HEALTH CARE

ONE-PAGERS

The Health Security Plan

RURAL COMMUNITIES

America's rural communities pose special challenges in health care-- both for those who need services and those who provide them. A total of 34 million people--half of them with incomes under 200 percent of poverty--live in rural areas with inadequate health care.

The fragile economies of rural areas often mean that many residents have little or no insurance, making it difficult for rural communities to attract and keep doctors and maintain local hospitals. Twenty-one million rural residents are without consistent access to primary care providers, and the population of younger rural physicians has not expanded to replace those who retire. Rural communities worry that the current shortage of physicians will continue, and limit their access to care even further.

Americans living in rural areas also have a harder time getting to the services they need. More than half of the rural poor do not own a car, and nearly 60 percent of the rural elderly are not licensed to drive.

The Health Security plan will create a system that meets the unique needs of rural communities. The plan will develop strategies for delivering and financing health care in rural areas, making care more easily available, and attracting doctors and nurses to and keeping them in rural areas.

Guarantees Universal Coverage

- The Health Security plan will guarantee comprehensive health benefits for all Americans, no matter who they are or where they live. Since rural areas have a disproportionate number of uninsured, underinsured and Medicaid recipients, providing universal coverage will help channel significant new resources into rural health care systems.

- The plan will encourage cooperative relationships among rural and urban providers such as developing information sharing capabilities and referral mechanisms to link academic health centers and rural health providers.

- Under the plan, regional alliances may provide incentives to urban health plans to serve rural areas in their region. They may also be required to serve underserved rural areas as a condition of participation.

- These providers will either be offered contracts with plans, or receive reimbursement on a fee-for-service basis to ensure access to care and continuity of care for rural and other vulnerable populations.

- Federal grants and loans will help essential providers establish links with local practitioners, community hospitals, and academic centers, and form integrated practice networks or community-based plans.

Coordination of Programs

- During the phase-in of health reform, current block grants will continue to pay for clinical services for the uninsured as well as supplemental services for all low-income individuals.

- After universal coverage is achieved, funds which had been used to provide health services to the uninsured will be redirected and combined with new grants to pay for support services to ensure access to care. These services include outreach, follow-up, home visits, transportation, and child care during office visits.

March 18, 1994

Increases Access to Providers

- The Health Security plan will develop an infrastructure and provide support for primary care capacity to help serve rural citizens and providers. An additional 14 million Americans will receive improved health care services as the Health Security plan targets rural areas in which more than half of all residents earn incomes 200 percent or less of the poverty level.

- New workforce initiatives, including tax incentives, increased reimbursement, retraining, scholarships, and loan forgiveness programs, will encourage health care providers to practice in rural underserved areas.

- The Health Security plan will expand the National Health Service Corps, placing at least 3,000 primary care practitioners in rural areas by the year 2000.

Encourages Health Networks

- Under the Health Security plan, technical and financial assistance will be provided to develop networks. This will help the rural communities that need outside expertise to establish links with larger referral centers and academic health centers.

- The Health Security plan includes grants to support the development of telecommunications links between underserved providers and other providers, health care centers, and institutions. This will help facilitate "group practices without walls," allowing easier consultation and coordination among rural providers and with urban providers.

- New grants will be provided to academic health centers to help build information and referral infrastructure needed to support rural health networks.

- Investment in currently successful programs, such as community and migrant health centers, will be increased to help them establish and enhance contacts with other providers.

Assures Participation of Essential Community Providers

- For the first five years after implementation, the Health Security plan will designate as "essential providers" qualified practitioners and facilities in underserved areas.

POLICY SUMMARIES: TABLE OF CONTENTS

ACADEMIC HEALTH CENTER

The Health Security Plan

ACADEMIC HEALTH CENTERS

America's 132 Academic Health Centers form a unique national resource, driving advances in medical sciences and biotechnology. They secure America's position as the world leader in medical training and specialized care.

These centers are major employers encompassing a network of university hospitals, county hospitals, Veterans Administration hospitals, affiliated community hospitals, and area health education centers. The Health Security plan will preserve and strengthen the role of Academic Health Centers which provide front-line health care for residents of rural states and inner-city communities.

Strengthens Academic Centers

- The Health Security plan will include a "set-aside" from all health plan premiums to create a separate pool of funds channeled to academic health centers. Funds will be distributed through a formula that recognizes each center's contributions to education, research and patient care.

Maintains Specialty Services

- While most people will not obtain routine health care at an academic health center, the plan will ensure that every American has access to the specialized care offered at an academic health center if conditions warrant such treatment.

Supports Cutting-Edge Care and Research

- Health plans will cover the costs of routine patient care associated with research conducted in academic health centers. This will enable academic health centers to continue to develop the advanced and highly specialized care they provide today, from heart-lung transplants to laser surgery for brain aneurysms.

ADMIN. SIMPLIFICATION

The Health Security Act

ADMINISTRATIVE SIMPLIFICATION

Paperwork clogs today's health care system. Insurance overhead eats up a significant chunk of each health care dollar, paying for administration, underwriting and marketing by more than 1500 private insurance companies. Doctors and hospitals spend more and more of their resources keeping up with the paperwork, codes, inspections and regulatory procedures imposed on them by insurers and government programs.

Simpler for Consumers

- Every American gets a health security card and every American gets coverage.

- Guaranteed comprehensive benefits virtually eliminate the hassle of determining and tracking coverage; consumers will no longer have to wade through fine print and spend long hours negotiating reimbursement.

Simpler for Providers

- The introduction of a standard, comprehensive benefit package will free providers from negotiating with health plans to determine the level of services covered. Comprehensive services will not vary from plan to plan; standard cost-sharing rules will simplify accounting for providers.

- A single, standard reimbursement form and uniform reporting requirements will replace the hundreds of existing claims forms. Electronic exchange of information will further reduce provider costs and frustration.

Patients Over Paperwork

- A national quality program will stress results over process and remove insurance companies, utilization review firms and the government from the physicians' offices and hospitals. Regulation of clinical laboratory testing will emphasize quality protection while reducing administrative burden.

- Coordinated inspections will replace the multiple inspections that hospitals and doctor's offices undergo today.

Improvements in Medicare

- Medicare will simplify and streamline its reimbursement and claims system. Specific reforms will be aimed at rebuilding trust between hospitals, doctors, patients and Washington.

April 1, 1994

ADOLESCENTS

The Health Security Act

ADOLESCENTS

Despite the physical and emotional stresses they face, adolescents rarely get the preventive care, counseling, or health education they need. Health insurance alone will not address the non-fianacial barriers that teens face in using health and social services. The lack of wellness education and pregnancy prevention initiatives take a high toll on adolescents, resulting in high rates of adolescent pregnancies and school dropout. Babies born to teen mothers are also more likely to be premature and suffer from chronic problems. Risk taking behaviors that are detrimental to good health -- smoking, abuse of alcohol and drugs, unprotected sexual behavior -- are often learned during adolescence.

Making Sure all Teens are Covered

- The Health Security Act not only assures that all adolescents are covered, it promotes their use of preventive health services by providing these with no cost-sharing. These services include the counseling appropriate for their age and risk group as well as appropriate screenings.

- The comprehensive benefit package will improve adolescent access to mental illness and substance abuse services by including treatment options often appropriate for teens, such as day treatment programs, home based services, and behavioral aide services.

Targeting Teens At Risk

- The plan establishes a national framework for comprehensive school health education that allows states and communities to bring together existing health education efforts into a coordinated strategy.

- The plan will build on school-based or school-linked health clinic demonstrations whcih have proven effective in improving the delivery of health services to adolescents. These clinics will provide physical and mental health services, and couseling in disease prevention, health promotion and reduction in high-risk behavior.

- The program will be targeted to areas with high rates of poverty, adolescent pregnancy, sexually transmitted diseases, HIV, substance abuse, copmmunity or gang violence and unemployment.

- The plan will reach hundreds of communities under the sponsorship of schools, community health programs, and social service organizaitons.

April 1, 1994

AFRICAN-AMERICANS

The Health Security Act

HEALTH CARE COVERAGE FOR AFRICAN-AMERICANS

African-Americans face a health care system stacked against them -- they are among those Americans most at risk of going without care and coverage today. Losing or changing jobs often means losing health insurance, and African-Americans have one of the highest unemployment rates in the country. The health of African-Americans is also aggravated by:

- *African-American infant mortality rates are double (18.5%) those in white communities (8.1%).*
- *High mortality rates from preventable diseases -- including heart disease, cancer, and stroke .*
- *Homicide and legal intervention rates which are seven times higher among African-American males (61.5%) than white males (8.1%).*

Guaranteed Comprehensive Benefits

- The Health Security Act will guarantee all Americans comprehensive health care benefits they can never lose. Health alliances and plans are prohibited from discriminating on the basis of race, ethnicity, gender, religion, or country of origin.
- All low income individuals, including those currently eligible for Medicaid, will be covered by the same comprehensive benefits and will be offered a choice of health plans.
- Alliances will be prevented from creating two-tier systems of care, and a system for redressing grievances quickly will be required of all plans and alliances.

Community-Based Investments

- Community-based plans that can best address the needs of a particular community will be encouraged through special incentives, capital development programs, and public health initiatives.

Focuses on Prevention and Research

- The comprehensive benefits package covers a wide range of preventive services including prenatal care, well-baby care and nutritional counseling to reduce infant mortality and get children off to a healthy start.

- The Health Security Act will increase funding for prevention research into many conditions that affect African Americans, including chronic conditions, mental illness and substance abuse, and child health problems.

Incentives for Providers

- New initiatives designed to expand access to care and encourage primary care will bring high quality medicine to millions of African-Americans who now live in medically underserved areas.

- The Act's health care workforce initiatives will increase funds for medical schools that train primary care doctors and expand the National Health Service Corp. The Act will increase the number of African-American physicians, nurses and other health professionals.

- Under the Health Security Act, health plans serving the poor, inner city communities will receive additional payments to adjust for the higher costs of providing services to individuals with complex needs.

Community Input

- Alliances will have a Board of Directors composed of equal numbers of consumers and employers who purchase care in that area.

- Health plans will conduct annual consumer surveys and must seek out those in communities that have historically been denied access to high quality care.

April 1, 1994

AIDS/HIV

ALLIANCE BOARD

The Health Security Act

HEALTH ALLIANCE BOARDS

Health alliances will represent the interests of local consumers and employers, bargaining on their behalf and ensuring that health plans meet quality and information standards. The alliance will negotiate and contract with health plans. States will appoint board members of regional alliances, and the Health Security Act will specify criteria for Board membership to ensure that alliances represent the businesses and families paying for health care in that area.

Status of Alliance Boards

- Alliances may be established as nonprofit organizations, independent state agencies, or an agency of the state.

Board Representation

- Alliance Boards must consist of representatives of employers whose employees purchase coverage through the alliance (including self-employed persons) and individuals who purchase coverage through the alliance (including employees). The number of consumer and employer representatives must be equal.

- Health care providers, owners of health plans, individuals who derive substantial income from health plans or providers, or board members, and others who derive substantial income from pharmaceutical companies or suppliers of medical equipment, devices, and services will be prohibited from serving on alliance boards.

Provider Advisory Boards

- Each alliance will establish a Provider Advisory Board, with representation of doctors, nurses, and other health care professionals who practice in the plans offered in that area.

April 1, 1994

The Health Security Act

HEALTH ALLIANCES

Today's insurance market is fragmented and overly bureaucratic, filled with different companies, agents, marketers and underwriters selling different plans with different benefits, exclusions, co-pays and deductibles. Insurance companies are in the driver's seat-- and they compete by selecting the healthiest people possible. Small groups and individuals have no bargaining clout, and as a result are often charged the highest prices, or can't buy insurance at any price.

Regional and corporate health alliances will restructure and streamline the insurance market, consolidate the buying power of small and mid-sized employers, increase choices for consumers, and limit health cost increases for consumers and small and large employers.

Restructures the Insurance Market

- The Health Security act will restructure the insurance market so that health plans compete on price and service rather than risk selection.

- It will consolidate small and mid-sized employers and their employees into large pools to purchase health coverage in order to spread risks, reduce administrative costs, expand choices, and increase market leverage.

Protects Consumers

- Alliances will ensure that consumers enroll in their choice of high quality health plans that provide the nationally guaranteed comprehensive benefits package.

- Contributions from employers, employees and government money for discounts and subsidies will go to the alliances to provide coverage for the residents of a community, region or state.

- The plans will community rate premiums -- charging people the same for health premiums regardless of health status or age. Alliances will risk-adjust total payments to plans based on their enrollment.

- Alliances will serve as the mechanism for keeping the growth of spending for the comprehensive benefits package within budgeted levels.

- Participating health plans must agree to provide data on their services and performance to the alliances, including access and quality of care.

Puts Consumers in the Driver's Seat

- The Health Security act will allow individual consumers, instead of their employers, to choose the health plan they prefer.

- Alliances will improve the ability of consumers to choose among competing health plans by providing comparative information on quality of care, access, and consumer satisfaction as well as price.

- Consumers will have the opportunity to realize savings by enrolling in less expensive plans. As today, they will be asked to bear the slightly higher costs if they enroll in plans that deliver the same benefit package at higher prices.

- Alliances will be operated by a board of directors, consisting of an equal number of consumers and employers; their composition will reflect the population of the communities they serve.

Builds on Proven Models

- The Health Security act builds on models that work today. An increasing number of employers in both the public and private sectors have used similar approaches with positive results including the state employee programs in Minnesota, California, and Wisconsin, and large companies such as Xerox, Digital, and GTE.

- In addition, purchasing alliances have been established in a number of states -- including California, Virginia and Florida -- to help small businesses get affordable coverage.

April 1, 1994

ANTITRUST

The Health Security Act

ANTITRUST REFORM

Competition plays an important role in making health care affordable to all consumers. In many circumstances, competition can be promoted by mergers, joint ventures, and other cooperative activities among hospitals and other health care providers.

The Health Security Act modifies current antitrust roles to provide competition. In addition, through recently released guidelines for the health security industry, the Justice Department and the Federal Trade Commission are working to reduce uncertainty regarding the application of antitrust laws to these activities. This will make it easier for the health care community to collaborate and undertake cooperative cost saving initiatives. For example, lower health care costs could be achieved through mergers of small, inefficient hospitals or joint purchases by hospitals of expensive equipment such as MRI machines.

Sound antitrust enforcement will continue to protect consumers against truly anti competitive activities that lead to higher prices.

Repeal of McCarran-Ferguson Exemption

- The Health Security Act repeals the insurance industry's exemption from many anti-trust laws, placing insurers on an equal competitive footing with health plans and providers.

Protection for Providers

- The Health Security Act includes anti-trust protection for providers to collectively negotiate the fee-for-service fee schedule with the regional alliance. Boycotts, and threats to boycott, are excluded from this protection.

Clarifies Antitrust Policy

- For the first time, the Justice Department and the Federal Trade Commission have issued antitrust enforcement policy statements for a specific industry.

