



Nevada Health Plan Project

Health Plan Basics
Health Savings Accounts
A Threat - The Fair Share Act
New Trends - Wellness Programs
Opportunity - High Risk Pools

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Who is NAHU?

Larry S. Harrison, President
Nevada State Chapter

- National Association of Health Underwriters is a non-profit, non partisan organization
- Our association represents over 20,000 health insurance agents, brokers and employee benefit specialists nationally, approaching 300 in Nevada
- Our members sell health insurance and employee benefit products. Annually we assist millions of Americans with their insurance needs
- Our members help both individuals and employers purchase health insurance products. Our employer clients range from fortune 500 companies to sole proprietors

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EXHIBIT K Health Care

Document consists of 45 slides

- ☒ Entire document provided.
☐ Due to size limitations, pages _____ provided.

A copy of the complete document is available through the Research Library
(775/684-6827 or e-mail library@lcb.state.nv.us). Meeting Date: March 15, 2006



Agenda

- Health Plan Basics
- The Nevada Marketplace
- Health Savings Accounts
- A Threat - The Fair Share Act
- New Trends - Wellness Programs
- Opportunities - High Risk Pools

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Health Plan Basics

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Health Plan Basics

“A health insurance plan that provides health care for individuals and families”

Plans include:

- **H**ea**l**th **M**aintenance **O**rganization (**HMO**)
- **P**referred **P**rovider **O**rganization (**PPO**)
- **P**oint **o**f **S**ervice (**POS**)
- **H**ea**l**th **S**avings **A**ccount (**HSA**)

Note: With Individual Health Insurance each family member must “medically qualify” before the policy will be issued.

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Health Plan Basics cont.

Health Maintenance Organization (HMO)

- A exclusive network of doctors and hospitals
- A Gatekeeper: Primary care physician (PCP)
- Treatment Emphasis: Preventive health and reactive care
- Payment Type: Co-payments without deductibles
- Managed Care is doctor directed

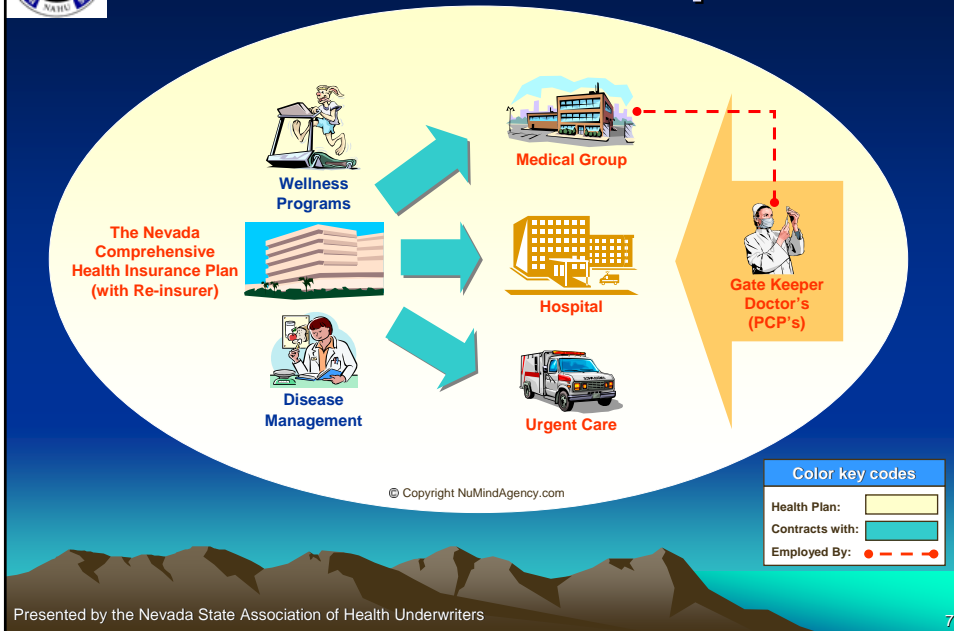


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HMO Model Example



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Health Plan Basics cont.

