

To Your Health!

Aetna's Proposal for Health Care System Transformation

Introduction

Our health care system remains the world's pioneer in research and medical technology, leading treatment breakthroughs that benefit Americans and people across the globe. The presence of first-rate physicians, hospitals, drugs and treatments are due, in large measure, to the competition inherent in our market-based system. While an impressive 84 percent of people in America — nearly 250 million people — have some form of health insurance, there are also critical problems relating to access, affordability and quality that must be addressed.

The ***problem of the uninsured*** has reached crisis proportions. About 47 million people in America — one in six individuals — lack health insurance, and research consistently shows the uninsured obtain less care, use fewer preventive services, and fail to adhere to recommended treatments. Additionally, tens of billions of dollars are spent each year treating those without health insurance, which places enormous strains on federal and state budgets, hampers the economy, and results in higher premiums for employers and those with insurance.

The ***cost of health care*** services continues to grow at a rate faster than both general inflation and wages, making health insurance increasingly difficult for individuals to purchase and for employers to offer in the workplace.


And there are well-documented **problems with quality of care**. Both over-utilization and under-utilization of services, combined with preventable medical errors and unacceptable variation in treatment outcomes, have created what the Institute of Medicine has long described as a chasm "between the health care we have and the care we could have."

Aetna's Commitment to Thought Leadership and Advancing the Public Good

As one of the oldest and largest insurers in America, we believe Aetna has both an opportunity and an obligation to be part of the solution. Our commitment to advancing the public good is engrained in the company's 154-year heritage and is reflected in Aetna's core values of integrity, quality service and value, excellence and accountability, and employee engagement.

We fundamentally believe that being a leader in health care means not only meeting business expectations, but also exercising ethical business principles and social responsibility in everything we do. We also believe that our considerable intellectual resources and experience can and should be leveraged to build a stronger and more effective health care system. This stance is embodied by Aetna's leadership on a variety of public policy issues, including racial and ethnic disparities, genetic testing, consumer engagement, price transparency, mental health parity, and health and benefits literacy.

Our commitment to being a thought leader means that we must be willing to challenge the status quo; that we set high expectations and support the development of fresh, yet pragmatic, policy approaches offered by our industry and others (e.g., Aetna endorses the "Vision for Reform" put forward by America's Health Insurance Plans); and that we serve as a resource to policymakers and others striving to improve our health care system.



Aetna's contributions to the intensifying policy debate about comprehensive health care reform are grounded by five core beliefs.

- First, every American should have affordable access to health care that produces quality outcomes and facilitates prevention, wellness and care coordination.
- Second, transforming the U.S. health care system, including its financing, is a shared responsibility that requires public and private sector leadership and collaboration.
- Third, achieving universal coverage is only possible when there is universal participation.
- Fourth, comprehensive health care reform should be built upon the strengths and successes associated with the competitive marketplace.
- And fifth, consumers must be empowered with the information, technological tools and product options necessary to make prudent health care decisions.

Aetna's 10-Point Plan for Health Care System Transformation

Transforming the U.S. health care system is a monumental challenge, but it is a challenge that must be addressed to ensure the future health and well-being of the nation and our fellow citizens. Described below is a 10-point plan to transform the U.S. health care system. This plan addresses the following key themes: Achieving universal coverage; increasing the affordability of health insurance and health care; strengthening consumer choice and flexibility; and improving health care quality and patient safety.

1. Leverage the strengths of the current health care system to advance the goal of achieving universal coverage

- Encourage public-private coordination and collaboration. It is imperative that government and the private sector work together to expand access, increase affordability and improve quality. A competitive marketplace and a strong public health system are not mutually exclusive.
- Continue to support the existing employer-based system, which is responsible for covering about 60 percent of non-elderly adults in the U.S. (177 million people). At the same time, support policies that promote affordable health insurance options for individuals and small employers not participating in the employer-based system.
- Demonstrate corporate social responsibility. Private health insurers can advance the public good by supporting promising ideas and effective programs, sharing innovations and advancing the welfare of the communities they serve.

2. Transform health insurance into a civic responsibility

- Require all Americans to possess health insurance coverage — an individual coverage requirement — as a common-sense approach for achieving universal coverage through universal participation.
- Pair an individual coverage requirement with government assistance (e.g., advanceable, refundable tax credits structured on a sliding scale) for low-income Americans who are ineligible for public programs to enter the health insurance marketplace.
- Explore new models of public-private partnership, such as a 21st century voucher system that facilitates portability, expands consumer options, and leverages the strengths of the competitive marketplace.

3. Create a legislative and regulatory environment conducive to the development and availability of affordable health insurance options

- Promote the development and availability of affordable products targeted at specific segments of the uninsured population, including “mandate-lite” and “mandate-free” products that would cover, at a minimum, preventive and catastrophic care. Control the proliferation of costly benefit mandates by establishing independent review commissions to assess existing and proposed new mandates.
- Permit private health insurers to employ transparent and fairly devised medical underwriting techniques to account for risk and to ensure the availability of affordable health insurance options. The preservation of medical underwriting must be accompanied by the presence of strong safety nets to ensure all Americans, regardless of health status, have access to health care.
- Create new pooling mechanisms that facilitate affordable access to health insurance for individuals and small employers, including Affordable Health Groups and discretionary groups that pool Americans without access to employer-sponsored coverage.
- Improve the affordability of prescription drugs by removing barriers to generic competition and creating a regulatory pathway for generic biopharmaceutical medicines.
- Encourage greater uniformity of state laws and regulations affecting health insurance operations (e.g., new product approval, mandate-lite benefits, prompt payment of claims) to reduce administrative costs and ensure the availability of affordable coverage options. Explore and advance the creation of an optional federal charter to achieve administrative simplification.

