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## Cantwell Announces Obama Administration's New Blueprint to Launch Federal Basic Health in 2015

*After delays, Obama Administration lays out framework to launch cost-cutting health care program in 2015*

*Federal Basic Health could mean up to \$173 million in savings for Washington state*

SEATTLE, WA – Today, U.S. Senator Maria Cantwell (D-WA) announced the Obama Administration has laid out a specific, step-by-step plan to launch the cost-saving Federal Basic Health Plan Option (FBHPO) in 2015.

At an event at a community health clinic on Seattle's Capitol Hill today, Cantwell released a [letter](http://www.cantwell.senate.gov/public/_cache/files/43cebb4b-424a-4960-b88b-d0d9e0bf3692/Senator%20Cantwell%20final%20response%20on%20the%20Basic%20Health%20Plan.pdf) ([http://www.cantwell.senate.gov/public/\\_cache/files/43cebb4b-424a-4960-b88b-d0d9e0bf3692/Senator%20Cantwell%20final%20response%20on%20the%20Basic%20Health%20Plan.pdf](http://www.cantwell.senate.gov/public/_cache/files/43cebb4b-424a-4960-b88b-d0d9e0bf3692/Senator%20Cantwell%20final%20response%20on%20the%20Basic%20Health%20Plan.pdf)) from Department of Health and Human Services (HHS) Secretary Kathleen Sebelius committing to implementing the program in 2015 – with clear, advance guidance for states and 95 percent federal funding. Cantwell was joined in Seattle by patients, doctors and community health advocates, at the same clinic where Governor Booth Gardner signed Washington state's pioneering Basic Health Plan legislation into law in 1987.

The FBHPO encourages states across the country to adopt Washington state's successful model of managed care, which could cut costs for consumers and states. Cantwell wrote the Federal Basic Health Plan Option into the *Patient Protection and Affordable Care Act of 2010* and has advocated for its timely implementation. The program was intended to launch in 2014, but the HHS delayed its implementation and failed to provide implementation guidelines to states.

The Urban Institute projected in 2011 that states could save \$1.3 billion per year by implementing the FBHPO, by shifting eligible consumers above 138 percent of the federal poverty level to the program and saving the state's share of costs associated with lack of insurance. The study projected that Washington state could save \$173 million per year.

The FBHPO would provide affordable coverage to over 75,000 Washingtonians, according to 2011 estimates by the Urban Institute. The FBHPO could also reduce the number of uninsured in the state by 15,000 more people than the exchange, due to the plan's greater affordability. According to Community Health Plan of Washington, an individual who earns just \$17,000 a year would pay \$1,161 less for FBHPO coverage than through the exchange.

**"This blueprint to launch Federal Basic Health provides states the guidance they need to launch this cost-cutting health care program in 2015,"** said Cantwell. **"The Federal Basic Health Plan will take Washington state's successful model of cost-cutting care throughout the nation. This will mean better coverage for patients, with a more efficient managed-care model that focuses on results."**

In the [letter](http://www.cantwell.senate.gov/public/_cache/files/43cebb4b-424a-4960-b88b-d0d9e0bf3692/Senator%20Cantwell%20final%20response%20on%20the%20Basic%20Health%20Plan.pdf) ([http://www.cantwell.senate.gov/public/\\_cache/files/43cebb4b-424a-4960-b88b-d0d9e0bf3692/Senator%20Cantwell%20final%20response%20on%20the%20Basic%20Health%20Plan.pdf](http://www.cantwell.senate.gov/public/_cache/files/43cebb4b-424a-4960-b88b-d0d9e0bf3692/Senator%20Cantwell%20final%20response%20on%20the%20Basic%20Health%20Plan.pdf)) sent to Cantwell on March 22<sup>nd</sup>, HHS Secretary Kathleen Sebelius committed that:

- The Federal Basic Health Plan Option will be implemented in 2015;
- The FBHPO will be fully operational separate from state exchanges, including funding based on the 95 percent estimated tax credits;
- The Centers for Medicare & Medicaid Services (CMS) will issue proposed rules for public comment in 2013;
- CMS will issue final rules in the first quarter of 2014; and,
- The Administration will also release a guidance timeline for calendar year 2013 no later than April 15<sup>th</sup> to help states prepare for the FBHPO's launch.

