

Matrix of Governor's Proposal, Speaker's Proposal & ITUP Comments

Insure the Uninsured Project

December 17, 2007

| | Governor's Proposal (10/9/07) | Speaker's Proposal ABX1 1 (11/08/07) | Speaker's Revised Proposal (12/13/07) | ITUP Comments |
|----------------------|---|--|---|---|
| Eligibility: | All Californians | All Californians | | |
| Individual mandate | Yes, defines what does and does not constitute coverage | Yes, does not spell out what constitutes coverage | Yes, does not spell out what constitutes coverage | Should spell out what constitutes coverage |
| Exceptions | None | Hardship and/or if premiums plus out of pocket exposure exceeds 6.5% of income | Hardship and other exemptions defined by MRMIB, exemptions for persons under 250% of FPL whose premiums exceed 5% of income | |
| All Children | Yes, up to 300% of FPL | Yes, up to 300% of FPL | Yes, up to 300% of FPL | |
| Parents | Yes, up to 250% of FPL | Yes, up to 300% of FPL | Yes, up to 250% of FPL | |
| Adults below poverty | Yes, LCO options | Yes, LCO options | Yes, if county match | |
| Adults above poverty | Yes, up to 250% of FPL | Yes, up to 250% of FPL | Yes, up to 250% of FPL if county match | |
| Undocumented adults | Yes subject mandate, but no subsidies | Yes, subject to mandate, no federal or state subsidies | Yes subject mandate, but no subsidies | Should consider minimum benefits of emergency only coverage |
| Above 250% of FPL | Advanceable, refundable tax credits up to 350% of FPL for individuals purchasing through the pool | No provisions | Advanceable, refundable tax credits up to 400% of FPL for individuals purchasing through the pool | |

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| Services: | CHHSA determines minimum benefits plan, Benchmark coverage for adults with subsidies | MRMIB determines minimum benefits plan, Benchmark coverage for adults with subsidies | MRMIB determines minimum benefits plan, Benchmark coverage for adults with subsidies | |
| Minimum benefits | Determined by Secretary of Health and Human Services Agency | Determined by MRMIB | Determined by MRMIB | |
| Services for children | MediCal or Healthy Families depending on income levels | MediCal or Healthy Families depending on income levels | MediCal or Healthy Families depending on income levels | We prefer a bright line as it is easier to understand and administer |
| Services for adults | Medi-Cal benchmark (i.e. no dental, vision, etc. for newly eligible populations | Medi-Cal benchmark (i.e. no dental, vision, etc. for newly eligible populations | Medi-Cal benchmark (i.e. no dental, vision, etc. for newly eligible populations | We prefer a bright line as it is easier to understand and administer |

| Insurance Reforms: | Governor's Proposal (10/9/07) | Speaker's Proposal ABX1 1 (11/08/07) | Speaker's Revised Proposal (12/13/07) | ITUP Comments |
|--|--|--|--|---|
| Guaranteed issue and renewal in the individual market | Yes | Yes | Yes | |
| Rating rules: age, geography, family size | Yes, specified | Yes, to be determined by Insurance Commissioner and Director of Department of Managed Health Care | Yes, specified | |
| Pre-existing condition exclusions | Eliminated | No provision | Eliminated | |
| Five benefit classes with right to buy up annually or on specified events | Yes | Yes | Yes | |
| Plans ability to price based on health status | Phased down from plus or minus 20% and eliminated over 6 years | No provision, but permits health improvement discounts for non-smokers or individuals participating in health improvement or disease management programs | Phased down from plus or minus 20% and eliminated over 4 years | |
| Guaranteed issue and renewal for employers 51-100 | No provision | Yes | Yes | |
| Minimum loss ratio of 85% | Yes | Yes | Yes | Should apply to hospitals as well |
| Disclosure of minimum loss ratios for small employer and individual purchasers | No | Yes | No | Should be disclosed |
| Matrix of information from Office of the Patient Advocate | Yes | Yes | Yes | Should include prices and minimum loss ratios |

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|--|-----|--------------|---|--|
| Subscribers' ability to retain existing coverage of less scope than minimum benefits | Yes | No | Yes | |
| Reinsurance and risk adjustment | Yes | No provision | Yes, with stand-by authority to assess health plans and state to equalize adverse selection | |

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| Purchasing Pool: | Yes | Yes | Yes | |
| Subsidized individuals in public programs | 100-250% of FPL. | 100-300% of FPL | 100-250% of FPL. | |
| Unsubsidized individuals with private coverage | 250-350% of FPL with refundable tax credits, Individuals with Section 125 tax advantages or employees of an employer who does not offer health coverage | Employer opt-in to the pool for their employees (and dependents) | 250-400% of FPL with refundable tax credits, Individuals with Section 125 tax advantages or employees of an employer who does not offer health coverage Employer opt-in to the pool for their employees (and dependents) | There is no obvious reason to exclude other uninsured individuals such as the self-employed from pool participation. |

