



FAIR

HEALTH PLAN

Finally, a health plan
that's **FAIR** for *all* Americans.

FEDERAL ACT INSURANCE RESTRUCTURED

A Fair Plan

Federal Act Insurance Restructured

The national health plan that follows is designed to meet all of the strategic goals that the American people have desired for years. It allows the uninsured to have access to healthcare in a way that is very cost effective and saves over \$385 billion dollars in its first year in Medicaid expenditures alone without an adverse effect to the care provided. Compared to Medicaid today, which is projected to increase annually at the rate of 6.1%, the Fair Healthcare Plan is estimated to save over \$6 trillion over its first ten years yet provides coverage for all Americans under the age of 65.

FAIR Health Plan Summary

Nearly everyone in the country can agree that the current health care system is broken. The question is what changes will lead to a system that is both functional and cost effective? Following are highlights of what the FAIR Health Plan accomplishes:

- ✔ This is a self-funding plan with minimal Government intervention.

- ✔ This is not a Government run health plan but utilizes private enterprise with minimum subsidies for the Medicaid and low income population.

- ✔ Health care coverage will be provided for all Americans from birth to age 65.

- ✔ Medicare will remain intact and will take over for Americans when they reach 65.

- ✔ All preexisting conditions will be covered.

- ✔ Recommended screening and “wellness care” will be fully covered.

- ✔ Dental coverage for routine checkups and cleanings, excluding any other dental work.

- ✔ Prescription drugs, includes all generics and 50% off brand names.

- ✔ This is a premium based plan through insurance companies that covers every individual and does away with Medicaid. Twenty three percent (23%) of all premiums collected are to go into a trust fund to pay the premiums for the low income and Medicaid population.

- ✔ The FAIR Healthcare Plan takes over for Medicaid saving it from insolvency.

- ✔ Saves \$6 trillion over ten years based on projected increases in Medicaid expenditures.

- ✔ Medical professionals and other care providers will be reimbursed from a universal fee schedule which is 15% above Medicare fees which can be billed from their EHR.

- ✔ Providers will be reimbursed 100% of charges at the time service is provided.

- ✔ Every patient will be issued a FAIR Healthcare Plan “smartcard” (FAIR Card) with their picture that will help eliminate potential for fraud, simplify medical record collection and exchange and streamline service payment.

- ✔ The FAIR Healthcare Plan will have 4 tiers of coverage similar to the Medicare structure with a set premium and utilization fee for each tier depending on the level of coverage that person wants.

- ✔ The member has a choice of benefits; Hospital and Clinics only; Hospital and Doctors; Hospital Doctors and supplement to cover 20% copay and utilization fee plus optional prescription coverage.

- ✔ Utilization fees can be paid over a 18 month period and payments added to the patients monthly premiums at a minimum of \$20.00 per month until the balance is paid.

- ✔ Utilization fees can be directly debited from an individual’s health savings account.

- ✔ Allow higher contributions to a Health Savings Account. Premiums and /or utilization fees will be exempt from income tax.

- ✔ Employers will receive 25% tax credit for contributions made to employees’ health savings account used to cover utilization fees.

- ✔ Employer’s minimum contribution to the employee’s premium is based on 10% of that employer’s earnings EBIDTA (Earnings before interest, depreciation, taxes and depreciation).

- ✔ This plan will be of great benefit to the financial industry because all of the premiums collected and payments for services are to be processed through federally insured banks.

- ✔ Insurance Companies cannot charge more than the premiums set by the agency administrating the program.

- ✔ Providers cannot have exclusive contracts with insurance companies.

- ✔ All plans are to be fee for service.

- ✔ Medical providers will pay a transaction fee (not to exceed 2%) in exchange for receiving payment at time of service with use of the FAIR Card.

- ✔ Qualified medical providers are to have access to all plans based on Medicare credentialing.

- ✔ Credentialing should include Naturopaths, Chiropractors and other qualified providers.

- ✔ Tort reform to be legislated and to include Medical Boards.

- ✔ The FAIR Health plan is to be implemented and managed by a Non-Profit Organization overseen by CMS.

The Solution

What kind of health plan can provide the American people with basic care? A plan that is a combination of the private sector and the government and that stimulates the economy, creates new jobs, satisfies medical providers and results in all Americans having healthcare care coverage.

Following is an overview for the proposed FAIR Healthcare Plan. The FAIR Healthcare Plan is a low cost base premium plan. Monthly payments would increase based on the previous months' utilization. In other words, plan participants who are basically healthy and seldom need medical attention, are not penalized by paying for members who more frequently use or even abuse the plan. This plan also eliminates bad debts to hospitals and providers. The FAIR Healthcare Plan is run by the private sector with limited government contributions for all individuals' birth through age 64.

Over the years we have heard horror stories of those who have lost their life savings because they did not have adequate health insurance. These stories usually involve catastrophic illnesses, not routine doctor visits. The idea of a national health plan that covers every visit is not practical however a plan that covers catastrophic illnesses in excess of \$1500 to \$2000 is very practical and affordable.

