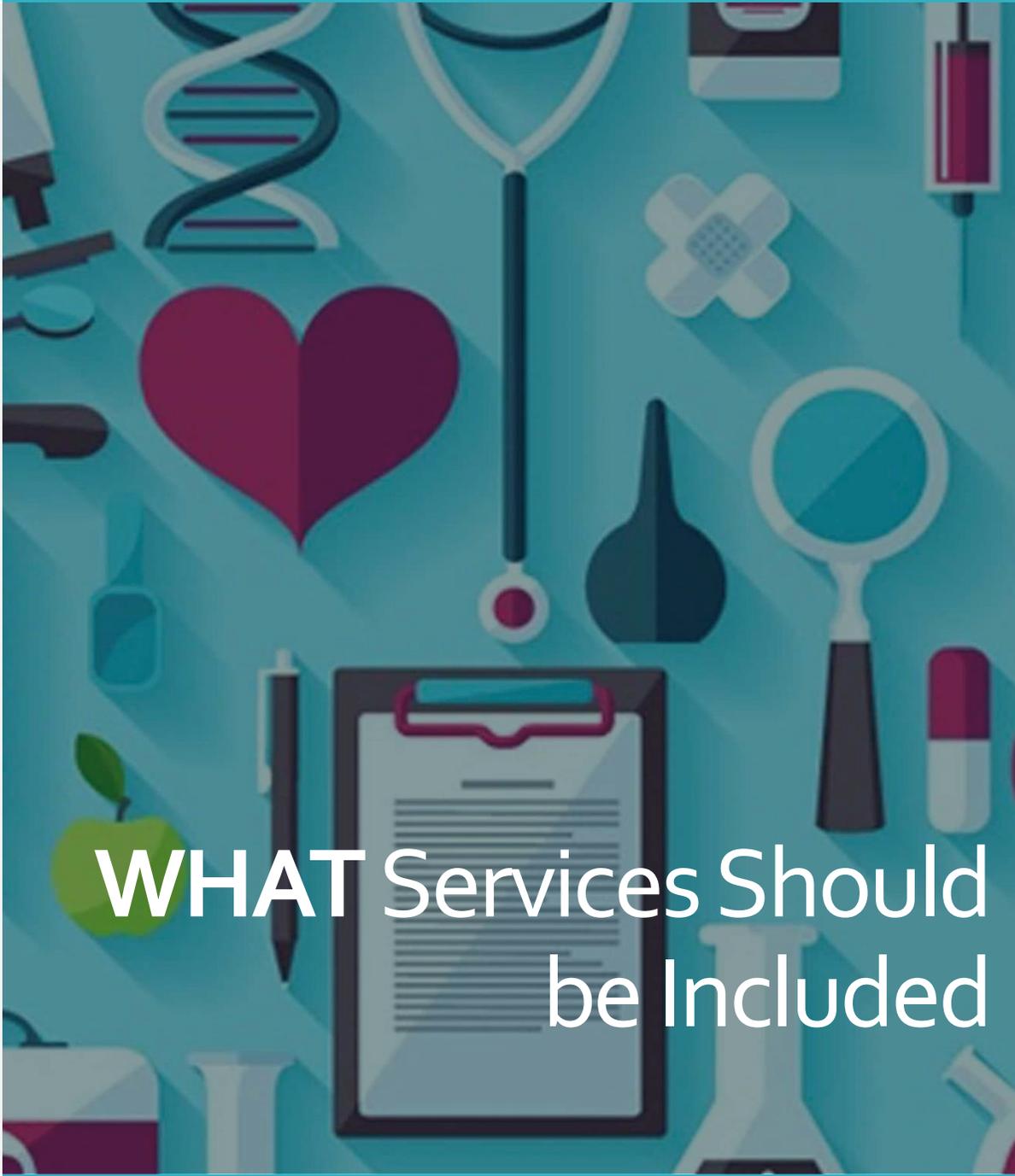
- ~30% want the program to **only include** people **without** current coverage source
- Among those who want to replace some, but not all coverage:
 - Most want to replace coverage purchased in the Exchange
 - Many want to replace Medicaid and employer-based coverage
 - Fewer want to replace Union Trust/Taft 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



WHAT Services Should be Included

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



COST SHARING:
What will enrollees in the model contribute?



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



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*



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.



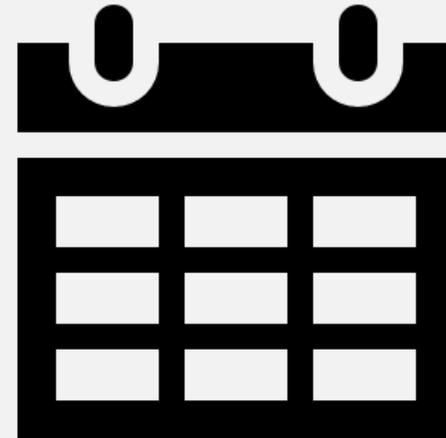
Highlights from Different Models – Illuminating Stakeholder Impacts

- 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



Access Tomorrow

Access Issue	Universal Coverage State Administered	Universal Coverage Delegated Administration	Close the Gap
Reimbursement-Driven Limitations	Fully mitigated	Partially mitigated	Not mitigated
Unaffordable Premiums	Fully mitigated	Fully mitigated	Mitigated for those enrolled in the plan
Cost-sharing	Fully mitigated	Fully mitigated	Mitigated for those enrolled in the plan

Provider Compensation Today

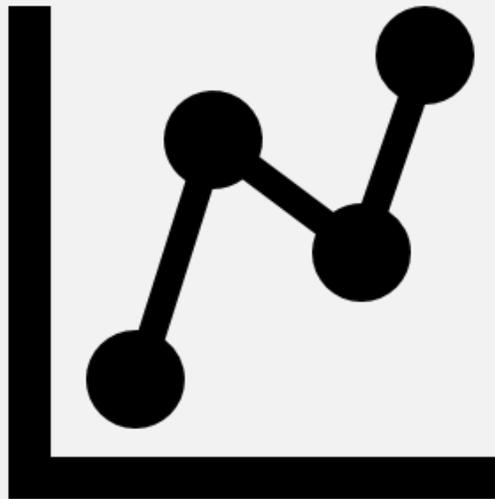


- Variable Reimbursement by Payer
 - The same services are reimbursed differently by each payer, with public payers paying the least
- Average Compensation Depends on Payer Mix
 - How much a practice is paid for services on average depends on what type of insurance their panel has
- Payment methodologies 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

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

- **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

Economic Dynamics Tomorrow

Economics Dynamics	Universal Coverage State Administered	Universal Coverage Delegated Administration	Close the Gap
Large, Fragmented Health Insurance Industry	System reduced to a single payer; significant job loss from current industry	System reduced to a limited number of payers; some job loss from current industry	No change
Health Insurance and Employment Markets are Linked	The link between markets is significantly weakened	The link between markets is significantly weakened	No change
Competition in Insurance Market	Competition in the insurance market is eliminated	Competition in the insurance market eliminated; plans compete for administrative roles	No change

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

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

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