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Health Care Roundtable

Max S. Baucus

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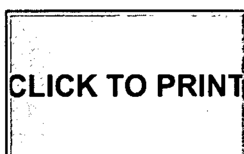

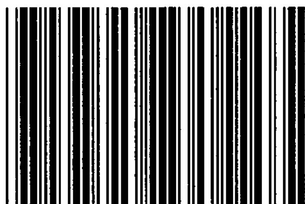

Coverage
Health Care Roundtable
Statement of Senator Max Baucus
May 5, 2009

Today, the Finance Committee hosts the second of three roundtable discussions on health care in America.

The Committee has spent a significant amount of time laying the groundwork for comprehensive health reform. Now, the time for action approaches. This roundtable discussion will preview many of the policies that the Committee will consider at a walkthrough session next week and — depending on input from Senators on the Committee — in a markup in June.

The week before last, we had a roundtable on delivery system reform. Today, we are here to discuss how to provide health coverage to all Americans. Next week, we will hold our third and final roundtable on financing health care reform.

As we discuss policy options for coverage, it's important to keep the facts in mind. First, the U.S. is the only developed country without health coverage for all of its citizens. Approximately 87 million people — 1 in 3 Americans — went without health insurance for some period during 2007 and 2008. And the situation is only getting worse.

Second, the economic climate has caused even more people to become uninsured. According to the Kaiser Family Foundation, for every 1 percent increase in the unemployment rate, Medicaid and CHIP enrollment increases by 1 million. And the number of uninsured Americans increases by 1.1 million.

In today's economy, that means a lot of folks are affected. In March 2009, the unemployment rate rose to 8.1 percent. According to the Center for American Progress, 14,000 more people lose their health insurance coverage <u>every day</u>.

Third, why is covering all Americans so critical? It is because people without health coverage generally experience poorer health and worse health outcomes than those who are insured. The Urban Institute reports that 22,000 uninsured adults die prematurely every year because they lack access to care.

In addition to the uninsured, another 25 million Americans are "underinsured." They don't have enough coverage to keep their medical bills manageable. Despite their insurance coverage, medical debt keeps these Americans from feeding their families, paying their rent, or heating their homes.

And finally, the uninsured affect those who have insurance. When the uninsured cannot pay, health care providers shift those costs to those who can — those who have insurance. This cost-shift accounts for roughly 8 percent of the average health insurance premium. That's $1,100 per family. That's $410 per individual, in 2009.

We have an opportunity to make sure that all Americans have a fair chance at good health. To make sure that no family goes bankrupt due to medical costs. And to make sure that the insured no longer have to bear the cost of the uninsured.

The cost of inaction is too high. It's too high for individuals, families, businesses, and state and federal governments.

Each of our participants today brings an important voice to the discussion. They are experts, stakeholders, or both.

Among our guests are folks from the insurance and business communities. We have labor and consumer representatives. And we have experts in insurance markets and public programs.

As we proceed with today's discussion, I urge everyone to keep in mind that coverage is one part of health reform. We must also address rising health care costs. And we must find responsible and sustainable ways to finance reform.

Forgive me for not taking the time to introduce each person here today. We have distributed a biographical sketch and a brief statement for each participant.

Before today's session, we gave each participant and Senator on the Committee some questions that will help to start our dialog. And beyond that, I anticipate a fruitful discussion.

So, let's get started with our discussion.

Senator Grassley.

Markup Script
Nominations
May 5, 2009

Quorum: We need 12 Senators present (including at least 1 Republican Senator) to report a measure. 1 Senator is sufficient to conduct a hearing.

1. **A quorum is now present. And I thank my Colleagues for their attendance. We will now interrupt the roundtable for one piece of business.**

2. **Before the Committee are the nominations of William Corr to be Deputy Secretary of Health and Human Services, Demetrios Marantis to be Deputy U.S. Trade Representative, and Alan Krueger to be Assistant Secretary of Treasury for Economic Policy.**

3. **Does any Senator desire to speak on the nominations?**

4. Recognize Senators seeking recognition for brief statements.

5. **If there is no objection, I would like to entertain a motion to report the nominations en bloc.**

6. Senator Grassley will so move.

7. **Is there any further debate? If there is no further debate, the Committee will vote on the motion to report the nominations.**

8. **All those in favor will say "aye."**

9. **All those oppose will say "no."**

10. **The ayes have it, and the nominations are ordered reported.**

Probing Questions – Coverage Roundtable

Medicaid Expansion

To Sara Rosenbaum & Diane Rowland:

- There are some who believe a Medicaid expansion is not the right way to cover low income Americans. What concerns do you have with using a purely private approach?