1. Underwriting

- a) Large groups of 500,000 or more members will be formed and underwritten by insurance companies. The plan is to cover all medical procedures (including wellness), all based on a universal fee schedule, and to pay 100% of the scheduled fees. The premiums that the insurance companies charge is predetermined by a set schedule.
- b) 23% of the premiums paid are to be placed in a trust account, to pay the premiums for low wage earners and Medicaid population.
- c) The FAIR Healthcare Plan will have 4 tiers of coverage similar to the Medicare structure with a set premium and utilization fee for each tier depending on the level of coverage that the person wants. The member has a choice of benefits; Hospital only; Hospital + Doctors; Hospital + Doctors + Supplement to cover 20% copay with utilization fee; and Doctors + Supplement to cover 20% copay with utilization fee plus Prescription Drug. Or any combination.

Suggested:

	Tier	Utilization Fee	Premium		
1	Tier H	\$1500/yr	\$150	H	\$150
2	Tier H+D	\$1700/yr	\$300	D	\$150
3	Tier H+D+S	\$ 0/yr	\$450	S	\$150
4	Tier H+D+S+Drugs	\$ 0/yr	\$530	DR	\$80

Note: These charges are similar to the Medicare Structure.

2. Funding

- a) Medicaid paid out \$560 billion for 2016 with expected increases of 6.1% compounded per year with 70 million Medicaid members enrolled. Over 10 years if it stays that way it will cost Medicaid approximately \$8 trillion.
- b) Estimated premiums paid by members with an average premium of \$300 per month should total \$1 trillion per year. The trust fund is to pay premiums for the low income and Medicaid population which is 23% of collected premiums and would total \$230 billion. Premiums paid out from the trust fund for low income and Medicaid members of \$250 per month would amount to \$210 billion. Plan HD premium is \$300 after a \$50 subsidy from the Government the premium is reduced to \$250 per month.

Since the premium for the supplement is \$150 per month and covers the 20% copay and utilization fee. By the government paying the subsidy of \$50 + \$150 for the supplement, it would cost the government \$250 per year per member or \$175 billion for 70 million low income members. The Fair Health plan would cost our Government the maximum of \$175 billion per year and save \$385 billion over what is currently paid out for Medicaid. Over 10 years save approximately \$6 trillion.

3. Employers Plan

- a) All Employers have mandatory payroll deductions for the FAIR Health Plan
- b) Employer’s contribution to the employee’s premium is based on 10% of that employer’s Earnings (EBIDTA).

If an employer earns (EBIDTA) \$100,000 he is responsible to pay 10% or \$10,000 per year. This multiplies out based on how small or large a company is. An example is if the above employer has 6 employees we divide the \$10,000 by 6 and the employers responsibility would be \$1,667.00 per year or 139.00 per month per employee and the employee would be responsible for \$11.00 per month. This 10% becomes the employer’s minimum responsibility to equally cover all employees. Employers may opt to contribute more for their employees.

Employers Earning EBIDTA	10% of Yr Earnings	Number Of Employees	Employer Responsibility	Employee Responsibility	Plan	Total Premium
\$50,000	\$5,000	4	\$104/month	\$46/month	H	\$150
\$100,000	\$10,000	8	\$104/month	\$46/month	H	\$150
\$250,000	\$25,000	20	\$104/month	\$46/month	H	\$150
\$500,000	\$50,000	50	\$83/month	\$367/month	HDS	\$450
\$1,000,000	\$100,000	75	\$111/month	\$189/month	HD	\$300

- c) With plan H the employee has a \$1500 utilization fee which can be paid over 18 months at \$85 per month added to the premium or paid out of their HSA account.
- d) Employers will receive 25% tax credit for contributions made to employees’ health savings account used to cover utilization fees.
- e) Employers with Union or Entities that have negotiated full benefits under a contract on behalf of their members or employees will have the employer pay the full premium and utilization fee.

Benefits of the Fair Health Plan

Insurance Companies

- The FAIR Plan provides a great opportunity for insurance companies to grow in different ways:
- It creates large pools of members, which reduces the costs on administration and allows the insurance companies to spread their risk more widely.
- Existing Federal health plans should be allowed to provide insurance to non federal employees and allowed to compete.
- Bad debts are eliminated since all premiums are guaranteed paid, again reducing administrative costs.

- All collection of premiums is done through the Banking system by Employer deductions and individual payments.
- The insurance company only receives the premiums from the Banking system, saving on thousands of individual billings.
- The insurance company will still be required to process claims, deductibles, coinsurance etc.
- It creates competition among insurance companies with added benefits and new supplemental insurance products.
- Start up costs would be minimal, and most insurance companies could start this program immediately as they have the required software, equipment and personnel.

Banking Industry

Presently the banking industry is trying to carve out a piece of the medical industry by promoting the use of credit cards for medical services by patients.