Preferred Provider Organization (PPO)

- A preferred network of doctors and hospitals
- No Gatekeeper: Self Refer to general practitioner and specialists
- Treatment Emphasis: Preventive, Reactive and Comprehensive care
- Payment Type: Co-payments for most out patient care. Deductible for invasive procedures



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Health Plan Basics cont.

The Process – How it Works

Example:

- Your doctor visit = Co-Pay
- Rx = Co-Pay

Question: when does the deductible apply?

Insurer Pays 100%

Stop Loss
Example:
\$10,000

Co-Insurance

Example: 80/20 ↑

Example:
\$2,000

Example:
\$250 to
\$10,000

Deductible

(E.R., MRI, CT, any hospital) ↑

Example:
\$1,000

Your maximum out-of-pocket is \$3,000
per family member "X – 3"

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Health Plan Basics cont.

Point of Service (POS)

- Access to HMO network (carrier specific)
- Also a preferred provider network (PPO) of doctors and hospitals
- Self Refer to general practitioner and specialists
- Treatment Emphasis: Preventive, Reactive and Comprehensive care
- Payment Type: Co-payments for most out patient care. Deductible for in-patient care with PPO and Indemnity (any doctor/hospital)



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Health Plan Basics cont.

How Plans Compare

Features	HMO	PPO	POS
Access to Care	Gatekeeper	Self Refer within PPO	Self Refer to HMO and/or PPO
Doctor & Hospital Network	Must use HMO network	Use preferred network	HMO list. PPO list or Indemnity
Treatment Emphasis	Preventative & Reactive	Comprehensive	Preventive & Comprehensive
Treatment Process	Doctor Directed	Self Directed with permission	Doctor & Self Directed
End User Pays	Co-pay / No Deductibles	Co-pay / Deductible + %	HMO / PPO / Indemnity

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The Nevada Marketplace

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The Nevada Marketplace

Nevada

	Population	Change	Rank	Reps*
2000	1,998,257	64 %	35th	3
1990	1,201,833	50 %	39th	2
1980	800,508	64 %	35th	2

*U.S. Representatives for 2002

Population density

This map depicts population density. Each dot represents a number of people, which varies by state. It was calculated by averaging the locations and population totals of hundreds or thousands of small areas called Census tracts.

● = 2,000 people



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Health Savings Accounts (HSA's)
Consumer Directed Health Plans

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Health Savings Accounts

Growing and Growing

Health Savings Accounts
created by Congress in
2004

- January '06 Census shows 3.2 million people covered by HSA plans
- Individual market - 31% of new enrollees in HSA's were previously uninsured
- Small group market - 33% of enrollment in HSA's did not offer coverage

* source AHIP (American's Health Insurance Plans)



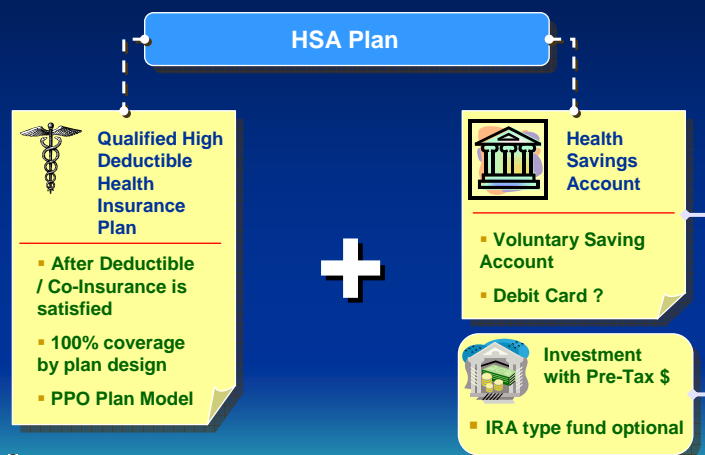
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Health Savings Accounts

