

**COVERAGE WITHOUT GAPS:
IMPLEMENTING SEAMLESS HEALTH INSURANCE COVERAGE**

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In America's fragmented health care system, too many individuals and families lack continuous access to health insurance. Overwhelming evidence shows that lacking health insurance leads to decreased access to quality care and reduces health status. The widely shared social and economic losses from these problems compound the cost of thousands of lives lost every year due to lack of health insurance and consequently access to care. In this context, health reform that ensures every individual and family seamless health insurance is more a matter of stewardship than of charity.

The goal of California health reform should be seamless, universal coverage, achieved by sharing responsibility among government, businesses, and taxpayers. This goal is achievable if we develop a system that encourages people to enroll by removing barriers and making insurance affordable. While all individuals must participate, seamless coverage should focus on ensuring that no individual or family is allowed to fall through the cracks, not just enforcement. Financial risk should be fairly shared by government, business, and households.

This paper develops operational principles and techniques to help California (and any system, by extension) create a culture of coverage where having health insurance is the norm and lacking insurance is the rare exception.

The first principle upon which such a system must rest is access and affordability. Most Californians have coverage today. Most of the uninsured want it but they simply cannot afford it. Adequate subsidies and reformed markets that guarantee access to health insurance then solve the problem for the vast majority of individuals. A properly regulated health insurance "exchange" will be critical to making this promise a reality for all people, regardless of their pre-existing health conditions or their access to employer-sponsored insurance. Government subsidies must make insurance affordable for lower-income families. Once insurance becomes accessible and affordable, an individual mandate to obtain health insurance can succeed.

Unfortunately, access and affordability will not be enough to reach universal coverage. A few who can afford it will prefer to remain "free riders," shifting their emergency care costs onto the rest of society by refusing to pay their fair share toward insurance or care at the point of service. In addition, a larger number may find it difficult to maintain coverage continuously as their job status and income level fluctuate in a complex economy subject to cyclical and structural economic forces. As it turns out, the same set of information flows and institutional arrangements can solve both problems simultaneously. The second principle of seamless coverage is the need to routinely review and monitor

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insurance status. The state will use regularly updated information from the insurance market exchange, insurers, employers, and healthcare providers to track enrollment of every individual and, if no other coverage is present, assign the individual to a default plan. Where appropriate, individuals or families will be offered subsidies or simply be enrolled in a public program. Key technical devices to make this system feasible are electronic information sharing and data tracking. Other states around the country and countries around the world use variations of these innovations to achieve very high rates of compliance with automobile and health insurance purchase mandates, respectively.

The third principle of seamless coverage is fair penalties for noncompliance. Despite all reasonable efforts, some will try to avoid, or just fail to meet, their obligation to their fellow Californians to enroll in health insurance and to pay their fair share of the premium. Because the concept of seamless coverage rests on personal plus shared responsibility, the state will assume the risk of premium payment to ensure that insurers (and providers) are paid and that enrollment is continuous. In turn, the state will seek appropriate premiums based on income, plus fair penalties or less applicable subsidies, from the enrolled individual or family. This process will make use of the automated information systems now in place in California for keeping vital statistics, verifying automobile insurance, and monitoring enrollment in the Access for Infants and Mother's Program. Collecting the fair share of premium dollars from covered individuals, not seeking criminal penalties, will be the primary goal.

Once we create a health care system that assists people to buy and maintain health insurance and gives them access to quality, affordable care, the societal responsibility to cover oneself and one's family will become the status quo. By changing our health care infrastructure, we can change our culture of health care into one in which people will choose to enroll in affordable coverage when it is offered. This paper outlines these concepts and proposes the new practices that can begin to make that paradigm shift a reality.