

FAQ's: Frequently Asked Questions about the Minnesota Health Plan

What is the Minnesota Health Plan?

The Minnesota Health Plan (MHP) would be created by legislation under consideration by the Minnesota Senate and House. The MHP would provide comprehensive health care for *all* residents of Minnesota in the most economically, efficient means possible. It ensures that health care dollars are spent on health care, not on unnecessary administrative costs.

The Minnesota Health Plan can be thought of as a single health care plan that covers everyone, from the Governor and CEOs to average wage-earners. The financing of the MHP is based on what some people have described as a "single-payer" system, enabling us to control our run-away health care costs, while providing access to all needed medical care, including many types of care that are frequently not covered now, such as dental care and nursing home care. The chief author in the Senate is Senator John Marty. In the House, the author is Representative Carolyn Laine.

Why do we need the Minnesota Health Plan?

- Healthcare expenses are the cause of more bankruptcies than all other causes combined.
- Everybody needs healthcare, yet many cannot afford it – 45,000 Americans die each year because of the lack of access to affordable healthcare.
- About 9% of Minnesotans have no health coverage at all.
- Perhaps 30% more have health insurance, but still cannot get the care they need, due to exclusions in their coverage (optical care, dental care, etc.) or co-payments and deductibles that they cannot afford.
- Many people cannot work because of untreated mental or physical health problems and many businesses cannot expand and grow because they cannot afford health care for more employees, creating a drag on our economy and productivity.

The health of our economy is dependent upon the health of our residents. We need to ensure that all residents have access to health care and that the financial costs of this care do not lead to bankruptcy.

We need to fix the health care mess by providing comprehensive health care to everyone while controlling costs. This can only be accomplished by a single plan that eliminates the insurance company administrative costs and bureaucracy; a plan that ensures sufficient medical providers in every community; a plan that focuses on community and public health and wellness; a plan that covers everyone regardless of health condition or income; a plan that includes all needed medical care including prescriptions, nursing home care, etc.; a plan that allows people to focus their attention on their health and healing rather than worrying about what is covered and whether they can afford or get care -- a plan like the Minnesota Health Plan.

What about the Affordable Care Act?

Although the federal Affordable Care Act will cover an estimated 32 million more Americans with health insurance, it will cost more, not less, and will still leave about 23 million Americans uninsured. In addition, there would be several times that many people who *have* insurance but who still cannot afford needed medical care because of high deductibles and co-pays, and gaps in their coverage.

As a short-term, temporary answer, the federal law will provide health insurance to many of the people who were uninsured. It is already making a life-saving difference for many.

However, the federal reform does not fix many of the problems in our health care system, and it costs more than our current system, not less. Because the U.S. pays almost twice as much per person for health care as other industrialized nations do, this plan is not sustainable and cost control is needed. In addition, unlike the MHP, the federal reform does nothing to ensure an adequate number of health providers and it does not provide comprehensive benefits.

Many members of congress have called for the states to be innovators in health care reform. Unfortunately, other health reforms proposed in Minnesota, build on the Affordable Care Act, attempting to expand access to *insurance coverage*.

The Minnesota Health Plan is not about providing health *insurance* for more; it is about providing health *care* for all.

What services are covered under the Minnesota Health Plan?

All necessary medical care is covered under the MHP. Equally important, it would reduce the *need* for costly medical care through public health, education, prevention and early intervention.

Under the Minnesota Health Plan, medically appropriate care is completely covered, including primary care, immunizations and preventive care, dental, mental health, and hospitalization and prescription medication. Medical equipment and supplies like insulin, hospice, skilled nursing home care, home health care, substance abuse treatment, prescription glasses and hearing aids are also covered. Elective cosmetic procedures are not covered.

Who would be covered under the Minnesota Health Plan?

All Minnesotans are covered.

Under the MHP, there is no denial of care because of pre-existing conditions. There is no insurance company telling your doctor how to practice medicine. The MHP provides coverage from birth until death, regardless of health, financial or employment status. Coverage follows you if you travel, retire or lose your job.

How does the Minnesota Health Plan control costs?

The MHP actually *reduces* health care costs by cutting waste, not by denying care to patients.