- The six policy statements will help alleviate uncertainty within the industry by helping hospitals and health care providers know whether they can enter into mergers and joint ventures without violating

antitrust laws. This will make it easier for mergers and joint ventures to take place, resulting in lower health care costs.

Defines Safety Zone

- The policy statements provide antitrust "safety zones" which describe circumstances under which the Justice Department and the FTC will not challenge:

  -- Hospital mergers;

  -- Hospital joint ventures involving high-technology or other expensive medical equipment;

  -- Physicians' provision of information to purchasers of health care services;

  -- Hospital participation in exchanges of price and cost information;

  -- Joint purchasing arrangements among health care providers; and

  -- Physician network joint ventures.

Expedites Businesses' Reviews

- The Department of Justice and the Federal Trade Commission have committed to an expedited business review procedure, so businesses can know in advance whether their plans raise antitrust concerns.

- The agencies will provide responses within 90 days, after all necessary information is received, to companies seeking guidance on health care joint ventures and information exchanges.

April 1, 1994

ASIAN AMERICANS

The Health Security Act

ASIAN/PACIFIC AMERICANS

Asian/Pacific Americans are diverse and dynamic populations with unique health care needs. They are among the biggest owners of small businesses, primarily family-owned sole proprietorships. As such, Asian/Pacific Americans face tremendous obstacles to finding affordable, stable coverage for their families and employees.

Many other Asian/Pacific Americans work in low-paying service jobs which provide little or no coverage and limit their access to care. Recent immigrants also confront cultural and language barriers that can prevent them from seeking or receiving needed care. A lack of familiarity with prevention and primary care services leads to outbreaks of preventable illnesses that eventually require more costly treatments.

To compound these unique problems health information sources often undercount Asian/Pacific Americans and do not collect separate information on different Asian American communities. The Health Security Act will respond to the unique cultural needs of these communities and guarantee comprehensive benefits to all.

Guaranteed Comprehensive Benefits

- The Health Security Act will guarantee all Americans citizens and legal residents comprehensive health care benefits that can never be taken away. Health alliances and plans will be prohibited from discriminating on the basis of race, ethnicity, gender, religion, or country of origin.

- States will provide financial incentives to ensure that health plans enroll disadvantaged groups and provide appropriate services such as outreach, education and interpreting services that remove cultural and linguistic barriers to care.

- The comprehensive benefits package covers a wide range of services to detect and prevent illness, including annual physicals, prenatal care, well-baby care, immunizations and cancer screenings.

Affordable Coverage

- Owners of low-wage small businesses, who today are only able to provide bare bones insurance and have trouble securing care for family members, will be able to provide comprehensive insurance to their employees at a reasonable price.

- The Health Security Act guarantees that no employer who participates in a regional alliance will pay more than 7.9% of payroll for health premiums. Depending on average wages, small businesses with fewer than 75 employees will be eligible for additional discounts that hold premiums to as low as 3.5% of payroll.

- Under the Health Security Act, the self-employed and independent contractors will be able to deduct 100% of their insurance costs, up from 25% today.

Community-Based Investments

- Community-based plans that can best address the needs of a particular community will be encouraged through special incentives, capital development programs, and public health initiatives.

- The Health Security Act will support community based providers who provide language and translation services and understand the cultural differences of communities they serve. The Act will help these providers to establish networks that will enable them to compete equally in the new system.

Incentives for Providers

- New initiatives designed to expand access to care, encourage primary care, and develop a more diverse health care professions workforce will bring high quality medicine to millions of Asian Americans who are now medically underserved.

- The Act's health care workforce initiatives will increase funds for medical schools that train primary care doctors and expand the National Health Service Corps. The Act will increase training support for the number of minority providers, including Asian-Americans.

Community Input

- Alliances will have a Board of Directors composed of equal numbers of consumers and employers who purchase care in that area.

- Health plans will conduct annual consumer surveys and seek out those in communities that have historically been denied access to high quality care and identify their access and health care needs. Other research studies will evaluate the impact of health reform on cultural and ethnic population groups not reached by current surveys.

January 5, 1994

[redacted] BUDGET

The Health Security Plan

BUDGET

Under the Health Security Act, cost control focuses on premiums for the guaranteed benefit package. Spending on services outside the benefit package, as well as supplemental insurance, will not be affected. The reason for focusing on the guaranteed package is that government, employer, and individual obligations are all tied to the cost of that package.

National health Board Sets Limits on Increasing Premium for Each Alliance:

- For each alliance, the National Health Board will set limits on the rate of increase in the weighted-average premium. The average premium of all plans, weighted according to the proportion of enrollees in each plan.

- Competitive forces -- local negotiations between alliances and plans, and consumer selection of lower-cost plans -- should keep premium increases down. In some cases, one or more plans may exceed the allowed rate of increase, but if the average of the alliance as a whole remains within it, they face no budget enforcement.

Budget Enforcement Targeted to Plans that Exceed Limits:

- The budget enforcement process focuses solely on plans with excessive proposed rate increases. These plans and their providers will face a tax reducing their rates to the level required for the alliance to meet its overall target.

- Because this tax is automatic and applies to both plans and their participating providers, it is unlikely ever to be carried out. Alliances, plans, and providers will have an interest in negotiating beforehand to keep rate increases in line. If such negotiations fail, the tax stands as the ultimate enforcement tool.

Provides More Flexibility Than Budgets for Providers:

- The Health Security Act will pay health plans for comprehensive coverage and allow them the flexibility to allocate resources among different types of services, as their population of enrollees requires.

- Some legislative proposals set national budgets for each sector of health care; for example, physicians' services and hospitals would be budgeted separately. If costs in a sector increased faster than the budgeted level, provider rates would be cut to bring down overall expenditures.

- These proposals would freeze in place current patterns of services and expenditures. For example, hospitals would be given a fixed share of total spending, retarding a needed shift toward primary care.

- Sectoral budgeting focuses entirely on prices. The Health Security Act, in contrast, will encourage plans to keep premiums in line by limiting increases in the volume of inappropriate and unnecessary procedures. Moreover, alliances and plans negotiate solutions at the regional level to avoid any enforcement of rate reductions.

April 1, 1994

CHILDREN + FAMILIES

COMPREHENSIVE BENEFITS

The Health Security Act

COMPREHENSIVE BENEFITS

Today's insurance market offers a multitude of policies, each of which spells out benefits, co-insurance schemes, and detailed exceptions and policy riders. The vast majority of today's policies place severe limits on certain conditions and have lifetime limits. They pay doctors and hospitals only when people get sick, rather than reimbursing providers for keeping people healthy. Consumers must also cope with policies that are incomprehensible and are often denied benefits after discovering exclusions hidden in the fine print.

Guaranteeing every American a comprehensive package of benefits that can never be taken away will do much to eliminate these problems.

Guaranteed Comprehensive Benefits

- Every American will receive a Health Security Card that will guarantee a comprehensive package of benefits as generous as those offered by most Fortune 500 companies including hospital and professional services, prescription drugs, hospice and home care, durable medical equipment, mental health, and other services.

- This package of benefits is guaranteed to all Americans with guaranteed renewal and outlawing of pre-existing conditions.

No Lifetime Limits

- Unlike many current insurance plans, the Act places no lifetime limits on medical coverage and guarantees a full range of medically necessary or appropriate services.

Uniform Benefits Help Consumers Choose

- A single set of benefits and standard cost-sharing arrangements will replace the hundreds of different benefits packages in today's market. Consumers, not insurers, will be in the driver's seat, choosing among plans on the basis of price and quality. There will be no hidden loopholes -- regardless of age, income, or health status, the same set of rules apply to everyone.

Preventive Services

- This benefits package will include a full range of services that detect and prevent illness -- going beyond virtually all current insurance plans. Preventive services -- including annual physicals, well-baby care, immunizations, prenatal care, cholesterol screenings, mammograms, and Pap smears -- are covered.

Mental Health Services

- For the first time, mental health and substance abuse services will be an integral component of the national system of health care. This historic change in the treatment of mental illness and substance abuse will require a phase-in period to allow time to develop the service system capacity to deliver and manage this more comprehensive benefit.

- The year 1996 will mark the first time every American will have some mental health and substance abuse coverage.

- Expanded mental health and substance abuse benefits will be offered no later than the year 2001, once the service and management capacity is in place.

Prescription Drugs Coverage

- All FDA approved drugs and biologicals are covered under the comprehensive benefit package.

- Medicare recipients will receive all the benefits that they do today. In addition, the Health Security plan will expand Medicare coverage to include outpatient prescription drugs.

New Home and Community-Based Long-Term Care Benefits

- A new long-term care benefit will enable seniors and Americans with disabilities to stay at home or in the community and still receive the care they need.

- Medicaid nursing home coverage will be improved so that individuals can keep more of their resources.

April 1, 1994

CONSUMER CHOICE

One of the fundamental principles of the Health Security plan is consumer choice: choice of doctors and health plans.

Today, most employees do not have the option of choosing their own health plan. Only one in three companies with fewer than 500 employees offer a choice of plan. This means more and more people find themselves locked into plans where they can't see the doctor of their choice.

The Health Security proposal will give the consumer the choice of health plan -- not the employer or insurance company. And every American will have the right to choose their doctor.

Preserves Choice of Doctors

- The Health Security plan ensures that consumers can follow their doctor and his or her team to any plan they might join.

- All alliances will be required to offer at least one traditional fee-for-service plan which will allow consumers to see any doctor they choose.

Increases Choices for Individuals

- Individuals, not employers, will choose among health plans.

- Health alliances will be required to offer a minimum of three plans -- a traditional fee-for-service plan, a health maintenance organization (HMO), and a network of doctors and hospitals (preferred provider organization, PPO).

Provides Information to Aid Consumer Choices

- A comprehensive benefits package will reduce confusion and fear that insurance company fine print will place families at financial risk.

- Consumers will be provided with easy-to-understand information about the quality and consumer satisfaction of different health plans.

- Health plans will provide information about the risks and benefits of different treatments, so that patients and doctors can work together to decide on what is the appropriate treatment.

April 1, 1994

COST CONTAINMENT

The Health Security Act

COST CONTAINMENT

The Health Security Act will bring health care costs under control, and make sure they stay under control. Consumers and businesses will be protected from runaway health care premiums, because increases will be modest and predictable.

Costs will be controlled through four steps. The Act will:

- *Increase competition in the health care marketplace, allowing consumers to choose plans based on price and quality.*
- *Strengthen the buying power of consumers and businesses by pooling them into large groups to bargain for lower prices.*
- *Simplify bureaucracy and administration in health care.*
- *Reinforce the power of competitive forces with a fail-safe limit on premium increases.*

Increased Competition

- When consumers are given a clear choice of plans offering the same comprehensive benefits, health care consumers will finally be able to make "apples to apples" comparisons, allowing them to shop wisely based on quality and value.

Increased Bargaining Power

- The more you buy of something, the better your ability to negotiate the price. It's just common sense-- restaurant chains get a better deal on milk than a person who walks into the corner store. The health care market operates the same way -- big groups like IBM are better able to bargain with health care providers than a hardware store with six employees.

- Health alliances will bring the hardware store and the dry cleaner together with all the other businesses and individuals in the region, giving them the same or better market power as IBM, and bringing costs down as a result.

Less bureaucracy and Paperwork

- The United States spends at least 15 cents of every health care dollar on paperwork and administration. Streamlining regulations, simplifying reimbursement through standard claims forms, and standardizing benefits packages, the same health care dollar will buy less paperwork and more care for our dollars.

- Families will have one ehalth plan, reducing the need for coordination of benefits and simplifying administration.

Setting Premium Targets

- The comprehensive benefits package will be paid for through employer and individual premiums, just like the premiums for health insurance today.

- The National Health Board will calculate a *national* target amount for the guaranteed comprehensive benefits package, which will include the increased cost of caring for the currently uninsured.

- The Board will use the national premium target to calculate a premium target *for each regional health alliance*, adjusting the national target based on current variations in health spending and the rates of uninsurance across regions.

Limiting Increases in Premiums

- After the initial premium base has been set for each regional alliance, the Health Security Act will limit how fast the cost of those premiums can rise.

- Total health spending for the guaranteed benefits will grow at inflation plus increase in population.

- Limits on premium increases will apply **only after** taking account for increases in total health care spending to cover the uninsured and the under-insured.

Negotiating Premiums Over Time

- In each regional health alliance, health plans will bid annually to provide the guaranteed benefits package and negotiate with alliances to set premiums. Premiums will vary from plan to plan.

- If the average premium across all plans is less than the alliance's premium target -- that is, if premiums, on average, are increasing consistent with inflation -- then no federal enforcement will be triggered.

Fail-Safe Limit on Premium Increases

- Federal enforcement will be used only if the average premium across all plans exceeds the alliance's premium target.

- Plans and providers that propose excessive rate increases will face financial penalties which will be used to "rebate" the portion of the premium which exceeds the alliance's premium target, based on a formula set in federal law.

- If the plan does not lower its premium, then the rebate automatically takes effect. And, payments from the plan to its providers are automatically reduced across the board by the same percentage amount that the plan's premium has been reduced. The enforcement, therefore, applies both to the plan and its providers, giving alliances, plans and providers an incentive to negotiate beforehand to keep rate increases in line.

Corporate Alliances

- Large employers forming corporate alliances are expected to comply with the same limits on premium increases as regional alliances. If premiums in a corporate alliance exceed the allowed rate of growth during two of any three years, the corporate alliance will be required to purchase coverage through regional alliances.

Reducing Variations in Alliance Premium Targets

- Alliance premium targets will be set based on the current level of health care spending in each area, and will vary from alliance to alliance. The National Health Board will appoint an advisory commission to specify methods to reduce these variations over time.

DISABILITIES

The Health Security Act

AMERICANS WITH DISABILITIES

Americans with disabilities are a large and diverse population. Of the estimated 35 to 43 million people with physical or mental impairments, a significant portion are of working age. For many, their disability status -- compounded by the lack of available and affordable assistance -- renders them unable to get health insurance, and hurts their job prospects. Meanwhile, families with insurance are reluctant to change jobs or move for fear of being denied health insurance coverage. Passage of this Act will cure this significant gap in the protections of the landmark Americans With Disabilities Act.

In a health insurance industry that competes by insuring only the healthiest people, Americans with disabilities are often discriminated against, dubbed "high risk" applicants because they may have higher health care costs. Those who <u>are</u> able to obtain insurance are often forced to pay the highest rates in the market, and are still faced with a lifetime limit on benefits. After that, they're on their own.

Guaranteed Comprehensive Benefits

- Under health reform, all Americans -- including those with disabilities -- are guaranteed a comprehensive package of benefits at the community rate. Like all other Americans, persons with disabilities will be able to choose their doctor and health plan.

- There will be no lifetime limits on care -- a change that will free many Americans with disabilities to go to work without fear of losing the health benefits they now get through Medicaid or through private coverage.

