

WORKING DRAFT INVENTORY OF REFORM OPTIONS
(Draft dated October 24, 2007)

PROGRAMS AND PROGRAM EXPANSIONS

Programs and Program Expansions	Who does the reform serve?	Who pays?	What are the advantages?	What are the limitations/challenges?
A Connector/Exchange	<ul style="list-style-type: none"> • Uninsured individuals without other available coverage, including <ul style="list-style-type: none"> ○ Unemployed individuals ○ Workers ○ Independent contractors ○ Low income individuals ○ People with health conditions ○ Young health individuals 	<ul style="list-style-type: none"> • Individuals pay for coverage • Employers contribute to employee coverage • The state funds low income subsidies 	<ul style="list-style-type: none"> • Uninsured individuals are provided affordable coverage 	<ul style="list-style-type: none"> • Requires subsidies and a funding source to reach lower income individuals • A new market, with new paradigms, is required • Market rules must be comparable to connector eligibility and rating rules
Reinsurance for small employers and workers – Healthy NY	<ul style="list-style-type: none"> • Uninsured businesses with low-income workers • Uninsured, unemployed sole proprietors • Uninsured workers without available employer coverage 	<ul style="list-style-type: none"> • Individuals pay for coverage • Employers contribute to employee coverage • The state funds the reinsurance liabilities 	<ul style="list-style-type: none"> • Premium rates are lower for qualifying small businesses and workers 	<ul style="list-style-type: none"> • Requires subsidies and a funding source • Does not address unemployed individuals • Market reforms are required to ensure state funding results in premium reductions
Reinsurance for high risk people	<ul style="list-style-type: none"> • High risk individuals and workers 	<ul style="list-style-type: none"> • Individuals and employers would pay for coverage • The state would subsidize a reinsurance program to pay a portion of the claims for high risk individuals 	<ul style="list-style-type: none"> • A reinsurance mechanism would help to fund coverage for high risk people, making premiums more affordable 	<ul style="list-style-type: none"> • Funding is required • Market rules would need to prevent insurers from dropping or raising rates on high risk individuals given that the state is paying the high risk costs

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PROGRAMS AND PROGRAM EXPANSIONS continued

High risk pool	<ul style="list-style-type: none"> • Uninsured people with health conditions with no other available coverage 	<ul style="list-style-type: none"> • Individuals pay premiums, which partially covers the cost of coverage • The state pays claims not covered by premiums 	<ul style="list-style-type: none"> • High risk people are offered more affordable rates 	<ul style="list-style-type: none"> • Covers only a small segment of the uninsured • Requires subsidies and a funding source
Expand Medicaid/SCHIP/Medicaid-Buy-In eligibility	<ul style="list-style-type: none"> • Lower income individuals 	<ul style="list-style-type: none"> • The state pays for coverage • With buy-in programs, consumers contribute to the cost of coverage 	<ul style="list-style-type: none"> • Existing state programs may be appropriate to provide benefits to those who cannot afford to pay 	<ul style="list-style-type: none"> • Expanding eligibility for public programs will require funding.
Use the state employee benefit system as a mechanism to extend coverage to the uninsured	<ul style="list-style-type: none"> • Uninsured residents 	<ul style="list-style-type: none"> • Individuals pay for coverage • Employers could contribute to employee coverage • The state could fund low income subsidies 	<ul style="list-style-type: none"> • The existing state employee plan is a stable pool that could be used to provide affordable coverage to uninsured residents 	<ul style="list-style-type: none"> • The state employee pool could be impacted by the mix of people that take up coverage

