

CED Report Details Market-Based Plan for Health Care Reform

February 28, 2017 – Washington, D.C. – The Committee for Economic Development of The Conference Board (CED) has issued a multi-part proposal to transform the Affordable Care Act. The non-partisan, business-led think tank calls for expanding the U.S. health care system's market-based incentives with common sense reforms.

Three core principles must guide reform efforts: every American should have access to health care, care should be of high quality, and care should be affordable. The proposal by CED includes the following recommendations:

- Provide all Americans with refundable tax credits to buy health insurance. The amount of the tax credit should equal the annual premium of the second-lowest-priced to provide a choice of two plans at the zero-out-of-pocket price point, and to ensure adequate capacity at that price point that meets basic standards of coverage. Individuals who choose a more expensive plan could use the tax credit toward the cost, but they would be personally responsible for the premium cost over the tax credit amount.
- Restructure and augment the ACA's public health care exchanges. Open the exchanges to all individuals in the region served by the exchange and offer all health plans that meet coverage standards. (Under current law, if an individual's employer offers a plan, he or she cannot access the exchange.) Moreover, have the exchanges correspond to the natural geographic market for the delivery of health care in a region, which might be larger or smaller than a particular state and might cross state lines.
- Allow Americans to obtain insurance in alternative ways, in addition to the exchanges. Access points should include the individual insurance market, private exchanges, and employer-based insurance. Consumers' preferences and market forces will determine which access points (and insurance plans) will predominate.
- Eliminate the individual mandate. People will be required to use their credit and buy health insurance before they receive any treatment.
- Eliminate the employer mandate. The refundable tax credit funds purchase of health insurance and therefore it would no longer be necessary to require employers to offer health insurance to their employees.
- Risk-adjust premium revenue. Health insurance plans would be required to accept all applicants at a uniform price (for that geographic market), regardless of age or preexisting conditions, and would be compensated if their enrollees were sicker than average.

- Allow health insurance to be sold across state lines, so that excellent plans could replicate themselves in new markets.
- Lower regulatory barriers to encourage innovative and “disruptive” providers and approaches to health care delivery. Regulation should aim at fostering competition and ensuring the integrity of products and services.
- Create an organization to support and communicate research on what works in health care. The current lack of clear information is one of the biggest barriers to the effective functioning of free markets in health care.
- Enact more aggressive tort reform. The research entity (described in the recommendation above) could codify its findings on best practices into “safe harbor” treatment for health care providers, such that those who could document that they followed best practices would have a rebuttal presumption against malpractice. Moreover, create expert courts that could reach better judgments in a timelier fashion.

While the proposal calls for comprehensive reform, it also stresses that elected officials should preserve and build on the positive elements of the ACA. They should:

- Prohibit insurance companies from denying coverage or charging higher premiums due to preexisting conditions.
- Prohibit lifetime limits for health care costs.
- Prohibit cancellation of coverage for immaterial inaccuracies of reporting on applications.
- Allow parents to include their children on their policies until age 26.
- Require standardized and simplified enrollment and paperwork for health insurance.

View the health care report [here](#).

About the Committee for Economic Development

Founded in 1942, the Committee for Economic Development of The Conference Board (CED) is a nonprofit, nonpartisan, business–led public policy organization that delivers well–researched analysis and reasoned solutions to our nation’s most critical issues. CED’s work is grounded on seven core principles: sustainable capitalism, long–term economic growth, efficient fiscal and regulatory policy, competitive and open markets, a globally competitive workforce, equal economic opportunity, and nonpartisanship in the nation’s interest. Learn more at www.ced.org.

Media Contact: Joseph DiBlasi
jdiblasi@ced.org; 781.308.7935