- Benefits will include not only acute-care services, but also certain rehabilitative services in both inpatient and outpatient settings.

- The guaranteed benefits package, protections from discrimination in health care, and new services will substantially improve access to health services for Americans with disabilities.

Community-Based Long-Term Care

- A new community-based long-term care benefit will aid Americans of all ages with severe physical or mental disabilities, regardless of income. This new program, which is in addition to existing Medicaid programs of long-term care, will benefit substantial numbers of Americans with disabilities and will be reimbursed at rates of federal participation almost 30 precentage points higher than under existing programs.

- Children under the age of six with severe disabilities or chronic medical conditions who would otherwise require hospital or institutional care will be able to receive assistance in their homes and communities.

- Through the new home and community-based program, a broad range of personal assistance services will be available to children and working age adults with severe disabilities.

- States will have the flexibility to design their own approaches to community-based care. States may expand their programs beyond personal assistance to include case management, homemaker and chore services, home modifications, respite services, assertive technology, adult day care, and rehabilitation services.

- For low-income persons with lesser levels of disability, states will be able to continue their home and community-based programs under Medicaid.

New Tax Credit

- Under the Health Security Act, employees with disabilities who require personal assistance with daily tasks will be eligible for new tax credits covering 50 percent of their personal care service costs -- up to a maximum of $15,000 each year.

Improved Medicaid Coverage

- Residents of nursing homes and intermediate care facilities for the mentally retarded will be able to retain $70 per month as a living allowance (compared to the $30 per month ceiling at present).

- Single residents of such facilities may be able to retain up to $12,000 in personal assets under eligibility determinations (compared to $2,000 at present).

April 1, 1994

DOCTORS

The Health Security Act

DOCTORS

The personal relationship between a doctor and a patient is the cornerstone of patient care. Yet under the present system, that relationship is undermined by paperwork requirements that bury doctors and take time away from their patients. It is undermined by all the insurance company oversight -- the billers and authorizers who look over the doctors' shoulders and decide who is sick enough to receive what type of care. And it is undermined by the way the legal system has crept into the medical offices -- the potential for lawsuits have bred distrust and fear in both doctors and patients.

Preserves Doctors Choice

- The Health Security Act will preserve the ability of American consumers to choose their doctors.

Preserves Physician Independence

- By guaranteeing a fee-for-service network in every alliance, doctors who want to keep their private practices in an individual office will be able to do so and still participate in the new system.

- Physicians will be able to join more than one plan.

Simplifies Administration and Reduces Paperwork

- The plan will reduce paperwork by creating a single claim form that all doctors and hospitals will use, replacing today's hundreds of claims forms. Electronic exchange of insurance and patient information will further reduce costs and frustration for doctors.

- With the introduction of a standard, comprehensive benefit package, doctors will no longer have to ferret out information on whether certain services are covered. Under the plan, covered services are comprehensive and standard cost-sharing rules will simplify accounting for providers.

- Current quality assurance programs including Medicare Peer Review Organization (PRO), the Clinical Laboratories Act (CLIA) and licensure and certification standards will be strengthened and streamlined removing undue burden and the lack of coordination and duplication which these programs place on providers.

Reforms Malpractice

- The Health Security Act will change tort law and develop alternative approaches to resolving patients' claims against providers. The plan will require that those who claim malpractice related injuries first submit their claims to an out-of-court process to resolve the dispute.

- If the patient is still unsatisfied with the result, he or she can pursue the case in court, but will first be required to obtain a "certificate of merit," an affidavit from another doctor stating that the care received was not up to par.

- The Health Security Act will also limit attorneys' contingency fees to one-third of an award and permits states to impose even lower limits.

- Damages can be paid over a period of time rather than all at once. It will also prevent injured patients from gaming the system and getting paid more than once for the same injury -- by the doctor and their own health or disability insurance plan.

Ensures Quality

- Practice guidelines and information on the treatment outcomes will give doctors the tools they need to improve their quality of care.

Reforms Antitrust Regulations

- Doctors will also be able to negotiate collectively ensuring that they will have a strong say in determining the fee-for-service reimbursement rates, so long as they represent less than 20 percent of the physicians in an area and share in the financial risk.

Incentives to Increase the Number of Primary Care Physicians

- The Health Security Act will increase training opportunities for medical graduates entering primary care.

- Federal support will be provided to train doctors in a variety of settings where primary care is provided.

- As an incentive to doctors to provide primary care, the Health Security Act will increase Medicare payments for such care.

April 1, 1994

DRUGS

The Health Security Act

PRESCRIPTION DRUGS

Prescriptions drugs are frequently the most cost effective intervention to treat medical conditions. However, these potentially life-saving products are often inaccessible because of skyrocketing costs and inadequate insurance coverage. Until very recently, prescription drug price increases dwarfed increases in the rest of the economy. Between 1980 and 1992, while the general inflation rate increased by 22 percent, drug prices increased 128 percent.

Almost 25 percent of Americans under age 65 do not have any type of public or private prescription drug insurance coverage. As a result, expensive, frequently taken medications (i.e. antibiotics for children) become such a financial burden that many vulnerable populations go without.

For older Americans, the high cost of prescription drugs and heavy reliance on medications cause a significant financial burden. Since Medicare does not cover outpatient prescription drugs, less than half of all drug costs for seniors are paid for by public or private insurance plans. As a result, prescription drug costs are the highest out-of-pocket medical costs for 3 out of 4 older Americans. A recent AARP study found that nearly 8 million Americans over the age of 55 report that they must choose between buying food and paying for prescription drugs.

Coverage for Prescription Drugs

- All health plans covering those under 65 will be required to cover outpatient prescription drugs. Under the low-cost sharing option plan, the beneficiary will pay $5 per prescription. Under the high-cost sharing option plan, the beneficiary will pay 20 percent of his or her prescriptions after meeting a $250 annual deductible. The insured person's copayments will count towards the overall out-of-pocket annual cap.

New Medicare Drug Benefit

- Medicare beneficiaries will have 80 percent coverage for their medications after reaching a $250 deductible. A $1,000 annual cap will be placed on out-of-pocket prescription drug costs, with costs above this amount fully covered.

Control of Drug Costs

- Private sector plans will be permitted to use managed care purchasing mechanisms to hold down their pharmaceutical costs. For new drugs, that represent a breakthrough or significant advance over existing therapies, private purchasers will have the benefit of information provided by the HHS Advisory Council on Breakthrough Drugs about the appropriateness of new drug prices. The Advisory Council cannot regulate prices.

- The Medicare program will become one of the world's largest purchasers of prescription drugs and will receive price benefits on from brand name drugs in the form of rebates. The Secretary of HHS will have authority to negotiate rebates with manufacturers for new drugs for the Medicare drug program.

Patient Counseling by Pharmacists

- To help ensure that prescription drugs are used appropriately by Medicare beneficiaries, pharmacists will be required to provide patient counseling.

FEDERAL EMPLOYEES

The Health Security Act

THE FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM

An estimated 10 million people, including Federal employees, retirees and their dependents, have health insurance coverage through the Federal Employees Health Benefits Program (FEHBP). In many ways, FEHBP has served as a model for the Health Security Act. Under reform, all Americans, including federal employees and retirees, will enjoy a choice among high quality affordable health plans.

The current FEHBP program is not without the problems that plague even the best models. Over the past ten years, premium rates have increased just as they have for other purchasers of insurance. These increases have ranged as high as 26% in a single year. Because FEHBP plans offer differing levels of coverage, some plans have had to withdraw from the program because they have attracted too many older and sicker workers and could not offer competitive premiums.

The variation in benefits also causes difficulties to federal workers and early retirees who are forced to make uncomfortable tradeoffs when selecting among plans that differ in price, services, coverage and choice of providers. Many are confused by these differences; information on how satisfied they are with their health plans is unavailable.

Guarantees Comprehensive Benefits

- Under the Health Security Act federal employees and early retirees will join with the other members of the communities in which they live and choose from among the health plans offered by the regional health alliance in their area.

- Federal employees and retirees will be guaranteed the security of knowing that if they change jobs, lose their job or move they will still be covered.

- Those covered by FEHBP will continue to enjoy comprehensive health care since the benefits package provided in the Health Security Act are based on today's best plans, including those offered through FEHBP.

Helps Employees Make Informed Choices

- Federal employees and early retirees, not insurers, will still be in the driver's seat, but even better equipped to choose between plans on the basis of price and quality.

- A uniform comprehensive benefits and standard cost-sharing arrangement will end the confusion of choosing among health plans under FEHBP today.

- Simple, easy-to-understand and up-to-date information about quality and price will help individuals choose among plans.

Increases Government Contribution

- The Health Security Act will increase the Government's contribution for federal workers to 80% of the average premium, up from the average 75% it contributes today.

- The slower rate of growth of health care spending under the Health Security Act will mean that health care premiums will not take an ever-increasing bite out of their paychecks and pensions.

Protects Federal Retirees

- Under the Health Security Act, early retirees -- like active employees -- will be able to choose from the health plans that will be offered in their area.

- For federal retirees covered by Medicare, the Office of Personnel Management (OPM) will administer a Medigap option to provide the additional protection they currently receive.

April 1, 1994

FRAUD + ABUSE

The Health Security Act

PROTECTING AGAINST FRAUD AND ABUSE

According to the General Accounting Office, health care fraud and abuse rob American taxpayers of as much as $80 billion each year. Common examples include overcharging for services, charging for medical care that was never delivered, delivering unnecessary services and providing financial incentives to doctors to refer patients to certain facilities.

Simplifying the health insurance system will eliminate opportunities for fraud based on exploiting today's complex system, both public and private. Reforms such as the adoption of standard forms throughout the industry and a uniform coding system will not only reduce administrative costs but also reduce opportunities for fraudulent billing.

Criminalization of Health Care Fraud

- For the first time, health care fraud will be a crime, and violators will face stiff penalties.
- A new health care fraud statute, modeled after existing mail and bank fraud laws, will establish penalties for schemes that defraud health plans.
- A new federal criminal statute will prohibit deliberatley making false statements to health plans, health alliances or state agencies.
- A new federal criminal statute will ban the payment of bribes, gratuities or other inducements to employees of health plans, health alliances or state government agencies.

Federal Anti-Fraud Efforts

- The scope of federal anti-fraud efforts will extend beyond government programs to include fraud in the private sector.
- The Departments of Justice and Health and Human Services will organize an All-Payer Health Care Fraud and Abuse Enforcement Program to coordinate federal, state and local law-enforcement activities.
- Federal authority to seize assets from fraudulent providers and to levy criminal penalties for health care fraud expand to include filing false claims against health plans and other fraudulent activity. Assets seized will be used to help support anti-fraud efforts.

Enforcement of Anti-Kickback Laws will be Enforced

- The existing anti-kickback law will protect all health plans, prohibiting the payment or receipt of any item of value as an inducement to refer patients for any type of health care service.

- With specific exceptions to ensure adequate services, physicians and other health professionals will be prohibited from referring patients to laboratories or treatment centers in which the health professionals have a financial interest.

April 1, 1994

HOSPITALS

The Health Security Act

HOSPITALS

In so many ways, America's hospitals represent the best of American health care: they are the centers where the finest well-trained health care providers cooperate to provide high quality care to patients from every walk of life. But too often our hospitals also demonstrate what's wrong with our health care system. More and more, America's hospitals must struggle against tremendous odds.

- *Hospitals provide care to millions of uninsured Americans who seek treatment in emergency rooms. These unpaid bills -- so-called uncompensated care -- drain billions of dollars from American hospitals each year and force hospitals to inflate bills for their patients who are insured.*

- *Hospitals are buried in a crush of paperwork generated by the more than 1500 private insurance companies and various government health programs. Faced with requirements from peer review organizations, government inspectors, industry regulators, billers, coders and fiscal middlemen, hospitals treat more paper than patients. They hire four new administrators for every new doctor; in some hospitals, nurses fill out 19 separate forms per patient.*

- *Hospitals deal daily with the tensions caused by "defensive medicine" -- performing countless tests and procedures not out of medical necessity but out of fear of malpractice lawsuits.*

The Health Security Act will end today's vicious cycle of mounting paperwork, declining service and cost-shifting and reinforce efforts by hospitals to provide high-quality patient care.

Universal Coverage Ends Uncompensated Care

- Universal coverage will guarantee hospitals that they will get paid for services delivered to all the patients they treat.

- Hospitals will no longer be forced to charge inflated prices to some patients in order to make up for free care they now deliver for others.

Administrative Simplification

- Streamlined paperwork requirements and regulations will significantly reduce the costs of hospital administration. These measures will increase the time that physicians and nurses can devote to patient care.

- Standard claims forms and electronic data systems will save hospitals time and money.

Antitrust and Collaborative Reforms

- Hospitals may contract with as many health plans as they choose working out their own arrangements with competing health plans or organizing plans themselves.

Malpractice Reform

- Medical malpractice reform -- including limits on lawyers contingency fees and mandatory alternative dispute resolution measures -- will give hospitals increased protection against frivolous lawsuits and reduce defensive medicine.

Protections for Specialty Hospitals and Academic Health Centers

- Recognizing that not all hospitals are alike, the Health Security Act will provide flexible support for hospitals that perform the most specialized types of care, conduct research or training, or serve poor patients in rural communities and inner cities.

- The Health Security Act will dedicate special funds to teaching hospitals in order to recognize and reinforce the unique role they play in advancing clinical research and treating complex illnesses.

April 1, 1994

AMER. INDIANS/ALASKA

The Health Security Act

AMERICAN INDIANS AND ALASKA NATIVES

Health care reform which affects Native American people will proceed within the framework of historic government-to-government relationships with the more than 500 sovereign Native American nations. Under the Health Security Act, the federal government will continue its current finding obligations for health care services for these underserved groups. Tribal governments will have autonomy and flexibility in devising health care which works for them.

The Health Security plan will not limit options currently available to tribes to control and operate their own health facilities.

Guaranteed Comprehensive Benefits

- The Health Security Act will guarantee all Americans comprehensive health benefits they can never lose. Health alliances and plans are prohibited from discriminating on the basis of race, ethnicity, gender, religion, or country of origin.

- American Indians and Alaska Natives may either enroll in a health plan offered through an Indian Health Service program or with a health plan offered through a health alliance. If they chose an IHS program, it will be at no individual cost. If they chose a health plan through a health alliance, they will be eligible for the same financial assistance as all other Americans.

Preserves and Strengthens the Indian Health Service

- Indian Health Service clinics and hospitals, tribal health centers and urban Indian programs will continue to operate outside regional health alliances.

- The Indian Health Service will be granted new authority to provide services to non-Indian families of Indians, if after appropriate tribal consultation it is determined not to diminish service for Indian people.

- Under the Health Security Act, new funds are authorized to upgrade Indian facilities.