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MARKET REFORMS

Market Reforms	Who does the reform serve?	Who pays?	What are the primary advantages?	What are the primary limitations/challenges?
Merge the small group and individual markets	<ul style="list-style-type: none"> • Individuals with health conditions 	<ul style="list-style-type: none"> • Individuals pay for coverage 	<ul style="list-style-type: none"> • Individuals will not be denied coverage and will pay less 	<ul style="list-style-type: none"> • Rates for small employers may rise
Guaranteed issue in the individual market	<ul style="list-style-type: none"> • Individuals with health conditions 	<ul style="list-style-type: none"> • Individuals pay for coverage 	<ul style="list-style-type: none"> • Individuals with health conditions will not be denied coverage 	<ul style="list-style-type: none"> • Healthy individuals may pay more for coverage • Average rates in the individual market may rise • The mix of people buying coverage may become less healthy
Modified community rating in the individual and small group market	<ul style="list-style-type: none"> • Individuals with health conditions • Small businesses with unhealthy workers 	<ul style="list-style-type: none"> • Individuals and businesses pay for coverage 	<ul style="list-style-type: none"> • Individuals with health conditions will pay the same as people in good health • Small businesses will pay the same regardless of the health status of employees 	<ul style="list-style-type: none"> • Healthy individuals and businesses may pay more for coverage • Average rates may rise • The mix of people with coverage may become less healthy
Create portable health plans	<ul style="list-style-type: none"> • Workers • Self-employed individuals • Independent contractors • The uninsured 	<ul style="list-style-type: none"> • Individuals, employers and the state can pay premiums 	<ul style="list-style-type: none"> • People can keep their plan regardless of employment status or changes 	<ul style="list-style-type: none"> • Creating portable coverage will significantly change the current group market system
Allow small groups to purchase coverage collectively	<ul style="list-style-type: none"> • Small businesses believe it will reduce rates 	<ul style="list-style-type: none"> • Small businesses pay for coverage 	<ul style="list-style-type: none"> • Group pooling may reduce rates 	<ul style="list-style-type: none"> • Segmenting the small group market into purchasing groups may cause adverse selection • Group pools may try to attract only healthy groups to reduce rates

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MARKET REFORMS continued

Market Reforms	Who does the reform serve?	Who pays?	What are the primary advantages?	What are the primary limitations/challenges?
Establish minimum loss ratios for health insurers	<ul style="list-style-type: none"> • Individuals and businesses 	<ul style="list-style-type: none"> • Loss ratio restrictions limit insurer administrative expense charges and profit margins 	<ul style="list-style-type: none"> • Reducing excessive administrative expense charges and profits lowers premium rates 	<ul style="list-style-type: none"> • Loss ratios cannot be set too low so as to threaten the solvency of the insurer
Raise dependent age to 29 or 30 for family policies	<ul style="list-style-type: none"> • Young adults 	<ul style="list-style-type: none"> • Either a parent or a young adult would pay for coverage 	<ul style="list-style-type: none"> • Young adults could stay on a parent's policy for longer 	<ul style="list-style-type: none"> • This reform only helps young adults with available parental coverage • Does not help lower income individuals
Tighten rules relating to group participation requirements	<ul style="list-style-type: none"> • Small employers with low employee participation rates 	<ul style="list-style-type: none"> • Small businesses pay for coverage 	<ul style="list-style-type: none"> • Insurers can currently refuse to insure a small group if there is not enough employee who take up coverage • Changing the group participation rules will allow small employers with low employee participation to obtain coverage for workers who want and need coverage 	<ul style="list-style-type: none"> • This reform is targeted at a limited number of small employers
Prohibit group size as a rating factor in the small group market	<ul style="list-style-type: none"> • Very small businesses 	<ul style="list-style-type: none"> • Businesses pay for coverage 	<ul style="list-style-type: none"> • Eliminating group size as a rating factor will make coverage more affordable for very small employers 	<ul style="list-style-type: none"> • This is a targeted reform
Extend state-COBARRA benefits to all people leaving employment, not just employees eligible for unemployment compensation	<ul style="list-style-type: none"> • Individuals leaving employment not eligible for unemployment compensation 	<ul style="list-style-type: none"> • Individuals would pay for coverage 	<ul style="list-style-type: none"> • More people leaving employment could keep employer based coverage by paying the full premium 	<ul style="list-style-type: none"> • This is a targeted reform

