

SUMMARY OF PROPOSED HEALTH CARE REFORM

Expand Insurance Coverage

- ▶ **Create new small business benefits** - The Maryland Health Care Commission will develop a benefit package that encourages wellness and prevention. The Wellness Benefit would provide comprehensive coverage and lower out-of-pocket costs in exchange for enrollees' commitment of personal responsibility to engage in cost-cutting measures to improve individual health.
- ▶ **Assist very small low wage firms to offer insurance** – Very small firms (2-9 employees) with wages below about \$50K that have not offered insurance to their employees are eligible for a subsidy to purchase insurance. The employer can buy any Wellness Product and must offer through a Section 125 plan to allow the employee's contribution to be tax preferred. The employer will receive a subsidy of ½ their contribution or \$1,000 (annually), whichever is lower. The employee will receive a subsidy of ½ their contribution or \$1,000 (annually), whichever is lower. Enrollment capped to stay within a budget of \$20 million. Approximately 10,000 lives or 5,500 small businesses.
- ▶ **Assist very small low wage firms to continue offering insurance** – Firms that currently offer coverage that otherwise meet the eligibility criteria above for size, wages, etc., would eligible for a subsidy of ½ their contribution or \$1,000 (annually), whichever is lower. Subsidy would be capped to stay within a budget of \$10 million. Approximately 4,000 businesses.
- ▶ **Expand Medicaid Coverage for very poor adults**
 - Year 1:** Expand coverage to parents with family incomes up to 116% FPL (\$20K/family 3).
 - Year 2-3:** Expand services to Primary Adult Care program – childless adults under 116% FPL (\$12K for individual.)
 - Year 4:** Medicaid coverage for all poor adults to 116% FPL.

By year 4 approx 34K parents and 28K new childless adults will be covered – an additional 30,000 childless adults will receive expanded services. Childless adult program enrollment capped at 58,300 in FY 12.

All together, the small business initiative and the Medicaid expansion will expand insurance coverage to over 100,000 Marylanders.

Improve Quality & Contain Cost

► Accelerate adoption of Health IT

1. Expedite the Maryland Health Care Commission Planning RFIs.
2. Commit to funding health data exchanges within 1 year.
3. Reimbursement Task Force should examine payment incentives for IT.
4. Leadership to bring stakeholders and state agencies together.
5. State programs to lead by example (Medicaid and State Hospital Computer systems).

► The Maryland Health Quality and Cost Council will be chaired by Lieutenant Governor Anthony Brown, and shall:

1. Coordinate and facilitate collaboration on health care quality improvement and cost containment initiatives.
2. Make recommendations on health care quality and cost containment initiatives and priorities to policy makers, State and local governmental entities, professional boards, the Maryland Patient Safety Center, industry groups, consumers, and other stakeholders.
3. Develop a chronic care management plan to improve the quality and cost-effectiveness of care for individuals with, or at risk for, chronic disease.
4. Facilitate the integration of health information technology in health care systems.
5. Examine and make recommendations regarding other issues relating generally to the Council's mission to improve health care quality and reduce costs in the State.

Funding/Redistributed Savings

1. **Phase-in of expansion is tied to the availability of funds.**
2. **Uncompensated care redistribution:** Expansions in coverage will create reductions in hospital uncompensated care. Some of these savings can be used to finance health care expansions through an assessment on hospital rates. Some savings should result in lower hospital rates, which benefit all payers. The redistribution of funds will only occur as hospitals experience reductions in uncompensated care. This proposal assures that 25% of the reductions in uncompensated care will lower hospital rates and ultimately lower premiums.
3. **Maryland Health Insurance Plan:** The Maryland Health Insurance Plan currently has a surplus of over \$100 million. Last year, the MHIP board voted to allocate \$75 million of the surplus to a Medicaid expansion.
4. **General Funds to support all activities are:**
 - a. FY 2009 - \$85M
 - b. FY 2010 - \$188 M
 - c. FY 2011 - \$216 M
 - d. FY 2012 - \$250 M