

EMET

Expansion Model Evaluation Template*

*This template is based on work by Dr. Elliot Wicks and the Economic and Social Research Group for the California HealthCare Foundation. You can reach the California HealthCare Foundation at:

<http://www.chcf.org/topics/healthinsurance/coverageexpansion/index.cfm?item>

Brief Summary of Expansion Model	<p>Buy-In to State Employees' Health Care Plan</p> <p>This proposal would allow small and medium-sized employers to buy in to the state employees' health care plan.</p>
<p>I. Coverage</p> <p>People Covered</p> <p>Portability of Coverage & Continuity of Care</p> <p>Benefits</p> <p>Quality of Care/Effect on Delivery System</p>	<ul style="list-style-type: none"> ▪ The plan would be attractive for small to mid-sized companies. To lessen adverse selection potential, individuals are not eligible for this coverage. ▪ The plan would be fully portable within the state. For HMO model, portability across state lines could be issue. Uses existing delivery network ▪ Same benefits as those received by state employees. ▪ Uses existing delivery system of HMO/PPO
<p>II. Cost & Efficiency</p> <p>Resource Cost</p> <p>Budgetary Cost</p> <p>Cost Containment</p> <p>Implementation & Administration</p>	<ul style="list-style-type: none"> ▪ Administrative costs could increase minimally due to the plan covering additional individuals. However, savings would be achieved through less uncompensated care. ▪ Uses existing cost containment measures. ▪ Would need system to collect premiums from non-state employees and marketing plan to advertise availability of coverage.
<p>III. Fairness & Equity</p> <p>Access to Coverage & Subsidies</p> <p>Financing of Costs</p> <p>Sharing of Risks</p>	<p>This offers a fair system with a wide cross section of people in the plan. As members themselves, state employees have an added incentive to make sure the plan is viable, fair and equitable.</p> <p>Would rely on the payment of premiums from employers and their employees. These premiums should be lower than those currently required by small and medium-sized employers due to the large pool of state employees in the plan. This should allow small and medium-sized employers to benefit by sharing in the plan's lower administrative costs and its purchasing clout.</p> <p>Spreads the pooling of risks into very large pools.</p>

<p>IV. Choice & Autonomy Consumer Choice of Providers & Health Plans</p> <p>Provider Autonomy</p> <p>Government Compulsion/Regulation</p>	<p>Members can choose between a HMO or PPO. Wide choice is currently available within those networks.</p> <p>Same as now, will have clinical autonomy but rates are negotiated</p> <p>Same as now</p>
<p>V. Variations & Their Effects</p>	<p>Not proposing a variation to the model</p>
<p>VI. Key Tradeoffs Among Attributes</p> <p>COVERAGE vs. COST</p> <p>BENEFIT vs. COST</p> <p>COST vs. CHOICE/AUTONOMY</p> <p>EQUITY vs. COST</p> <p>EQUITY vs. REGULATION</p> <p>QUALITY vs. REGULATION</p>	<p>The State employee plan currently has co-pays and deductibles, which may be too high for low-income families.</p> <p>Comprehensive benefits contribute to the cost of the plan. Would have appeal to the market place (i.e. HMO would be more attractive to low income.)</p> <p>The lower cost options have less autonomy.</p> <p>Since the pool is so large, the cost for such generous benefits is very reasonable.</p> <p>There should not be changes to the current regulations because this builds upon the existing model</p> <p>There should not be changes to the current regulation because this builds upon the existing model</p>

**Dated
Summary Opinion**

This option offers a great benefit plan that builds on a successful pool. Transition costs would be minimal because the proposal builds on an existing administrative and provider structure.

This option works best if the profile of the incoming group of insureds is not substantially different than the current insureds. If the costs for the new insureds were substantially greater, the additional costs would have to be covered either by the state since this is a self-insurance pool or by increased premiums.

The State Employees Plan is a proven plan, with a large pool. Enabling employers to buy into this group could be advantageous since it may be a vehicle for additional businesses to provide health insurance to their workers.