

Patients' Bill of Rights

ACTION NEEDED:

Congress needs to avoid resurrecting the Patients' Bill of Rights debate and instead focus on measures that will truly lower the cost of health care and protect patients without raising their health insurance costs.

BACKGROUND:

Patients' Bill of Rights legislation, which includes means for individuals to sue their health plans or the employers that provide such plans as a means of dispute resolution, has resurfaced as an issue in the 110th Congress.

NAHU is committed to protecting patients without increasing the price of their health insurance. Patients' rights legislation that exposes health plans and/or employers to liability will be extremely costly and force more employers to reduce benefits, increase employee contributions, or possibly discontinue providing health benefits altogether.

Congressional Budget Office analyses done on PBOR bills introduced in previous Congresses estimated that such legislation could increase health plan premiums by 4.1 percent annually. At the same time, the CBO also estimated that every one-percent increase in annual health plan premiums causes at least 200,000 Americans to become uninsured.

Not only would PBOR legislation be extremely costly, it is also unnecessary. The individual states are already doing a great job of protecting health insurance consumers and have enacted many more consumer-protection standards since the PBOR debate began in the 1990s. State laws requiring that insurers meet the terms of their health plan contracts through such mechanisms as binding external review, providing direct access to OB/GYNs and pediatricians, prohibition of gag clauses, and prudent layperson emergency care standards are serving the consumer needs that federal PBOR legislation once strove to address.

Under existing state laws, patients are entitled to proper and necessary care that falls within the guidelines of their health insurance contracts. Implementing additional restrictions and providing an opportunity to expand employer and health plan liability will only further contribute to rising health care costs, thereby increasing the number of uninsured.

Instead of enacting costly legislation that will do little to protect consumers and would actually reduce access to health insurance coverage, Congress should focus on measures that would decrease the cost of health care.

A true patients' bill of rights would not include liability expansion for employers and health plans. Expanding liability will not improve the quality of care, but will cause costs to go up, pricing many out of coverage.

Long-Term Care Insurance

ACTION NEEDED

Congress needs to take additional steps to encourage Americans to make the financially responsible step of purchasing private long-term care insurance.

BACKGROUND

If more individuals were able to privately finance their LTC needs, the cost savings to both the federal government and the states in reduced Medicaid expenditures would be enormous, as Medicaid is currently the primary payer of American long-term care costs.

Congress can encourage millions more Americans to plan for their futures and purchase private LTC coverage, and assist the millions of families currently providing loved ones with long-term care by:

Including LTC insurance in employee benefit cafeteria plans and Flexible Spending Arrangements

NAHU has long sought legislation to include long-term care insurance premiums in Section 125 plans to encourage group LTC insurance sales. Making this change would give working Americans an opportunity to address their future LTC needs through their existing employee benefit arrangements.

Group LTC insurance premiums can be up to 40 percent less expensive than traditional individual LTC policies, and these products are also fully portable. Plus, buying private coverage guarantees consumers the greatest possible degree of choice when it comes to their long-term care needs.

Another consumer advantage of group LTC plans is that due to the increased ability to spread risk group LTC carriers can make policies available on a guaranteed-issue basis (i.e., issuing coverage without requiring evidence of insurability) for employees. This is not possible in the individual LTC market, due to concerns about adverse selection.

Allowing an above-the-line tax deduction for LTC insurance premiums

NAHU would also like Congress to institute an above-the-line Federal income-tax deduction for LTC insurance premiums that would allow taxpayers to claim a tax deduction regardless of whether they itemize their deductions and regardless of whether they have other medical expenses.

Tax deductibility of LTC premiums will encourage the purchase of LTC insurance by everyone, including younger Americans, who will benefit by making their initial purchase when premiums are most affordable. Over the lifetime of those individuals purchasing coverage, this will save the Medicaid system more expense than it currently costs the tax system in lost revenues. The "above-the-line" deduction will pay for itself through savings in the Medicaid program. For every \$1.00 the government loses in tax revenue, it would save \$1.06 in Medicaid money. (*Tax Deductibility of Long-Term Care Insurance Premiums, Marc Cohen and Maurice Weinrobe, March 2000*)

ACTION NEEDED:

During re-authorization of the State Children's Health Insurance Program, Congress should preserve the core population of the program to cover children only, and it should retain the current block-grant financial structure.

BACKGROUND:

SCHIP is a federal-state matching program that was created in 1997 to cover targeted low-income children with no health insurance in families with income that is above Medicaid eligibility levels. Under the program, states can enroll children in Medicaid, create a new state program, or use a combination of both. All 50 states and the District of Columbia have established SCHIP programs. Nearly \$40 billion has been appropriated for SCHIP from FY1998 through FY2007. However, at the end of this fiscal year, funding runs out which means the program must be re-authorized by the 110th Congress. During the re-authorization process, Congress has the ability to make structural changes to the program including redefining the core population and changing the financial structure. NAHU opposes both of these changes.