Investments in Public Health Initiatives

- Public health service programs for American Indians and Alaska Natives will be expanded to improve access to available services in remote areas, and to provide health are that is sensitive to the diverse languages and cultures of these communities.

- The Act will provide incentives to increase the number of health professionals, including community health representatives, public health nurses, and nutrition counselors, in order to provide more and better prevention and outreach services.

Recruits Health Professionals

- The Health Security Act will affect a five-fold expansion of the National Health Service Corps, from its current field strength of 1,600 over the next ten years. The Corps currently places many doctors, nurses, and other health professionals in IHS and tribal facilities.

- Workforce initiatives in the Act will place increased emphasis and funding on training minorities, including American Indians, for careers in the health professions.

Tribal Input

- The Act requires the Secretary of Health and Human Services to have annual consultation with tribes to assure that the health care needs of American Indians/Alaska Natives are met.

April 1, 1994

INSURANCE

The Health Security Act

INSURANCE REFORM

Health insurers today use a variety of strategies to discourage or block people with medical conditions or poor health potentials from getting insurance. Insurers commonly refuse coverage to people who cannot meet "medical underwriting" criteria; limit benefits to people with preexisting health conditions; charge higher premiums for less healthy people; and refuse to insure people in certain industries or occupations (so called "occupational redlining"). As a result, many people who need health insurance cannot get it.

The Health Security act will significantly change today's discriminatory insurance market, shifting power from insurance companies to the health professionals who deliver care and the consumers who receive it.

Provides Guaranteed Security

- The Health Security Act will guarantee every American and legal resident a comprehensive package of health benefits that can never be taken away. It will be illegal for people to be denied coverage on the basis of health or employment status, age, residence or the health of family members.

- Specifically, the act

  -- **requires all health plans to accept all applicants**, regardless of health status;

  -- **prohibits all pre-existing condition exclusions** and guarantees that coverage cannot be dropped for any reason;

  -- **spreads risk broadly** through the use of community rating; and

  -- **enhances financial protection** of enrollees and providers in the case of financial failure of health plans.

Guarantees Consumer Choice of Health Plans

- The Health Security Act will require all health plans to accept any person who applies for coverage, regardless of the applicant's health status, job or claims history.

Community Rating

- The Health Security Act will return American health care to the original notion of insurance through community rating -- charging healthy people the same as sick people to spread risk over a large population. Premiums for the comprehensive benefit package will be adjusted only for geographic location and family status.

- Rate increases will not be targeted to sick people or groups. No one will pay more for health insurance because of a preexisting condition, current illness or any other individual characteristic.

Enhances Financial Protection

- Health plans will be required to meet federal minimum standards for solvency.

- If a health plan encounters financial problems, people will be protected through immediate enrollment in new health plans. Physicians and hospitals will not be permitted to bill individuals for the unpaid claims of a financially troubled health plan.

April 1, 1994

JOBS

The Health Security Act

JOBS

Comprehensive health care reform is a necessary element in a comprehensive economic growth strategy to increase long-term economic growth, reduce the deficit, and create jobs. Today, the rising cost of health care is a hidden tax on employers -- hurting businesses, depressing wages, limiting job creation and threatening our competitiveness. The bottom line is this: most businesses already provide health care to their workers, and health care reform will lower their health care costs -- allowing them to create jobs and increase wages.

While no one may be able to provide a precise estimate of the overall job impact, there is no question that for small and large businesses, costs will be controlled and money will be freed-up for job creation. The Wall Street Journal said that "for many small businesses, saddled with escalating health care costs, President Clinton's health care package comes as an unexpected windfall." Studies show that the fastest growing small businesses are the ones that provide health insurance. In addition, jobs will be created in the health care industry, particularly for nurses and home health workers.

A Comprehensive Economic Growth and Jobs Plan

- The Health Security Act is one element in a comprehensive economic growth strategy to lower the deficit, lower interest rates, and create jobs. The plan will lower costs for businesses that provide health care, spurring them to hire future workers and increase wages.

- The Council of Economic Advisers has estimated that the net job impact would be within the range of less than half a percentage point of employment.

- The current system is hurting job creation, because rising health care costs have served as a hidden tax on employers leading to less job creation and fewer wage increases. No one can dispute that we would have better job growth in our country if we kept health care costs at levels similar to those of our international competitors.

Current Job Studies Seriously Flawed

- Many of the current studies that analyze the job impact of the Health Security Act are based on false or misleading information. They do not consider the discounts provided to low-wage small businesses or the positive effects that lowering health care costs will have on businesses that currently provide insurance.

- These studies have been generated by dubious research institutions and funded by groups that have long opposed even the slightest changes to the health care system.

Minimum Wage Comparison

- Because it will limit the amount that any small employer that currently does not cover its employees will have to pay, the Health Security Act will roughly resemble a modest increase in the minimum wage for those firms.

    - Recent studies by economists at Harvard and Princeton show that increases in the minimum wage do not hurt job growth, and can make it easier to hire people.

Lower Costs for Small Businesses That Provide Coverage

- Sixty-two percent of small businesses provide health care to their workers -- paying high administrative costs and bearing tremendous risk if even a single employee or family member gets sick. These small businesses pay as much as 35% more than big businesses.

- The Health Security Act will lower health care costs for these small businesses, giving firms additional capital to hire more workers and pay their existing workers higher wages. Because the fastest growing small businesses are ones that offer health insurance, the plan will help those firms that are creating the most jobs and growing the fastest.

- **The Wall Street Journal wrote: "For many small businesses, saddled with escalating health care costs, President Clinton's health care package comes as an unexpected windfall."**

- Since Hawaii asked all employers to provide insurance for their employees in 1974, the unemployment rate has dropped to one of the lowest in the nation (2.8% in 1991). Meanwhile, small business creation rates have remained high (the number of employers grew almost 200% from 1970 to 1991).

Benefits for Manufacturers

- The Health Security Act will dramatically lower health costs for American manufacturers, the employers that pay the highest wages and have been forced to lay off workers in recent years. The plan will help manufacturers compete and create new jobs.

- Controlling the growth of health care costs will lead directly to more exports and increased jobs. It will help end the advantages of our competitors, like the fact that health care costs add about $1100 to every American car -- and only about half that to cars built in Japan.

Health Care Industry Job Creation

- Increased demand for health care services, guaranteed comprehensive benefits and new long-term care options will create jobs for health care providers. Joshua Weiner, a health economist at the Brookings Institution, predicts that the Health Security Act will create 750,000 home health care jobs.

Declining Job Lock and Medicaid Lock

- People who are locked into jobs they want to leave but can't for fear of losing their health benefits will be freed to switch jobs or start a small business, meaning more jobs and greater productivity.

- Tens of thousands of people on welfare will no longer have the fear of losing their health benefits to keep them from taking a job.

April 1, 1994

[redacted] JOBS

The Health Security Act

LARGE EMPLOYERS

In the last eight years, per worker health care costs for American businesses have almost doubled. But most American corporations consider health coverage a benefit of employment, and they have continued to provide coverage for their workers and families, despite ever-rising costs.

In a system where some companies provide coverage and some don't, where many remain uninsured and government programs often underpay, employers that provide coverage wind up paying more than they should. They cover not only their own employees, but also their employees' spouses who work for companies that don't provide coverage. In addition, employers pay for the uninsured, who show up in emergency rooms but have no coverage. These shifts cost up to ***$25 billion dollars*** *each year.*

High health care costs are eroding competitiveness in the global marketplace, and siphoning dollars away from new capital investments. Some companies have had success paying their workers' health care costs directly -- in effect becoming their own insurance agencies. But other companies, particularly those with older workers or many retirees, find that health care costs eat up as much as one fifth of their payroll. General Motors spent more last year on health benefits than it did on steel.

An Active Local Role

- Businesses will have a strong voice in the health plans set up to serve their workers. Companies, Taft-Hartley plans, or rural cooperatives with more than 5,000 employees will be able to operate their own alliance, allowing them to enhance the many cost control innovations offered by self insured plans today.

- Businesses which form a corporate alliance will have to meet federal standards for health alliances, including providing comprehensive benefits, offering a choice of plans, and maintaining quality standards.

- Employers will be represented on the boards of all regional health alliances.

Real, Enforceable Cost Control

- *Market Forces*
  The Health Security act will aggressively control costs by bringing market forces to bear in the health care system. Corporate alliances will continue using the innovative cost control strategies they've found successful, and regional alliances will build on those same strategies of pooling purchasing power and bargaining for better rates.

- *Administrative Savings*
  The Health Security act will streamline the burdensome and costly regulation that eats up at least 15 cents of every health care dollar. By replacing today's thousands of insurance policies with a comprehensive benefits package and standard claim forms, more money will go to benefits and less to underwriters and marketers.

- *Budget Security*
  As a fail-safe measure to ensure that public and private health care spending is slowed, the plan includes an enforceable budget. This will help to ensure that growth in health care costs will be brought in line with spending in the rest of the economy by the end of the decade.

Fair, Equitable Financing

- *Employer Responsibility*
  Under the Health Security Act, all employers will be required to contribute to workers' coverage. Employers who cover 100 percent of employee health costs may continue to do so; all employers will pay 80 percent of an average price plan.

- *Capped at a Percentage of Payroll*
  Under Health Security, employers in a health alliance will pay no more than 7.9 percent of their payroll for health care. Many employers today spend more than 10 percent of their payroll for health insurance.

- *Shared Responsibility for Family Coverage*
  Because many families have two workers, all employers will contribute for their own workers benefits and share responsibility for family coverage. This will relieve the burden on those companies that offer excellent health benefits and bear all the cost of a family's benefits today.

- *An End to the Cost-Shift*
  By guaranteeing comprehensive benefits to every American and requiring all employers to contribute to coverage, the burden of "cost shifting" will be lifted from the businesses who cover their employees today.

- *Preserves the Tax Deductibility of Health Insurance*
  Under reform, premium payments will continue to be fully tax deductible for employers and will not be included in employee's taxable income. Employers will be free for ten years to continue to offer whatever benefits they offer today and to exclude these payments from taxable income for employees.

Relief for the Costs of Retiree Health Care

- The Health Security Act will allow our businesses, and particularly the nation's largest manufacturers, to better compete in global markets. Subsidizing the employer share of early retiree premiums will relieve many of our nation's largest employers of the significant financial burden of covering health care costs for retired workers.

Workers Compensation Reform

- Under the Health Security Act, injured workers will obtain treatment through their health plan just as they would for other injuries or illnesses. Workers compensation insurers will reimburse health plans according to a fee schedule. Health plans will be required to demonstrate their ability to provide care for work-related injuries and appoint a case manager to assure that injuries are properly treated.

- The Health Security Act calls for appointing a Presidential Commission to study the issues involved in full integration of the workers' compensation and auto insurance systems.

April 1, 1994

LATINO / HISPANIC

The Health Security Act

LATINO/HISPANIC HEALTH CARE

As America's fastest growing minority group, with a unique set of cultural and linguistic needs -- Latinos are the single group most at risk of going without care and coverage today. single group most at risk of going without care and coverage today. Even though Latinos have high workforce participation, they are often employed in low-skill, low-wage industries which normally provide little or no coverage. In addition, Latinos face a number of tremendous health care challenges which require special interventions. These include:

- *A lack of access to primary and preventive care;*
- *Rates for tuberculosis and other infectious diseases more than double those of the population at large;*
- *Inadequate prenatal care during the first trimester of pregnancy;*
- *Diabetes rates almost double those of the population at large;*

Latino and Hispanic Americans experience perhaps the most varied set of health issues facing a single minority population, reflecting the diversity among them. Latino and Hispanic Americans deserve health care that responds to their specific needs and guarantees comprehensive benefits that can never be taken away.

Guaranteed Comprehensive Benefits:

- The Health Security Act will guarantee all American citizens and legal residents comprehensive health benefits they can never lose. Health alliances and plans are prohibited from discriminating on the basis of race, ethnicity, gender, religion, or country of origin.
- All low income and current Medicaid recipients will be eligible for the same comprehensive health benefits and choice of health plans offered to the rest of the population.

- Alliances will be prevented from creating two-tier systems of care, and a system for redressing grievances quickly is required of all plans and alliances.

Investments in Community-Based Care

- Community-based plans that can best address the needs of a particular community will be encouraged through special incentives, capital development programs, and public health initiatives.

- New initiatives designed to expand access to care and encourage primary care will bring high quality medicine to millions of Latino/Hispanic Americans who are now medically underserved.

- The Health Security Act's health care workforce initiatives will increase funds for medical schools that train primary care doctors and expand the National Health Service Corps. Programs for minority health professionals will also be instituted in order to increase the number of Latino/Hispanic physicians, nurses, and other health professionals.

- Under the Health Security Act, health plans serving the poor, inner city communities will receive additional payments to adjust for the higher costs of providing services to individuals with complex needs.

Focuses on Prevention and Research

- The comprehensive benefits package covers a wide range of preventive services including prenatal care, well-baby care and nutritional counseling to reduce infant mortality and get children off to a healthy start.

- The Health Security Act will provide additional funding for prevention research initiatives that seek knowledge applicable to interventions to prevent disease or to stop the progression of asymptomatic disease. Research priorities will include child health, perinatal health, chronic conditions, and mental illness and substance abuse.

Seamless Coverage

- Portability of coverage will be ensured under the Health Security Act. This provision guarantees that migrant laborers and their families will maintain full coverage even when they move from state to state.

- Undocumented persons will continue to have access to emergency and public health services as they do today.

Community Input

- Alliances will have a board of directors composed of equal numbers of consumers and employers who purchase care in that area. Each alliance will reflect the communities it serves.

- To ensure that health plans are responsive to community needs, they will conduct annual consumer surveys and must seek out those in communities that have historically been denied access to high quality care.

April 1, 1994

LONG-TERM CARE

The Health Security Act

LONG-TERM CARE

The facts are simple: Our nation's long-term care system does not adequately meet the needs of older Americans and people with disablilities. And the situation is only getting worse as the population ages, the demand for services increases, and people's options remain limited. Families all too often must exhaust their savings in order to pay for needed care and to qualify for public assistance. Once they "spend down" and get on Medicaid, not only are they labeled with the welfare stigma, but Medicaid reimbursement policies often force seniors and people with disabilities to enter nursing homes and other institutions even though they can, and prefer to, be cared for at home or in the community.

The Health Security plan will expand and improve long-term care options across the country, stressing home and community-based services. The plan will aim to provide more flexibility and greater choices for Americans with disabilities who need support.

Home and Community-Based Services

- The Health Security plan will dramatically expand home and community based services to individuals with severe disabilities, without regard to income or age.

- States will have the flexibility to design and define their community-based service systems, and may elect to offer vouchers or cash directly to eligible individuals.

- Individuals will pay co-insurance to cover a portion of the cost of services, based on a sliding scale.

- Federal funding is capped, with the federal government paying from 75 to 95%.

- Medicaid community-based care will continue as it is today.

