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L.A. Care Health Plan welcomes and appreciates the opportunity to respond to Congressman Pallone and Senator Murray's letter requesting information on design considerations for legislation to develop a public health insurance option. L.A. Care agrees that establishing a federally administered public option is an important next step in the continued effort to expand high-quality, affordable health coverage to more Americans. As the nation's largest publicly operated health plan and the only publicly funded Medicaid Managed Care plan competing on a state exchange, we have a unique perspective to offer regarding how successful a public option can be and what the most important considerations are in designing a robust and equitable public option offering.

As noted in the request for information, the Affordable Care Act (ACA) has played a pivotal role in expanding coverage across the country, particularly in states that chose to expand Medicaid. However, there is still work to be done to close the coverage gap and develop sustainable solutions for those that are underinsured. It is vital that lawmakers and the healthcare community turn their attention and resources towards strengthening and improving the current ACA law, now that it has been upheld in the courts once again. Establishing a federally administered public option is a key next step in this process.

L.A. Care Background

Since 1997, L.A. Care has been a publicly operated health plan, serving Medi-Cal members in Los Angeles County. In 2014, L.A. Care decided to participate in Covered California, the state's Affordable Care Act (ACA) exchange, and became the first true public option in the marketplace. Today, L.A. Care serves nearly 2.4 million enrollees in Los Angeles County including 2.2 million Medicaid, 96,000 Exchange, 20,000 Dual Eligibles (Medicaid-Medicare), and 52,000 in-home supportive services workers. L.A. Care is an independent local public agency created by the State of California and Los Angeles County to provide health coverage to low-income residents in Los Angeles. L.A. Care is governed by 13 board members representing specific stakeholder groups, including consumer members, physicians, federally qualified health centers, children's health care providers, local hospitals, and the L.A. County Department of Health Services.

L.A. Care views participation in the state's exchange as an extension of its original mission to provide access to quality health care for Los Angeles County's vulnerable and low-income residents and to support the safety net. Participating on the state's exchange allows L.A. Care to continue to serve members when their financial status changes as members are able to move from Medicaid to the state exchange and vice versa and still keep their same health plan and doctor.

Public Option Operations Should Mirror Current ACA Requirements

In our ongoing efforts to advocate for the importance and value of a public option, L.A. Care continues to turn to a piece of legislation introduced in 2009 during the Affordable Care Act's inception. H.R. 3962, the "Affordable Health Care for America Act", included parameters that provide a solid framework for a public option that should be considered as conversations around establishing a public option continue. L.A. Care serves as an example of those elements in action and, drawing from our unique experience, we would like to share the following recommendations and considerations in response to your request for information.

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Drawing on the basic principles of the public option model outlined in H.R. 3962, L.A. Care believes a successful federally administered public option would be available to ACA marketplace-eligible individuals only and would compete directly with other plans offered on the exchanges. Given that, a public option would need to meet all of the same requirements as qualified health plans offered on the exchanges, including those related to benefits, benefit levels, provider networks, notices, consumer protections, and cost-sharing.

Maximize Premium Assistance

L.A. Care's experience serving a specific geography, Los Angeles County, has emphasized for us the importance of localization in offering health insurance options through exchanges. We believe this will be a key area of consideration when developing a federally administered public option. Specific premium-related components of H.R. 3962, such as geographically adjusted premium rates, are worth close examination as a public option is developed. Furthermore, the availability of premium assistance through cost-sharing subsidies has been an important and successful component of the Affordable Care Act and applying existing federal premium subsidy standards to the public option would be an appropriate baseline. Given the aforementioned importance of localization, public option enrollees living in states, such as California, that provide expanded premium assistance beyond the federal level, should be eligible for those subsidies as well.

Pay Providers Capitated Rates in Line with Medicare Rates

Furthermore, H.R. 3962 included provisions for rates for providers, services, and prescriptions to be negotiated, but be no lower than Medicare rates and no higher than average rates paid for other commercial plans on the market. L.A. Care has succeeded in remaining competitive on the Covered California exchange in Los Angeles while providing rates in line with Medicare and therefore would endorse taking this approach to rates with a federally administered public option. H.R. 3962 also mandated that Medicare providers be automatically rolled into the public option network unless they opted out. Provisions such as this are worth serious consideration when examining the best ways in which to ensure adequate access to providers for public option enrollees. In addition, based on our experience, L.A. Care believes that the most efficient way to ensure patients get the highest quality care is for providers to be paid capitated rates versus fee-for-service.

Address Health Equity

In considering the role a public option can play in addressing broader health system reform objectives and health inequities, L.A. Care can again provide a unique perspective as a successfully functioning public option. Our motivation to enter the Covered California exchange echoed the core principles guiding the potential creation of a public option—to increase access and affordability for enrollees and to help provide a realistic insurance option for those individuals whose income may increase just enough to make them ineligible for Medicaid, but too low to be able to afford most other insurance options. We believe we have succeeded in this effort, offering an affordable HMO product that continues to drive competition among other commercial plans in Los Angeles, resulting in affordable price options for enrollees. Our success is also bolstered by our unique status as a nonprofit entity not accountable to stakeholders, but to our community and our Board of Governors, which has member representation and holds public meetings. This model allows us to reinvest directly back into the Los Angeles community and healthcare safety net through grant making and initiatives focused on areas such as the safety net workforce, homelessness, food insecurity, equity, and income insecurity. In addition, we continue invest in our members and the larger Los Angeles community through our network of Community Resource Centers and our continued focus on addressing the social determinants of health, or those social needs that play a significant role in health outcomes and quality of life. A federally administered public option could provide this type of health insurance experience on a broad, national scale, significantly improving access and affordability and reducing disparities in coverage for millions of Americans.



In closing, the Affordable Care Act has made substantial improvements in health care coverage and affordability and has provided a sturdy foundation for future health care reform efforts. Now is the time to build on that foundation and introduce bold, innovative solutions to the challenges that remain. One such Solution is a federally administered public option. As a model for how a public option can work and succeed, L.A. Care appreciates the opportunity to provide insights and offer recommendations regarding a federally administered public option, in response to this request for information. We hope to continue to be a valuable resource as this process continues.

Sincerely,



John Baackes

About L.A. Care Health Plan

L.A. Care Health Plan serves nearly 2.4 million members in Los Angeles County, making it the largest publicly-operated health plan in the country. L.A. Care offers four health coverage plans including Medicaid, Covered California (state based exchange), Cal MediConnect, and PASC-SEIU Homecare Workers. As a public entity, L.A. Care's mission is to provide access to quality health care for L.A. County's vulnerable and low-income communities, and to support the safety net required to achieve that purpose.



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