



POLICY POINTS

from the COMMONWEALTH FOUNDATION

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Patient-Centered Health Care Reform

Reform in health care should follow a few key principles:

GIVE INDIVIDUALS AND EMPLOYERS MORE CHOICES IN HEALTH CARE. GIVE THEM MORE FREEDOM IN CHOOSING HEALTH CARE OPTIONS

- ▶ Give individuals the **same tax benefits** for purchasing health insurance as businesses. Employer health care plans are tax free, but individuals purchasing plans on their own must do so from their post-tax income.
- ▶ Allow consumers to **buy insurance across state lines**. The cost of insurance varies greatly between states, based on state laws and regulation. Allowing individuals and small business to buy insurance approved by any state (a right multi-state corporations already have) gives families the ability to shop for the lowest cost and best insurance plan for their needs and would reduce the number of uninsured residents.
- ▶ Allow individuals and small businesses to pool resources when purchasing health insurance plans in order to have the options and cost savings available to large companies.
- ▶ Allow individuals to choose less expensive **mandate-free** or mandate-lite basic insurance.

GIVE CONSUMERS CONTROL OVER THEIR HEALTH CARE DOLLARS

- ▶ Encourage Health Savings Accounts (HSAs) through tax policy.
- ▶ Allow government insurance plans (Medicaid and plans for state and local government employees) to have a **Health Savings Account option**.
- ▶ Enable **list billing**, allowing employers to receive a bill for employees' health care plans and contribute to their employees' insurance plan or HSA, without requiring a company provided plan.

DO NO HARM BY MAKING MORE PEOPLE DEPENDENT ON GOVERNMENT PROGRAMS, CROWDING OUT PRIVATE OPTIONS WITH GOVERNMENT INSURANCE, OR RELYING ON GOVERNMENT MANDATES OR REGULATIONS

- ▶ Do not expand or create new government insurance programs. Taxpayers already pay as much for the health care of others through Medicaid and Medicare and other government programs as for their own coverage. These programs have cost overruns and **fail to reduce the number of uninsured**.
- ▶ Do not replace private insurance with government programs. Studies show that almost 60% of new enrollees in government programs drop private insurance, a trend known as "crowd out."

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- ▶ **Reduce regulations and mandated coverage** that drive up the cost of insurance.
 - ▶ Pennsylvania mandates that insurance plans cover 40 different procedures, providers, or types of person. Each of these increases the cost of insurance plans to individuals and employers.
 - ▶ Do not pass individual coverage mandates or employer "pay or play mandates." These **mandates increase the cost of insurance**.
 - ▶ **Do not enact community rating laws**—these **drive up the number of uninsured**, and discourage younger, healthier customers from buying health insurance.
 - ▶ **Avoid guaranteed issue laws**—these encourage healthy individuals to avoid buying health insurance until they get sick, passing on costs to others.

ENACT MEDICAID REFORM

- ▶ **Medicaid** spending is growing at an unsustainable rate, yet Medicaid remains a low-quality provider of health care.
- ▶ Give Medicaid recipients a **risk-adjusted credit** that recipients can use to purchase health coverage.
- ▶ Create an Insurance & Provider Exchange (IPE) where **recipients can shop for coverage** to replace fee-for-service structure of Medicaid payment.
- ▶ Allow Medicaid credits to be used for **premium assistance**, to be combined with individual or employer payments.

REDUCE THE COST OF CARE AND COVERAGE THROUGH TORT REFORM

- ▶ Medical malpractice lawsuits and insurance drive up the cost of health care. Programs like the MCare fund and abatement program **fail to address the root cause** of the problem and merely provides a slush fund for trial lawyers.
- ▶ Joint **and several liability reform**—which would hold businesses, doctors, and medical providers responsible only for their share of damages—should be enacted.
- ▶ Lawsuit awards for non-economic damages should be limited.

INCREASE COMPETITION AND CHOICE AMONG HEALTH CARE PROVIDERS AND INSURANCE COMPANIES

- ▶ Encourage competition among health care providers by requiring providers to show their "sticker price" to consumers before they receive care.
- ▶ Put government-collected information on quality and price and reimbursement rates for government programs online.
- ▶ Create a market-driven high risk pool for individuals with serious medical liabilities

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