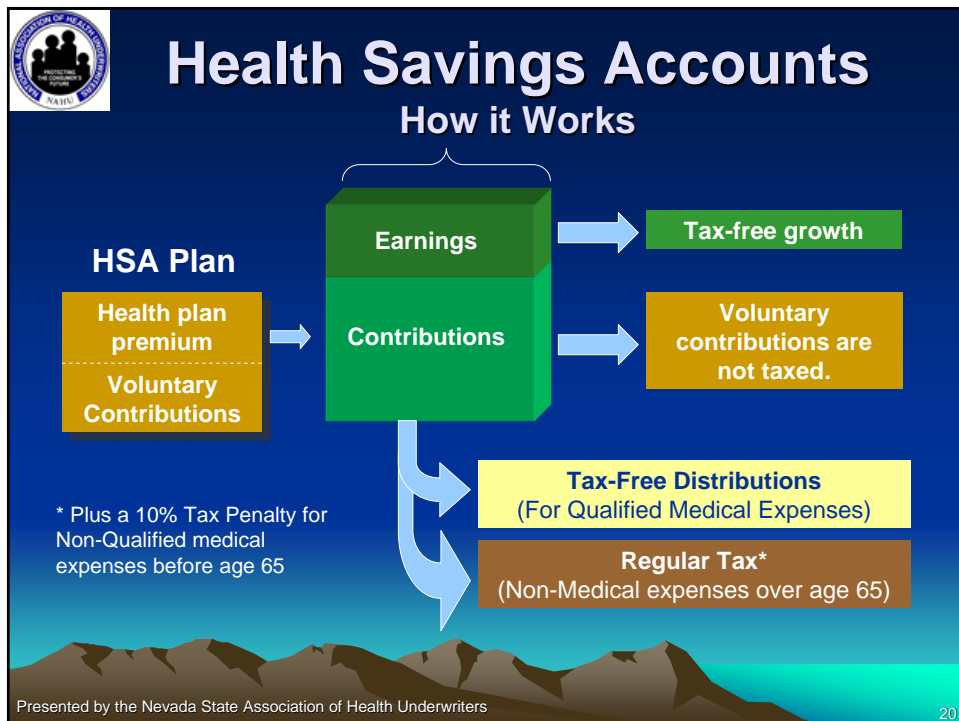
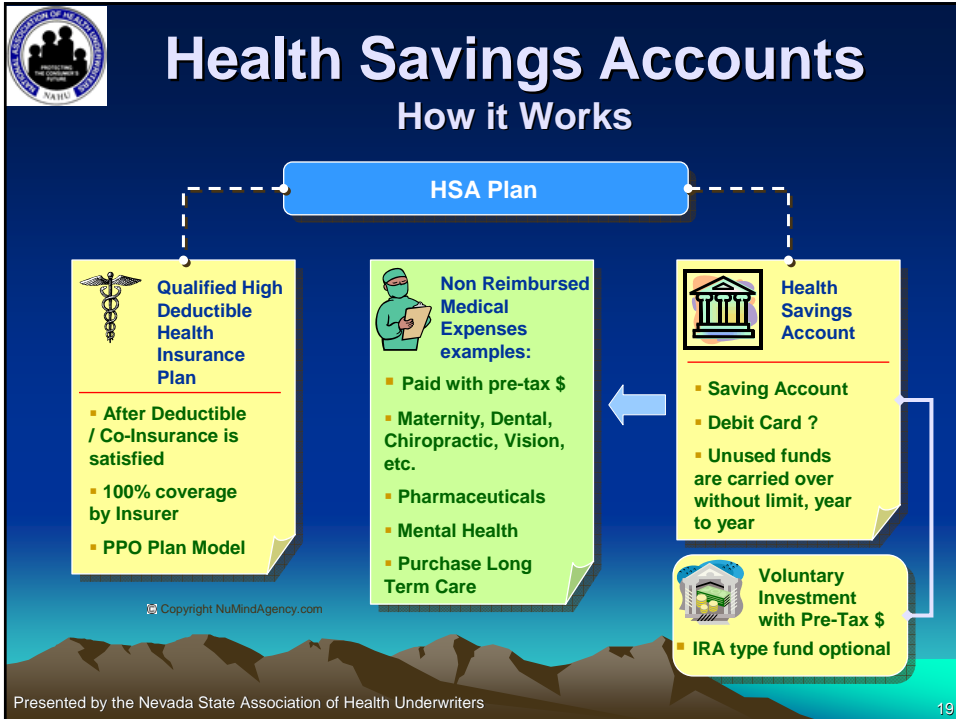
What Are They ?