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BENEFIT PLAN REFORMS

Benefit Plan Reforms	Who does the reform serve?	Who pays?	What are the primary advantages?	What are the primary limitations/challenges?
Require insurers to offer a basic benefit plan to all individuals that apply	<ul style="list-style-type: none"> • Uninsured individuals 	<ul style="list-style-type: none"> • Individuals pay for coverage 	<ul style="list-style-type: none"> • Individuals cannot be denied basic coverage 	<ul style="list-style-type: none"> • Low income people require subsidies to afford even basic plans
Managed care approaches for controlling costs	<ul style="list-style-type: none"> • Insured and uninsured individuals and businesses 	<ul style="list-style-type: none"> • Individuals and employers pay for coverage 	<ul style="list-style-type: none"> • Managed care can reduce costs, making coverage more affordable 	<ul style="list-style-type: none"> • Some consumers don't like managed care because they want to make their own healthcare decisions
Benefit packages tied to prevention and primary care	<ul style="list-style-type: none"> • Insured and uninsured individuals and businesses 	<ul style="list-style-type: none"> • Individuals and employers pay for coverage 	<ul style="list-style-type: none"> • Prevention and primary care improves health, prevents crises, and reduces costs, making coverage more affordable 	<ul style="list-style-type: none"> • Some prevention and primary care services realize longer term benefits that are not immediately captured in terms of savings.
Benefit packages tied to care management	<ul style="list-style-type: none"> • Insured and uninsured individuals and businesses 	<ul style="list-style-type: none"> • Individuals and employers pay for coverage 	<ul style="list-style-type: none"> • Care management improves people's health, reducing claims costs, making coverage more affordable 	<ul style="list-style-type: none"> • Care management requires consumer cooperation
Incentives for healthy behavior and wellness participation	<ul style="list-style-type: none"> • Insurance and uninsured individuals, and businesses 	<ul style="list-style-type: none"> • Individual and employer pay for coverage • Individuals must actively participate for results to be achieved 	<ul style="list-style-type: none"> • Encouraging healthy behaviors and wellness participation improves health, which reduces healthcare costs 	<ul style="list-style-type: none"> • Incentive must be strong enough to get people to participate • Bad health habits are hard to break • Improvements to health status are more long term goals, not short term gains
Allow the sale of health plans without all the state mandated benefits	<ul style="list-style-type: none"> • Individuals and businesses 	<ul style="list-style-type: none"> • Individuals and businesses pay for coverage 	<ul style="list-style-type: none"> • Reducing benefits reduces premium rates 	<ul style="list-style-type: none"> • Defining what benefits should be included in a health policy is difficult • Reducing benefits shifts costs to consumers • People may delay accessing preventive or primary care, which can lead to more costly complications later.

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BENEFIT PLAN REFORMS continued

Benefit Plan Reforms	Who does the reform serve?	Who pays?	What are the primary advantages?	What are the primary limitations/challenges?
Limited benefit packages	<ul style="list-style-type: none"> • Individuals and employers that cannot afford comprehensive coverage 	<ul style="list-style-type: none"> • Individuals and employers pay for coverage • Individuals pay out of pocket expenses 	<ul style="list-style-type: none"> • Limited benefit packages reduce premium rates and are better than no coverage 	<ul style="list-style-type: none"> • The cost of care is passed onto the consumer. • People in poor health will incur significant out of pocket expenses • Lower income people cannot afford significant out of pocket expenses • People may delay accessing preventive or primary care, which can lead to more costly complications later.
Expanded access to consumer directed products	<ul style="list-style-type: none"> • Individuals and employers 	<ul style="list-style-type: none"> • Individuals and employer pay for coverage • Individuals pay out of pocket expenses 	<ul style="list-style-type: none"> • Consumer directed products provide catastrophic coverage, and allow consumers to save for medical expenses with tax preferred savings accounts. 	<ul style="list-style-type: none"> • These plans are not appropriate for lower income people who cannot save towards a deductible • People in poor health will spend through the deductible, undermining their ability to save • People may delay accessing preventive or primary care, which can lead to more costly complications later.
Regulate provider reimbursement rates with respect to coverage expansions	<ul style="list-style-type: none"> • Uninsured residents eligible for coverage expansions 	<ul style="list-style-type: none"> • Individuals and employers pay for coverage • Physicians contribute by limiting their reimbursement rates 	<ul style="list-style-type: none"> • Lower provider reimbursement rates means lower claims costs and lower rates 	<ul style="list-style-type: none"> • Reimbursement rates cannot be too low – doctors need fair and adequate reimbursement

