Summary of Task Force Feedback

DATA & ASSUMPTIONS USED IN THE ANALYSIS

The Task Force would like to modify the Medicare reimbursement rates which were used to formulate this first iteration of a Hawaii single payer proposal. It was noted that using current rates, which are some of the lowest in the nation and are insufficient, is not practical. A recommendation was made to use 130% (at a minimum) or 150% of current Hawaii reimbursement rates.

As a means of ensuring that the cost analysis is accurate, the Task Force is requesting to review all the assumptions that Lewin Group is using in its analysis. It was suggested that a period of 30 days would be adequate to compete a thorough review of the assumptions.

Perhaps the second iteration should compare:

- EUTF PPO and HMO with PHCA PPO and HMO
- PHCA reimbursements with Medicaid and Medicare reimbursements

Then the TF can choose which benefit plan and which reimbursement schedule makes the most sense given the amount of revenue we have to put into the system.

Justify the assumptions of lower admin costs, especially given Hawaii's lower admin costs already.

Missing from the single payer reform is any comment on quality improvement or cost containment. Part of the administrative cost at HMSA and other health plans are directed at quality improvement and improved efficiency. Some of these programs have big returns on investment.

The estimated administrative savings seemed generous and how these figures were developed was questioned. Review the analysis assumptions will help validate these estimated.

Find out more about the assumptions that went into supporting the safety net. Safety net providers will still have higher uncompensated costs because they deal with patients with more socio-economic and health issues. A Medicare insurance rate won't cover those costs.

To what degree is Lewin willing to make changes? Changing a parameter (like the basis for provider reimbursement) is one thing; changing a data based conclusion (administrative cost savings) is something else.

PLAN COMPONENTS

What type of long-term care would be covered under the proposed system?

How will self-employed individuals participate in a single payer system, how will fees be collected and how will enforcement be handled?

The current proposal suggests coverage for all citizens. The Task Force is interested in seeing a proposal that offers coverage only for those who are currently uninsured.

Most industries have a percentage of total revenue invested in QI activities that would include efficiency (How to make a quality car cheaper). Recommend ear marking 2% of expenditures to building a better system. I will guarantee a 5% return with better care. Medicare invites fraud by maintaining low administrative costs. Selected providers (including hospitals) will have a field day with the current recommended administrative structure at tax payers and employers expensive.

If quality and system change are not part of the package, it would be good to clarify that there are no funds for QI or system change. Hawaii will revert back to waiting for Medicare initiated quality improvement activities. The list of accomplishments from HMSA related to guidelines, disease management, pay for performance, provider leadership training, policy development, e-prescribing and continuing education will all disappear.

FINANCING

Explain how we fund the rapidly escalating healthcare costs – 3X faster than inflation or wages – within the model.

What are the tax implications of a single payer health care system?

Assuming we can not get a tax increase passed. Then what are the other alternatives we have for financing the new initiative. What revenue sources are available to us? If we are serious about this effort, then we will come up with the alternatives that make this a reality. We won't stop at one scenario.

Assuming employers are not willing to invest $25.1 million in a single payer system. Then what is our alternative for revenue sources.

Lewin Group should make some suggestions on revenue sources.

HCTF POSITION

One issue is the posture the HCTF will ultimately take with respect to the report. If it is going to adopt the Lewin Report as its own statement, that is one thing. If it is just going to attach it as an exhibit and make its own statement about single payer that is something else. The different approaches suggest a different level of scrutiny of the Lewin Report.

It is not practical to pick at every little thing in the Lewin analysis. Sheils talked about "uncertainty" and I think that is correct. The HCTF should probably focus on the things that seem wildly unrealistic or unsupportable politically.

MISCELLANEOUS

Questions were raised about the potential impacts to the State if it were to become the first state in the nation to provide universal coverage. It is not known whether the positive benefits would outweigh the negative impacts.

It was noted that it would be near impossible to modify the Hawaii Prepaid Healthcare Act. However, supplemental or voluntary programs that encourage employers to insure part time employees were suggested.

Because of PHCA we can't drop benefits too far. Prepaid Council may not approve it. That is another dynamics we have to consider in the current design. While I realize that a single payer system will create a prevalent plan, some how we have to consider and communicate how we get over that hump of navigating through the Prepaid Council and allow them to do their job. Remember any plan that is offered in Hawaii has to be passed by the Prepaid Council. They have their administrative rules to follow. We have to allow them to follow their rules and get a plan approved. They are part of the PHCA law and we can't bypass that and keep our ERISA exemption.