



State-Based Health Initiatives:

New Opportunities for Medicaid and the Uninsured

Presentation for the Zaniya Project Task Force

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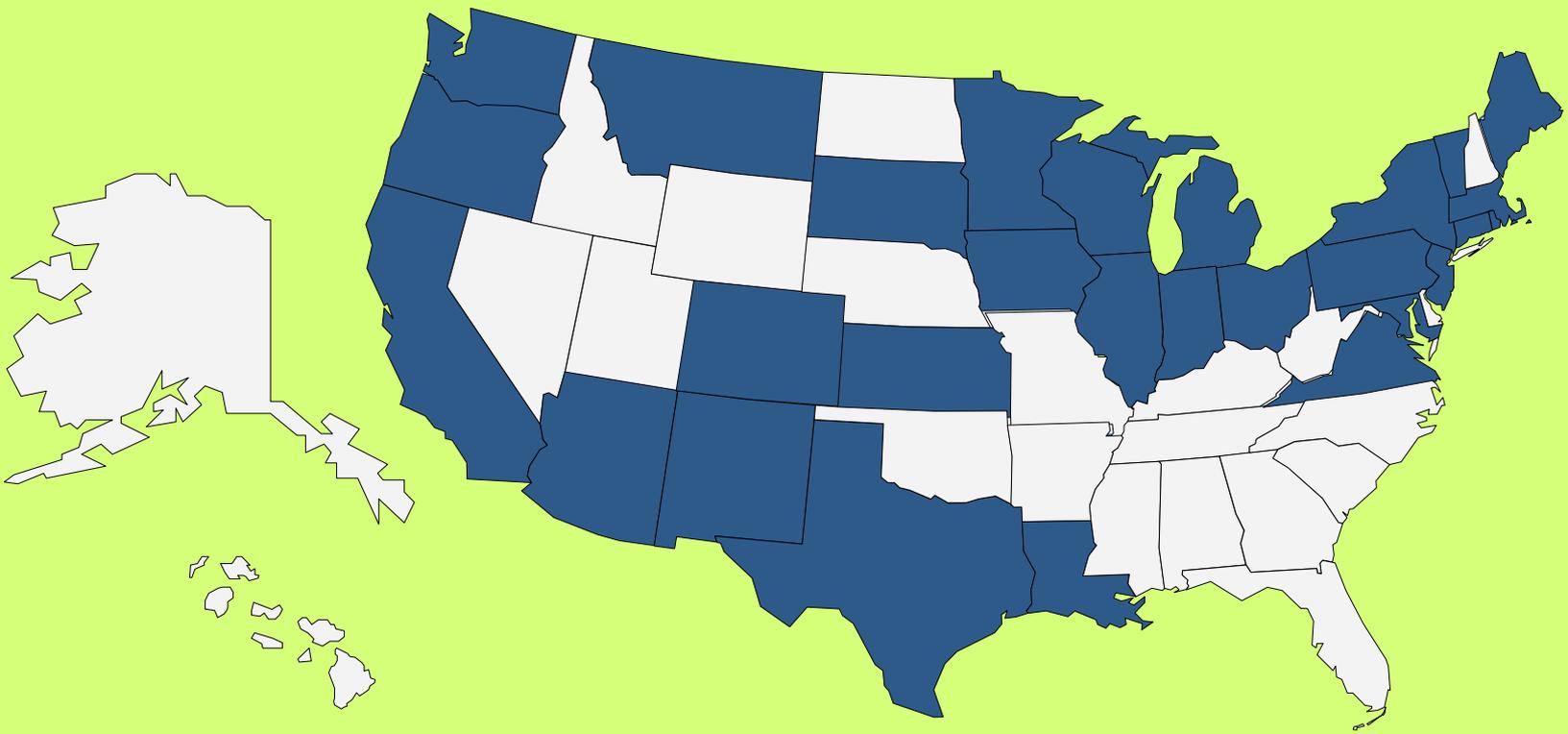
June 14, 2007