Expansion of SCHIP

NAHU opposes the expansion of SCHIP to cover parents or other adults. This was not the intent of the original legislation which was clearly written to target low-income children

``TITLE XXI--STATE CHILDREN'S HEALTH INSURANCE PROGRAM

``SEC. 2101. <<NOTE: 42 USC 1397aa.>> PURPOSE; STATE CHILD HEALTH PLANS.

``(a) Purpose.--The purpose of this title is to provide funds to States to enable them to initiate and expand the provision of child health assistance to uninsured, low-income children in an effective and efficient manner that is coordinated with other sources of health benefits coverage for children. Such assistance shall be provided primarily for obtaining health benefits coverage through--

``(1) obtaining coverage that meets the requirements of section 2103, or

``(2) providing benefits under the State's medicaid plan under title XIX,

or a combination of both.

One of the key problems associated with publicly sponsored health coverage assistance programs like SC

Financial Structure of SCHIP

When SCHIP was created by Congress, it was intended to be a capped federal block grant to states, not an open-ended entitlement program. NAHU opposes any efforts to change the financing structure to be a federal entitlement program. The block grant structure has

allowed beneficial state program innovations that include cost-saving partnerships with the private insurance market, and that ability would be lost if the program became a federal entitlement.

NAHU feels that it is very important that SCHIP retains its ability to partner with the private insurance market. It is the Association's goal to make it even easier for private market integration by removing some current restrictions that have hindered premium subsidy efforts of private market employer-sponsored coverage. Many parents of SCHIP eligible children have access to employer-sponsored health insurance coverage but cannot afford their portion of the dependent premiums. NAHU would like to see the process for states to use SCHIP dollars to subsidize such employer-sponsored coverage made much

simpler so that more families can be covered together.

According to the U.S. Census Bureau, in 2005, 46 million Americans were uninsured including 9 million children under the age of 18. NAHU believes that there is no one magic answer to the problem of the uninsured but that a multi-faceted approach will be required because no one solution will fit the needs of all of our citizens. NAHU feels strongly that any attempt to expand coverage to the uninsured should preserve the private health insurance market. Other countries have experimented with government-run health care systems, and this has only resulted in higher-cost, lower-quality, rationed care. Americans should be able to access a competitive health insurance marketplace with a wide range of health plan choices.

ACTION NEEDED:

Congress should create health information technology policy that protects consumers, reduces costs and improves the quality of health care for Americans.

BACKGROUND:

Health insurance is expensive because health care is expensive, and the cost of insurance coverage is impacting our nation's employers and economic growth. One way to address this issue is to make improvements to health information technology systems. It is estimated that improvements to IT can reduce health care costs up to 20 percent each year by saving time and reducing duplication. As such, NAHU is highly supportive of health IT initiatives as a way to lead to higher-quality care for American consumers by reducing errors and improving patient satisfaction. Advances in health IT will enable true collaboration between doctors and patients as consumers make more informed choices and doctors become more involved in their care. In the long run, improved technology will also provide better information to track public health problems and advance clinical research.

Electronic Health Records

An interoperable system of electronic health information holds many potential benefits for consumers, including better coordination of health care regardless of patient location, higher quality and more efficient care, increased system transparency, and patient access to information about providers that allows them to make better decisions. NAHU supports efforts to make all health records electronic with interoperable technology so that all systems are able to communicate with one another making all individual health records as up-to-date as possible.

Consumer Protection

Health information technology offers tremendous potential to increase privacy and security protections beyond those available with paper medical records. Electronic health records would protect patient privacy by only allowing authorized individuals to access protected health information. The Department of Health and Human Services is working to identify the strategies necessary to ensure that health information is secure and protected in a nationwide health information network. These efforts seek to balance both the importance of protecting information and the goals of sharing important information to improve clinical care and health care quality. NAHU feels that current federal protections of health information under HIPAA provide adequate protection for patients and are not overly burdensome on providers or insurers. We oppose attempts to change these protections to allow for private rights of action.

Transparency

Transparency of cost is another critical component of overall cost reduction. The advent of a more consumer-directed approach to health insurance coverage is essential to reducing overall health care costs as it will help curb excessive utilization and claims and drive down costs by increasing competition among providers. However, to be fully successful, American consumers must be fully aware of the cost of the health care that they are purchasing. Since the vast majority of American health care expenses are paid by a third party through the administration of health insurance claims, most Americans have no idea what their health care actually costs, and they have been conditioned not to even ask. As a result, the ability for consumers to compare costs and quality when making decisions as to which providers to use and which health care services to select has been virtually eliminated.

NAHU strongly encourages health insurance carriers, hospitals, physicians and other health care providers to voluntarily disclose the prices they pay and charge for care to all consumers. However, since we believe increased cost transparency for health insurance consumers is so critical to reducing costs and promoting consumer-directed care, we support legislative and regulatory efforts at the state and federal levels to require increased transparency should voluntary efforts fail, provided that such governmental efforts are not overly burdensome.