

Background Paper 1

The Washington Health Security Trust

Affordable, High Quality Health Care for ALL Washington Residents

The problem - unaffordable health coverage

For over twenty years, government reports, economic analyses and anecdotal accounts have repeatedly shown that Washingtonians spend more than we can afford and get less health care than we need. We spend more than \$40 billion each year on health coverage and health care, yet about a million Washington residents have no health insurance at all. Many more are underinsured. Costs of coverage are rising much faster than wages, leaving workers constantly in fear of being unable to continue to afford their health insurance or its cost-sharing requirements. Medical bills, even for people with health insurance at the beginning of illness, are the leading cause of over 50% of personal bankruptcies.

The Affordable Care Act only partially deals with the issue of affordability of health insurance and health care.

Our solution - the Washington Health Security Trust (WHST)

Health Care for All - Washington (HCFA-WA) has written legislation to create a single public trust fund, the Washington Health Security Trust. The fund is dedicated to paying for a defined set of health services for all state residents.

The WHST would, essentially, collect the money we now spend on health insurance and health care from the same sources as at present (employers, individuals, state government, and the federal government), and put those funds into the Trust. The WHST can cover high quality, comprehensive health care for all residents without additional revenue.

Highlights of the WHST

- All residents are covered for defined benefits regardless of health or employment status.
- Residents choose their health professionals.
- Health professionals and patients make the medical decisions.
- Health professionals work in the private sector, just as they do now. They are not employees or agents of the WHST or the government.
- Health professionals, clinics, hospitals, and other health providers negotiate terms of their participation with the WHST.
- A public board of trustees governs the WHST. The initial appointed board defines the initial benefits package, creates a simplified claims processing system, and sets up a system of effective tools to monitor WHST performance.

Subsequently, the members of the board will be elected, one from each of the state's congressional districts.

- The board will use advisory committees to monitor operations, financial performance, the benefits package, quality of health services, and public satisfaction.
- The board will seek public input for WHST policies over time.

How the WHST is financed

The WHST is funded by a combination of sources designed to resemble current health spending patterns. The WHST is also designed to work within specific limitations and unique provisions of the Washington tax system and federal law.

- Employers pay a payroll assessment, graduated in two steps: employers with payrolls up to \$125,000 per quarter, and those above that level. The first step will pay 1/10th the percentage of the second step. The actual percentage will be determined in by legislation once the start date of the WHST is known.
- Residents age 18 and over pay a health security premium. The amount will be set in separate legislation once the start date of the WHST is known.
- Funds designated for current state health programs are transferred to the WHST.
- Waivers to allow inclusion for federally protected populations will eventually allow the federal funding of those populations to be transferred to the WHST. Until such waivers are granted, the existing federal coverage remains in effect.
- Until federal legislation allows them to be fully included in the WHST, Medicare enrollees can choose to pay a smaller premium to add the benefits of the WHST to their Medicare plan as secondary coverage.
- Patients pay affordable co-payments for outpatient and emergency visits, prescriptions, and long term care. There are no deductibles.
- Certain exemptions are available for low income families and employers facing hardship.
- Employers may purchase private health insurance for their employees. However, the WHST benefits package is designed to provide employees better coverage at lower cost than current health benefit plans. (The WHST is designed to be compliant with ERISA, a federal law that restricts states from interfering with benefit agreements between employers and their employees.)
- Pooling the funds for health services across the state and spreading the risk across the entire state population provides a stable mechanism to pay for high quality care for EVERY Washingtonian.

The WHST is simple, smart, fair, accountable, and affordable

It is a unified, user-friendly system to pay for high quality health care for ALL residents of the state of Washington – all at a cost equal to or less than our current failing overly complex non-system. This will still be true as the federal Affordable Care Act is implemented fully.

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For more information, contact www.healthcareforallwa.org