State-Based Reform Sweeping Country

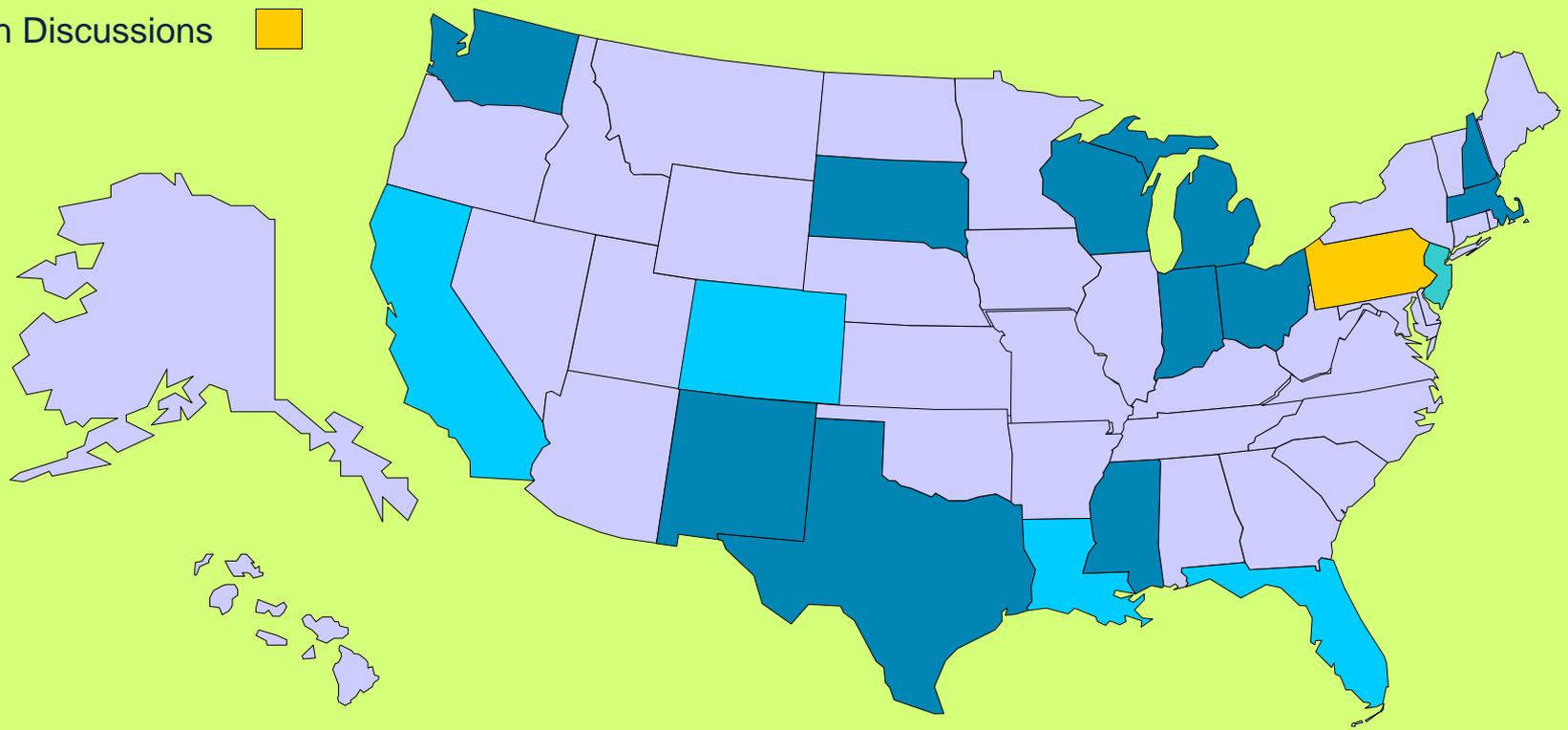
COVERAGE CRUSADE SPREADS

28 States with a Plan to Expand Access Passed, Proposed or in the Works

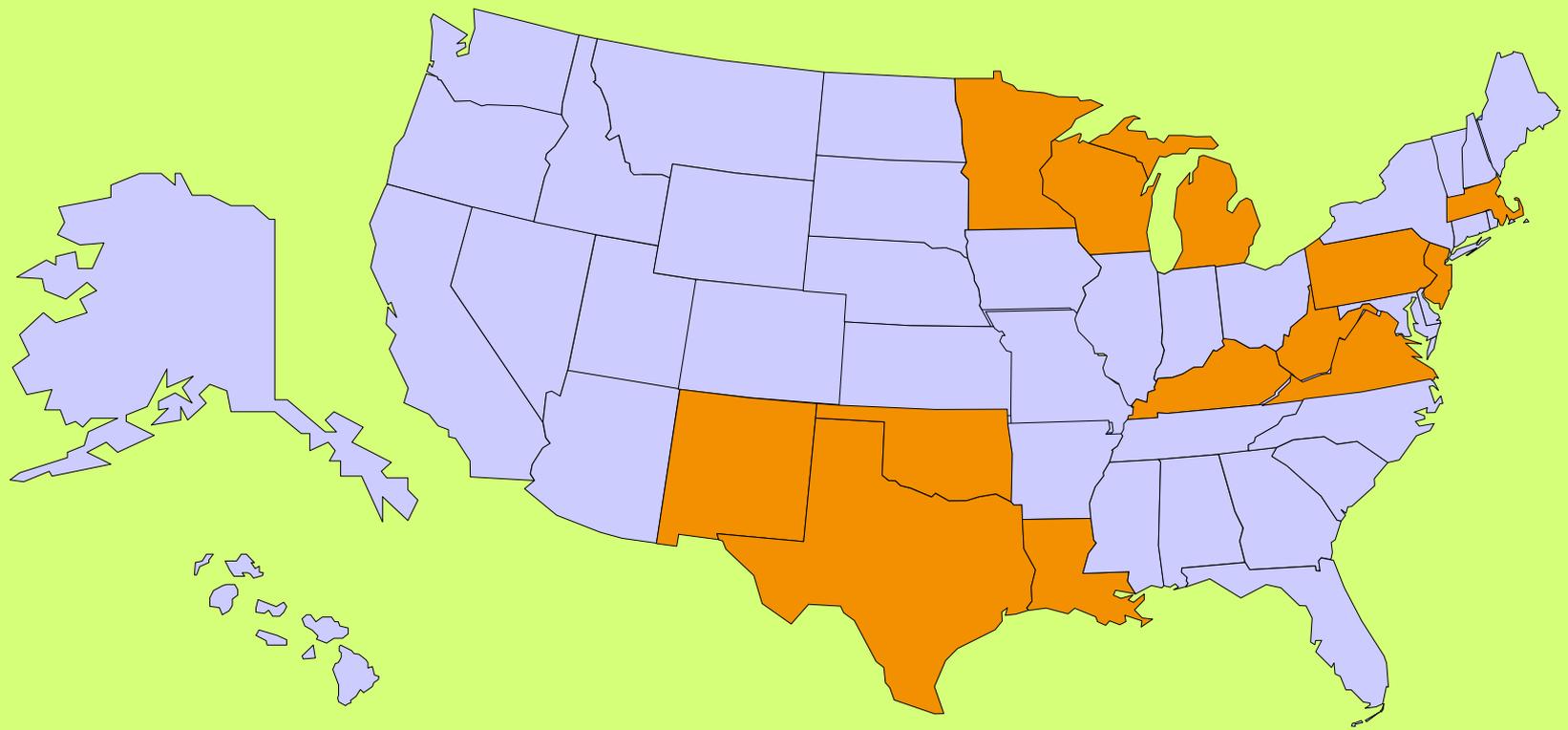


Our State Health Reform Projects

- For State ■
- For Stakeholder ■
- In Discussions ■



Our State Medicaid Financing Projects



State Initiatives Address State Problems

- ▶ Too many uninsured
- ▶ Insurance is not affordable or accessible
- ▶ Many uninsured are very low-income
- ▶ Employer-sponsored insurance is declining
- ▶ Medicaid caseload is growing, increasing tax burden
- ▶ High cost of uncompensated care is shifted to premium payers and safety net providers
- ▶ Business competitiveness is threatened
- ▶ Lack of insurance and personal responsibility for health can lead to poor health outcomes
- ▶ Consumers are unable to make informed decisions
- ▶ Health care and insurance marketplace not competitive enough
- ▶ Health care delivery is inefficient

State Health Solutions Are Multi-Pronged

- ▶ **Medicaid**
 - Use state and federal funds to purchase coverage for low-income uninsured
 - Non-entitlement, non-traditional benefits and cost sharing
 - Rely on managed care, private market, consumer responsibility, and wellness
- ▶ **Insurance**
 - Individual and small group reforms
 - High Risk Pools & Reinsurance
- ▶ **Health IT**
 - E-Prescribing
 - Electronic Medical Records
 - Personalized Health Records
- ▶ **Quality**
 - Evidence-based medicine
 - Pay for performance
 - Transparency of price and quality
- ▶ **Marketplace Enhancements**
 - Health Insurance Exchange

Federal Medicaid Objectives

Policy Framework

1. Focus on low-income children and parents first.
2. Based on concept of insurance rather than entitlement.
3. Subsidize purchase of private coverage with DSH.
4. Leverage policies and market forces to develop affordable products for all.
5. Value-based purchasing and more managed care.
6. Coordinate with employer sponsored insurance (ESI).

Desired Outcomes

1. Reduce number of uninsured.
2. Divert uninsured from traditional Medicaid entitlement to private insurance market.
3. Reduce rate of spending growth.
4. Strengthen, complement ESI and private insurance market.
5. Create culture of insurance and personal responsibility.
6. Improve health care delivery and health.
7. Promote efficient, cost-effective program.

