



FACT SHEET

Administrative Issues in Expanding Access to Health Care Recommendations of a NAPA/NASI Study Panel

A Practical Guide for Policymakers

No matter which health care reform plan you favor, government's ability to administer the plan effectively will be critical to its success. This joint report of the National Academy of Public Administration and the National Academy of Social Insurance provides an essential guide for legislators and policymakers throughout government, as they shape legislation and develop the administrative mechanisms to get the job done. Here's a sampling of the report's practical, solution-oriented findings and recommendations:

Don't Shortchange Administrative Funding and Start-up Time

- Give the implementing agencies flexibility in establishing program policies and administrative procedures, possibly including hiring and procurement rules.
- Provide sufficient up-front administrative funds for a successful start.
- A well-reasoned but ambitious timetable for implementation will allow for necessary adjustments, while creating a sense of urgency that facilitates getting things done.

Keep the Eligibility Rules Simple to Encourage Participation and Facilitate Administration

- Subsidy systems should move toward determining eligibility based on information that is readily accessible to the administering agency, either directly or from another agency, rather than information provided by applicants.
- Subsidy systems should be designed to ensure eligibility before making payments and avoid the need for end-of-year reconciliation or recovery of overpayments.
- Eligibility systems for subsidizing individual premiums should generally base eligibility on recent income, rather than current income. A good model is the Medicare low-income drug subsidy. In that case, the Social Security Administration determines eligibility for upcoming year based on the most recent data available from the IRS.

Make Any Health Insurance Mandates Easily Enforceable

- Whether you favor individual or employer mandates for health insurance, emphasis should be placed on encouraging compliance rather than penalizing non-compliance.
 - Make it easy to enroll and to obtain available subsidies.
 - Because it is infeasible to enforce a mandate by imposing large penalties on uninsured people, it is better to assure that required insurance payments are made on a regular basis, such as through withholding by employers.
- Penalties for non-compliance with a mandate should be moderate and collectable. For individual mandates, denying tax benefits or government transfer payments is an effective deterrent that is easy to administer.

Ensure Fairness and Capacity in a Restructured Health Insurance Market

- As with other large, new government programs, health reform should build — to the extent feasible — on existing governmental capacities, arrangements, and institutions. In this instance, those capacities do not exist in a single entity but are spread across various agencies of federal and state governments.
- The federal government should take advantage of the regulatory expertise and administrative mechanisms for protecting consumers that already exist in state governments. One approach would be to develop uniform national standards for health insurance enforced primarily at the state level.
- If a new national health insurance exchange or system of exchanges is established, a new federal administrative entity will be needed because the magnitude and range of tasks — including benefit design, education and outreach, enrollment, billing, administering subsidies and mandates, and coordinating with the tax system and other public programs — would overwhelm any existing agency.
- If policymakers create a new public health insurance plan to compete with private plans in a health insurance exchange, the public plan should be administered by a separate organizational entity and not the exchange itself, in order to ensure that the public and private plans are treated equitably.

Choose an Appropriate Organizational Design to Administer New Health Care Programs

- Decisions and responsibilities that involve policy formulation, such as making coverage decisions or managing the marketplace for health insurance, should be housed in public agencies so they are accountable to the public through the political system.
 - A quasi-governmental entity (such as an independent board) may be appropriate for carrying out limited technical functions, such as producing advisory information on the comparative effectiveness of medical treatments.
 - The Federal Reserve System is not an appropriate model for an entity to manage a national health insurance system because it lacks accountability through the political process.

Put Mechanisms in Place to Support Health Care Cost Control

- Investments in comparative effectiveness research and electronic medical records will facilitate the development of payment methods and evidence-based practices to encourage health care quality and value, and moderate the growth in costs.
 - More and better information about the effectiveness of alternative tests and treatments could help guide and improve the health decisions of individuals, physicians, other providers and health plans.
 - Electronic medical records could provide an important source of data for conducting comparative effectiveness research and assessing system-wide outcomes, as well as for improving the care of individual patients.
- The creation of a health insurance exchange is compatible with all of the major options for controlling health care costs, but must be accompanied by additional measures to effectively slow the growth of costs.

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