

Concern Voiced Over 'Affordable' Plan

Legislature's proposal may be too much too early

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In an attempt to help small businesses lower health care costs, state Sen. Richard T. Moore, D-Uxbridge, along with other state legislators proposed an "Affordable Health Plan" bill in mid-July. But health care experts are mixed on how effective the plan can be.

Bill Randell, president of Advantage Benefits Group in Worcester, said Moore's plan is too complex and overlooks the need for two basic changes. He said the state plan should provide for open enrollment periods. These would provide one annual period during which small businesses could sign up for insurance coverage. He also said the state should allow small businesses that do not want prescription drug coverage to opt out of that part of the plan.

Currently, businesses must have prescription drug coverage in order to maintain "minimum credible coverage."

Questions And Concerns

The Massachusetts Hospital Association also has concerns about the proposal. Much like Randell, Joe Kirkpatrick, the association's senior vice president of finance, said the bill is "well intentioned and designed to solve a real problem, the affordability of health care for small businesses."

However, the timing, features and trade-offs of the bill worry Kirkpatrick.

The bill's timing is a concern because "there is a real national effort for health care reform, and they're trying to solve some of the same problems. It seems a little hurried to throw this kind of proposal into that breach," he said.

Moore's office admits that the affordable health plan bill was drafted with speed in mind.

In fact, "there was quite a bit of debate on prescription drug coverage" similar to what Randell suggested, but the measure was left out of the bill in the interest of "bringing it to market more quickly without changing the existing product," said Kimberly Haddad, a Moore spokesman.

Kirkpatrick said the MHA worries that Moore's plan would lead to too many people taking on high deductible plans.

"When you achieve affordable coverage by increasing the deductible, it does you no good," he said. "You pay the premiums, but you get very little coverage. A lot of this is being worked out, and we're just not sure that this is consistent."

The affordable health plan proposal includes the following:

- It would be equal to the Health Connector's current Commonwealth Choice Bronze Level coverage (which is the cheapest level of coverage available). The product would be available for purchase through the state-run Health Connector or through private carriers.
- Caps on what providers can charge for rates at no more than 110 percent of Medicare for all covered services other than outpatient pharmacy benefits.
- Keeps health plans to profits of 2 percent.
- Prohibits providers from billing patients in excess of Medicare and Medicaid reimbursement amounts and established co-payments, co-insurance or deductibles.
- Prohibits providers from shifting costs to other products and charges the Division of Health Care Finance and Policy with monitoring provider charges and reporting noncompliance to the Attorney General.
- The plan would cease when the recommendations of the state's Special Commission on the Health Care Payment System are implemented. The commission, a mix of legislators and government appointees, was formed last year in the face of high and fast-growing health care spending in the state, to investigate ways to make the state's health care system more efficient.

Fundamental Reforms

But even though Moore and his partners in the legislature and the health care industry designed the proposal so that it could be put into action without delay, Randell said taking the extra time to fundamentally change a couple of the health care reform law's provisions would be worth it.

"This is a huge issue for small businesses," Randell said. "One of the biggest problems with the state's health care system is that it has no open enrollment period similar to those used by group plans at many businesses.

The result is that small businesses won't sign up for health insurance until they need the coverage

"It's one of the biggest problems with health insurance right now," Randell said. "Over a 12-month period, 40 percent of businesses keep insurance for five months or less, and their claims average \$2,400." That leaves those who remain in the system to pay higher premiums for those who enter and exit the system frequently, Randell said.

He said Moore's proposal, while well-intentioned and an honest attempt to solve a real problem, is too complex.

"What he's trying to say is that if we do all this stuff, it would lower rates (for small businesses), but the large groups are going to pick up the



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Bill Randell, president of Advantage Benefits Group.

difference," he said. "It's more of a shift."

Randell also recommended the state look at its prescription drug coverage requirement, particularly for small businesses. Under current law, all businesses, regardless of their size, must provide prescription drug coverage. But, according to Randell, that's very costly and sometimes not needed by the smallest two, three or four-person firms.

"Minimum credible coverage requires prescription coverage, but a company of three people, all in good health that doesn't want prescription coverage and doesn't need it, has to have it," Randell said.

But Jon Kingsdale, executive director of the Health Connector, said allowing small businesses to waive prescription drug coverage "doesn't do anything." Businesses that try to buy drugs outside the plan "are going to pay a higher rate than the health plan is paying. It's cost shifting."

Kingsdale said Moore's proposal comes a perfect time in that it provides a useful "interim step" from where the state's mandated insurance plan is now to where it will be once the special commission on the health care payment system's recommendations are finalized. "We've done a great job of enrolling people," Kingsdale said. "However, we haven't made the cost problem worse, but we haven't made it better," and that's where Moore's bill comes in.

But Randell said Moore's legislation is an unnecessary Band-Aid. He said that while the state's near-universal health care plan has largely been positive for the state and its residents, allowing citizens to come to and leave the system at any time is woefully inefficient and too expensive for the state.

"You've got to run this like any other private company would," Randell said. ■