



Recommendations

State Options for Expanding Coverage That Do Not Affect ERISA

States can, and should, play an important role in expanding healthcare coverage for the uninsured, and they have significant authority to do so. Health reform does not require unraveling or harming the Employee Retirement Income Security Act (ERISA), which has expanded access to employer-sponsored coverage.

For example, some states already do and other states can do the following:

Provide Subsidies for Health Insurance Offer subsidies to low-income individuals and families to help pay for health insurance premiums for individual or employer-sponsored coverage. Offer subsidies to small employers for providing coverage to their employees.

Offer Tax Subsidies for Health Insurance Related to option 1, provide tax credits (which reduce the amount of taxes owed) or tax deductions (which reduce the amount of taxable income) for the individual purchase of health insurance. Offer tax credits to small employers who offer health coverage to their employees.

Create State Reinsurance Programs Allow small employers to participate in state reinsurance programs to reduce their financial risk for high cost cases and lower their overall cost of health coverage for employees.

Establish High Risk Insurance Pools Establish a state high risk pool to provide coverage for individuals who are otherwise unable to obtain health coverage.

Permit Small Employers to Join Purchasing Pools Allow small employers to join together to purchase insurance.

Permit State Residents to Purchase Health Insurance in Other States Allow state residents to buy insurance approved in other states.

Permit Insurers to Offer Low-Cost Insurance Options Permit insurers to offer low-cost, basic benefit plans, including high-deductible health plans.

Permit Insurers to Offer Targeted Health Coverage Offer low-cost health insurance for young adults or other targeted populations.

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Reduce or Eliminate Mandated Benefits Allow insurers to offer health insurance without mandates to allow consumers to choose from more affordable coverage options. Require that any state mandate undergo an independent cost analysis that assesses the impact of the mandate on health insurance costs and coverage prior to becoming law.

Expand Public Programs and Outreach Expand state Medicaid, State Child Health Insurance Programs (SCHIP) and other state health programs and expand outreach efforts to reach eligible residents who have not yet enrolled in these programs.

Reallocate State and Federal Medicaid Funds Use State and Federal Medicaid funds innovatively to expand healthcare coverage to targeted populations, including the uninsured, underinsured and low-wage working residents.

