

Appendix B:

Uncompensated Care Pool – Proposal for Discussion

Rationale

- Uncompensated care is one of the reasons for cost-shifting & higher insurance premiums
- Uncompensated care affects the safety net provided by hospitals or clinics. And, while nonprofit hospitals use uncompensated care as part of their community benefit, the pool could be used instead for care that otherwise is written off (depending on criteria set by advisory council – see below)
- Hospitals and physicians are stuck with uncompensated care when law enforcement fails to charge an accused criminal partly because the costs of care would be on the city or county or state once the accused is charged.

Proposal

- Require all insurers to pay a premium tax
- Lower the premium tax
- Require all self-insurers through their third-party administrators to pay the MCHA assessment
- Lower the MCHA assessment
- Establish an advisory council to work with the State Auditor's Office (or the Attorney General through the consumer protection office) to determine distribution of the funds.
- As an incentive for insurers to participate (other than lower premiums, level playing field for all participants either paying premiums or paying assessments), consider risk adjustment measures (per Washington State's proposals)
- Uncompensated care to be figured on costs (possibly an average of all insurance discounts for that provider).
- Calculate a charge on self-insured **public** entities designed to contribute to the uncompensated care pool (because they benefit from lower premiums). E.g. State employees and legislators receive \$550/month in premium assistance. If \$50 of that amount were applied to the uncompensated care pool, then conceivably that amount could help reduce the "increase" in premiums so that the contribution doesn't penalize employees.
- Self-insurers that fall under ERISA and do not use TPAs would be exempt from any of these issues. The state, however, could deny any risk-related relief (see Washington State reference above) to self-insurers who seek re-insurance.