Background Paper #1

The Washington Health Security Trust: Accessible, Affordable, High-Quality Health Care for ALL Washington Residents

The problem: unaffordable health coverage

For over twenty years, government reports, economic analyses and anecdotal accounts have repeatedly shown that Washingtonians spend more than we can afford and get less health care than we need. We spend more than $60 billion each year on health coverage and health care, yet several hundred thousand Washington residents remain uninsured even though the Affordable Care Act (ACA) has been in place since 2013. Many more are underinsured, as the quality of insurance coverage continues to decline. Premiums keep rising much faster than wages, leaving workers constantly in fear of being unable to afford their health insurance or its cost-sharing requirements. Medical bills, even for people with health insurance, are the leading cause of over 50 percent of personal Bankruptcies.

Our solution: The Washington Health Security Trust (WHST)

Health Care for All – Washington (HCFA-WA) wrote a proposal for legislation to create a single public trust fund, the Washington Health Security Trust (WHST). The fund would be dedicated to paying for a defined set of essential health services for all state residents. We propose that the Universal Health Care Commission use the WHST as the model to implement universal health care in Washington state.

Highlights of the WHST

- All residents are covered for defined benefits regardless of health or employment status
- Residents choose their health professionals
- Health professionals and patients make medical decisions, not insurance companies
- Health professionals are not employees or agents of the WHST
- Health professionals work in both the private and public sectors, as they do now
- Health professionals, clinics, hospitals, and other health providers negotiate terms of their participation with the WHST.

Governance

A public board of trustees governs the WHST. The initial appointed board defines the initial benefits package, creates a claims processing system, and develops effective tools to monitor and evaluate WHST performance. Subsequently, the members of the board will be appointed by the governor from a list of nominees, on a rotating basis.

The board will use three advisory committees:

● Citizens' Advisory Committee for general input, access to care, quality of care and public satisfaction
● Technical Advisory Committee to help with decisions about what services, pharmaceuticals, and devices to include in the benefits package
● Financial Advisory Committee to monitor operations and financial performance

The board will seek public input for WHST policies over time. The board is required to submit yearly reports to the legislature and the governor.

How the WHST is to be financed
The WHST, if fully implemented, would, essentially collect the money we now spend on health insurance and health care from the same sources as at present (employers, individuals, state government, and the federal government), and put those funds into the Trust. The WHST can cover high-quality, comprehensive health care for all residents without additional revenue.

The current WHST bill requires the board, in consultation with the House and Senate appropriations committees, the Department of Revenue, and the Office of Financial Management, to commission an actuarial study and devise a funding mechanism approximately 21 months after the WHST goes into effect. Funding for the WHST must work within specific unique limitations and provisions of the Washington state tax system and federal law. It is highly likely that a combination of a payroll assessment on all employers and an individual premium will be required to raise sufficient funds.

The WHST board is instructed to apply for waivers as needed to allow inclusion of federally covered populations, along with their funding, in the WHST. Until such waivers are granted, the existing federal coverage will remain in effect and the WHST will provide secondary coverage.

Employers may continue to purchase private health insurance for their employees. However, the WHST benefits package is designed to provide employees better coverage at lower cost than current health benefit plans. The WHST, if funded by a payroll assessment on ALL employers, is designed to be compliant with ERISA, a federal law that restricts states from interfering with benefit agreements between employers and their employees.

Pooling the funds for health services across the state and spreading the risk across the entire state population provides a stable mechanism to pay for high-quality care for EVERY Washingtonian.

The WHST is simple, smart, fair, accountable, and affordable
It is a unified, user-friendly system to pay for high-quality health care for ALL residents of the state of Washington – all at a cost equal to or less than our current failing, overly complex, overly expensive non-system. This is still true after over a decade of the Affordable Care Act.

For more information visit www.hcfawa.org