The MHP reduces costs through:

- Administrative efficiency and elimination of the vast bureaucracy devoted to denying care, billing and paying claims for care at different rates and with different coverage for the same procedure, elimination of insurance marketing and administration.
- Increasing access to preventive services and early intervention for everyone, preventing costly emergency room and hospitalization expenses.
- Bulk purchasing of drugs and medical supplies at lower, negotiated prices
- Allocation of medical infrastructure and resources (like hospitals and surgical centers) based on a region's needs
- Annual budgets for health care facilities, rather than the current method of itemizing each pill dispensed, and each individual expense, and then billing them at different rates to different insurance companies for each patient treated.
- Negotiation of provider fees
- More efficient delivery of care (use of school nurses to administer flu shots instead of sending each student individually to an outside clinic, not sending patients by ambulances to more distant hospitals because closer hospitals are not in "network")

For further information on how the MHP reduces the cost of our health care system, see: *Analysis of Costs and Savings of the Minnesota Health Plan*

Who will run the health care system under the Minnesota Health Plan?

The MHP is governed by a public board appointed by locally elected county commissioners from every region of the state. The board will include health care providers and consumers.

The MHP Board runs the MHP and negotiates doctor fees and hospital budgets. It is responsible for health planning and the distribution of expensive technology, as well as working with the University of Minnesota, other higher education institutions, and local communities to ensure sufficient providers in every community. The budget for health care is set through a democratic and transparent process. This system would eliminate high CEO salaries, stock options, and bonuses based on profits, and save the money on advertising, marketing, and underwriting to compete for healthy enrollees (also avoiding the problem of people being rejected for medical coverage because they happen to be sick or in need of medical care.)

The MHP board would set the premiums (based on ability to pay) to fund the Minnesota Health Plan. Although the premiums would likely be collected by the Department of Revenue, they would go directly to the MHP, not the state, and the Governor and Legislature would have no control over them.

What is single-payer health care?

Single-payer is a frequently used, but not very descriptive term to describe a single health plan. It is not always helpful because it doesn't explain how the plan provides health care. Many people *know* that they support or oppose "single payer" without understanding what it means.

The term "single-payer" refers to one aspect of the MHP, the method of paying providers of health care (hospitals, clinics, and doctors or other professionals). It refers to the direct payment to providers from a single health plan rather than by the over 250 insurance companies and public plans we have now in Minnesota. It eliminates the "middleman" -- health insurance companies -- and also the need for health care providers to bill different payers for every patient, thereby saving massive amounts of money. Revenues for the single-payer fund come from government, businesses and individuals. Individual contributions to the fund (premiums) are based on ability to pay.

Instead of the multitude of plans, each with different networks of doctors and different services covered, there is one comprehensive plan available to all. Ownership and management of physician groups, clinics and hospitals is unaffected. Providers in a single-payer system will continue to work in the same public and private clinics that they do now.

How is the MHP paid for?

Revenues for the Minnesota Health Plan would come from the same sources they do now -- government, businesses and individuals. Businesses would pay a payroll tax instead of insurance premiums, and individuals would pay premiums based on their ability to pay. There would be no co-pays or deductibles.

Currently, government is the largest payer of health care services. Individuals are asked to pay an ever-increasing amount in the form of premiums, co-pays, and deductibles -- if they have insurance. Those without insurance and those who are under-insured, face devastating medical bills. For most individuals and businesses their payments for the Minnesota Health Plan would be significantly less than they are currently paying in premiums to insurance companies, co-pays at the clinic, deductibles, and costs for medical services not covered by their insurance plan.

The Legislature and Governor would have no authority over the MHP revenues. This is necessary to prevent the use of MHP premiums to balance the state budget, and would also prevent politicians from starving the Health Plan of needed funds, a problem that occurs in some of the countries where politicians are responsible for funding their national health plans.

Why are they called premiums instead of taxes?

Opponents will say that the Minnesota Health Plan will drive up taxes. Aren't the premiums we would be paying actually taxes?

Unlike taxes, these premiums do not go to the state treasury; they go directly to the Minnesota Health Plan, and can be spent only to pay for health care. They cannot be taken by the governor or legislature and cannot be used to balance the state budget or pay for anything else.