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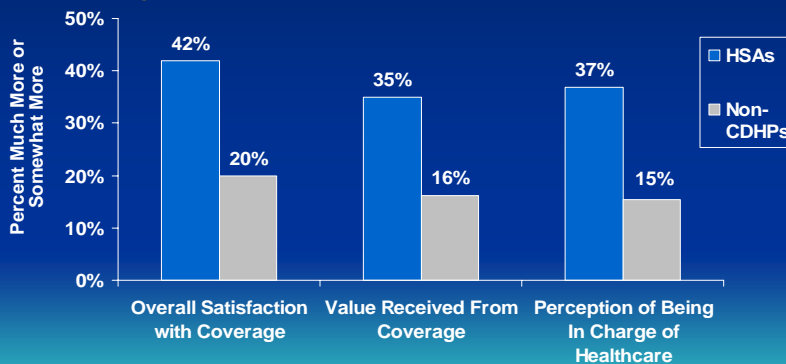




Satisfaction on the Rise

Not only is overall satisfaction higher, but more HSA-eligible enrollees have increased their satisfaction levels over the past year

Change in Satisfaction/Perception Levels Over the Past Year



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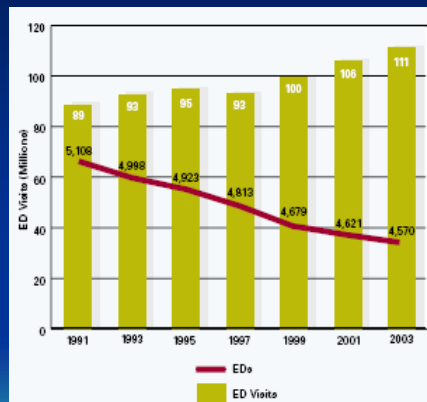


Early Utilization Results

Early results show changes in utilization:

- HSA enrollee's use of ER/ED (emergency dep't.) utilization is 7-8% lower
- ER/ED visits are down 8-10%
- HSA enrollee's use 2% more generic drugs
- Use of preventive services is stable

Chart shows ER visits increasing while ER departments are closing nationally.



Source: Adapted from The American Hospital Association and The Lewin Group TrendWatch Charbook (2005)

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A Threat -
The Fair Share Act

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The FAIR Share Act

AFL-CIO employer mandated bill to create a “pay or play” system that targets large employers.

The bill will require:

- Employers of designated size to contribute a % of wages toward health care
- File reports with the State including full & part time employees
- 30 bills have been introduced around the country

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The FAIR Share Act cont.

NAHU's position on this Act is:

- Potential job loss of 315,000 Americans nationwide
- Rising Healthcare costs is the real problem
- Market based solutions are the key
- Provide tax credits and other incentives

"Numerous studies have indicated that an Employer mandate for health care expenditures will have a negative impact on wages, job creation and general economic growth"

Sources: The Employment Policies Institute January 2006. University of Santa Cruz

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New Trends -
Wellness Programs

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Wellness Programs

Healthy Lifestyle Resources and Education Programs

- Weight loss programs
- Stress relief programs
- Exercise programs
- Diet programs
- Smoking cessation

“Members take better care of themselves and form healthier habits, reducing the need for healthcare while improving efficiency in the workplace ”



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Opportunities -
High Risk Pools

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Definition

“A High Risk Pool typically is a state-created non-profit association that offers comprehensive health insurance benefits to individuals with pre-existing health problems – people who have been denied coverage in the private market due to a chronic illness or conditions; or who have found they can only access restricted coverage; or have found coverage that costs more than what is available from the pool”

- Comprehensive Health Insurance for High Risk Individuals /
A State-by-State Analysis. Eighteenth Edition, 2004/2005

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Goal & Objectives

- Establish a Comprehensive Health Insurance Plan for the State of Nevada's uninsured and uninsurable
- Illustrate the need for this type of plan
- Review and summarize the Health Insurance Risk Pool models in place in 33 states
- Review the benefits and myths of these models
- Discuss where is the money coming from?
- Discuss the pending Comprehensive Health Insurance Plan Act from TAA (Trade Adjustment Assistance Reform Act of 2002)

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High Risk Pool Details about Nevada

Health Insurance Coverage of Adults 19-64, states (2003-2004), U.S. (2004)

Compare

	NV #	NV %	US #	US %
Employer	928,480	66	111,909,970	63
Individual	68,820	5	10,279,260	6
Medicaid	53,000	4	13,754,300	8
Other Public	41,400	3	4,846,210	3
Uninsured	322,600	23	36,486,450	21
Total	1,414,300	100	177,276,200	100

Source: Statehealthfacts.org

"The Nevada State AHU survey found 33% of individual health care plan applicants are denied coverage due to pre-existing conditions."



