

PRRESCRIPTION FOR CHANGE

Weighing Our Options for Covering the Uninsured

Julia Field Costich, Ph.D, LL.B.

Chair, Department of Health Services Management
University of Kentucky College of Public Health

Larry I. Palmer, LL.B

Professor, Endowed Chair in Urban Health Policy
School of Medicine
University of Louisville

Scenario 1:

As benefits manager for a group of 1,000 employees, you are under increasing pressure to balance the need to contain costs with employee desires for more benefits. You have been approached by three vendors with well-developed wellness programs that have documented success in smoking cessation and increased physical activity levels.

To keep employee health benefit costs within acceptable limits, paying for a wellness program will require cuts to other benefits. Suggestions include increasing the hospitalization copayment, ending coverage of high-cost specialty drugs, and limiting the hospital days covered per year.

Scenario 2:

The 2005 General Assembly passed legislation allowing carriers to sell health insurance to small groups and individuals that does not include all benefits mandated under Kentucky law. The omitted benefits can include home health care, treatment for alcoholism, and breast reconstruction following mastectomy. Carriers have been reluctant to offer the reduced level of coverage.

Some suggest that carriers should be required to offer limited-benefits plans to individuals as a condition of participation in other parts of the Kentucky market. Others express concern that such a requirement would make doing business in Kentucky unattractive and possibly reduce rather than expand the number of carriers in the market.

Scenario 3:

As we have heard, the states of West Virginia and New York have crafted new programs to improve access to coverage for small businesses and their employees. Kentucky might consider following one of these models.

Scenario 4:

Large employers typically self-insure. They assume the risks of their employees' health care costs. Those who do are immune from most state insurance regulations.

Policymakers in some states have proposed legislation that would require large employers that self-insure to offer more generous coverage to their workforce. Such laws, however, risk being found invalid under the federal law (ERISA) that regulates employers who self-insure.

Other policy analysts suggest that government efforts would be better focused on shoring up the health care safety net and assuring that communities have the resources needed to maintain and improve population health.

Scenario 5:

The Centers for Medicare and Medicaid services recently approved Florida's proposed Medicaid reform. It permits the state to negotiate contracts with managed care plans: for a fixed-rate payment, the plans will provide all necessary covered services to their enrollees.

Beneficiaries will be expected to choose from among managed care plans. The plans will be expected to tailor benefits to meet beneficiary needs within the scope of the fixed payment. Savings may be used to pay for wellness incentives.

Critics have expressed several concerns, notably that beneficiaries (many of whom are disabled or frail elderly) will not be able to make informed plan choices, and that the beneficiaries who reach the benefit ceiling will be deprived of essential services.

Scenario 6:

Utah's Primary Care Network (PCN) system was established with the goal of providing basic health care access to a broader segment of the population than was traditionally eligible for Medicaid. Copayments are required for some Medicaid beneficiaries to receive services that were formerly available at no cost, and net savings are used to support PCN access for others. Several other states are following Utah's innovation with interest.