4. Use the tax system to expand access and increase affordability

- Equalize the tax treatment of health insurance for those who obtain coverage through their employer and those who purchase it directly in the individual market.
- Create tax-based incentives for employers — especially small firms — to offer or continue offering health benefits to their employees in order to preserve and strengthen the employer-based system. Employers should be encouraged to offer, at a minimum, Section 125 cafeteria plans.
- Use tax credits as a tool to encourage and enable target populations (e.g., lower-income adults and children) to enter the health insurance marketplace. Tax credits should be administered on a sliding scale according to household income and should be broadly financed.

5. Promote greater portability of health insurance

- Facilitate the growth of consumer-directed health plans with health savings accounts, which allow people to save for future medical needs by investing in tax-favored accounts that are portable. Consumer-directed health plans should include first-dollar coverage for the most common chronic conditions to ensure people benefit from disease management and care coordination.
- Permit the purchase of health insurance across state borders (i.e., rather than having to purchase in one’s home state) so consumers can utilize phone, mail and Internet facilities to purchase coverage in states with legislative and regulatory environments that facilitate the existence of affordable health insurance options.



6. Strengthen public programs and the safety net

- Strengthen public programs to ensure certain populations have access to quality health care. The federal government should expand SCHIP funding to ensure all states can, at a minimum, fully cover children from low-income households. Medicaid eligibility should be expanded to cover all adults up to 100 percent of the Federal Poverty Level, including single adults.
- Create or improve broadly funded safety net programs, such as reinsurance mechanisms or state high-risk pools, to ensure that the most vulnerable Americans possess health insurance. Public-private collaboration is critical to the success of these safety nets.
- Health insurers, the federal and state governments, and employers should come together to explore new ways of working together to ensure no American lacks affordable health insurance options.

7. Promote preventive care and wellness

- Create incentives for individuals to achieve their optimal health status by making healthy lifestyle choices; participating in wellness, chronic care and disease management programs; and obtaining routine preventive care.
- Preventive care should receive first-dollar coverage; and public and private health insurers should promote wellness vigorously in member and provider services. All Americans should have access to wellness tools, such as health risk assessments, weight management and smoking cessation programs.
- Achieve greater integration among medical, behavioral and dental health services to facilitate total wellness and improve patient outcomes.

8. Improve health care quality and patient safety

- Reward providers who efficiently deliver evidence-based care through pay-for-performance (P4P) programs. Quality measures employed in P4P programs should be clinically important, credible to physicians, transparent to all stakeholders, consistent across health plans and other payers, understandable to consumers and useful to them in making choices. P4P programs should also equip providers with the information and tools necessary for improving practice outcomes and efficiencies.
- Invest in initiatives to reduce racial and ethnic disparities in health care, including the analysis of treatment and outcome data to ensure sustained progress in eliminating disparities.
- Create public-private partnerships to ensure the availability of end-of-life care products that empower people facing end-of-life care decisions by offering access to curative care whether in a hospital, hospice or home.
- Transform the medical liability system into one that focuses on the fair and timely resolution of medical disputes and promotes health care quality improvements. The medical liability system should encourage — not discourage — physicians to discuss and learn from mistakes and preventable errors. Patients experiencing medical injuries should be fairly compensated through an administrative system that draws upon independent medical expertise in the decision-making process.

9. Harness the power of health information technology and research to reduce costs and improve quality

- Advance public-private partnerships to develop and implement health information technology, including personal health records and the development of an interoperable electronic health record system that allows for the seamless and secure transmittal of health information.
- Create incentives for consumers, providers, employers and payers to adopt health information technology — accelerating the goal of replacing the outdated and costly paper-based medical records and billing systems.
- Support rigorous analysis and research about clinical best practices, including analysis of cost-effectiveness data to determine which medical technologies, protocols and drugs are most effective.

10. Make the health care system more transparent and consumer friendly

- Provide consumers with meaningful information to allow them to make value-based health care decisions.
- Advance transparency in health care quality and pricing, giving consumers easy access to health care information, including cost and price information, and the ability to seek out hospitals and other health care providers that have a proven track record of high-quality care. Investments in transparency should be accompanied by rewards and other incentives for providers that efficiently deliver evidence-based care.
- Invest in efforts to improve health and benefits literacy, especially for the nearly half of adults in the nation who have difficulty locating, matching and integrating written information. Government and industry should partner with providers to improve health literacy and ensure that health information is easy to understand.

Moving Forward

The 10-point plan is a framework for sensible policy action, providing state and federal legislators and regulators with ideas, directions and priorities for improving the U.S. health care system. It is intentionally broad, leaving many important details for further discussion. Moving forward, Aetna will continue to work with key stakeholders to craft an implementation plan to translate these ideas and approaches into viable public policy at the state and national levels.