Expansion of Medicaid Institutional Coverage

- In order to free people from having to "spend down" all their assets in order to become eligible for Medicaid, states will have the option to allow residents of nursing homes and intermediate care facilities to retain up to $12,000 in personal assets -- up from $2,000 today.

- All states will be required to establish a "medically needy" program for residents of nursing homes and intermediate care facilities for the mentally retarded.

- Living allowances for residents of nursing homes and intermediate care facilities for the mentally retarded will be increased from $30 to $50 per month.

Private Long-Term Care Insurance Improved

- The plan will help improve the quality of private long-term care insurance by establishing minimum standards for long-term care insurance products and requirements for monitoring, enforcing and regulating the sales of such products.

- Tax incentives will help make private long-term care insurance more affordable.

Tax Credits for Working People with Disabilities

- Certain employed individuals with disabilities will be eligible to obtain tax credits for 50 percent of their costs, up to a $15,000 maximum per year, for work-related expenditures for personal assistance services.

Integration of Acute and Long-Term Care

- The Secretary of Health and Human Services will conduct a demonstration program to study integrated models of acute and long-term care services for individuals with disabilities and chronic illnesses.

MALPRACTICE

The Health Security Act

MALPRACTICE REFORM

Malpractice and the threat of huge "lottery" awards by juries continues to damage the doctor-patient relationship. This relationship has been undermined by the way the legal system has crept into the doctor's office - - the threat of lawsuits, has bred distrust and fear in doctors and other providers. the current system for identifying and sanctioning practitioners with negligent patterns of performance simply does not work.

Premiums for malpractice coverage for physicians and hospitals comprise about one percent of overall health spending. The total amount spent on so-called "defensive medicine" is in dispute. Providers correctly point out that the threat of malpractice suits and the possibility of huge jury awards has eroded patient confidence and caused practitioners to perform defensive procedures. Virtually all states have legislated tort reform to attempt to remedy some of these problems, but there has been no national action, despite constant pressure from the physicians' community. The Health Security plan will take Federal action to reduce frivolous lawsuits and curb attorney fees while protecting patients' rights.

Alternative Dispute Resolution

- Each health plan will establish an Alternative Dispute Resolution (ADR) process based on models certified by the National Health Board. The patient be able to take a case to court, only if this process does not satisfactorily resolve the conflict .

- Before filing a lawsuit, the patient will be required to obtain a "certificate of merit," an affidavit from another doctor stating that the care received by the patient was substandard.

Limits Attorneys' Fees and Prevents Double Recoveries

- The Health Security Act will limit attorney contingency fees to one third of an award and allow states to impose even lower caps, so that awards actually reach injured parties.

- The Health Security Act will prevent plaintiffs from gaming the system and recovering more than once for their injuries. Damage awards must be reduced by the amount of any collateral sources of compensation for the same injury (i.e., health or other insurance).

- The Act will allow damages to be paid over a period of time, rather than in a lump sum which can bankrupt a physician.

Encourages Progressive Solutions

- The Act will promote experiments with progressive ideas such as Maine's program to free doctors from malpractice liability if they can demonstrate that they followed appropriate clinical practice guidelines.

- The Act also includes an enterprise liability demonstration project.

Gives Public Access to Professional Records

- To protect patients from seeking care from risky providers, the public will have access to data about doctor physicians for whom repeated instances of inappropriate practices or malpractice have been reported.

April 1, 1994

MEDICAID

The Health Security Plan

MEDICAID

Medicaid, the joint federal-state program that provides health coverage to low-income Americans, is a mixed blessing for those it serves. Medicaid coverage can serve as a disincentive to join the workforce. Employment typically means giving up Medicaid benefits but entry level positions increasingly do not include health coverage.

A Medicaid card, however, does not guarantee care. Low reimbursement rates and the stigma attached to the program have caused many providers to not accept Medicaid patients.

For States, Medicaid has proved to be nothing short of a fiscal monster, gobbling up revenues once directed to education, public safety and highway maintenance. The nation's governors and state legislators are caught in a bind: growing health insecurity leaves residents with no choice but to apply for Medicaid, but the state's burden is astronomical. And Medicaid costs -- both Federal and state -- are rising with no end in sight. In 1992, for the first time, states reported spending more on health care than education.

The Health Security plan will integrate Medicaid beneficiaries into the new system -- and help relieve pressures on state capitols, physicians, and those who need care but simply cannot afford it.

Integration of Medicaid Beneficiaries

- Current, Medicaid recipients will carry the same Health Security card that provides a comprehensive package of benefits that can never be taken away.
- Medicaid patients will choose among health plans offered by their local alliances, just as all other Americans will choose.
- The Health Security plan will remove the stigma and risk of being denied treatment attached to obtaining health coverage through Medicaid today.

Medicaid Contributions to Alliances

- Under the Health Security plan, Medicaid will continue as a separately funded program for persons receiving cash assistance (either AFDC or SSI).
- Just as private sector employers will make payments for the health coverage costs of their employees, the Medicaid program will make payments to alliances to cover the costs of providing benefits to cash assistance recipients.

- Because health plans will receive the same payment from the alliance regardless of an enrollee's Medicaid status -- Medicaid patients will be treated like all others; this will help end today's two-tier medical system.

Preserving Medicaid Benefits

- Medicaid will continue to pay for additional ancillary health services not covered in the comprehensive benefits package for cash assistance recipients -- such as transportation, language interpretation and child care during clinic visits.

Ends "Medicaid Lock"

- The plan will also benefit Medicaid recipients and public sector budgets by reducing welfare lock -- the fear that one will lose health care coverage by simply going to work. Guaranteeing seamless coverage and outlawing current insurance practices will free today's welfare recipients to pursue work and economic independence.

Relief to States

- Integration of Medicaid into the new health care system will provide substantial fiscal relief to state and local governments. Current non-cash assistance Medicaid recipients will no longer rely on Medicaid for their health coverage. They will be provided coverage through the alliances based on their employment status, like everyone else.

- Medicaid will make payments to health plans on behalf of AFDC and SSI cash recipients based on prior levels of spending for these populations in a state. Payments to alliances will be tied to the rate of growth of the budget rather than higher levels currently projected. This will free up state resources for other pressing concerns.

April 1, 1994

MEDICARE

The Health Security Act

MEDICARE

Under the Health Security Act, older Americans will see little difference in where, how or from whom they receive their health care. The plan does not cut Medicare-- it reduces the growth in Medicare spending from triple the inflation rate to double.

Medicare benefits will be expanded to cover the costs for prescription drugs. A new program will also be established to provide home- and community- based long-term care. The expected savings in Medicare will be rechanneled into those new benefits.

What older Americans pay -- their share of the cost of health premiums -- will actually decline as growth in the cost of Medicare comes under control, reducing annual cost increases not only for Medicare but also for Medigap policies. Those beneficiaries with incomes of more than $100,000 per year will see a slight rise in monthly payments.

Slows Spending. Stops Cost Shifting

- The plan to slow the growth in Medicare spending by $124 billion over five years is comparable to the most serious entitlement caps called for during the budget process But because it is done within the context of comprehensive health care reform, it will not shift costs to the private sector and will, in fact, help increase health benefits to older Americans.

- Limits on the growth of private health care spending will help eliminate the massive problem of cost shifting.

- Calls for strict caps on Medicare divorced from such limits would only increase today's hidden tax on private sector premiums. If Medicare payments were simply cut -- so that a hospital was paid $100 for a service that they used to pay $150 -- the hospital would likely charge everyone else $50 more, as it does today.

Provides Prescription Drug Benefits

- Under the new drug benefit, Americans eligible for Medicare will automatically enroll in the new prescription drug benefit when they enroll in the Part B benefit, which cover 97 percent of eligible individuals today. In keeping with current requirements, Part B premiums will increase to cover 25 percent of the cost of the new drug benefit.

- The new drug benefit will carry a $250 annual deductible before coverage begins. Beneficiaries also pay 20 percent of the cost of each prescription up to $1,000. Prescription costs in excess of $1,000 are fully covered by the new benefit. The prescription drug benefit covers all drugs and biological products, including insulin, approved by the Food and Drug Administration and prescribed for medically accepted indications.

Gives Medicare Beneficiaries New Options

- Medicare will continue primarily as a fee-for-service health program but will offer beneficiaries a wider range of health plans, including the option to enroll in a preferred provider networks, or a health maintenance organizations.

- After a state joins the new system, newly eligible Medicare beneficiaries will be able to choose to join Medicare or remain in their alliance-certified health plan.

- States will eventually have the option of integrating all their citizens, including Medicare beneficiaries , into alliances or a single payer system.

- But they will be required to submit a plan to the Secretary of Health and Human Services for approval. They must guarantee that all Medicare beneficiaries have equal or better coverage in the new system than under Medicare, at no additional cost to the Medicare program.

April 1, 1994

MENTAL HEALTH

The Health Security Act

MENTAL HEALTH AND SUBSTANCE ABUSE TREATMENT

More than 50 million Americans will be directly affected by mental illness or substance abuse disorders this year. Left untreated, these disorders are responsible for countless numbers of lost lives -- from depression-induced suicides to deaths from drunk driving -- and billions of dollars in lost work days and lower productivity. Social costs range from homelessness to tensions generated among family members who find themselves forced to cope without needed support.

At the same time, insurance coverage for mental health and substance abuse remains caught in a time warp. Many current policies offer no coverage for these disorders; those that do impose strict annual and lifetime limits. In turn, families of individuals with such disorders find themselves going bankrupt or being forced to "spend down" to become eligible for Medicaid benefits just to pay for care for their loved ones.

In addition, the vast majority of health insurance policies fail to reflect recent advances in psychopharmacology and psychotherapy, which can control life-threatening illnesses, return people to productive lives, and save billions of dollars. The Health Security Act will outlaw discriminatory practices, reflect scientific reality, and move rapidly toward comprehensive coverage for mental health and substance abuse disorders.

The structure of the Health Security Act benefit is designed to offer a flexible, continuum of care that allows health plans to tailor treatment programs to an individual's special needs. The emphasis is on encouraging health plans to move to a more flexible managed benefit approach which relies on a wide array of services to meet the treatment needs of individuals with mental illness and substance abuse disorders.

Provides Integrated, Fair Coverage

- For the first time, mental health and substance abuse services will be an integral component of national health care. By the year 1996, every American will have <u>some</u> mental health and substance abuse coverage.

- This historic change in the treatment of mental illness and substance abuse will require a phase-in period to develop the service system capacity to

deliver and manage a more comprehensive benefit, which will be achieved by the year 2000.

- Coverage for diagnosis, medical management, and crisis services are also included under the Health Security Act. Meanwhile, health plans will have the flexibility to use case management when appropriate.

Benefit

- The initial benefit provided under the Health Security Act will continue to use day and visit limits similar to current insurance policies. This constitutes an improvement over current policies by providing coverage for a wider range of services than in typical insurance today, using substitution structuring to encourage flexibility and care management.

- Individuals still may receive up to 60 days per year of inpatient treatment. This coverage is available to individuals who are either a threat to themselves or to others or who require inpatient hospitalization in order to initiate, alter or adjust pharmacological or somatic therapy.

- Under the Health Security Act, intensive treatment will not be limited to residential settings. Less restrictive, non-residential treatment, such as partial hospitalization and day treatment programs, can be provided when appropriate. This will reduce reliance on expensive hospital care and encourage more community-based treatment.

Eliminates Discriminatory Insurance Practices

- The Health Security Act will outlaw denial of coverage based on so-called pre-existing conditions, a practice that today disqualifies individuals with a wide range of mental and substance abuse disorders from receiving coverage.

- Lifetime limits on mental health and substance abuse treatment will be eliminated.

- People with severe or clinical mental illness will have unlimited visits for "medical maintenance" of their conditions, covered by the same co-payment or co-insurance rules.

- To cover the vast majority of cases that require psychotherapy, but to discourage frivolous use of these services, a limited number of psychotherapy visits will be covered at higher co-payment rates.

Encourages Innovative Alternatives

- The new benefit will encourage use of proven, cost-effective, innovative alternatives to inpatient treatment such as partial hospitalization, day treatment, psychiatric rehabilitation, ambulatory detoxification, home-based services, and behavioral aide services.

- In keeping with the Health Security Act's emphasis on preventative care, outpatient services will include diagnosis, brief office visits for medical management, substance abuse counseling and relapse prevention. These will encourage early intervention and less restrictive treatment options.

Provides Support for Families

- Family members of an individual receiving mental or substance abuse services may receive medically necessary or appropriately related services in conjunction with the patient (so-called collateral treatment).

Maintains Current Public Programs During Phase-in

- The existing public system of mental and substance abuse treatment services will be continued during the phase-in period to avoid a new crisis similar to de-institutionalization. States will be encouraged to integrate all aspects of treatment by combining their expenditures for public mental health and substance abuse programs with funds available to health alliances .

April 1, 1994

MILITARY

NAT'L HEALTH BOARD

The Health Security Act

NATIONAL HEALTH BOARD

The Health Security plan will create a National Health Board to serve as the board of directors for the privately operated health care system. The Board's primary responsibility will be to establish the federal framework for reform and then let states develop systems within that framework that best meet the needs of their residents. Once the Health Security plan is up and running, the Board will develop quality standards, update the benefits package as practice and technology warrants and assure that the nation's health care needs are being addressed.

Independent Experts Approved by the Congress

- The Board will consist of seven individuals, appointed by the President, for staggered four-year terms. The Chair will be appointed to a four-year term that runs concurrently with the President's. Members of the board must be confirmed by the U. S. Senate.

- Limited to a small permanent staff, the National Health Board carries out its responsibilities largely through advisory boards and contracts with other government agencies.

Guaranteeing Coverage and Quality of Care

- Before states enter the new system, the Board will ensure that their plans have a workable strategy to meet Federal standards: guaranteeing universal access, offering consumers choices of plan and doctor, delivering high quality care, controlling costs, and monitoring compliance.

- The Board will oversee a coordinated, national effort to improve quality of care. Consumer surveys will be conducted to measure access to care, use of health services, outcomes of care and overall satisfaction with health plans. This information will be provided to the states plans and alliances to aid them in assessing the quality of care.

Updating the Comprehensive Benefits Package

- The Board will interpret and update coverage included in the comprehensive benefits package. Although the Board has no power to change the benefits package, it may recommend to Congress and the President adjustments in that package to reflect changes in medical practice or advances in technology. Only the Congress and the President have the power to alter the benefits package.

- The Board will submit an annual report to Congress and the President, addressing implementation issues and recommending improvements in the health care system.

Keeping Health Care Costs in Line

- Working with states, federal agencies and Congress, the Board will establish budget baselines for alliances and states, and assure that states and alliances achieve budget targets as specified by Congress.

April 1, 1994

NIXON

HEALTH REFORM:
THE NIXON/CLINTON APPROACH

In 1971, President Nixon first proposed extending the employer-based health insurance system to all employees. He also proposed a more comprehensive proposal in 1974, but his proposals did not pass.