- Are there certain Medicaid beneficiaries today that would be particularly difficult to cover with private insurance?

- Children have unique medical and developmental needs different from adults. For example, clinical guidelines recommend that infants have six visits to the pediatrician in the first year of life. Do you agree that insurance plans operating in a new Exchange must meet a pediatric standard of medical necessity?

To Diane Rowland:

- Providers complain that Medicaid payments are too low and some experts have said that these low payment rates preclude provider participation and limit access for beneficiaries. In your testimony, you wrote that access for Medicaid beneficiaries is equal to those with private insurance. How will adding more people to Medicaid impact access? Will a significant increase in provider payments rates be required in order to ensure access in the future?

To Ray Scheppach:

- Medicaid has achieved great success through a federal-state partnership. How can we build upon that partnership going forward? What are the states able to do?

Medicaid Expansion (cont.)

To Karen Ignagni:

- Nothing has prevented private insurance companies from covering low income people in the past. Yet, very few people below the poverty line have private coverage today. What kind of a guarantee can you give us that the insurers will do so now? How can we know they will provide meaningful coverage to these people?

Dual Eligibles

To Sara Rosenbaum & Diane Rowland:

- As we make changes to how Medicaid works, what lessons can we learn from the experience of Part D for dual-eligibles?

Long Term Care

To Diane Rowland & Ray Scheppach:

How are states controlling the costs associated with LTC? How many people needing LTC services and supports are on a waiting list?

The Exchange

To Sara Rosenbaum & Diane Rowland:

- Medicaid is an essential source of health insurance for pregnant women and children. In fact, the National Governors Association tells us that more than 40% of births in this country are covered by Medicaid and, we know that 1 in 5 children rely on Medicaid for their health coverage. How can we ensure we provide benefits that meet the needs of these two specific groups, in both Medicaid and the Exchange?

Insurance Market Reforms

To Gary Claxton:

- Members of Congress are all going to be concerned about the impacts of the policies we are discussing on their states specifically. Can you help us better understand those impacts? Let's take Montana as an example. We have no regulation in the individual market right now. About 14 percent of Montanans purchase coverage through the individual market and about half of those are between 19-29 years of age. And, about 76 percent of the young people in Montana are below 400 percent of poverty. What are the potential impacts in my state?

- If we allow premiums to vary to account for geographic difference, should we limit that amount to which they can vary?

To Sandy Praeger:

- What happens if states do not adopt a new national rating structure? How can we be sure that there is proper oversight of new rating rules we enact?

Insurance Market Reforms (cont.)

To Sandy Praeger & Karen Ignani

- Some have argued that we should not allow rating for age. NAIC tells us that the "natural" difference in utilization between older and younger individuals is 5:1. Can you speak to why age rating might make sense and what an acceptable amount of variation might be?

- In legislation, what is the best way to avoid red-lining in certain areas? In other words, how do we allow for enough pooling that premiums are affordable and preclude so many pools that high-cost areas are left out?

Health Disparities

To Ron Pollack:

- How can we ensure that data collected to measure the extent of health disparities is not used to harm beneficiaries?

Prevention

To John Castellani:

- In your statement you said, "we support encouraging all Americans to participate in employer-and community-based prevention and chronic care programs". What do you see is the role of the federal government this effort?

To Dan Danner:

- Your statement indicated that small employers face difficulties purchasing wellness plans. What are these challenges? What are the characteristics of a wellness program that works for small employers?

Prevention (cont.)

To Karen Ignagni and Scott Serota:

- Plans and employers are experimenting with a variety of carrots and sticks to encourage individuals to make healthier lifestyle choices. As of yet, there is no clear evidence that premium discounts result in behavior change. Many plans have had effective results removing barriers to preventive services by reducing or eliminating co-pays. Besides premium discounts, what are some of the most effective other carrots and sticks your plans have explored?

- How important are other community-based supports like smoking cessation, diet and exercise counseling in helping to modify behavior?

To Brue Josten:

- Your statement said that it is "absolutely essential that individuals have both access to and incentive to use preventive services." Can you elaborate?