

CodeBlueNow! Models for Reform

STATE RESIDENT-BASED HEALTH INSURANCE (SRHI)

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EXECUTIVE SUMMARY (Numbers in parenthesis refer to page numbers in the proposal.)

State Resident-Based Health Insurance (SRHI) addresses the failures of the current US. health care system by combining features of both public and private systems. Private insurers will continue to offer plans. Under SRHI states will negotiate with them on behalf of their residents. SRHI models itself after the Federal Employees Health Benefit Program (FEHBP) and existing state employee benefits plans.

SRHI proposes that the federal government will:

- ◆ Collect income taxes, payroll taxes and general revenue
- ◆ Distribute money to states and territories; and
- ◆ Regulate SRHI in each state.

State governments will use federal money, revenue from state taxes, and premium contributions of residents and businesses to support a state-based system of insurance. States negotiate with insurers to provide a range of plans from which their residents may choose. For states without qualified plans, the SRHI proposes that residents of those states be allowed to select from plans in the FEHBP. (1)

With SRHI, all health insurers must comply with FEHBP requirements to be eligible for selection as a plan offered by the states. (43-44)

Employers will collect their employees' premiums and forward it to the state along with the employers' part of the premium. (8) The highest employer contribution (75 percent) is based on an employee working a 40-work week. The drafters of the SRHI propose that the employer portion of the premium be prorated for part-time and per diem employees. (17) Small business and people without jobs may apply for state subsidies to help them pay their insurance premiums. (8)

Medicare and Medicaid will be phased out over a seven-year period as those citizens are brought into the SRHI program. (1)

As SRHI becomes fully established, the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) would incorporate SRHI quality and safety standards into its accreditation criteria. Making JCAHO the sole accrediting body would eliminate the need for the various levels of government to conduct their own accreditations. (14)

DELIVERY SYSTEM

In the system envisioned by SRHI, most of the direct delivery of health care services would remain as in our current system—consumers would receive the care outlined in the policies they select. Public Health Centers (PHC) would provide preventive care and medical education of low-income residents. PHCs would also offer some primary care and refer patients to specialists. (14)

With SRHI all health insurers must comply with Federal Employees Health Benefit Program (FEHBP) requirements to be eligible for selection as a plan offered by the states. To the current list of required benefits, SRHI would add vision and dental care. Table 1 summarizes current FEHBP requirements for insurers (43-44):

Table 1. Current FEHBP Coverage Requirements for Insurers

<ul style="list-style-type: none">• Mental Health and Substance Abuse• Minimum length of Hospital stays for Maternity and Mastectomy Admissions• No Exclusions for Pre-existing Conditions• Optional Waiver of co-payments for perinatal care	<ul style="list-style-type: none">• Coverage for non-experimental transplants and several common types of cancer• Minimum level of coverage for all medically necessary drugs• Contraceptives• DHHS-Mandated benefits
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Residents seeking alternative and complementary care have two choices under SRHI: either select an insurer's plan that covers it or pay out-of-pocket. (15, 28-29).

To curb use of expensive, unproven treatments, SHRI requires that insurers only allow procedures that have been proven effective using Evidenced Based Medicine (EBM) standards in their lower priced policies. The Department of Health and Human Services would provide a detailed list of what procedures meet EBM standards. (15)

Resident/patients who change jobs or move within the state will be able to keep their preferred insurance plans. (36)

Ideally, as SRHI becomes fully established, the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) would incorporate SRHI quality and safety standards into its accreditation criteria. Making JCAHO the sole accrediting body would reduce administrative costs by eliminating the need for the various levels of government to conduct their own accreditations. Under SRHI the federal government would monitor JCAHO's work to make sure it meets federal standards. (14)