Nixon's proposal was one of shared responsibility between employers and employees -- with the employer paying 75% of the premium and the employee paying 25%. This proposal is strikingly close to President Clinton's -- where employers pay 80% and employees pay 20%.

To justify the employer mandate, Nixon said, "In the past, we have taken similar actions to assure workers a minimum wage, to provide them with disability and retirement benefits, and to set occupational health and safety standards. Now we should go one step further and guarantee that all workers will receive adequate health insurance protection." The costs would be "shared by employers and employees, much as they are today under most collective bargaining agreements."

Nixon also made the case that there must be sufficient consumer protection as part of his reform. He said: "Any time the Federal Government, in effect, prescribes and guarantees certain things it must take the necessary follow-through steps to assure that the interests of consumers and taxpayers are fully protected. Accordingly, legislative proposals have been submitted to the Congress within recent weeks for regulating private health insurance companies, in order to assure that they can and will do the job, and that insurance will be offered at reasonable rates."

NURSES

The Health Security Act

NURSES AND OTHER HEALTH CARE PROFESSIONALS

The Health Security Act will increase the role of nurses, nurse midwives, and other health care professionals in primary and preventive care. It will reduce professional barriers for these health care providers and cut the paperwork that forces them to spend more time at desks than at bedsides. The Act will allow nurses, physician assistants, and other health care professionals to work to their full potentials.

Expands Nurses' Roles

- Health care reform will reinforce the role of nurses as health care providers for primary, preventive, mental health, and long-term care services. Advanced practice nurses -- registered nurses who have met advanced educational and clinical practice requirements -- will play a crucial role in guaranteeing that every American receives high-quality care.

Removes Inappropriate Barriers to Practice

- Efforts to reduce state barriers to practice will allow nurses and allied health professionals to contribute on the basis of their skills and work to the full scope of their training.

- Advanced practice nurses will play a crucial role in ensuring that every American receives high quality health care. They will work in partnership with physicians and other health providers to ensure high-quality care.

Increases Training Funds

- Funding for training of nurse practitioners and physicians assistants will be increased to expand existing programs and the number of graduates annually.

- The Act will help increase racial and ethnic diversity among nurses so that patients can be served by providers sensitive to cultural differences.

Reduces Paperwork

- Use of standard claim forms and expanded electronic billing will reduce paperwork so that nurses can concentrate on providing care to patients -- not filling out forms.

- Introduction of comprehensive benefits will save nurses hours and hours of frustration now spent in determining if patients are covered for certain procedures.

Provides New Practice Opportunities

- The new home and community-based long-term care program for older Americans, persons with disabilities, the chronically ill, and other vulnerable populations such as the mentally ill and children with special needs, will expand professional opportunities for nurses.

- The Act provides incentives for nurses and other health care providers to work in underserved rural and urban areas.

April 1, 1994

OLDER AMERICANS

The Health Security Act

OLDER AMERICANS

Despite federal efforts to meet the health care needs of older Americans at an affordable cost, rising health care fees and changing demographics, have strained our ability to pay. Many older Americans face a choice between medication and food. Long-term care services are largely unavailable unless people virtually impoverish themselves. All too often, early retirees lose their health insurance when employers, faced with overwhelming health care costs, are forced to scale back or drop coverage.

At the same time, the success of Medicare has made Americans over age 65 the only age group that has any degree of health care security today. The Health Security plan preserves this by continuing and improving the Medicare program.

Older Americans will see little change in the new system. They will continue to receive Medicare benefits and see the same doctor or doctors if they choose. But they will also be given new help in paying for prescription drugs and long-term care and opportunities to choose among a broader set of plans.

Prescription Drug Benefit

- Current Medicare benefits will be enhanced to include prescription drug coverage filling a major gap in the health security of older Americans.

- After meeting an annual deductible of $250, the elderly will no longer have to pay the full costs of prescription drugs out-of-pocket.

- Beneficiaries will pay 20 percent of the cost of each prescription up to a $1,000 out-of-pocket annual limit. Prescription costs in excess of $1,000 will be fully covered by the new benefit.

- Education efforts on proper administration of medications will enhance the quality of care for older Americans.

Long-Term Care Options

- The Health Security plan will establish a new home and community-based care program. This could enable up to 2.2 million older Americans to at home in community based settings, while receiving the long-term supports they need.

- The Health Security plan will improve the quality of life for Medicaid recipients in nursing homes residents by allowing them to keep $50 per month for living expenses. States may also allow single nursing home residents to keep $12,000 in assets instead of today's $2,000, yet still be eligible for Medicaid. An estimated 1.2 million nursing home residents will benefit from this change.

- Under the Health Security plan, all Americans will be better able to protect themselves against the high cost of long-term care. Private long-term care insurance will be improved through the adoption of new federal standards and better consumer education. Qualified policies will receive the same tax preference as health insurance, making them more affordable as well.

Protection for Older Americans

- Under the Health Security plan, doctors and other providers will no longer be allowed to bill Medicare recipients for more than the approved Medicare amount, a practice that exists today as 'balanced billing'.

- Older Americans who purchase Medigap policies to supplement their Medicare benefits will no longer face discrimination based on pre-existing conditions. The Medigap plans must accept all applicants regardless of their age or health status and guaruntees annual open enrollment.

Giving Older Americans New Options

- Medicare will continue primarily as a fee-for-service health program but will offer beneficiaries a wider range of health plans, including the option to enroll in a preferred provider networks, or a health maintenance organizations.

- After a state joins the new system, newly eligible Medicare beneficiaries will be able to choose to join Medicare or remain in their alliance-certified health plan.

- States will eventually have the option of integrating all their citizens, including Medicare beneficiaries , into alliances or a single payer system. But they will be required to submit a plan to the Secretary of Health and Human Services for approval. They must guarantee that all Medicare beneficiaries have equal or better coverage in the new system than under Medicare, at no additional cost to the Medicare program.

Early Retiree Protection

- People who retire early will no longer have to live in fear of losing their health benefits. Retirees, like working Americans, will be responsible for no more than 20% of the average cost of health premiums.

- Retired people between the ages of 55 and 65 who have worked for at least 10 years but are not yet eligible for Medicare will receive financial assistance from the federal government to cover the employer's share of their premium.

- Early retirees also may get assistance for their share of the premium, if their former employers have contractual obligations or chose to pay for retiree health benefits. Retirees with incomes near the poverty level will receive assistance from the federal government to assist with these costs.

April 1, 1994

HEALTH PLANS

The Health Security Act

HEALTH PLANS

In today's health care market, insurance companies compete by attracting healthier, low-risk patients and by avoiding those who, by virtue of age or health status, are more likely to use health care services. That means selecting healthy patients over sick patients; dropping people or denying coverage to those with preexisting conditions; or charging small businesses more for basic coverage.

Increasingly, doctors and hospitals find their practices being dictated by insurers who determine the rates that can be charged, under what circumstances they will pay for different procedures, and how bills must be processed in order to meet the rules and regulations for reimbursement. Consumers find that benefits plans vary all over the map; it's hard to tell whether they'll be covered.

The Health Security act will change the dynamic -- health plans will compete on the basis of price and quality, not on their ability to manage risk. Patients and their doctors will have the tools and authority they need to play a more active role in delivering high quality care.

Promotes Quality and Efficiency

- The Health Security act will level the playing field, ensuring that health plans compete on quality and efficiency of services. It will remove the ability of plans to hold down their costs by avoiding people who most need services. Under reform, health plans will have to compete on quality and efficiency of the services they deliver.

- Paying health plans up front will provide market discipline to help plans hold down costs. Instead of increasing tests and procedures to maintain income streams, doctors and hospitals will have an incentive to focus on prevention and health promotion.

Reforms the Insurance Market

- The Health Security act will reform the insurance market and require that health plans accept all applicants. Once enrolled, health plans will not be able to drop enrollees or raise prices because of changes in health status..

- All enrollees will pay the same price for the plan, regardless of whether they are sick or healthy, young or old, working or unemployed.

Ensures Choice

- Individuals, not employers or insurers, will decide among health plans and doctors. An annual open enrollment will secure the individual's right to choose and change plans.

- Alliances will offer at least three health plans -- a fee-for-service plan, a preferred provider organization, and a health maintenance organization.

- A simple, easy-to-understand report card that measures plan performance will give consumers the information they need to choose wisely among plans.

April 1, 1994

PRIVACY

The Health Security Act

PRIVACY AND SECURITY OF HEALTH INFORMATION

Individually identifiable health information poses a dilemma for health care reform: accurate, timely data is essential to delivering the highest quality and most efficient care, yet information about a person's medical history is among the most sensitive information our society maintains.

Today, no comprehensive privacy standards for health information exist. The Health Security Act emphasizes the importance of protecting patient privacy while sharing information among the National Health Board, health alliances, and accountable health plans and for other permitted health system purposes.

National Privacy Standards

- The Health Security Act requires the National Health Board to establish national privacy safeguards for individually identifiable records.

- The National Health Board is required to develop a detailed proposal for legislation to provide a comprehensive scheme of federal privacy protection for all individually identifiable health information.

Principles Protecting Patient Rights

- The new privacy safeguards will required the informed consent of persons regarding the use of personal data, and will grant persons the right to know how data about them is used. Use of data will be limited.

- Where disclosure of information is made to law enforcement officials for enforcement of the Act, the only minimum amount of information necessary may be disclosed.

- The Act grants the National Board authority to:

  --conduct research relating to the privacy and security of individually identifiable health information;

  -- develop technology for implementing security standards;

  --develop consent forms governing disclosure of information.

Health Data Protected from Other Uses

- The Health Security Act prohibits the use of the health security card except to obtain services from a health plan.

- Data collected as part of the operation of the new health care system may not be shared with any other entity.

- Health care information may not be used as a basis for employment decisions.

April 1, 1994

PREVENTIVE HEALTH

The Health Security Plan

PREVENTIVE HEALTH

Prevention is the cornerstone of the Health Security plan. Incentives for patients and doctors alike to use and prescribe preventive methods are woven into every part of the plan -- from free coverage of a wide range of preventive services, to wellness education and counseling and increased research funding, the plan will offer an unprecedented focus on prevention.

The Health Security plan will fundamentally restructure incentives in the health care system. For the first time, every doctor , nurse and health provider will know that they can provide the services they believe are necessary -- and know they will be reimbursed. In addition, health plans will compete by keeping people healthy instead of refusing to cover people if they have been sick or dropping people when they get sick. In order to participate in the new system, health plans will have to cover everyone. To keep costs low and win subscribers in the new marketplace, they will have strong financial incentives to keep their patients healthy. Prevention will become a new specialty and medical underwriting -- the science of picking low and high-risk beneficiaries -- will become less valuable.

The comprehensive benefits package includes a broad array of preventive services not covered by the vast majority of insurance plans in today's plans -- immunizations, mammograms, well-baby care, and other screenings and early detection methods which solve health problems before they become serious illnesses. The Health Security plan covers all of these -- with no coinsurancce or copay.

Comprehensive Coverage of Preventive Services

* The plan will offer comprehensive coverage for a schedule of preventive screenings, laboratory tests, and periodic checkups not covered in most health insurance policies today.

* Certain preventive services will be targeted to groups that have a high risk for certain diseases, such as women with a close family history of breast cancer and men considered especially vulnerable to cardiac problems. Children will receive a full range of prevention services, including immunizations, well-baby checkups and developmental screenings, at no extra charge.

* The schedule of preventive services will be geared to meet the needs of specific age groups; routine preventive services will begin at ages specified by the report of the U.S. Preventive Services Task Force and in Healthy

People 2000.

No Cost Sharing for Preventive Care

* Because of research that demonstrates that charging patients for preventive care reduces the likelihood that they will use it, the comprehensive benefits package will include a wide range of preventive services covered coverage free-of-charge -- no copayment, no deductible--no matter which health plan someone chooses.

Health Education and Wellness Promotion

* Plans will also offer health education and counseling at nominal cost to encourage healthy behavior. Plan may include classes to help stop smoking, to control weight, and encourage fitness.

Increased Medical Research

* The Health Security plan will include new research funds that target prevention, including pediatric health, reproductive health, mental health and substance abuse research, and the prevention of HIV and other diseases. It will also help fund the development of new medications and vaccines.

QUALITY

The Health Security Plan

QUALITY ASSURANCE AND IMPROVEMENT

Most Americans report being satisfied with the quality of their present health care. The Health Security plan embraces those aspects of today's health care that work and then goes one step further.

Quality assurance programs in the current health care system rely on external checks, forms and complex process manuals. Insurance carriers, peer review organizations, and state and federal inspection agencies audit the work being done in hospitals, doctors' offices and laboratories, and penalize providers if they fail to follow rules or fill out forms properly. At best patients play a minor role in this process. They lack access to even the most information on the quality of health plans, professionals and treatments.

Health reform will transform the current paper-driven process into a patient-driven quality system focused on performance measures and continuous research into the most effective treatments.

Provides Uniform Information on Quality

- Under the Health Security plan, consumers will receive quality report cards that provide information on patient satisfaction and the performance of health plans, doctors and hospitals. It will include a listing of participating providers, their specialties and where their offices are located.

- Providing easy-to-understand, comparative information on the quality of care will help consumers pick the health plans that are best for them. For example, consumers will be able to compare two health plans based on their immunization rates, success in treating coronary disease, or number of Cesarean sections.

- These steps will enable health plans and providers to evaluate and improve the quality of their care and aid in the assessment of quality in the system as a whole.

Protects Consumers by Setting Plan Standards

- Each health plan will have to meet nationwide quality standards. Compliance will be monitored by the board of the local health alliance, which will have the power to exclude a plan from offering coverage if it fails to meet certain standards. These include:

  -- consumer rights and responsibilities;
  -- confidentiality;
  -- complaints and grievance procedures;
  -- truth in marketing;
  -- fiscal soundness;
  -- credentialing of providers;
  -- disclosure of utilization controls;
  -- internal quality management; and
  -- data management and reporting.

Streamlines Quality Oversight

- The Health Security plan will strengthen and significantly streamline three quality assurance programs -- the Medicare PRO program, the Clinical Laboratories Improvement Act (CLIA), and licensure and certification standards for institutional providers.

- By limiting duplication, the plan will alleviate the unnecessary burden these programs place on providers.

Enhances Cutting Edge Management

- Better information about the effectiveness of treatments, increased development, practice guidelines, and collection of data to examine variation in practice patterns will give health plans and providers the management tools they need to improve quality.

- The Health Security plan will support research on topics central to quality management, including ways to share treatment advances, quality measurement, and design of information systems.

- Funding for outcomes research, particularly on the cost effectiveness of procedures and technologies for common conditions and high-cost procedures, will be increased.

RESEARCH

The Health Security Plan

RESEARCH

The history of American medicine is in large part the story of tremendous advances in medical research that has saved lives, improved the quality of care and helped reduce health care costs. Advancing research and technology increases the potential for more effective, low-cost treatments.

