American Hospital Association

Health Care Coverage for All, Paid for by All

Background Today 47 million people in America lack health care coverage. The Congressional Budget Office estimates that by 2019 that number will rise to 54 million. The burden on public safety net programs like Medicaid and the Children's Health Insurance Program (CHIP) will only increase as state governments, struggling with their own fiscal crises, look to reduce spending on such programs.

A one percentage point increase in unemployment increases enrollment in Medicaid and CHIP by one million lives, according to recent studies. Currently the unemployment rate is at 8.5 percent and many economists estimate that it is likely to reach 10 percent by the year 2010. And for individuals and small employers outside of public programs, affordable health care coverage is becoming more and more unattainable as health insurance premiums continue to rise.

Early this year, Congress and the president took a welcome step toward the goal of expanding coverage when they reauthorized CHIP through fiscal year 2013, expanding its reach to a total of 11 million children. And, the *American Recovery and Reinvestment Act* (ARRA) included nearly $25 billion to help the recently unemployed maintain COBRA coverage by subsidizing 65 percent of the health insurance premium for up to nine months, as well as $500 million for community health centers to provide care to uninsured and underserved rural and urban populations. But more must be done.

AHA View The AHA believes that everyone deserves health care coverage that provides the right care, at the right time, in the right place. Health care coverage for all, paid for by all is an essential element of health reform supported by the AHA through the *Health for Life* framework for change. The economic recession gripping the nation has brought into sharp focus the need for health care reform so that the millions of uninsured will have health care coverage and access to health services.

Health coverage for all, paid for by all is the toughest challenge, politically and financially. Equitable, affordable health insurance must be available to all and its cost shared by individuals, employers, insurers and government. Unfunded costs must be collectively financed. To improve America's health, everyone must lead, participate and share responsibility. We call on others – physicians, consumers, insurers, employers and governments – to do their part as well. With respect to Congress, a bipartisan approach is essential for success. Congress should avoid using procedures that could impede key elements of reform, limit bipartisanship or result in a less balanced outcome.

The AHA is tackling the issue of health care coverage for all, paid for by all on several fronts:

Raising Awareness. Under the leadership and coordination of the Robert Wood Johnson Foundation (RWJF), the AHA again joined other health care, business, labor and consumer groups for Cover the Uninsured Week March 22-28, 2009. This year's focus was to raise awareness and demand solutions from our nation's leaders. Thousands of events, including health and enrollment fairs, took place at hospitals and community forums across the country. Later this year, the AHA will again support the RWJF program "Covering Kids and Families" on its Back to School 2009 campaign, which occurs in August when parents prepare for their children's return to school – preparations that should include addressing health coverage for children.

Children's Health Insurance Program. Being without health coverage limits a child's ability to grow, thrive and engage in society in a productive way. Working with a broad-based coalition, the AHA strongly advocated for the reauthorization and expansion of CHIP. *The Children's Health Insurance Program Reauthorization Act of 2009* reauthorized CHIP through September 2013 to cover the 7 million children currently enrolled and an additional 4 million eligible children. It also removed the five-year waiting period to optionally cover legal immigrant children and pregnant women. In addition, the law includes new tools to encourage the enrollment of eligible uninsured children, such as Express Lane eligibility, as well as an increase in federal funding for outreach. These new tools come with a performance bonus system that provides states with additional federal financial help when they significantly increase their enrollment of eligible uninsured children in Medicaid and adopt measures to streamline enrollment and renewal in both Medicaid and CHIP.

In addition to signing the CHIP reauthorization, President Obama withdrew the Bush Administration's August 17, 2008 directive that placed significant eligibility restrictions on state CHIP programs. The AHA strongly opposed the August 17 directive.

Collaborating with Other Advocates for Change. The AHA joined forces with similarly focused organizations to explore ways to collaborate toward a common goal – to reshape and reform health and health care in America. In addition to Divided We Fail, and Partnership to Fight Chronic Disease, the AHA is a partner with Health Reform Dialogue, which is chaired by the AHA's president and CEO.

Health Reform Dialogue. The Health Reform Dialogue (HRD) brought together a broad coalition of 18 diverse stakeholders to foster cooperation and consensus on health care reform. The group included organizations representing insurers, employers, providers and consumers. The following are the HRD coverage and access recommendations that build upon two critical elements of health care coverage today — employer-sponsored insurance and public safety-net programs for low-income people and families:

- Improve Medicaid and CHIP outreach and enrollment.
- Establish a nationwide floor for Medicaid eligibility for all adults no lower than 100 percent of the federal poverty level.

- Provide federal funding to the states for expanding Medicaid.
- Set standards for additional federal Medicaid funding during economic downturns.
- Restore legal immigrants' eligibility for Medicaid coverage to mirror CHIP.
- Give individuals eligible for Medicaid and CHIP the option to utilize those dollars to purchase employer-sponsored insurance, so long as full Medicaid or CHIP wrap-around coverage is available.
- Provide advanceable, refundable tax credits or other subsidies on a sliding scale for individuals and families to purchase adequate and affordable coverage, which includes effective preventive services.
- Provide additional assistance for out-of-pocket costs for low-income people and families.
- Provide subsidies for small businesses to provide health insurance for their employees.
- Provide a fair and transparent marketplace for purchasing insurance regardless of health status, age or other factors.
- Enact reforms necessary so that all individuals will purchase or obtain quality, affordable health insurance.
- Ensure adequate payment to clinicians and providers by public programs to assure access to care.

Funding. As Congress considers ways to fund health care reform and coverage expansions, it is imperative that it not be done by cutting Medicare and Medicaid payments to hospitals. America's hospitals, which serve as the health care safety net for the poor, elderly and disabled, are facing growing cost pressures – new and costly pharmaceuticals and information technologies, labor shortages and preparations for pandemics and terrorist threats. Both the Medicare and Medicaid programs fail to cover the cost of caring for beneficiaries. For example, on a national level, the Medicaid payment shortfall amounted to $10.4 billion in 2007. That means Medicaid paid only 88 cents for every dollar spent treating Medicaid patients.

Physician On-call Coverage. When care moves out of the full-service community hospital setting, access to emergency departments (EDs) – a vital community service – becomes threatened. Hospitals are the only providers required under the *Emergency Medical Treatment and Labor Act* (EMTALA) to provide care to anyone who walks through their doors. No requirements exist, however, for physicians to assist hospitals. To the contrary, incentives lead some physicians to concentrate their practices in settings where they do not provide emergency services to improve their productivity, income and lifestyle; reduce medical liability insurance premiums; and limit the number of uninsured and Medicaid patients. These incentives drive some physicians, specialists in particular, away from providing on-call coverage or to demand significant payment for providing on-call coverage and, in the case of the uninsured, payment for their professional services. **To avoid a national crisis in the availability of emergency care, the AHA believes that incentives need to be provided to physicians to provide on-call coverage to the EDs in their specialty.** Such incentives could include payment

incentives from insurers, Medicare and Medicaid to provide on-call coverage, physician tax incentives for providing uncompensated care, and targeted liability relief for those physicians treating patients with whom they have no previous relationship when the physicians provide on-call coverage.