California HealthCare Foundation

A Framework for Evaluating Approaches to Cover the Uninsured

FRAMEWORK

MORE THAN 46 MILLION AMERICANS lack health insurance. Many types of proposals to cover the uninsured are being offered at both the state and federal levels. Understanding and assessing the different proposals is often difficult. One reason is that the proponents of any particular approach naturally emphasize advantages but frequently downplay the disadvantages. Any reform model gives priority to certain objectives but requires compromises with respect to others. Too often, the debate about policy options is confusing because the choices—or trade-offs—between competing objectives are not explicit or clear.

This handout provides a "framework" for assessing and comparing coverage expansion proposals that is designed to make the trade-offs clear. The framework is a valuable tool for policymakers and other stakeholders who are involved in developing solutions. For a detailed application of this framework to various proposals, such as an employer mandate, a single-payer program, tax credits, and public program expansion, see www.chcf.org/framework.

The framework is made up of four primary "attributes" that are reflections of major areas of concern when people assess coverage expansion proposals:

1. **Coverage:** Who is covered and how comprehensive is the coverage?
2. **Cost and Efficiency:** Is the proposal efficient and economically practical?
3. **Fairness and Equity:** Does the proposal promote fairness and equity?
4. **Choice and Autonomy:** How much choice does the proposal permit?

Each attribute is described in detail here.

Coverage

The coverage attribute includes a number of related considerations, such as who is covered and which benefits are offered.

People Covered

- How many people will be covered who previously were not.
- Which particular populations will be newly covered and which will not (for example, most needy vs. less needy).
- Access to care (for example, language or culture differences, geographic distance, physical barriers for people with disabilities).

Portability of Coverage and Continuity of Care

- Portability of coverage (maintaining coverage as life circumstances change).
- Continuity of care (maintaining relationships with health care providers over time).

Benefits

- Which services are covered and to what extent.
- Consumer cost-sharing and other financial limits that could affect accessibility.

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Access to Coverage and Subsidies

- Effect on who are the "winners and losers": who is covered by government programs or eligible for subsidies, and who is not.
- The horizontal equity principle requires equal subsidies for equally needy people, including those who already have coverage (though that may be more costly). The vertical equity principle requires that more needy people get larger subsidies.

Financing of Costs

- Who pays the bill for the subsidies and how the tax burden is distributed relative to income.
- The principle of vertical equity requires that the burden of a payment be distributed according to ability to pay, while horizontal equity requires that people with equal incomes contribute essentially the same amount.

Sharing of Risks

- Extent to which premium costs are based on risk of needing health resources, which may range from people paying for coverage based on their own health status to all insured people paying the same rate ("community rating" approach).

Choice and Autonomy

Issues under the choice and autonomy attribute include how choices are affected for patients and providers, and to what degree patients and providers are subject to rules and regulations regarding the use of various medical services, such as specialized physician visits and diagnostic tests.

Consumer Choice of Providers and Health Plans

- Consumers' choices among providers and provider networks.
- Consumers' and employers' choices among health plans.

Provider Autonomy

- Effect on the prices providers charge or the reimbursement they receive (economic autonomy).
- Degree to which providers are able to practice medicine without outside constraints or control (clinical autonomy).

Government Compulsion or Regulation

- Degree of government intervention and control over consumers, employers, providers, or health plans.
- Are mandates established for individuals to obtain coverage; employers to pay for coverage; or health plans to participate in particular purchasing arrangements.

Key Trade-offs Among Attributes

Designing a coverage expansion policy is essentially the process of making choices about trade-offs. If trade-offs were not necessary, getting agreement on an approach would be relatively easy because most people agree on what is desirable and undesirable, other things being equal.

Almost everyone would approve of a reform that covered all needy people, cost little, had comprehensive benefits, ensured high-quality care, treated everyone equitably, maximized choice and autonomy, and involved minimal government regulation or compulsion. But, of course, there is no such policy because the achievement of all these objectives leads to conflicting results.

Table 1, on the following page, lists some typical trade-offs that may affect the design of coverage expansion.

Fact Sheet for Employers on Optional Santa Clara County Adult Health Insurance Expansion Project

1. What is the adult health insurance expansion project?

The adult health insurance expansion project is a local effort to expand health care coverage to uninsured working adults in Santa Clara County. This program would be an optional employer-based program where eligible employers and workers could buy into the plan at an affordable premium.

2. Who would be eligible to participate?

- Working adults between 19-64 years of age, who live and work for a small business in Santa Clara County.
    - Workers earning approximately $15.00/hr or below would receive a discounted premium. There are approximately 41,000 workers in the county who would be eligible for a discounted premium.
    - Workers earning above $15.00/hr would pay a moderately higher monthly premium.
- Small businesses in Santa Clara County that employ 50 or fewer workers. Small businesses must have gone 12 months without offering health insurance coverage. There are approximately 28,000 firms in Santa Clara County that employ fewer than 50 workers.

3. What benefits would be offered under this insurance plan?

This plan would provide a comprehensive health insurance plan and include outpatient, inpatient, prescription drug, emergency and specialty care. The program would likely include modest co-pays ($10-$15). Dental and vision will be excluded.

4. Where could enrollees obtain services?

All participants of the program could receive services at Valley Medical Center or participating community clinics or through another provider if funding becomes available.

5. How much would this optional health plan cost?

The cost of health insurance would be split by- the worker, employer and the community.

- The cost to the worker to participate would likely be $50/ month.
- The cost to the employer would likely be in the range of $125-175/month.
- The community share would likely be a discounted plan provided by the Santa Clara Valley Health and Hospital.

6. Who would administer the program?

The program would likely be administered by the Santa Clara Valley Health and Hospital System.