Keep in mind that health care is now one-sixth of the entire economy. Funding the MHP isn't like adding some additional taxes to pay for some new government program or service. We are talking about restructuring how we finance one-sixth of our economy, most of which is and would remain in

the private sector. We are simply shifting the premiums that people pay, from their current health plan, to the Minnesota Health Plan. Likewise, employers, including the state, would now be paying their share to the Minnesota Health Plan. These premiums would replace all current premiums and out of pocket expenses for health care.

What is universal coverage?

Coverage that includes everyone is considered "universal." When evaluating whether a plan is universal, one needs to consider whether truly 100% of the population is covered or whether there are gaps in coverage because of job transitions, failure to purchase insurance, unaffordable co-pays, etc.

The MHP (like other similar single plans in other states) is universal – it covers 100% of Minnesotans for all of their medical needs. The MHP treats health care as a right, something for which you don't need to qualify. The MHP or other single plans would operate like Medicare in that a single entity collects premiums and pays for all care (though unlike Medicare, the MHP would cover all care and would not require a "supplemental" policy or co-payments.)

Some politicians claim to support universal coverage, without supporting the MHP. Look at the proposals they offer; they fail to cover everyone.

For example, mandating that everybody buy insurance does not result in universal coverage, as is clear from the Affordable Care Act. Under an insurance mandate, everyone is expected to buy insurance, with the state subsidizing people who they determine to be unable to afford the policies. However, in reality, not everyone would be covered under an insurance mandate nor would all medical needs be covered by the insurance that people buy.

Why is the Minnesota Health Plan better than an insurance mandate?

The fundamental problem that has prompted reform is the rapidly rising cost of our current insurance-based system. "Universal" care through the mandated purchase of insurance does nothing to reduce costs, rather it bloats the system with more dollars to provide coverage to everyone.

The Affordable Care Act (ACA), as an insurance-based system with mandated purchase, had hoped to keep insurance plans affordable by using a basic "benefits set" that excludes coverage for many medical expenses.

In contrast, the MHP would provide comprehensive coverage for all, using the administrative savings inherent in the single system. Medicare, which is somewhat comparable in that it is a single plan for seniors, has administrative costs of under 3% of revenues, compared to insurance plans which typically have administrative costs of at least 15%.

Because the insurance-based system offers plans that do *not* have comprehensive benefits, they cannot accurately claim to cover people whose medical needs are not in the benefit set. For example if your medical needs are for dental work and your insurance plan excludes dental, or if the co-pays or deductibles are unaffordable, you do not have the health care that you need, despite having health insurance.

Also, as laws mandating that drivers purchase auto insurance illustrate, there are many drivers who do not buy it. It is not universal despite the law mandating it. Likewise, many Minnesotans cannot afford, and will not purchase, health insurance despite the ACA mandate.

Finally, when there are multiple health plans, there will always be gaps in coverage during transitions between plans. If an employee with benefits loses the job and cannot afford COBRA, or the COBRA coverage runs out, or they lose coverage through divorce or aging out of their parents plan, there is a gap. And in a state of five million people, there will be thousands of people who get sick or injured during these gaps in coverage. Even with an insurance mandate, we still do not achieve universal coverage.

Is the Minnesota Health Plan socialized medicine?

No. Socialized medicine is a system where the government employs all healthcare providers. In the MHP, like in Medicare, health care is publicly financed (through progressive premiums) but delivered through existing doctors, clinics and hospitals. Under the Minnesota Health Plan, doctors and hospitals that are in the private sector remain in the private sector.

Some opponents erroneously claim that under a single plan, the government will make the medical decisions. In reality, under the *current* system medical decisions are made by insurance plans, and in some cases by the government. With the MHP, medical decisions are left to the patient and doctor, as they should be, not by government or by insurance companies.

Won't there be "waiting lines" for health care services?

Waiting lines are an indication of inadequate capacity in the health care system. The Minnesota Health Plan would increase the capacity of Minnesota's health care system, while lowering costs through administrative savings. In fact, *one of the binding principles of the MHP is a requirement that the plan ensure that there are an adequate number of health care professionals and facilities to guarantee timely access to care.*

The "wait list" issue often is brought up in reference to Canada, which has a very popular single health plan that covers everyone, despite spending about half as much as the U.S.. Although there have been problems with waiting times for some non-emergency procedures in Canada, the problem is smaller than portrayed by American health insurance companies, and the Canadian provinces are addressing the problem.

