

**Comments Presented to the Finance Committee
of the United States Senate
June 16, 2008**

**By
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Chair of Colorado's Blue Ribbon Commission for
Health Care Reform**

Senators, distinguished staff, and members of the public. My name is Bill Lindsay. I am the Chair of Colorado's Blue Ribbon Commission for Health Care Reform. We appreciate this opportunity to present our observations to the Committee.

The legislature in Colorado passed, and the Governor signed, HB06-208 in 2006. The purpose of this landmark legislation was to create a Blue Ribbon Commission that would solicit proposals for comprehensive reform from citizens, or interested groups, which would result in the provision of coverage for all Coloradoans while also reducing costs.

The Colorado Commission for Health Care Reform has completed its work, having presented our final report and recommendations to the legislature on January 31, 2008. Twenty-four of the 27 members of the Commission support the 32 recommendations we submitted.

We are proud of that strong support, as it comes from a broad and diverse group. Not only were we appointed by six different elected officials (three Democrats, three Republicans), but we also bring perspectives from very different groups, including consumers, physicians, hospitals, brokers, businesses (small and large), government, health plans, and rural Colorado.

This broad consensus was reached only after much hard work. Over the course of 14 months, we spent thousands of hours in this effort. We solicited, received, and evaluated more than 30 proposals. We selected four of those proposals – each reflecting distinct approach to reform – for extensive evaluation and analysis. The Commission then crafted a fifth proposal, considering the results of the evaluation of the four selected proposals, incorporating ideas from all proposals submitted to us and adding innovative ideas from the commissioners. That proposal was also informed by the input we received at 24 public meetings around the state and the focused feedback of four Advisory Task Forces (Business, Providers, Rural Communities, and Vulnerable Populations).

We appreciate the interest you have shown in our efforts. Although many have asserted that the states need to be the laboratories for health care reform, it is clear to us that we need the keys to unlock the laboratory door.

In this regard, we note that a more coordinated and unified federal approach would facilitate state reform efforts, which must otherwise navigate through a maze of disparate laws (e.g., ERISA, HIPAA, the IRS Code) and multiple agencies. In addition, actions taken with regard to government programs impact not only those programs, but also the delivery of care in the private sector. For example, reducing funds in Medicaid, Medicare, SCHIP, or DSH payments creates a cost-shift that increases private sector costs which makes health insurance less affordable and as a consequence, creates more uninsured.

It is in that spirit that we submit the following specific issues that arose as we structured our efforts to cover the uninsured and make health care more affordable. We emphasize that this list is not exhaustive. Within the time constraints for the final report of the Commission, we could not conduct an exhaustive overview of issues related to federal law and regulation.

However, there is a level of consensus that the following issues may impede potential reform, and that these concerns can only be addressed by the federal government:

Private Sector Considerations:

1. Premiums for individual health insurance should be tax deductible.
2. To encourage wellness, health plans in Colorado (and other states) should be authorized to offer different smoker/non-smoker rates so long as the plan offers tobacco cessation programs.
3. Current financial disincentives for small business owners should be removed. For example, business owners should be allowed to participate in Section 125 plans. In addition, sole proprietors' deduction for the cost of their health insurance should include the ability to deduct the cost of insurance from their self-employment taxes. This tax inequity currently causes the cost of their coverage to be 15% higher than anyone else in the system.
4. States should be allowed to apply premium assessments on stop-loss carriers that serve ERISA plans.

Public Sector Considerations:

1. The states who have enacted significant health care reform legislation should receive additional federal funding as pilots, so their efforts can be evaluated.
2. To expand access, Medicare provider payments should be increased, and Congress should re-evaluate the current formula for calculating physician compensation (known as SGIR).
3. SCHIP should be expanded.

4. Medicaid should provide funding for childless adults.
5. States should have the flexibility to determine how best to enforce citizenship requirements for Medicaid and SCHIP populations.
6. States should have greater flexibility to determine how best to spend federal public health funds.
7. The maximum income level allowed for persons with disabilities to pay a reduced premium to “buy in” to Medicaid should be raised.
8. The Social Security Administration’s definition of disability be changed to exclude the “work requirements” for persons with disabilities who return to work, allow continuance for Medicaid/SSI eligibility (not necessarily actual receipt of a benefit) for those who return to work and immediate return to the benefit program at any time the individual’s income drops below the maximum income standards for those programs.
9. Prohibit termination of benefits for any person with a disability who does attempt to return to work for any reason except a substantial improvement of the person’s medical condition.

Again, we note that these are just a limited number of the concepts that could be addressed at the federal level in order to better accommodate state health reform efforts. Many of the issues have emanated from considerable debate among members of the Commission. Although the Commission has ended its work, its members remain willing to continue our efforts to serve as resources for your office to address these issues.

In the end, we did not view our job as presenting a simplistic solution to a problem that is intertwined with layers of complexity. Rather, we recognized that we were given the opportunity to “jump-start” the debate, and have tried to create a foundation for informed policy-making in the coming years. In that light, the federal environment in which this discussion must occur is critical, and we appreciate your willingness to consider the foregoing issues.

Please do not hesitate to let us know how we can help in that regard, and thank you again for your support and commitment to this critical public issue.

Respectfully Submitted,



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Chair, Colorado’s Blue Ribbon Commission for Health Care Reform