



A VISION FOR WORKABLE HEALTH CARE REFORM

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AHIP's Reform Proposal

- 1. Coverage You Can Afford**
 - 2. Coverage You Can Keep**
 - 3. Coverage For Everyone**
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Coverage You Can Afford: The Context

BusinessWeek

Numbers: Health Care

Health-Care Premium Breakdown

Administrative costs consume 11% of private health-care premiums

INSURER PROFITS

ADMINISTRATIVE COSTS

PHYSICIAN SERVICES

24%

OUTPATIENT COSTS

22%

INPATIENT COSTS

18%

PRESCRIPTION DRUGS

16%

OTHER MEDICAL SERVICES*

6%

11%

3%

*HOME HEALTH CARE, NURSING HOMES, MEDICAL GOODS

Data: PricewaterhouseCoopers



Coverage You Can Afford: The Context

Comparison of Premiums and Health Benefits, 1993-2003

Type of Expenditure	1993	2003	Change in Costs 1993-2003	Annual Growth Rate
	(in millions)			
Premiums	298,078	600,594	302,516	7.3%
Benefits	259,865	518,737	258,872	7.2%

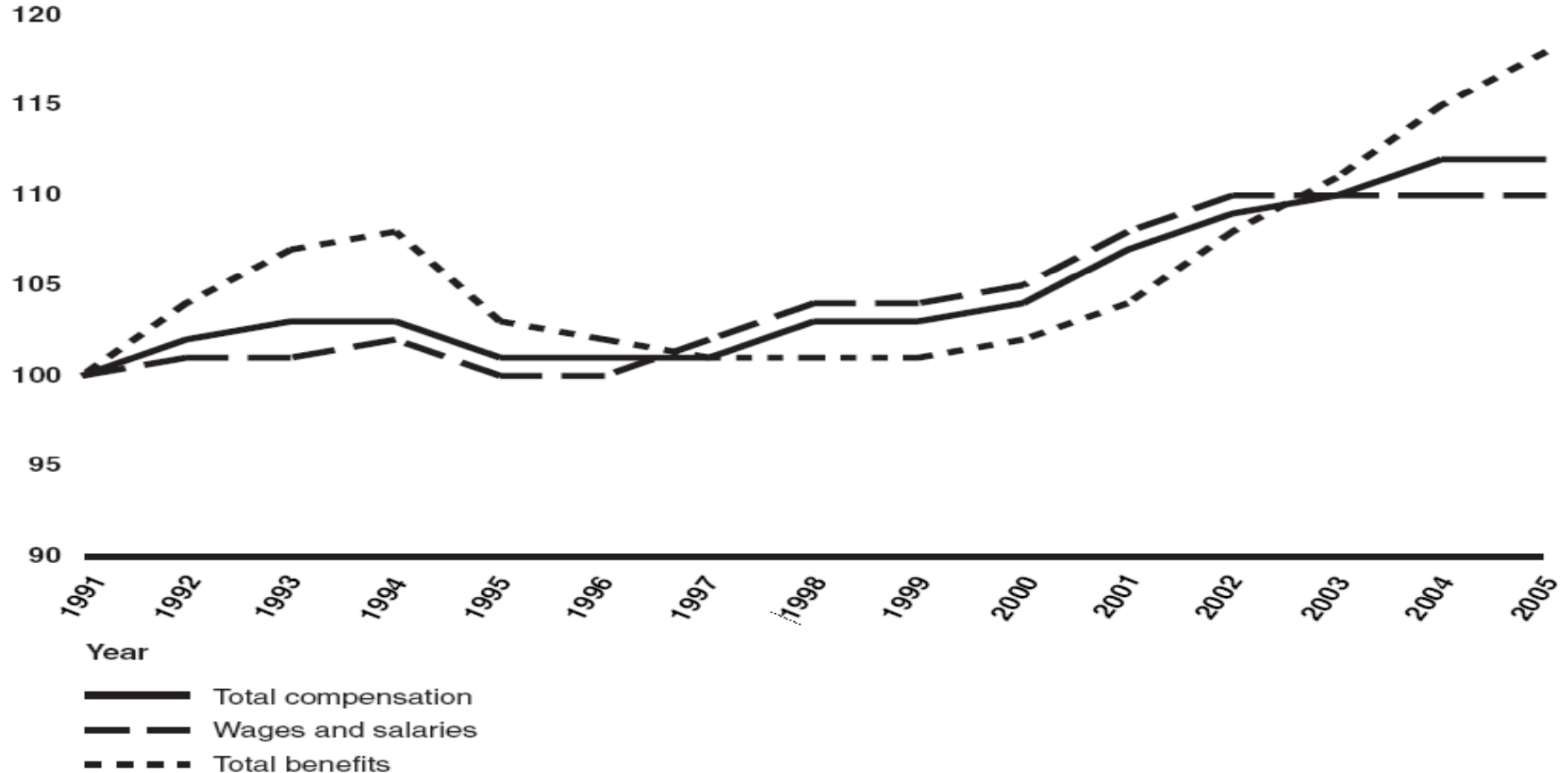
Source: Centers for Medicare & Medicaid Services, National Health Accounts, 2005.