Under the MHP, we would reduce overall costs by more than 20% and still be spending far more than Canada, and have a greater health care capacity.

As with our current system, some people may occasionally have to wait for certain acute care services. For example, one may have to wait in an emergency room with a broken finger if another person arrives in critical condition from a car accident.

And, as under our current system, there may be some "waiting lines" for those seeking certain non-emergency specialized care. For example, anyone who has tried to see a dermatologist, a psychiatrist or certain other specialists, knows that it can often take 3 months to get an appointment. It already can take several months to schedule some non-time-sensitive surgeries such as knee-replacement. While the waiting lines would be shorter than they are now, there would, understandably, be some wait for such procedures. Remember that many Minnesotans have no line to wait in because they

cannot afford the care at all.

Won't people from out of state move here just to get health care?

The Minnesota Health Plan, with its lower costs and comprehensive coverage will attract businesses and individuals from other states.

The MHP Board is required to work with the federal government to prevent an influx of people from other states and to get reimbursement from the other states or the federal government for people that do move here for health care. Minnesota is responsible for the health care of its own residents, and other states should be responsible for their own. If people from other states move here to get health care, those states should be held responsible for reimbursing those costs.

Like every other major state health reform proposal, the MHP would require waivers and authorization from the federal government to address this issue.

The MHP would attract *businesses* from other states because it would be less expensive to expand and grow here without the worry of finding health care coverage for employees. But this is *not* a problem; it's an answer to a problem!

Will the Minnesota Health Plan cover undocumented immigrants?

The issue of undocumented immigrants needs to be addressed by the federal government with comprehensive immigration reform. Immigrants currently living in Minnesota already receive healthcare. Unfortunately, we give them health care at the most expensive stage – in emergency rooms and hospitalization. Under the MHP, they would get health care at an earlier, less costly stage.

As a society, we share an interest in ensuring that all who live in our state are as healthy as possible. When one segment of the community does not get the health care they need, we put the rest of the population at risk. For example, if an immigrant is abusing alcohol, the failure to provide treatment puts everyone at greater risk from drunk driving and other alcohol-related crimes. For another, if a segment of the population has untreated communicable diseases – H1N1, TB, sexually-transmitted infections – the rest of the population is exposed to much greater risk.

If the people handling our food in meat packing plants or serving us burgers at McDonald's have infectious diseases, does anyone really want to deny them treatment and let them spread infections to everyone else?

What about consumer choice under the Minnesota Health Plan?

People will be able to choose their medical providers under the MHP. In contrast, under our current system, many consumers must choose providers within their health plan network. Under the MHP, you can choose any licensed provider – there are no "networks" to worry about.

Won't health care be "rationed"?

Health care should not be rationed by either government or insurance companies. Decisions about appropriate care should be made within the doctor/patient relationship.

In fact, people tend to be very good at "rationing" their own health care – when given an option, through a living will (advance directive), most people will choose not to be resuscitated when they are terminally ill and in pain. When spine doctors and their patients discuss options thoroughly, many choose not to have costly surgery, selecting alternative treatment instead.

Minnesotans' health care is *currently* rationed:

- by insurance plans excluding care because of pre-existing conditions, or even refusing to cover people with chronic health problems -- the sicker you are and the more you need care, the more likely they will deny you coverage and care
- by insurance plans overruling doctors' treatment plans
- by cost, when people cannot afford insurance or out of pocket expenses
- by lack of providers – there is a serious shortage of dental care providers, especially in many small rural communities

Under the MHP, care would **not** be rationed by government or insurance companies. It would **not** be rationed because you are sick or unable to pay. And, the MHP is required to work with higher education institutions and provide incentives to train and recruit enough medical professionals to meet the need, so it would **not** be rationed by a lack of providers.

Will the people working for insurance companies lose their jobs?

Regrettably, as with any economic change there is some job displacement but the MHP has provisions to retrain and assist those displaced into other jobs.