**"In championing Washington state's managed care model, Senator Cantwell wisely envisioned the Federal Basic Health Plan as a crucial element in federal health care reform,"** said Lance Hunsinger, CEO of Community Health Plan of Washington. **"Our state has realized substantial savings since the implementation of our Basic Health Program by working with managed care plans such as ours to administer benefits and coordinate care for over half a million people who would have otherwise been uninsured. More importantly, members of our community have received access to the high quality health care they need."**

**"More than half of the patients we serve at our non-profit clinics are uninsured,"** said Linda McVeigh, Executive Director of Country Doctor Community Health Centers. **"This increasingly includes the middle class who have lost their insurance**

**and simply cannot afford to pay for individual plans. The Federal Basic Health Plan would give those individuals an option for obtaining affordable coverage for immunizations, prescriptions, or cancer screenings, to get their health back on track and avoid medical bankruptcy. Knowing that healthy people means healthy communities and a healthy economy, Senator Cantwell has fought hard to make this program a reality, and for that we are grateful."**

The FBHPO offers coverage to those ineligible for Medicaid with incomes between 138 and 200 percent of the federal poverty level. Consumers with incomes between 200 and 400 percent of the federal poverty level would be eligible for insurance coverage on the exchange. For states that choose not to implement the FBHPO, consumers with incomes between 138 and 400 percent of the federal poverty level would be eligible for insurance coverage on the exchange.

Compared to the exchange, a consumer would pay far less in average annual out-of-pocket costs under Basic Health: \$96 compared to \$434, according to 2011 estimates by the Urban Institute. Premiums would also be significantly cheaper: \$100 under Basic Health compared to \$1,218 on the exchange. *See related [chart](http://www.cantwell.senate.gov/public/_cache/files/0cb283d4-cee7-4fe3-9633-2fa91832be42/Basic%20Health%20Charts1.pdf).* ([http://www.cantwell.senate.gov/public/\\_cache/files/0cb283d4-cee7-4fe3-9633-2fa91832be42/Basic%20Health%20Charts1.pdf](http://www.cantwell.senate.gov/public/_cache/files/0cb283d4-cee7-4fe3-9633-2fa91832be42/Basic%20Health%20Charts1.pdf))

Modeled after Washington state's successful Basic Health Plan, the FBHPO enables states to negotiate directly with health insurers to provide high-quality health care coverage at a lower cost to those ineligible for Medicaid. Washington state's program has operated for more than two decades, providing quality and cost-effective managed care to qualified participants.

In recent months, Cantwell has been pushing Administration officials to explain why the program isn't being implemented for 2014, at the same time as state exchanges, as the law advises. On February 28<sup>th</sup>, during a Finance Committee hearing, Cantwell [said](http://www.cantwell.senate.gov/public/index.cfm/press-releases?ID=27d4304f-75dc-47a7-8b8d-928a7f7f109c) (<http://www.cantwell.senate.gov/public/index.cfm/press-releases?ID=27d4304f-75dc-47a7-8b8d-928a7f7f109c>) she may not support President Obama's nominee for administrator of CMS due to the administration's failure to commit to implement the FBHPO.

On February 13<sup>th</sup>, during a Finance Committee hearing, Cantwell [questioned](http://www.cantwell.senate.gov/public/index.cfm/press-releases?ID=f789e0b9-04e5-434d-aa11-e9efbb8ebeac) (<http://www.cantwell.senate.gov/public/index.cfm/press-releases?ID=f789e0b9-04e5-434d-aa11-e9efbb8ebeac>) President Obama's Treasury Secretary nominee and former White House Chief of Staff, Jacob Lew, about the delay and urged him to help push forward on its implementation. The following day, February 14<sup>th</sup>, during another Finance Committee hearing, Cantwell [questioned](http://www.cantwell.senate.gov/public/index.cfm/press-releases?ID=3d66de56-4b7b-48ac-ab42-6fad93c6da10) (<http://www.cantwell.senate.gov/public/index.cfm/press-releases?ID=3d66de56-4b7b-48ac-ab42-6fad93c6da10>) an HHS official on the agency's support of the program.

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