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High Risk Pool

Total State Health Care Expenditures as Percent of the Gross State Product, FY2002

Question: Have we created our own threat to
our citizens healthcare system?

38	Arizona	2.9%
39	Florida	2.8%
39	Idaho	2.8%
39	Indiana	2.8%
39	Iowa	2.8%
43	Wisconsin	2.7%
44	California	2.6%
44	Illinois	2.6%
44	Massachusetts	2.6%
47	Utah	2.0%
47	Virginia	2.0%
49	Connecticut	1.9%
50	Nevada	1.7%
	District of Columbia	NA

Selected Tables from Kaiser State Health Info Website

NEVADA HEALTH PLAN
Selected Tables from Kaiser State Health Info Website

Total State Health Care Expenditures as Percent of the
Gross State Product, FY2002

Rank	State	Health Spending as % Gross State Product
1	Minnesota	5.8%
2	Mass	4.8%
3	West Virginia	4.5%
4	New York	4.7%
4	Rhode Island	4.7%
6	Illinois	4.0%
6	South Carolina	4.0%
8	Michigan	4.0%
9	Louisiana	4.3%
10	Arkansas	4.2%
10	Pennsylvania	4.2%
12	Vermont	4.1%
13	Kentucky	4.0%
13	New Mexico	4.0%
13	Tennessee	4.0%
16	Missouri	3.9%
17	North Carolina	3.8%
17	North Dakota	3.7%
18	Alabama	3.7%
19	Alaska	3.7%
21	Nebraska	3.6%
21	Oklahoma	3.6%
22	Georgia	3.4%
24	Montana	3.3%
24	Mississippi	3.3%
24	Washington	3.3%
27	Kansas	3.2%
27	Wyoming	3.2%
27	New Jersey	3.2%
27	Ohio	3.2%
27	Oregon	3.2%
30	New Hampshire	3.1%
30	Colorado	3.0%
30	Delaware	3.0%
30	South Dakota	3.0%
30	Texas	3.0%
30	Idaho	3.0%
36	Arizona	2.9%
36	Florida	2.8%
36	Illinois	2.8%
36	Indiana	2.8%
36	Iowa	2.8%
43	Wisconsin	2.7%
44	California	2.6%
44	Illinois	2.6%
44	Massachusetts	2.6%
47	Utah	2.0%
47	Virginia	2.0%
49	Connecticut	1.9%
50	Nevada	1.7%
	District of Columbia	NA

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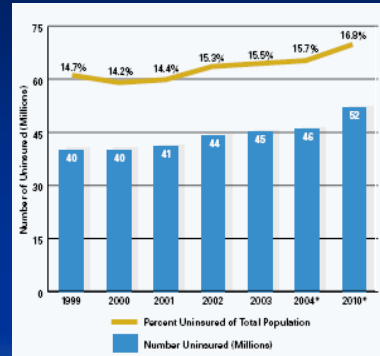
Today's Situation

Lack of Insurance Drives Up Costs

Lack of Health Insurance Risk Pools drives up costs for:

- Consumers
- Public Health Programs
- Health Care Providers

Yet several states still have no access guaranteed programs. Specifically Nevada.



Projected by The Commonwealth Fund.