Approaches to State-Based Reform

| Reform Component | States Where Proposed or Enacted |
|---|--|
| Preserve at-risk federal Medicaid funding. | CA, FL, MA, NY |
| Secure Medicaid-funded premium subsidies to extend health care to the uninsured. | IN, MA, MI |
| Leverage private insurance products. | KY, MA, MI |
| Cover all children. | IL, OR, PA, TN, WA |
| Expand use of managed care. | CA, FL, HI, IN, IA, MA, MI, NY, VT |
| Establish marketplace through an Exchange. | CA, MA, MI, WA |
| Increase consumer choice and personal responsibility. | FL IN, IA, KY, MA, MI, SC |
| Improve quality and value purchasing. | CA, FL, IN, MA, MI, NY, VT, WA, WI, PA |
| Contain costs and promote health information technology. | CA, IN, MA, MI, NY, PA, WA |
| Opt out for employer-sponsored insurance. | AR, FL, MA, MI, OK, WI |

Michigan

▶ Goal

- Cover 50% of uninsured
- Promote healthy behaviors and advance health IT
- Improve business competitiveness
- Preserve employer-sponsored insurance
- Divert people from becoming eligible for Medicaid

▶ Process

- Governor Granholm advances reform, seeks stakeholder input, then submits Medicaid waiver for approval

▶ Approach

- Medicaid waiver to cover uninsured up to 200% FPL
- Premium subsidy to purchase insurance through an Exchange
- Creates platform to extend more affordable insurance to uninsured small businesses

Indiana

▶ Goal

- Protect children from smoking & disease
- Encourage preventive care
- Provide health coverage to uninsured
- Give individuals control of health care decisions

▶ Process

- Governor Daniels seeks stakeholder input, then advances reform

▶ Approach

- Medicaid waiver to cover uninsured parents up to 200% FPL and childless adults between 100 – 200% FPL
- Premium subsidy to purchase POWER account (HSA)
- Increase cigarette tax
- Cover immunizations for all children

Washington

▶ Goal

- Provide access to health coverage for all by 2012 (children by 2010)
- Be one of top 10 healthiest states
- Achieve consistent health across race, gender & income
- Increase use of evidence-based medicine
- Slow health care spending to no more than personal income growth

▶ Process

- Governor Gregoire establishes Blue Ribbon Commission to recommend solutions, then introduces legislation to enact

▶ Approach

- Use state purchasing to improve health care quality
- Provide cost & quality information for consumers & providers
- Reduce unnecessary ER visits
- Provide more choice in selecting private insurance
- Expand coverage through Medicaid (TBD)

Texas

▶ Goal

- Protect and optimize Medicaid funding
- Reduce the number of uninsured
- Keep Texas healthy
- Establish improved delivery system

▶ Process

- Governor Perry initiates legislation to authorize broad reform, then begins implementation, including Medicaid waiver to expand coverage

▶ Approach

- Extend coverage up to 200% FPL (children & parents first)
- Replace ER care with primary and preventive care
- Pilot HSAs, tailored benefits, P4P, healthy behaviors
- Protect safety net hospitals and FQHCs
- Considering Exchange

Colorado

▶ Goal

- Protect and improve health for all Coloradans (insured & uninsured)
- Expand coverage of essential health services for all
- Provide high quality, cost-effective, coordinated care
- Provide choice and encourage personal responsibility
- Emphasize wellness, prevention, consumer empowerment

▶ Process

- Governor Ritter implements Commission to seek proposals to reform health care in Colorado
- Commission selects “winning” proposal for Legislative review

▶ Approach

- Proposals span gamut of major reform ideas – single payer, individual and employer mandate, insurance market reform, premium subsidies, Medicaid expansions
- Proposers included underwriters, coalitions, union, providers

California

▶ Goal

- "...An accessible, efficient and affordable health care system that promotes a healthier California through prevention, wellness, universality of coverage."

▶ Process

- Governor Schwarzenegger announces reform proposal and seeks state and federal approval, including Medicaid waiver.

▶ Approach

- Cover all Californians through Medicaid expansion, individual and employer mandate, insurance reform
- Establish payroll, hospital and physician taxes and require s. 125 plans
- Subsidizes coverage to 250% FPL for families and to 100% for childless adults
- Broad-based reforms include measures to improve health, health care & affordability of coverage and reduce health care costs

South Dakota

▶ Law

- "...provide health insurance to South Dakota residents who lack insurance coverage...create efficiencies in the purchase of health care products..."

▶ Goal

- "...develop a plan to provide access to affordable, comprehensive health insurance to all South Dakota residents

▶ Process

- Governor Rounds establishes Zaniya Project Task Force to develop recommendations.

▶ Approach

- Collect and analyze data on the uninsured
- Identify key problems and potential solutions through Task Force and workgroups
- **Recommendations to be determined.**
- Prepare report September 30, 2007

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