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SUBSIDIES AND TAX CREDITS

Subsidies and Tax Credits	Who does the reform serve?	Who pays?	What are the primary advantages?	What are the primary limitations/challenges?
Sliding scale subsidies for lower income people	<ul style="list-style-type: none"> • Lower income Ohioans 	<ul style="list-style-type: none"> • Individuals pay what they can afford. • The state funds subsidies to reduce the cost of coverage 	<ul style="list-style-type: none"> • Lower income people can purchase affordable coverage 	<ul style="list-style-type: none"> • State funding is required
Premium assistance to employers with low income workers	<ul style="list-style-type: none"> • Lower income workers • Small businesses 	<ul style="list-style-type: none"> • Individuals pay what they can afford • Businesses pay a portion of the premium • The state funds subsidies to reduce the cost of coverage 	<ul style="list-style-type: none"> • Lower income workers and businesses that current do not provide coverage are provided with more affordable premium rates 	<ul style="list-style-type: none"> • State funding is required
Tax incentives for individuals and employers to buy coverage	<ul style="list-style-type: none"> • Individuals and businesses 	<ul style="list-style-type: none"> • Individuals and employers pay for coverage • The state funds tax credit refunds 	<ul style="list-style-type: none"> • Tax credits reduce the cost of coverage 	<ul style="list-style-type: none"> • State funding is required • Tax credits are more appropriate for higher income people, not lower income people • Advanceable tax credits are difficult and expensive to administer

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INCENTIVES AND MANDATES

Incentives and Mandates	Who does the reform serve?	Who pays?	What are the primary advantages?	What are the primary limitations/challenges?
Provide incentives to individuals to purchase coverage, or require that certain individuals purchase coverage	<ul style="list-style-type: none"> • Individuals 	<ul style="list-style-type: none"> • Individuals pay for coverage • State subsidies may be available to make coverage affordable 	<ul style="list-style-type: none"> • Encouraging all people to buy coverage makes the insurance pools more stable and premium rates more affordable 	<ul style="list-style-type: none"> • Some people cannot afford to buy coverage • Individual choice is reduced
Provide incentives to employers to buy coverage for workers, or require that certain employers purchase coverage	<ul style="list-style-type: none"> • Employees 	<ul style="list-style-type: none"> • Employers pay a portion of coverage • Employees pay a portion of coverage 	<ul style="list-style-type: none"> • More employers will help to fund employee health coverage 	<ul style="list-style-type: none"> • Could effect economic development • Could harm struggling businesses
Provide incentives to students enrolled in Ohio universities to purchase coverage	<ul style="list-style-type: none"> • Students 	<ul style="list-style-type: none"> • Students pay the cost of coverage 	<ul style="list-style-type: none"> • Students will have protection and young people will be included in insurance pools 	<ul style="list-style-type: none"> • Subsidies will be required for low income students • Individual choice is reduced
Require employers to maintain section 125 plans	<ul style="list-style-type: none"> • Employees 	<ul style="list-style-type: none"> • Employees pay for the cost of coverage, but benefit from federal and state tax deductions 	<ul style="list-style-type: none"> • Employees can get more affordable coverage with tax deductions 	<ul style="list-style-type: none"> • Employers may object to this administrative requirement