| Cost Containment: | Governor's Proposal (10/9/07) | Speaker's Proposal ABX1 1 (11/08/07) | Speaker's Revised Proposal (12/13/07) | ITUP Comments |
|--|--|---|--|---|
| Healthy Actions and Rewards | Yes | Yes | Yes | |
| E-prescribing | Yes | Yes | Yes | |
| Increased scope of responsibility for nurse practitioners, physician assistants and medical assistants | Yes | Yes | No | |
| Electronic personal health record | Yes | Yes | Yes | |
| Electronic enrollment | Yes | Yes | Yes | |
| Pay for performance in state programs | Yes | Yes | Yes | |
| No balance billing for emergency services | Yes | Yes | Yes | |
| Transparency of price and quality information regarding health plans and providers | Yes | Yes | Yes | Compromise language |
| California diabetes program | Yes | Yes | Yes | |
| Smoking cessation programs | Yes | Yes | Yes | |
| Community make-over grants for obesity reduction and improved fitness | Yes | Yes | Yes | |
| Chronic disease case management | Yes | Yes | Yes | |
| Options to reduce prescription drug costs through bulk purchasing | No | Yes | Yes | Over-reach in extending this benefit to unionized worker's health plans |

| Financing: | Governor's Proposal (10/9/07) | Speaker's Proposal ABX1 1 (11/08/07) | Speaker's Revised Proposal (12/13/07) | ITUP Comments |
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| Employers | 4%, phased up for small businesses with low payrolls | 6.5%, phased up for small businesses with low payrolls | 2-6.5% phased up based on size and payroll | |
| Individuals for their own coverage | Yes | Yes | Yes | |
| Counties for the MIAs | Yes, unspecified | Yes, unspecified | Yes, unspecified | Should be specified |
| Hospitals | 4% | 4% | Yes | |
| Doctors | No provision | No provision | No provision | Should contribute something |
| Federal government | Yes | Yes | Yes | CA should seek large 1115 waiver |
| Other | Lottery, \$2 billion | Cigarette tax, \$2 billion | Cigarette tax, \$2 per pack | Prefer cigarette tax due to improved health benefits from stopping smoking |
| Section 125 plans | Yes | No provisions | Yes | Should be offered |
| Tax deductibility – HSAs | Yes | No provision | No | |
| Interim financing for children's coverage | No | No | Yes, effective 7/1/09 | Should be financed, effective 1/1/09 |

| Affordability: | Governor's Proposal (10/9/07) | Speaker's Proposal ABX1 1 (11/08/07) | Speaker's Revised Proposal (12/13/07) | ITUP Comments |
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| Individuals with incomes up to 150% of FPL | No premium contributions | No premium contributions | No premium contributions | |
| Individuals with incomes 150-250% of FPL | No more than 5% of income | No more than 5% of income | No more than 5% of income | Should be sliding scale |
| Individuals with incomes 250-400% of FPL | Refundable, advanceable tax credit so that premiums do not exceed 5% of income | No provision | Refundable, advanceable tax credit so that premiums do not exceed 5% of income | |
| Individuals with incomes over 400% of FPL | No provision | Exempt from individual mandate if health costs (premiums plus out of pocket) exceeds 6.5% of income | Refundable, advanceable tax credit for retirees so that premiums do not exceed 10% of income | We prefer phase down and out of tax credits, no exemptions |
| Premium assistance | Placeholder language | Placeholder language | No | Should be specified |

| Rate Increases: | Governor's Proposal (10/9/07) | Speaker's Proposal ABX1 1 (11/08/07) | Speaker's Revised Proposal (12/13/07) | ITUP Comments |
|------------------------|--------------------------------------|---|--|----------------------|
| Hospitals (private) | Medicare levels | Intent language | Medicare levels | |
| Hospitals (public) | State pays the match | No provisions | State pays the match | |
| Doctors | 80% of Medicare | -% of Medicare | Medicare levels | |

| Safety Net: | Governor's Proposal (10/9/07) | Speaker's Proposal ABX1 1 (11/08/07) | Speaker's Revised Proposal (12/13/07) | ITUP Comments |
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| COHS and LIs formation of regional and statewide joint ventures | No provisions | Yes, planning | Yes | Good idea |
| COHS and LIs participation in private commercial markets | No provisions | Yes | Yes, with regulatory flexibility | Good idea |
| Local coverage option (exclusivity) for counties with county hospitals | Yes | Yes | Yes | Good idea |
| Duration | Three years | Five years | Three years with 2 year added extension if found to be successful | |
| Community clinic participation | Yes, FQHCs | Yes, but unclear if counties required to participate | Yes, FQHCs as required by the federal government | This needs to be a true safety net, all clinics should have opportunity to participate |
| DSH hospital participation | Yes | No | Yes, as required by Knox-Keene | All DSH hospitals should have opportunity to participate |
| Payment for out of network emergencies | Yes | Yes | Yes | Should not be paid more than Medi-Cal rates |
| Managed care | Yes, COHS, Local Initiative or county operated plans | Yes, COHS, LI or county operated plans | Yes, COHS, LI or county operated plans | To minimize confusion, county operated plans should be used only when there is no COHS or LI |
| Knox-Keene requirements | Not initially | Yes but waiveable | Yes, but waiveable for limited networks | Knox-Keene should apply; no waivers for insufficient geographic and capacity access |
| Actuarially sound rates | Yes | Yes | Yes | |