VIRGINIA HEALTH REFORM INITIATIVE

ADVISORY COUNCIL

SUMMARY OF DISCUSSION OF AUGUST 21 MEETING ON PURCHASERS

Draft Charge to Purchaser Task Force

In August, the Advisory Council established the following facts and shared judgments:

1. Employers, combined, pay for more health care than any other single payer, including Medicare or Medicaid.

2. Health care costs so much more here now that US employers are having a more difficult time competing with global firms.

3. Individuals and families, through out-of-pocket, reduced wages, and taxes, ultimately pay for all of health care, and therefore individuals are purchasers, too.

4. An unhealthy workforce is less productive and more costly to employers than a healthy workforce, whether they provide health insurance or not.

5. Employers want choice, honest dealings in negotiating premiums, and transparency in price and quality when buying health insurance and health care.

6. Employers often lack actionable data from insurers (e.g., on chronic disease prevalence).

7. Individuals want choice, fair value and transparency in insurance and care. Some also need subsidies to afford insurance and appropriate care.

8. Personal responsibility for health and health care choices must be part of any reformed system.

9. The insurance reforms, new taxes, and employer requirements in PPACA will likely increase premium costs, somewhat, for most sponsoring firms in the next few years. Tax credits would lower costs for certain small, lower wage firms. The big unknowns are whether delivery reforms and exchanges will help lower costs vs. baseline in the long run.

10. The net impact of health spending and new taxes that will accompany the coverage expansion is likely to be large on Virginia's economy and should be analyzed as part of an overall assessment of health reform.

QUESTIONS the AC would like the Task Force to answer for the October meeting:

1. What tools are available, existing or in recent legislation, for employers big and small to promote wellness and prevention?

2. What insurance options will be available to small employers outside the exchange, inside the exchange, and on what criteria might employers choose to seek insurance in or outside the exchange?

3. What is the impact of health care spending in general on the state economy and jobs?