Coverage You Can Afford: The Context

Growth in Real Employer Hourly Costs for Employee Total Compensation, Wages, and Total Benefits for All Workers, 1991 to 2005

Growth in employer costs (1991=100)



Source: GAO analysis of Bureau of Labor Statistics (BLS) data from the National Compensation Survey (NCS).



Coverage You Can Afford:

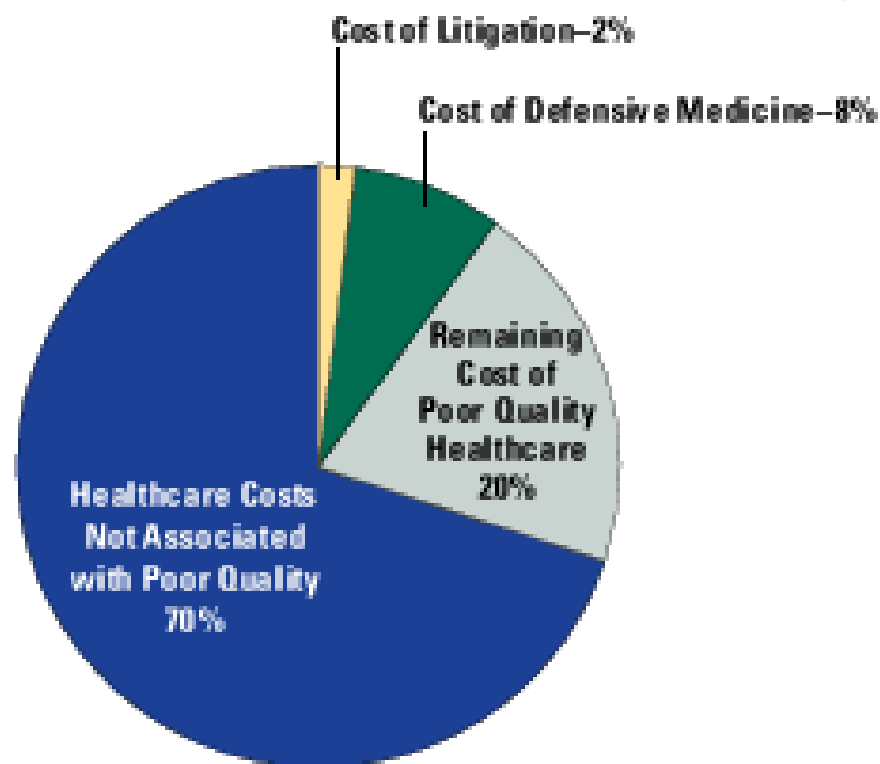
A Helping Hand for Working Families

- Health coverage tax credits:
 - Enable working families to take coverage when employers offer it
 - Refundable and advanceable
 - Sliding scale based on income
 - Extra incentives to get kids covered
 - Tax equity for those purchasing in individual market
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Coverage You Can Afford:

The Cost-Quality Linkage

Estimated Breakout of Healthcare Costs of Poor Quality



Source: Based on the Juran Institute, Inc. and The Sevryn Group Inc, "Reducing the Costs of Poor Quality Health Care Through Responsible Purchasing Leadership" April 2003.



Coverage You Can Afford:

Common-sense reforms to reduce costs and improve quality

- Create a new entity for comparative effectiveness.
 - Modernize device approval process.
 - Establish a research agenda to address gaps in evidence.
 - Coordinate and step up diffusion of research.
 - Develop consensus on measurement and reward high performance.
 - Create a new medical dispute resolution system to overhaul malpractice system and resolve disputes fast, fairly and effectively.
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Coverage You Can Keep:

Individual Market Reform

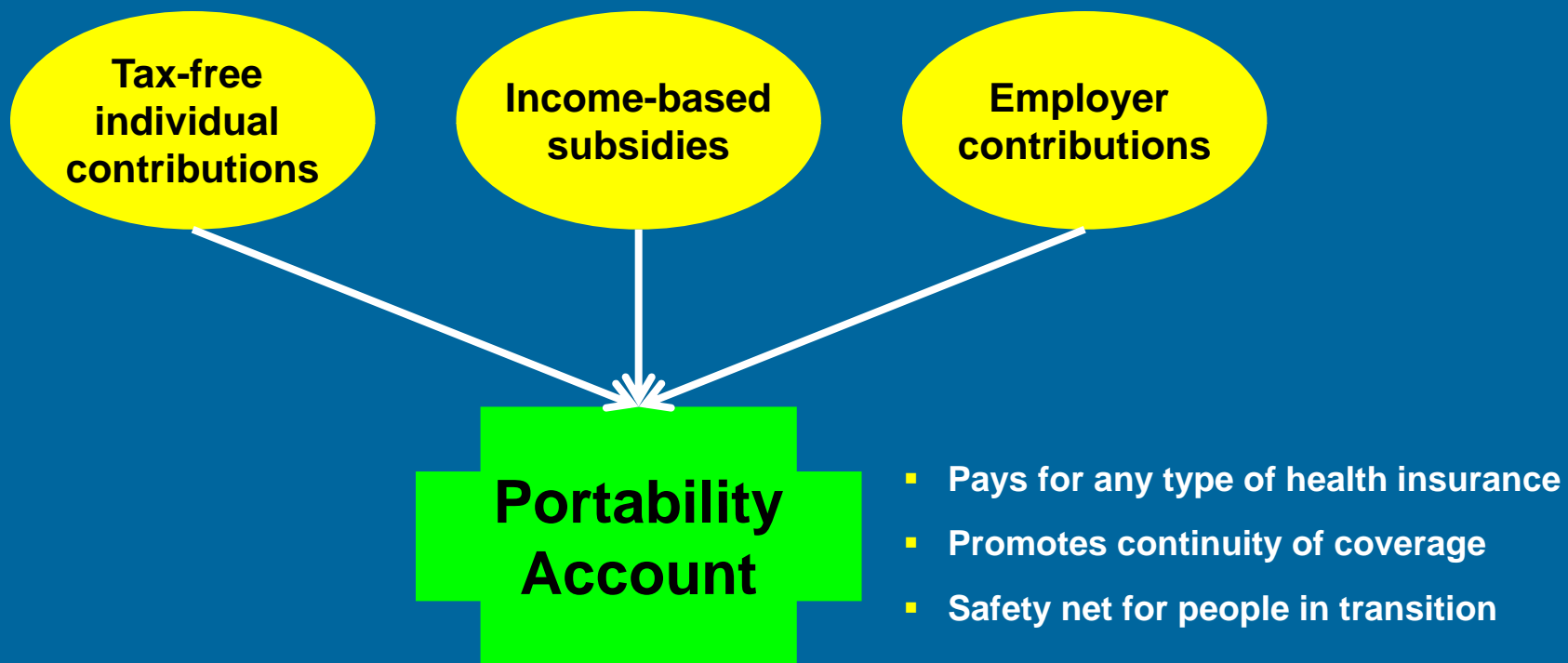
- Continuity of Care:
 - Shared responsibility
 - Open enrollment with no pre-existing conditions exclusions
 - Fundamentally improve high-risk pools
 - Tax credits based on need

 - Consumers have access to binding independent review of insurers' decisions.

 - If states or federal government move toward universal coverage, guarantee issue conversation is transformed.
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Coverage You Can Keep:

New Portability Accounts





Coverage For Everyone:

Strengthen the Health Care Safety Net

- Country needs to prioritize this issue and invest in access.
 - If you live in poverty and are uninsured you should be eligible for Medicaid regardless of age, gender or state.
 - Strengthen SCHIP to make eligible all low-income children from uninsured families.
 - National awareness and enrollment drive.
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Coverage For Everyone:

Incentivize the States to Enact Reform

- Seed money over 10 years to assist states in expanding access
 - States submit plans to achieve coverage goals:
 - Ensure affordable coverage
 - Ensure availability of coverage
 - Improve quality and reduce costs
 - Promote healthy living, prevention and wellness
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Why This Type of Plan Can Work

- Builds on the current system.
 - Shared responsibility: public-private, federal-state approach.
 - Fiscally responsible.
 - Politically achievable – resonates with voters across the spectrum.
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Our Commitment as the Nation Pursues Health Care Reform

- Offer innovative policy solutions.
 - Provide technical expertise.
 - Collaborate with stakeholders.
 - Be accessible and accountable.
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