The FAIR Plan would be a boom to the banking industry, as billions of dollars in medical services and insurance premiums would pass through the financial system:

- The members of the health plan would benefit due to competition in signing up members by lower interest rates and premiums.
- Most billings would be group billings to employers through payroll deduction, cutting administration costs.
- All premiums collected and disbursements are to be processed through the Banking system.
- The Banking system is to charge a service fee to the insurance company of 1% of the base premium collected and charge providers up to 2% of patient charges.
- Bad debts would almost be eliminated by government guarantees of 90%.
- The banking industry is already to handle this program, with minimal set up costs.

Medical Providers

Today many medical practices are struggling to collect 50% of what is owed for the services they provide. The FAIR Plan will stabilize most medical practices as well as reduce costs of operation by eliminating bad debts. By providing the medical providers with payments of 100% of scheduled (15% above Medicare reimbursement) for their services in approximately 24 hours, allows providers control of his/her practice. This translates into reduced cost for patients while increasing the quality of medical care. With a high percentage of providers accepting Credit Cards the FAIR Health Plan would be simple to implement.

The inflation for services that has been experienced in recent decades would stop for several years as the providers will now be paid for 100% of their services allowing them to

hold fast on current rates for quite a few years. It would allow the providers to concentrate on practicing medicine instead of accounting and law. In business if you perform a service you get paid. Why is it the doctor's responsibility to have to fight to get paid? Qualified medical providers are to have universal access to all plans based on Medicare credentialing.

Plan Participants

Every member will be issued a FAIR Healthcare Plan "smartcard" (FAIR Card) with their picture that will help eliminate potential for fraud, simplify medical record collection and exchange and streamline service payment.

The FAIR Plan provides members with medical care on demand with their choice of providers. Treating all parties equally, regardless of financial ability, allows those who are less fortunate to lose their degrading label.

Everyone is to enroll therefore covering the total population excluding Medicare. Since those who are not employed will receive full benefits and when employed payroll deductions will be mandatory and premiums will be based on income.

The decision for medical care should be determined by the attending Physician not the Insurance Companies.

It provides premiums based on financial ability and in return does not penalize the healthy segment of the population by paying for individuals who would over-use the system. Under this plan there is no reason for an individual to be uninsured.

Employers

With the FAIR Health Plan employers, especially small businesses will only have to contribute up to 10% of the employer's earnings (EBIDTA) on behalf of their employees. The overall burden will be kept in check by requiring employees to pay some of their premium and utilization fees. Employees will be encouraged through payroll deduction to contribute to a Health Savings account.

As an incentive employers will receive 25% tax credit for contributions made to employees' health savings account used to cover utilization fees.

All employees must be insured through payroll deductions. There are no calculations to be done, nor any complicated systems therefore creating simple guidelines for the employer to follow. Eventually employees will begin to seek out companies that do full contributions to their Health Care Plan thus changing the market and forcing employers to provide contributions.

Government

Government participation in the FAIR Health Plan is to mandate:

- That every individual be eligible for the plan regardless of medical history.
- That employers make payroll deductions for premiums and utilization fees.
- A system to oversee scheduled fees.
- Regulation of the insurance companies and the financial institutions that offer the health card.
- Bring in Tort Reform.
- Set up an agency to investigate and prosecute fraud within the system.

Government agencies involved with health care would save billions of dollars, as the maximum liability they could incur is \$2500 per year for low income and Medicaid members. The projected savings would be \$385 billion dollars in its first year in Medicaid expenditures. Currently Medicaid spends \$560 billion dollars on approximately 70 million Medicaid recipients.

Tort Reform

In order for the system to work we need major Tort Reform. Providers are not attorneys and should not be practicing law. In order to avoid litigation, providers are over-ordering testing to cover their liability. Some practitioners have given up medicine because of the cost of liability insurance. The maximum liability to a practitioner should not be greater than \$300,000. If a patient wishes limits beyond that they should have the option to buy medical liability insurance for themselves. Not unlike auto insurance in which we add uninsured and underinsured to our auto policy. The cost should be in the range of \$5 to \$10 per month for the patient.

Another area to be covered under Tort Reform is to limit the power of Medical Boards where there is no due process and who are responsible for destroying the lives and income of practitioners based on frivolous complaints. If a Doctor refuses to prescribe a narcotic; will not put the patient on disability, or the patient does not want to pay their bill, often a complaint is filed by a patient with the board. That doctor's life becomes hell for years and cost thousands of dollars in legal fees. Complainants should not be allowed to be anonymous and there should be some retribution for frivolous complaints.

Conclusion

The FAIR Healthcare Plan is equitable and everyone benefits. It makes basic health insurance available to everyone. It continues to use private enterprise which stimulates the economy. This plan is great for the banking industry as all premiums collected and disbursements are to be processed through the Banking system. Six trillion dollars over ten years will be saved based on existing Medicaid expenditures. Most importantly aspects of The FAIR Healthcare Plan and all of its individual elements are currently in place, within one year this plan could be completely implemented and in full operation.

Disclaimer

Scott Farrell is not affiliated with any company, agency, or political party involved in health care reform and will receive absolutely no financial benefit. Writing this plan was a labor of love and was started in 1991 and at that time was presented to Senator John McCain who replied in writing that it was an excellent idea. Now the timing is right.