Keep in mind however, that our current health care system's high costs and limited access inhibits economic growth. As a result, enactment of the MHP would stimulate the economy and create new jobs. It would free businesses to expand without worrying about finding, negotiating, and paying for health care benefits for their employees. Entrepreneurs and self-employed individuals would be able to spend full-time on their business ventures rather than seeking another job which would provide benefits. The MHP would be a strong jobs magnet for businesses in other states looking to expand, and this would create new job opportunities for laid-off health workers.

Minnesota has a responsibility to assist those facing job transitions and the MHP contains provisions to help retrain displaced workers as a result of the new plan. Because there is a shortage of many medical professionals such as medical technologists, RNs etc., it would be easy to help insurance workers transition to positions in the medical profession. In fact, many insurance company employees already have medical training and could quickly return to fill much-needed medical positions. The billing clerks in doctors' offices and hospitals could contribute to the capacity and quality of the health care system by being retrained and moved from bureaucratic positions to medical ones. Also, the MHP has the authority to contract out the processing of medical claims, and it would be logical for them to select one of the large health plans, keeping a portion of their administrative personnel in place.

Finally, it is worth pointing out that the people who lose their jobs because of the MHP will have one thing going for them that Minnesotans who have lost their jobs during the recent recession did not -- they would have health care! The loss of health coverage for laid off workers is one of the most expensive and dangerous problems they face. Not having to worry about having health care after a layoff is an incredible help.

Why not use tax subsidies to help the uninsured buy health insurance?

Tax subsidies do not fix any of the problems with the health care system. They do not reduce costs or address the inefficiencies or administrative waste that takes dollars away from patient care. They simply shift the costs of the system.

Under the Affordable Care Act, even with tax subsidies for a "basic benefit-set," moderate- and lower-income individuals will remain unable to afford good coverage, leaving them with modest benefits and high deductibles making health care unaffordable. The costs of unpaid medical bills due to inadequate coverage will continue to be transferred to those with adequate coverage.

Why not Health Savings Accounts?

Like the tax subsidies mentioned above, Health Savings Accounts do not fix any of the causes of the health care mess. They do not reduce costs or address the inefficiencies or administrative waste that takes dollars away from patient care. If anything, they exacerbate the problem by taking affluent and healthy people out of the insurance pool and leaving the sick, elderly and low income people, thus driving up the price of insurance.

HSAs are individually owned pre-tax accounts used to pay medical expenses. Once the HSA account is depleted and a deductible is met, medical expenses are covered by the insurance plan (also known as low-cost, high-deductible plans). Healthy individuals tend to be attracted to HSAs, while older, less healthy individuals need more complete benefits. When sicker people are concentrated in the traditional plans because healthier ones opt for HSAs, the cost of premiums rises dramatically. An obvious example of the inequality of HSAs is that they shift more of the burden to women, whose health care costs average about \$1000 more than men. In effect, HSAs move healthier people out of the insurance pool, driving up the cost of health insurance for everyone else, causing a sharp increase in the number of people without any insurance.

Finally, HSAs discourage preventive care – people avoid seeking needed care if they have to pay for it out of a limited account. They defer care that isn't urgent.

Why the Minnesota Health Plan?

Minnesotans need a health care system that works. The Minnesota Health Plan (MHP) will address the health needs of people, keeping them healthy so they need less medical care, and delivering the health care in a rational, efficient, cost-effective manner.

It is the only proposal that would cover all Minnesotans for all their medical needs.

Patients would be able to see the medical providers of their choice when they need care. No insurance company tells you that you cannot go to your family doctor because you switched jobs and coverage. No denial of coverage for pre-existing conditions. Coverage is fully portable, with no

gaps in coverage when you switch jobs, get laid-off, or retire. All the payments, covering all of the costs, would be made by the MHP, and everyone, not 94%, but everyone, would be covered.

And the system saves money by eliminating the costly insurance bureaucracy, by delivering care in a rational, timely manner, by focusing on public health and well-being, and by negotiating fair prices that cover everyone.

The MHP treats health care as a right, not something that someone has to "qualify" for. Neither the Affordable Care Act nor any other health reform does that. The Minnesota Health Plan is the *only* health plan that:

- covers everyone.
- covers all medical needs.
- gives patients their choice of provider.
- addresses the shortage of providers.
- saves money.