



THE WASHINGTON HEALTH SECURITY TRUST

A STATE-BASED PROPOSAL

AN INTRODUCTION

The Washington Health Security Trust proposal moves toward **national universal health care coverage** with a **state-by-state approach**. An incremental state-by-state approach has advantages over proposals that incrementally add at-risk populations to existing costly and complex health care financing mechanisms.

A state-by-state approach allows willing and able states to move forward toward the goal of universal coverage while national consensus builds and political will for such coverage develops.

A state-by-state approach, using a **unified financing system** at the state level, can eliminate the **fragmentation** of the current system and can avoid **excessive costs and confusion** from adding still more programs to our current overburdened, inefficient health care financing mechanisms.

A state-by-state approach can accommodate actual differences among states or groups of states in:

- readiness and willingness to provide universal health care coverage
- political and economic feasibility for such coverage
- state and local tax systems
- actuarial soundness and predictability of risk pools

A state-by-state approach also permits comparisons of strengths and weaknesses of different programs **in actual operation**. Such comparisons would be useful in developing best-practices for other states or for the nation as a whole.

This proposal was designed for the state of Washington, to be adopted either by legislation or initiative. It deals with specific Washington tax and state agency laws and a pro forma timeline. Other states could modify those specifics to accommodate their own laws and circumstances.

The proposal demonstrates that:

- a tightly drafted state law **can** cover the complex issue of universal health care coverage.
- state action followed by negotiation, and waivers **can** resolve complicating relationships with federal laws and regulations, such as ERISA, Medicare, Medicaid, federally qualified trusts, and other federally protected programs **without** federal legislation; however, enabling federal legislation **would** be helpful.

- **existing health care dollars can** be managed within a dedicated health security trust fund to cover medically necessary, high quality health care for **all residents without additional revenues**.

The Washington Health Security Trust provides affordable, comprehensive coverage of high quality health care **for all residents of the state** using a unified, cohesive financing system. Economic analyses indicate it will use **fewer health care dollars than we spend now**.

CONCLUSIONS OF PROPONENTS

1. Principles Used in the Proposal

- Health care is a basic human right, and the state has a responsibility to assure that all its residents have affordable health coverage.
- Access to quality health care should be universal and equitable. The principle of “everybody in, nobody out” applies both to benefits and payments.
- Spreading the cost of health care over the entire population makes a good benefit package affordable.
- A unified system minimizes administrative costs and increases funds available for actual health services.
- Such a large public program must be accountable to the citizens of the state.
- A unified system permits much better management of population-based health services, especially preventive medicine, education regarding lifestyle choices, and chronic disease management.

2. Effects on Stakeholders

- Business – The proposal substitutes a predictable payroll-based assessment for the unpredictable market costs of employee health insurance. It could allow businesses to reduce the size of their Human Resources departments. It could make businesses more competitive with businesses in most other industrial countries, which provide publicly funded health coverage for their workers.
- Labor--The proposal could permit unions to focus more on improving wages and working conditions and less on difficult negotiations for dwindling, costly health care benefits.
- Individuals – The proposal would provide predictable premiums and coverage for everyone. **It would remove the fear** of losing health insurance due to job loss, pre-existing health conditions, or an employer's decision not to offer an affordable plan. It would allow for maximum freedom to choose one's provider.
- Government – The proposal would give government agencies greater stability in funding their own health care coverage obligations. Simplified administrative processes and bargaining for price with providers (including the pharmaceutical and device industries) should lower program costs.
- Providers – Negotiated payment terms and lower administrative costs would allow more predictable and stable income for providers. Uncompensated care, either provided as a

safety net to indigent patients, or due to denied claims, would be dramatically reduced.

- Insurers– While insurers appear to be losers in this proposal, the proposal **does** provide funds to retrain health plan workers. There would be many administrative job opportunities for insurance industry employees, either as employees of the trust or as independent contractors. In addition, the trust is authorized to subcontract some of its operations and could purchase some administrative services from insurance companies. The trust would be likely to purchase re-insurance coverage for catastrophic risks.

3. Sustainable Financing Mechanism

A broad financing base provides stable, predictable funding, with everyone (except those too poor to contribute) participating equitably in the cost-sharing. The publicly accountable trust is a dedicated fund to cover a defined set of beneficial health services for all state residents.

4. Universal Coverage, Universal Financial Contribution

Every resident is covered by this proposal. Everyone would pay their fair share into the system, except those too poor to be able to pay.

5. Accountability

The trust is accountable for its performance initially to the governor and to the legislature, and ultimately to the public by direct elections. Everyone who uses health care would have a health care card, and those who failed to pay their premiums would have to make up missed payments. Providers would be accountable for their performance through contracts negotiated with the trust. The trust would use evidence-based systems to monitor quality and utilization patterns and correct identified shortcomings.

6. A Unified Cohesive Financing System

The proposal recognizes the current fragmented, multiple payer “system” as an impediment to affordable health care for all. It sees no inherent value in making employers responsible for their employees’ health care costs. However, the proposal does not force anyone to abandon employer-sponsored health insurance. Employers would be required to pay their equitable share into the system, but they would also be free to purchase any additional insurance they wished. Providers would function independently in the private sector as before. All providers would have contracts with the trust, so residents would no longer have to choose from restricted lists of doctors.

For more information, contact
Health Care for All-Washington
PO Box30506
Seattle WA

or

info@healthcareforallWA.org

www.healthcareforallWA.org