Source: Adapted from The Commonwealth Fund (2005b), U.S. Census Bureau (2004)

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Today's Situation

Lack of Insurance Drives Up Costs

For Nevada Consumers no Health Insurance Risk Pool means:

- Catastrophic medical costs remain the leading cause of bankruptcy in the United States
*Norton's Bankruptcy Adviser
- 50% of bankruptcy filings in 1999 (500,000+ Americans) were due to huge medical expenses
- 400,000 Nevadans are without health coverage



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Today's Situation

Lack of Insurance Drives Up Costs

For Nevada Public Health Programs no Health Insurance Risk Pool means:

- Increased costs for public health programs due to uninsured patients flooding emergency rooms
- Uninsured patients getting care in emergency rooms rose 11% in 2003
- This is the "most expensive" healthcare



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Today's Situation

Lack of Insurance Drives Up Costs

For Nevada Health Care Providers no Health Insurance Risk Pool means:

- Lack of insurance leads to "Cost Shifting" by health care providers for uncompensated care driving up premium costs
- \$41 Billion Dollars was spent for uncompensated care in 2004 *Kaiser Commission on Medicaid
- \$125 Billion Dollars was spent nationwide in 2004
- **\$100+ million went unpaid in Nevada**



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Today's Situation

Lack of Insurance Drives Up Costs

Health Insurance High-Risk pools serve a specific segment of the individual market. Pools generally serve...

- The self employed
- Employees of small businesses
- Businesses that don't offer health insurance
- People who came out of the employer group market who are NOT eligible for portability via HIPAA
- Workers who are not a part of a large employer plan
- New arrivals to the state



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High Risk Pool Criteria

Pool Criteria	Common Features	Nevada
Follow NAIC Model	12 Yes / 18 No	?
Eligibility Requirement	Resident of State. Time frame	?
Maximum Benefits	\$500,000 to unlimited	?
Premium Cap	Not to exceed 200% of the standard rate	?
Additional Financing	Assess carriers, self-insured plans, donations, federal grants, unclaimed property etc.	?
Cost Containment Provisions	Exclusion list, managed care, disease management, maximum # of members etc.	?
Preexisting Condition Limitation	Look back 6 months. Look forward 12 months	?
Benefit Package	33 models to draw from	?
When Eligible for Medicare	Generally not eligible, with exceptions.	?
Trade Adjustment Act of 2002	Up to \$1,000,000 in seed money	

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Common Myths of High Risk Pools

- **Myth:** Uncontrolled enrollment
- **Fact:** Total enrollment is on average about 1.2% of individual market in the state with a pool (the individual market itself serves about 7% of overall national population under 65 years}
- **Myth:** Risk pools require waiting periods
- **Fact:** Risk pools have appropriate waiting periods to prevent adverse selection
- **Myth:** Limited benefits
- **Fact:** All existing risk pools provide comprehensive benefits, usually 80/20

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Where Is the Money Coming From?

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Where is the Money Coming From?

The TAA (The Plan Adjustment Assistance Act of 2002)

- Each state can obtain up to \$1 million dollars in seed money to help establish a pool provided that they pass enabling legislation
- To qualify for the federal assistance, states will have to cap premiums at 150% of the average market rate, include two or more plan choices and have a stable source of funding for pool losses other than the federal assistance funds

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High Risk Pool Funding

S. 1931 and H.R. 4519 bills have both passed. They include the distribution of funding for High Risk Pools.

- 75 Million allocated for States with existing High Risk Pools (2006 through 2010)
- 15 Million allocated for States to establish High Risk Pools (2006 through 2010)
- Nevada is in a unique situation because of excess money in the general fund

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“State of the State 2005”

Category	Description	Amount
Raining Day	\$79 million for the state's "rainy day" funding	79 Million
Motor Vehicle	\$300 million in rebates to taxpayers through motor vehicle registrations	300 Million
Schools/Education	\$100 million for "troubled" schools	100 Million
Cost of Living	2 percent cost-of-living adjustment for all state, school district and college employees	?
Program Growth	\$700 million for growth in a variety of state programs	700 Million
Technology Improvements	\$44 million for technology improvements to state agencies	44 Million
Capital Improvement	\$52 million to bonds for capital improvements	52 Million
Program Enhancement	\$200 million to enhance existing programs	200 Million

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In Conclusion

“To create a Comprehensive Health Insurance plan for Nevada consumers who through no fault of their own do not have access to Group Health Insurance coverage and cannot obtain individual health coverage due to a medical condition...”

This is the socially correct thing for Nevada to do because everyone needs health insurance.

If we don't promote this, who will?

Nevada needs a bill to access the Federal funding

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The Time Has Come Nevada Need's This Plan

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