Small investments in research have historically paid billion-dollar dividends in decreased costs and restoration of productivity. A recent NIH report estimated that approximately $800 million invested in clinical and applied medical research could realize a one-year savings of between $5.2 billion and $6.7 billion.

Advances in medical science and technology, the development of new medications and innovations in the way we get health care will lead to increased efficiency in the health care system, and a higher standard of living.

Expands Prevention Research

- The National Institutes of Health will expand preventive research in priority areas including:
    - Alzheimer's disease
    - Bone and joint disease
    - Cancer
    - Child health
    - Health and wellness programs
    - Heart disease
    - Mental health
    - Reproductive health
    - Substance abuse
    - Vaccine development for AIDS, tuberculosis, and other infectious diseases

Expands Health Services Research

- The Health Security plan will also expand research the effectiveness and appropriateness of clinical practice. Priority areas will include quality and outcomes research and the dissemination of clinical practice guidelines that will save lives and money in the long run.

Consumer Choice and Quality Information:

- The Health Security plan will fund research to help consumers choose their doctors and other health providers based on cost and quality.

- Prospective research includes:

  -- customer satisfaction,
  -- forms of information most helpful for consumers,
  -- consumer awareness of benefit plans,
  -- effect of consumer knowledge on selection of plans,
  -- data cost sharing and utilization,
  -- supplemental coverage.

April 1, 1994

STATES - ROLE

STATES– A NEW ROLE UNDER HEALTH REFORM

Both the federal and state governments lack sufficient authority today to control costs. Many states, facing rising Medicaid budgets and diminishing private insurance coverage, have tried to contain costs and expand access, only to run into roadblocks in federal law. Although the states regulate private insurers, federal barriers, such as the Employment Retirees Income Security Act (ERISA), have greatly limited states' ability to initiate reform and control health costs.

While the federal government determines policy for Medicare and shares authority with states over Medicaid, it has no way to keep private health costs under control. Federal cost containment measures for public policy only shift costs to private insurers and states.

The Health Security plan will establish a federal framework for comprehensive health reform, with states having maximum authority and flexibility to design systems that work for their residents. It establishes a new partnership between states and their federal governments, with joint responsibility for assuring comprehensive benefits high quality health care, universal coverage, and enforceable cost control.

The Federal Framework

- The Health Security plan provides a federal framework to guarantee comprehensive benefi[illegible] and ensure quality standards are met.
- States will use the same financing mechanism and adhere to comprehensive benefits package.
- Federal assistance will make it possible for all states, even those with low per capita income and large numbers of part-time and unemployed workers, to achieve universal coverage.
- A reserve fund established under the program will help states cope with regional recessions.

The State Role

- States will be given maximum flexibility to adopt a system that will work best for them, provided it meets national quality and benefits standards.

- States will have the primary responsibility for assuring that all eligible individuals have access to a health plan that delivers the nationally guaranteed comprehensive benefits package.

- The new program will be phased in state by state. States that can quickly adapt to the new system can join by 1995; all states will be in the system by 1997.

Health Alliances

- States will assume responsibility for the design, establishment, and control of health alliances that best meet the needs of their citizens.

- States will be able to specify the number, size, and geographic distribution of alliances.

- States will also appoint the members of the board of each regional alliance to ensure that alliances represent area families and businesses.

Health Plans

- States will have the flexibility to adapt the national framework to suit their own needs. States will be able to certify health plans and license providers. States will remain responsible for monitoring health plans and health care providers.

- States will be responsible for ensuring that health plans meet the federally established health coverage standards, including the elimination of preexisting conditions, admitting all enrollees at the same price, and guaranteeing that all Americans will always be covered.

- To protect providers and patients from insolvent plans, states will set capital standards and establish guaranty funds, consistent with federal law.

Single Payer Options

- States may develop a single payer plan, as long as federal requirements for benefits, quality and cost containment are met.

- Under the single payer option, the state or a designated agency will make all payments to health care providers, with no intermediaries, health plans, or other entities assuming financial risk.

- States may also choose a single payer alliance to serve a part of their state. Rural areas that do not have sufficient numbers of competing providers, for example, can have a single payer alliance tailored to their needs, while remaining parts of the state could be served through regional and corporate alliances.

Medicare and Medicaid

- Once a state's system is successfully up and running, each state will have the option of seeking permission to integrate Medicare beneficiaries, into alliances or single payer systems.

- States will continue to administer the Medicaid program for cash assistance recipients and for supplemental services, including long-term care.

October 8, 1993

STATE-BENEFIT

The Health Security Plan

HEALTH CARE REFORM - BENEFITS TO THE STATES

States have born the brunt of rapid increases in the cost of health care. In addition to grappling with the rapidly growing cost of Medicaid, states have struggled to control the cost of health care coverage for their own employees. As health care costs have increased, states have had fewer and fewer resources to devote to education, crime prevention, road construction and community development.

The Health Security plan will seed the development of a new partnership between states and the Federal government. A partnership which is based on seamless health coverage for all Americans, enforceable cost control and flexibility for states to tailor systems to the needs of their populations will benefit everyone -- especially the states.

State Flexibility

- States will have the flexibility the need to design their own health care systems to meet the unique needs of all their residents.
- The Federal government will set national standards for comprehensive benefit, quality and cost containment, and then allow states to move forward.

Financial Relief

- The Health Security plan will reduce the burden on state programs that now finance and deliver health care services to the uninsured and the underinsured.
- Including coverage of substance abuse and mental health services in the comprehensive benefits package will reduce state expenditures for these illnesses.
- A new community-based long-term care program for the disabled will replace some care now covered by states under Medicaid.
- Federal grants will help states provide special assistance to underserved rural and urban areas. States will be able to strengthen and improve essential public health efforts.

Discounts

- Low-income people will be eligible for discounts to purchase comprehensive health coverage. Instead of turning to publicly funded health programs when they become sick, low-income Americans will have a health plan to cover their costs.

- Caps on annual out-of-pocket health spending and the elimination of life-time limits will ensure that a catastrophic illness won't force individuals onto public assistance.

- Federal support of health care for early retirees will produce large savings for state employee health benefits programs.

Premium Caps

- States will accrue ongoing savings in AFDC and SSI outlays because growth in health care spending will be capped at a level significantly lower than current Medicaid growth.

- As purchasers of health care coverage for their employees, states will benefit from slower growth in overall health care costs.

Health Providers

- Incentives to increase the number of primary care providers will significantly improve access for many residents to primary and preventive services.

- The plan will designate "essential community providers" to supply care to vulnerable populations through their arrangements with the health alliances.

ERISA

- Changes to the Employment Retiree Income Security Act of 1974 (ERISA) will make it possible for states to assure that all citizens get the same health benefits.

Malpractice Reform

- The creation of an alternative dispute resolution process at the health plan level will ease the malpractice burden on state courts.

October 8, 1993

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Rural

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Divider Title: Savings

The Health Security Plan

SAVINGS

Experience proves health care should not be capitalized. Spending can be slowed by increasing competition, making care more affordable and moving aggressively to cut out waste -- streamlining administrative overhead and increasing the productivity of doctors, nurses and other health care workers.

Our international competitors spend much less than we do on health care -- yet they insure all of their people, provide better benefits and have similar quality outcomes. In this country, evidence from communities, companies and regions illustrates that providers can and will cut costs substantially and quickly. Providing incentives to deliver more cost-effective care and reducing administrative costs can free up dollars to make health care more affordable and help insure all Americans.

Cost Control Here and Abroad

- **California hospitals** have kept their growth rates well below the national average -- 9% versus 30% between 1983 and 1990.
- **The State of Minnesota's public employees health plan** has kept its annual rates of increase 2% below statewide trends for the last two years, as bargaining power has increased and individuals have opted for lower-cost high-benefit plans.
- **The Mayo Clinic** has kept its growth down to 3.9%.
- **Germany and Japan** have been able to keep annual growth in health care costs down to GDP while our nation's has grown at 9% and 10%.

Increases Competition

- The major source of cost containment under the Health Security plan will come from bringing market forces to bear on the health care system increasing efficiency through competition. Budgeting the rate of growth acts as a backstop to competition -- a commitment to downward pressure on costs that can further bolster competitive savings.

- Washington State and Minnesota have recently passed health reform legislation that combines principles of competition with strict cost containment measures. In Minnesota, the law says that health care spending must grow at least ten percent slower each year for five years, beginning in 1993.

Strengthened Consumer Power

- Larger pools mean lower costs. The Health Insurance Plan of California -- a new state alliance for small businesses -- received bids that were as much as 55% lower for a plan also offered today by the Federal Employees Health Benefits Plan.

- Focusing on quality can also drive costs down. In Orlando, the 78-member Central Florida Health Care Coalition persuaded hospitals to analyze why costs and quality of care differed for patients with the same illnesses, then used the information to negotiate better prices. Costs per hospital discharge fell 2% -- and the cost savings enabled the county school board to save 20 teaching slots it had planned to cut.

Consumer Cost Consciousness

- The Health Security plan will give consumers, not their employers, the power to decide among health plans, based on price and quality. Choosing a higher-cost plan will mean paying more out-of-pocket. Choosing a lower-cost plan will drive providers to find ways to become more efficient. Under today's system, consumers often do not know how much health care costs. Employers pay their premiums; insurers pay the tab.

- Evidence from Minnesota's state employee health plan indicates that consumers respond to changing incentives and in turn annual rates of increase can fall. The Minnesota program -- changed five years ago from paying for 100% of a fee-for-service plan to 100% of the lowest-cost plan serving a given county -- has seen cost increases stay 2% below statewide trends since 1991. Estimated savings have been $23 million over the last three years, $12 million in 1993 alone.

Changed Incentives for Doctors

- The Health Security plan will work under a budget that provides discipline, changing the incentive from doing more to competing on quality and efficiency. No longer will we pay doctors solely on the quantity of tests and procedures they perform.

- In Northern California, members of Kaiser Permanent health plans have 25% fewer hospital days per capita than other residents.

- It will also bring down the cost of defensive medicine by reforming our malpractice system -- encouraging disputes to be settled out of court and reducing lawyers' collections from malpractice claims.

Reduced Variation in Practice Patterns

- People who receive care in the Boston area get twice as much care -- costing $300 million more annually -- than residents in New Haven, Connecticut. More spending does not lead to higher quality of care.

- By bringing costs into line, the plan will eliminate the kind of situation that leads to open-heart surgery costing $21,000 in one Pennsylvania hospital and $84,000 in another hospital in the same state, with the lower-cost hospital providing better outcomes.

- Making patients aware of these differences will help them make cost conscious choices that will produce savings but maintain quality.

Streamlining Administration

- The Health Security plan will introduce standard claims forms, comprehensive benefits packages, and standardized reimbursement rules, procedures and regulations. No longer will a growing share of health care dollars pay for processing paper and complying with regulations. Nor will the health care industry be forced to continue hiring four new administrators for every doctor simply to keep up with the flood of paperwork.

- The Health Security plan will result in economies of scale that will lower administrative burden for the system as a whole by consolidating administrative and purchasing functions performed individually by small businesses and families today. Under today's system, up to 30-40% of the premiums paid by small firms support the overhead of brokers, insurance agents and underwriters. Large firms pay significantly less for administration -- about 5-7% of premiums.

Rooting Out Fraud and Abuse

- The Health Security plan will reduce the estimated $80 billion spent on false billing and other fraudulent practices by making health care fraud a punishable crime with stiff penalties and recovering money from offenders.

Fail-safe Budget

- While there is ample evidence that lower cost growth will be driven by competition and increased efficiency, the Health Security plan will build in a back-up measure to cost control: an enforceable budget.

- The budget will be met by capping the growth in what individuals and businesses pay for the comprehensive benefits package; this is similar to caps proposed in other legislation and enacted in the State of Washington.

April 1, 1994

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Divider Title: Small Business

The Health Security Act

SMALL BUSINESS

Small business is the nation's engine of economic growth. Yet this growth is threatened by a health care system that is stacked against small business. Their health care coverage costs more and offers less. Insurers often attract small businesses by offering low premiums, but then raise them dramatically -- as much as 50% in a single year. As a result, small businesses can face premiums that vary in price by as much as 350% for similar benefits. Administrative costs eat up more than 40 cents of every dollar small businesses spend on health insurance premiums, eight times as much as large companies.

Despite these problems, most small businesses want to provide health care coverage to their employees -- and most do. Today 62% of American businesses with less than 100 employees provide insurance. But these businesses that provide insurance are paying for the ones that don't. On any Main Street, the health care bills for the dry cleaner who insures their employees keep going up because the owner of the car wash down the street does not cover their employees and they end up in the emergency room when they are injured or fall ill.

The Health Security Act will end this unfair "cost-shifting," lowering costs for most small businesses but ensuring that no one gets a free ride. The Act will give small businesses a better deal by eliminating hassles and paperwork, giving low wage employers substantial discounts, and reforming today's complex and inefficient workers compensation system. Small businesses will be able to get the security of rock solid coverage for their employees and their families, and the vast majority will see lowered costs.

Controls Costs

- The Health Security Act will put small businesses and consumers in the driver's seat -- creating large purchasing pools that enable small businesses to get the same deal from the insurance companies that large companies get today. Health plans will be forced to compete for business, bringing down prices and improving the quality of care.

- Administrative costs will be drastically reduced because the regional health alliance will assume the administrative burden for the small business -- administering benefits, enrolling employees, negotiating and renewing coverage, and bargaining for reasonable coverage.

Helps Small Businesses Grow

- The Health Security Act will help those firms that are creating the most jobs and growing the fastest. The 62% of small businesses that provide insurance today are the fastest growing small businesses in America. New, more affordable coverage will help them expand even more, leading to more jobs and higher wages. **The Wall Street Journal wrote: "For many small businesses, saddled with escalating health care costs, President Clinton's health care package comes as an unexpected windfall."**

- Experience shows that the Health Security Act will create a better climate for small businesses to grow and prosper. Since Hawaii asked all employers to provide insurance for their employees in 1974, the unemployment rate has dropped to one of the lowest in the nation (2.8% in 1991), and small business creation rates have remained high (the number of employers grew almost 200% from 1970 to 1991).

- When all small business employees are guaranteed a comprehensive package of health benefits, employers will be able to retain a stable, high-quality workforce.

Provides Discounted Coverage for Low-Wage Small Businesses

- Small businesses of less than 75 employees with an average wage of less than $24,000 will receive **discounts of 10% to 56%**, depending on their average size and wage. These premiums **replace** what businesses pay today.

- Contributions for health coverage will amount to only about 15 cents an hour for the small employer whose average worker makes minimum wage. Added to the minimum wage, that is still below the minimum wage during most of the 1980s, when adjusted for inflation. And that buys a comprehensive package of benefits.

- Small businesses that currently provide health benefits will likely pay substantially less under reform, due to falling administrative costs and lower premium rates.

