



Arkansas  
**BlueCross BlueShield**

An Independent Licensee of the Blue Cross and Blue Shield Association

# An Arkansas Solution

Comments Regarding The Stephen Group Report  
to the Healthcare Reform Task Force

As Arkansas' oldest and largest health insurer, Arkansas Blue Cross and Blue Shield is an experienced healthcare payer. We understand the complexity of healthcare delivery and the many challenges the Task Force is facing. Providing access to affordable, high-quality healthcare is our primary mission. We are grateful for the role the Task Force is playing in advancing that objective for all Arkansans. Your work is important and we thank you for your service.

We find many areas of agreement with the recommendations brought forward in The Stephen Group report. The focus on improving quality, cost and access to care is commendable and deserving of a continuing fact-based discussion. A number of recommendations track very closely with positions Arkansas Blue Cross brought forward in a recent legislative brief. They include:

### **Adopting a Holistic View of Healthcare Delivery**

It is important that any action taken considers the impact on the healthcare delivery system as a whole. When providers of care do not receive reasonable reimbursement from one segment of the population, it drives prices higher for other populations. When individuals without coverage seek care, providers must transfer the cost of services to paying customers.

In addition, the report recognizes the importance of the adoption of value-based programs (like patient-centered medical homes) in improving cost and quality for Private Option insureds as well as other commercially insured populations. Arkansas Blue Cross is committed to supporting and strengthening primary care in Arkansas. We also believe providers and insurers play an important role in helping government and communities identify and resolve the "upstream" issues that lead to poor health status.



### **Support Healthcare Consumers in Wise Resource Consumption**

As early program implementation issues are resolved, carriers will be able to re-deploy resources toward improving health literacy in newly insured populations. Many individuals believe they should only see a doctor when they are sick. They wait until the last minute to seek care, often ending up in the emergency room. Having coverage is the first step; knowing how to wisely use that coverage to improve health is the next step. At Arkansas Blue Cross, we will use our retail and service locations throughout the state to provide education on appropriate healthcare utilization. We will continue our new member outreach activity and augment our ongoing member communication and engagement programs with digital communication platforms, which are often most effective with younger, low-income populations.

Everyone understands and agrees that a focus on high-cost members is important. Using our sophisticated analytics programs, we can stratify member populations based on risk. As the program matures, we will more effectively engage these high-cost participants, working in collaboration with their primary care physicians in programs designed to improve health status and lower cost.

Changing established behavior patterns takes time, but we are committed to devoting the resources necessary to provide the kind of consistent intervention and outreach called for in The Stephen Group report.

## Creating Incentives for Personal Responsibility

As the report indicates, federal regulation provides very limited flexibility around program design. Within those confines, Arkansas Blue Cross has focused on aligning Private Option and other commercially insured populations with primary care providers willing to take responsibility for managing and coordinating their care. To date, 62 percent of our Private Option members have a designated primary care physician. This is the first step in helping the newly insured understand how they and their providers work together to prevent illness and manage health.

Greater regulatory flexibility would allow for stronger incentives to encourage positive health behaviors without increasing initial plan costs or driving increases in uncompensated care.

## Commercial Benefit Design Strategies

The Stephen Group echoes our belief that benefit design for the Private Option population should mirror that employed with other commercial populations such that appropriate use of healthcare services is encouraged. In addition to providing broad access to primary care, health plans should make using these resources financially attractive while discouraging use of more expensive emergency room services for non-emergent conditions.

To be effective, carriers must ensure that primary care is available to members outside of normal work hours. At Arkansas Blue Cross, we believe our members should be able to get an annual physical or seek treatment without missing work and losing pay. Through pilot programs with provider partners, like our Arkansas Blue Cross member clinic in northwest Arkansas, Advantage Primary Care, we are working to ensure that benefit plans and delivery system capability are aligned for efficient care delivery. In that setting, we are working to integrate behavioral health services, nutritional counseling and a variety of support services in the primary care clinic. This helps individuals do more than treat their condition; they instead understand how to manage their condition to avoid going to the emergency room.



## Key Difference

While we can support much of what The Stephen Group recommends for our state, we have a divergent opinion relative to the SHOP program. As the only carrier participating in Arkansas' SHOP exchange, we have a clear view of the program and its' purported benefits. As currently structured, the tax credit program offers a benefit to only a very limited number of eligible employers for a very limited period of time. As a result, to date, only 126 members are enrolled through the SHOP. While the SHOP may grow over time, most of the employer market will continue to purchase their coverage off the SHOP. Consequently any solution designed to assist low income employees and support employer sponsored coverage should be designed to operate outside the SHOP as well as within the SHOP.

## Good for Arkansas' Taxpayers

Politics aside, it is hard to deny that the Private Option has been good for Arkansas' taxpayers, and will continue to be for the foreseeable future. The benefit of a billion federal dollars on the states' economy is hard to ignore. And that economic stimulus and the focus it creates comes with a unique opportunity to fast track a healthcare system that better serves all Arkansans. To the extent that we all become healthier, we all become more productive, and that productivity leads to more economic development opportunity.

## Collaboration is Critical to Future Success

Effectively building this new system will require strong public/private partnerships. As we have experienced firsthand in recent years, implementation of new programs, like those contained in The Stephen Group report, is a complex process with great potential for unintended consequences and cost. While we agree with the basic themes of The Stephen Group report, success will depend upon how well these policy changes are developed and implemented. Some of these changes may require pilot programs in order to determine effectiveness and value. To minimize inefficiency and disruption, a formal process for engaging key stakeholders throughout the process must be established. Hospitals, doctors, carriers, consumers and independent agents must all work with state government as equal partners to assure a sustainable, high-quality healthcare system for Arkansas. We have a unique opportunity to build a world-class healthcare system in our state. But we must build it together.

