



## Press Release

**FOR IMMEDIATE RELEASE**

December 3, 2008

**Contact:**

Robert Zirkelbach

202-778-8493

# Health Plans Offer Comprehensive Reform Proposal

*Call for 30 percent reduction in cost growth;  
Essential benefit plan available in all states*

**Washington, DC** – Health plans today offered a comprehensive health care reform proposal to achieve universal coverage, reduce the growth of health care costs, and improve the quality of medical care.

“Today our board is making a strong statement that now is the time for health care reform,” said Karen Ignagni, President and CEO of America’s Health Insurance Plans (AHIP). “Reducing health care costs, improving quality of care, and bringing everyone into the system must be done in tandem to maximize the opportunity for success on all fronts.”

The new proposal is the culmination of three years of policy development by AHIP’s Board of Directors to develop workable solutions to the health care challenges facing the nation. It reflects the concerns and incorporates the ideas that were raised by the American people during a nationwide listening tour as part of AHIP’s *Campaign for an American Solution*.

“AHIP’s Board and membership are committed to working with policymakers and other stakeholders to ensure that all Americans have affordable, high-quality health care coverage,” said James Roosevelt, Jr., President and CEO of Tufts Health Plan and Co-Chair of AHIP's Policy Committee.

The new proposal outlines strategies to achieve four main objectives: controlling costs; helping consumers and purchasers; achieving universal coverage; and adding value.

**Controlling costs:** A financially sustainable and affordable health care system can only be achieved by bringing underlying medical costs under control. If health care costs are allowed to continue rising at rates far exceeding economic growth, they will thwart all efforts to improve coverage and care.



Health plans are urging Congress to set a bold target of reducing the future growth in health care costs by 30 percent over the next five years. Based on the current projected growth rate of 6.6 percent, this could produce a cumulative savings of more than *\$500 billion* over five years.

To achieve these goals, health plans are proposing that a public-private advisory group be created to provide specific policy recommendations to Congress on reducing health care costs. This new advisory group would include input from a wide variety of stakeholders to provide objective, independent recommendations.

**Helping consumers and purchasers:** Insurance market rules need to be reformed to help individuals and small businesses access affordable coverage while avoiding duplication of administrative and regulatory responsibilities. These reforms must be coupled with initiatives to provide one-stop access to coverage options and clear, consistent information on quality and cost of care.

Health plans propose that a new portable health plan be available to individuals and small businesses in all states. This affordable “essential benefits plan” would provide coverage for prevention and wellness as well as acute and chronic care. To maintain affordability, the essential benefits plan would not be subject to varying and conflicting state benefit mandates.

The essential benefit plan would also be made available to workers who are going through a job transition or are eligible for COBRA to ensure they are able to maintain health care coverage.

The proposal also calls for protecting low-income individuals and working families from medical bankruptcy by making available tax credits to those who spend a set percentage of their income on out-of-pocket health care expenses, including premiums and cost-sharing.

**Achieving universal coverage:** By addressing rising costs, reforming insurance market rules, and enhancing value in care delivery, the nation can provide all Americans – those with and without coverage today – affordable coverage they can keep.

Health plans propose guaranteed coverage for people with pre-existing medical conditions in conjunction with an enforceable individual coverage mandate. To help working families afford coverage, advanceable and refundable tax credits should be available, phasing out as income approaches 400 percent of the federal poverty line.

The plan also calls for shoring up the health care safety net by making eligible for Medicaid every uninsured American living in poverty and strengthening the Children’s Health Insurance Program.

**Adding value:** The nation must create a 21st century system where quality and effectiveness are rewarded, administrative efficiency is achieved, and primary care and wellness are encouraged.



Health plans commit to streamlining administrative processes and propose making targeted investments in our public health infrastructure. The plan also calls for refocusing our health care system on keeping people healthy, intervening early, and providing coordinated care for chronic conditions; adopting uniform standards for quality, reporting, and information technology; and investing more in research to better understand which treatments and therapies work best – for the nation as a whole and for specific patients.

To learn more about AHIP’s health care reform proposal, visit [www.AmericanHealthSolution.org](http://www.AmericanHealthSolution.org).

###

*America’s Health Insurance Plans – Providing Health Benefits to More Than 200 Million Americans*