- Small businesses who today are only able to provide bare bones insurance will be able to provide a comprehensive package of benefits to their employees and their own families at a reasonable price.

Gives 100 Percent Tax Deduction to the Self-Employed

- The self-employed and independent contractors will be able to deduct 100% of the cost of the comprehensive benefits package from their taxes, just as all other businesses do today. The self-employed are currently allowed to deduct 25% of health care costs.

Reforms Workers Compensation

- Under the plan, injured workers will obtain treatment through their health plans, just as they would for other injuries or illnesses. This will stop duplication, help workers get back to work quickly, and reduce costs for small businesses.

- Workers' compensation insurers will continue to provide coverage and reimburse the worker's health plan according to a fee schedule.

- A Presidential Commission will be established to study the issues involved in full financial integration and make detailed recommendations, advisable to the President by July 1, 1995.

Ends Insurance Industry Abuses of Small Businesses

- The Health Security Act makes it illegal for health plans to raise premiums if an employee gets sick. In today's system, small businesses often see their premiums skyrocket when just one of their employees or someone in their family gets sick.

- Under the Health Security Act, health plans will charge small businesses the same premium as big businesses in the same region (based on family composition) for the uniform, comprehensive package of benefits. Low-wage small businesses will receive a discount.

- Insurance companies will have to accept all who apply for coverage. This will end "occupational redlining," the practice where insurers refuse to cover certain industries, such as hospitals, grocery stores, and barber shops.

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Divider Title: Transition

The Health Security Act

TRANSITION

States may enter the new system as early as January 1, 1996 and all states must enter the new system by January 1, 1998. States will be given start-up funds and technical assistance in developing state plans and legislation. States entering the new system on a fast track will have some additional flexibility in complying with federal regulations. To assure a rapid transition, the National Health Board, the Department of Labor and the Department of Health and Human Services are authorized to issue any regulations on an interim and final basis.

Incentives for States to Start Earlier

- Earlier access to start-up funds;
- Federal discounts for low-wage small businesses and low-income individuals begin as soon as the states have their programs up and running
- Faster achievement of guaranteed, comprehensive benefits for state residents.

Immediate Insurance Reform Measures

To reduce the potential for disruption in the health care system during the transition, certain interim insurance reform measures will be enacted, and will take effect immediately upon passage of legislation. These measures will:

- Prohibit insurers from dropping people or failing to renew their coverage, with strictly defined exceptions.
- Limit premium increases; increases that exceed a prescribed percentage will be subject to prior approval by state insurance commissioners.
- Limit the application of exclusions for pre-existing medical conditions to new employees and their dependents.
- Prohibit insurers and self-insured employer plans from imposing waiting periods for coverage on any employee otherwise eligible under terms of the plan.

- Authorize the Secretary of HHS to establish a national high-risk pool to provide insurance coverage to individuals who get dropped by insurance companies or who otherwise could not get coverage during the transition. The pool will be funded through premiums charged to enrollees and assessments against health insurers, including self-funded plans.

Limiting Prices and Spending

While short-term cost controls will not be imposed. The President will urge all health care sectors to limit price and spending increases.

- The Secretary of HHS will monitor prices and expenditures and periodically report on conformity with the President's request.

- Confidentiality of data will be assured.

January 5,1994

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Undocumented

Divider Title: _____

The Health Security Plan

UNDOCUMENTED PERSONS

The Immigration and Naturalization Service estimates that more than 3.2 million "unauthorized individuals" were living in the United States in 1992. Many of these undocumented workers and residents do not have access to regular health care providers relying instead on community health centers, migrant health centers, and, in too many cases, the emergency room.

As with other uninsured people, the uncompensated care that undocumented workers and residents receive is passed on to employers and employees who do have insurance. In addition, these costs have hit hard on Medicaid budgets in states like California, Texas, and Florida. The federal government has responded and is working with states facing unusual financial strains.

Undocumented Persons are not eligible for guaranteed benefits

- Eligibility for the comprehensive benefits package is limited to American citizens and legal residents. Undocumented persons are not eligible to receive Health Security cards or the guaranteed health benefits specified under the plan.

Continued Access to Emergency and Community Health Services:

- Individuals living in the United States without proper documentation will have access to emergency and other health services as they do today. Providers will receive funds to support these services.

- The federal government will maintain funding for community health centers and migrant health centers that serve a large number of undocumented persons.

April 1, 1994

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Divider Title: Union

The Health Security Act

UNION PLANS

Millions of Americans -- particularly union members -- have worked hard to get the solid health benefits they enjoy today - - trading increases in wages in order to maintain the same health benefits. In some cases, they have been willing to accept reduced benefits to ensure that they still have some coverage. But even those with excellent health benefits live in constant fear of losing that protection. Insurance can disappear overnight as people are laid off, move, change jobs, or become ill.

The Health Security Act will protect hard-earned union benefit plans and allow employers to continue providing 100 percent of health benefits. It will do right by working Americans and labor unions who have long been in the forefront of the fight to provide health security to every American.

Preserves Benefits

- The Health Security Act will provide the comprehensive benefits all Americans deserve. For those with coverage beyond the federally guaranteed package, the included tax preference for those benefits will be preserved for ten years. At that time, long-term care and mental health benefits in the guaranteed benefits package will offer services far beyond what all but a handful of plans provide today; benefits subject to taxation will therefore be minimal.

- Employers who currently pay 100% of the premium, or contribute to the coinsurance and deductibles or pay for benefits over and above the comprehensive benefits package can continue to do so indefinitely on a tax preferred basis.

Helps Restore Lost Wage Increases

- Millions of American workers will have their first real chance for wage increases in years. For two decades, rising health care costs have robbed American workers of wage increases they need and deserve. With guaranteed, comprehensive benefits, unions will no longer have to negotiate away wage increases in order to preserve benefits.

Increases Choices

- Today, only one out of every three companies that employ fewer than 500 people offers employees a choice of health plans. The Health Security Act will allow every individual the choice of at least three plans in every area: a traditional fee-for-service plan like many people have today, a network of doctors and hospitals, and an HMO-type plan. Individuals - - not their employers or benefits managers - - will choose health plans and doctors. Corporate alliances with over 5,000 employees will also have to offer a minimum of three plans.

Simplifies Care

- All families will receive health care from a single plan. Coordination of benefits problems will be eliminated for all individuals.

Preserves Taft-Hartley Trusts

- Taft-Hartley trusts will be able to continue to operate their own health plans, subcontract with health plans, or join the health alliances.

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Divider Title: Veterans

The Health Security Plan

VETERANS

Health care reform will honor the nation's commitment to continue providing comprehensive health care to its veterans. Reform will give veterans more choices about how and where they receive care. The Health Security plan will preserve veteran benefits, increase veteran health care system flexibility, and maintain specialized services.

Special Populations

- Low income Veterans and those with service connected disabilities currently served by the Department of Veteran Affairs will receive the benefits they do today.

- Congress will continue to fund specialized services, such as treatment for post-traumatic stress disorder. Low-income veterans and those with service-connected disabilities will have access to these specialized services whether or not they enroll in a VA health plan.

New Eligibility

- In areas where Veterans' plans exist, Veterans who are not currently eligible for care through the VA will have the option of enrolling in Veterans' plans to receive the comprehensive benefits package.

- Veterans who enroll in a fee-for-service plan may obtain health care through the VA system. Under that arrangement, they will be responsible for any contributions required.

Competitiveness

- The Department of Veteran Affairs will have the opportunity to organize health plans to compete with other health plans for Veteran enrollment in alliances.

- VA hospitals and clinics also will be provided with broad authority to enter into contract with other health plans to provide services to veterans.

Less Paperwork

- Under health reform, unnecessary reporting requirements and inspections that currently burden VA institutions and providers will be reduced, freeing VA providers to concentrate on patients rather than paperwork.

Funds

- Under the plan, the VA will be permitted to retain funds recovered from third-party payers.

- VA managers will be allowed to control budgets without traditional restrictions of line-items or earmarked funds, and delegate more flexibility to VA clinics and hospitals .

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Divider Title: Women

WOMEN'S HEALTH

Women are increasingly the victims of life-threatening illness, yet still are at the bottom of our medical research agenda. Funding for research into breast and ovarian cancers, osteoporosis and other diseases remains inadequate. Although women are more likely to use health care than men, they are less likely to have insurance:

- *Women make up a larger portion of the population holding part-time jobs and clerical or sales jobs--jobs which usually don't offer health insurance to employees.*

- *Women tend to live longer and require more long-term and home health services that are often not available or affordable.*

- *Many women must rely on their spouses for health insurance, and risk of being dropped if they divorce or if they are widowed.*

- *From the beginning of the health reform process, women's health and preventive care concerns were at the core of the program. The Health Security Act will emphasize the kinds of care and research that protect women's health and guarantee comprehensive care.*

Comprehensive Benefits

- Under the Health Security Act, all women will be guaranteed coverage regardless of health status, marital status, employment status, or ability to pay.

- Women will be guaranteed a comprehensive package of benefits that will include unprecedented free coverage of a wide range of preventive services, including mammograms, Pap smears, diagnostic services, and prenatal care.

- The plan includes coverage for health services that help prevent unwanted pregnancies.

Preventive Health

- The Health Security Act will cover a schedule of preventive screenings, tests, and checkups covered in only a few of today's health insurance policies. These include regular mammograms for women with a close family history of breast cancer and will be covered under the regular cost sharing provisions, like other medical procedures.

- The nationally guaranteed comprehensive benefits package will also include free coverage for mammograms every two years for women over age 50 free-of-charge--no matter which plan someone chooses, as an extra incentive for those most at risk.

- Preventive services included in the comprehensive benefits package are provided at ages specified by the report of the U.S. Preventative Services Task Force. These recommendations can be modified by the National Health Board as new information becomes available.

Supports Women's Health Research

- New research initiatives will concentrate on child health (including birth defects, prenatal care, and adolescent health), and illnesses that primarily strike women -- including breast cancer, ovarian cancer, and osteoporosis.

- Medical research initiatives will be expanded to include efforts to isolate and cure diseases such as breast cancer and cervical cancer.

Expansion of Home and Community-Based Long-Term Care Services

- The addition of a new home and community-based long-term care program and the expansion of nursing home coverage will help reduce the undue burden born by many women caregivers.

January 11,1994

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Divider Title: Workers

The Health Security Act

WORKERS' COMPENSATION INTEGRATION

The Health Security Act will integrate workers' compensation medical benefits into the new health care system in two steps.

In the short term, ***delivery*** *systems will be integrated. Injured workers will receive health services through their health plans, which must demonstrate their capacity to treat work-related injuries and meet new standards for quality and efficiency. Current workers' compensation carriers will retain financial responsibility and reimburse health plans for the services they provide to injured workers.*

In the long run, a federal commission will study the feasibility and appropriateness of transferring financial responsibility for all medical benefits to health plans as well. This will result in even greater cost savings and higher quality care.

Advantages for Workers

- Workers will have the opportunity to see the same doctors and nurses whom they trust for all of their medical care because they will receive their care through their regular health plans.
- Medical services provided to injured workers will be subject to the same standards of quality care as other medical services delivered by health providers.

Advantages for Firms and Providers

- Money can be saved with a consolidated system through economies of scale and streamlining.
- Use of fee schedules will reduce price discrimination and costs.
- Integration will reduce fraud and abuse. Monitoring will be easier in a closely integrated system.
- It is expected that firms will experience a reduction in premiums as a result of cost savings.

- Departments of Labor and Health and Human Services will develop and test treatment guidelines for the most common work-related illnesses and injuries.

- Case managers will encourage rapid return-to-work treatments.

Possible Financial Integration

- A Commission on Integration of Health Benefits will be established to study the feasibility and appropriateness of transferring financial responsibility for all medical benefits, including those now covered by workers' compensation, to the new health care system. The Commission will study the most difficult issues involved in integration and will submit a report to the President by July 1, 1995. If the report recommends integrating financial responsibility for all medical benfits in health plans, then it must also provide a detailed plan for doing so.

- Integration of financing may further reduce costs of workers' compensation. By making health plans fully responsible for providing medical benefits to injured workers, new incentives to control costs will be applied to the treatment of work-related injuries and illnesses.

Auto Insurance

- Medical benefits covered by auto insurance would be delivered in the same way as injuries covered by Worker's Compensation,with an integrated delivery system. Those injured in auto accidents will receive health services through their health plans; auto insurance carriers will reimburse health plans.

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Divider Title: Work Force

The Health Security Act

CREATING A NEW HEALTH WORKFORCE

While American medical schools train the finest physicians and nurses in the world, improving the quality of health care for the future and providing health security to all Americans will require changes in the education and training of health professionals. The Health Security Act will increase funds for training primary care physicians, expand the National health Service Corps attract provider to underserved rural and urban areas and remove barriers that stop nurses, physical assistants and others from practicing to the full extent of their abilities. It will preserve the quality of American health care while building new health care workforce ready for the 21st century.

Primary Care Providers

- The Health Security Act specifies that, after a five-year phase-in period, at least 55 percent of new physicians will be trained in primary care -- family medicine, general internal medicine, general pediatrics and obstetrics and gynecology-- rather than in other specialty fields.

- The Act will support "loan forgiveness" programs for medical students who are trained in primary care, and re-training programs for mid-career specialists who wish to serve as primary care physicians.

- The Act will also increase Medicare payment rates and the expenditure target rate of growth for primary care services, helping to reduce the gap between the incomes of specialists and family doctors.

Nurse Practitioners and Physician Assistants

- To remove inappropriate barriers to practice, the Department of Health and Human Services will develop and encourage the adoption of model professional practice statutes for advance practice nurses and physician assistants.

- The Health Security Act will also increase funding for the training of nurse practitioners and physician assistants to significantly expand the numbers trained each year.

Rural and Urban Areas

- New workforce initiatives, including tax incentives, increased reimbursement, retraining, scholarships and loan forgiveness programs, will encourage health care providers to practice in underserved rural and urban areas.

- The National Health Services Corps will be significantly expanded to reduce the shortage of primary care practitioners in medically underserved areas.

Diversity of the Health Care Workforce

- The plan will provide support to programs that increase the number of health professionals among minority groups and disadvantaged persons.

- The goal will be to double the level of under-represented minorities by the year 2000, with financial assistance and an increased effort to recruit under-represented minorities to enter the health professions.

- The National Service program will reach out to high-risk and disadvantaged youth, as well as to students who are considering or have entered health professions, and will offer them vocational training, service stipends and college tuition credit to work in health care.

State and Regional Planning and Development

- Other programs will provide training of health professionals and administrators in managed care, cost-effective medicine, continuous quality improvement techniques, and the provision of culturally sensitive care.

- Regional Professional Foundations will be established to support the educational needs of health professionals in the new system and will provide:

  -- programs in lifetime learning to ensure quality health care;
  -- disseminating information about successful quality improvement programs practice guidelines and research findings; and
  -- developing innovative patient education programs to enhance patient involvement in health care decision.