

Expanding Health Care Coverage in the United States: A Historic Agreement

A diverse group of 16 major national organizations with an abiding interest in accessibility to quality health care have reached a consensus on policy approaches to expand health coverage to as many people as possible as soon as possible. In formulating the proposal, the participating organizations agreed upon key principles: (1) emphasizing making coverage available to those least able to afford it, (2) relying upon incentives and voluntary approaches, (3) building upon the employer-based system and not weakening incentives for employers to offer coverage, (4) using a combination of public and private approaches to expand coverage, (5) recognizing the budget challenges facing most states, and (6) recognizing the importance of consumer outreach and education on health coverage options.

The Health Coverage Coalition for the Uninsured (HCCU) recognizes that expanding coverage is inextricably linked to reducing the cost and improving the quality of health care. Although it was not the focus of this group, we believe strategies need to be developed to increase price and quality transparency and improve quality through health information technology, chronic care management, patient safety, evidence-based medicine, medical liability reforms, and health delivery efficiencies. We also support the development of model benefits based on the 5 “E’s” – epidemiology, economics, ethics, evidence and ease of use.

The HCCU proposes to expand health coverage to the uninsured in two phases:

Phase I: The “Kids First” Initiative and State Experimentation

To ensure as many of America’s 9 million uninsured children receive health coverage as soon as possible, several key steps are proposed to increase public- and private-sector health coverage.

PUBLIC PROGRAM ENROLLMENT

With respect to expanding public-sector coverage, the proposal would improve enrollment of children who are uninsured but currently eligible for SCHIP (State Children’s Health Insurance Program) and Medicaid. Those steps include:

- Giving states the flexibility to deem low-income uninsured children eligible and enroll them in SCHIP or Medicaid when they qualify for other means-tested programs (such as free or reduced-price school lunches; food stamps; or the Women, Infants, and Children program). This would enable low-income working families to enroll in coverage through “one-stop shopping.”
- Providing states the additional federal SCHIP funds needed to pay for the resulting increased enrollment of children from lower-income families.

FAMILY TAX CREDIT

This proposal is also designed to increase children's health coverage in the private sector, including through employer-sponsored health insurance. It creates a new family tax credit for the purchase of children's health coverage that would have the following features:

- Make refundable, advanceable, and assignable tax credits available to families with children with incomes up to 300 percent of the federal poverty level to facilitate the purchase of health coverage. For tax-credit beneficiaries with access to employer-sponsored insurance, credits would be used to purchase coverage from the employer.
- The tax credit would cover a significant percentage of the premium charged for meaningful health coverage. The percentage of premium covered by the tax credit would be graduated on a sliding scale based on family income. Since the tax credit pays a percentage of the premium, it automatically adjusts to variations in health insurance costs based on such factors as region of the country and, in some states, the child's health status.
- Provide information and outreach on how to obtain and retain health care coverage.

STATE DEMONSTRATION PROGRAM

The proposal also establishes a state demonstration program giving states flexibility to experiment with new approaches that expand health coverage. Competitive grants would be provided to the states which, unlike Medicaid waivers, would be new money over and above federal funds currently provided to states for Medicaid and SCHIP. Individuals who currently have public coverage would not lose or have their coverage reduced. The state demonstration program would reward performance toward the achievement of expanded coverage benchmarks.

Phase II: Longer-Term Policy Recommendations

In addition to immediate steps to increase coverage for children, our proposal is also designed to achieve a balance of expanded public- and private-sector coverage for uninsured adults.

PUBLIC-SECTOR PROPOSALS

With respect to expanded access to public coverage, the proposal would allow states to eliminate family status as an eligibility requirement and determine eligibility for Medicaid coverage based exclusively on financial need. The proposed changes include:

- Give states the option to expand Medicaid eligibility to all adults with incomes below the federal poverty level.
- Provide federal funds to states to cover the costs of expanding Medicaid coverage for adults up to 100 percent of the federal poverty level.
- Give states increased flexibility to take advantage of employer-sponsored insurance offered to public program enrollees.
- Give states new options to use more effective means of enrolling Medicaid-eligible adults.

PRIVATE-SECTOR PROPOSALS

This proposal seeks to expand health coverage in the private sector, including employer-sponsored health coverage. It does so through a variety of measures, including:

- Make refundable, advanceable, and assignable tax credits available for individuals and families with incomes between 100 and 300 percent of the federal poverty level for the purchase of health coverage. The credits would be used to purchase employer-sponsored insurance when an employer offers coverage.

- The tax credit would cover a significant percentage of the premium charged for health coverage. The percentage covered by the tax credit would be graduated on a sliding scale based on income. Since the tax credit pays a percentage of the premium, it automatically adjusts to variations in health insurance costs based on such factors as region of the country and, in some states, the enrollee's age and health status.
- Make the tax credit available to those with and without access to employer-sponsored health insurance. States would certify the availability of meaningful coverage that would be affordable for those without access to employer-sponsored insurance.
- Provide federal grants to states in order to provide health coverage for high-risk populations.
- Provide support to public and private safety net providers and establish consumer assistance and outreach programs to improve understanding about health coverage options.