

GSK Supports Comprehensive Health Care Reform in the U.S.

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Introduction

The U.S. health care system provides the most advanced medical care available in the world, but for the many Americans who are uninsured or underinsured, access to health care can be sporadic and inadequate. Improvements are needed in the quality and affordability of care for all Americans together with the commitment to reform health care for long-term functionality and sustainability.

To achieve the goals of increasing access, quality and cost effectiveness in our health system, Congress must address a key driver of health care costs in the U.S. -- chronic disease. Chronic disease accounts for 75% of health care spending in this country with more than half of all Americans suffering from one or more of these diseases, many of which are manageable and preventable. We can improve health outcomes and reduce the increase in overall health care costs if our system includes the appropriate incentives to encourage wellness and prevention, manage costly chronic diseases more efficiently, and maintain strong incentives for continued medical innovation to meet costly unmet medical needs such as Alzheimer's disease.

GSK is committed to working towards comprehensive health care reform that will expand access to high quality, affordable health care coverage and services. We intend the policy positions set forth below to both contribute to a robust debate and encourage others to join us in active pursuit of meaningful health care reform.

Principles for Health Reform

Congress recognizes the need for health care reform and is considering several proposals. GSK is evaluating each proposal based on whether they are consistent with the following overall principles:

- Uses the competitive market-based system to improve quality of care and patient outcomes, control overall health care costs, and encourage medical innovation.
- Builds upon the current public/private partnership with appropriate roles for both government and the private sector. This should include maximizing the effectiveness of employer-sponsored health coverage as well as providing continued support for public safety net programs for the low income, including Medicaid and the State Children's Health Insurance Program (SCHIP).
- Addresses not only access to coverage but also improvements in financing and delivery of health care to achieve quality patient outcomes and contain costs across the spectrum of health care services.
- Improves quality of care and saves costs by focusing on prevention and personal responsibility, removing barriers to access, coordinating care, and improving the management of chronic disease.

GSK Position on Health Care Reform Proposals

Comprehensive health reform proposals need to address three major areas to improve the U.S. health care system: (1) access to health insurance coverage for the uninsured; (2) delivery of health care services and payment reform; and (3) financing expanded coverage and health care system improvements. Below is GSK's position on many of the important elements of the proposals under consideration for improving the health system in these three areas.

Access to Health Insurance Coverage: Every American should have access to high-quality affordable health care coverage. This can be achieved through a variety of policy approaches that combine private sector insurance market reforms with individual responsibility to obtain health coverage and encourage employers to offer coverage or expand existing coverage. Below are some approaches included in various health care reform proposals that GSK believes will help to achieve this goal.

- Require individuals to obtain health insurance coverage. An “individual mandate” to obtain health insurance coverage must be paired with subsidies to help individuals with incomes below a certain level purchase affordable health insurance. This assistance could be in the form of advanceable, refundable tax credits or sliding scale premiums. GSK supports an individual insurance mandate as long as individuals have access to affordable health care coverage options.
- Provide access to and improve enrollment in existing safety net programs including Medicaid and SCHIP. Medicaid should be expanded to cover low income adults up to 100% of the Federal Poverty Level (FPL)¹ with preference towards the coordinated care offered by Medicaid Managed Care Organizations. The federal government must fund any expansion, as many states are already financially stressed. Medicaid beneficiaries with access to employer-based coverage should be able to use Medicaid funds to buy into private coverage.
- Eliminate tax disparities between employer-sponsored coverage and individually purchased coverage. Currently, those purchasing individual coverage must pay for it with after tax dollars while those with employer-sponsored insurance receive an unlimited tax exclusion on health benefits. While we support equitable tax treatment, we believe it is also appropriate to place limits on the dollar amount of insurance coverage excluded from federal taxes for employees.
- Maintain the private-sector system by maximizing individuals’ ability to take advantage of employer-facilitated coverage. Employers should be encouraged to provide access to health coverage for their employees. We oppose employer mandates and “pay or play” requirements that place extremely onerous requirements on employers to provide a certain level of coverage for their employees or pay a percentage of their payroll to the government. We support an employer mandate only if there is assurance that there are sufficient affordable options available for employers.
- Enact insurance market reforms that will help individuals and businesses purchase more affordable health care coverage. This could include the creation of national, regional or statewide insurance “Exchanges” to help connect individuals without access to employer-sponsored coverage and small businesses with affordable private insurance plans. Other insurance market reforms that will help improve access and lower the cost of coverage include guaranteed issue, elimination of preexisting health condition requirements, and modified community rating. These insurance market reforms must be combined with an individual mandate to ensure a wider risk pool and to keep those with insurance from having to pay for those without insurance. Insurance reforms should also include provisions giving health plans and employers the flexibility to promote employee wellness and

¹ According to the 2009 HHS Poverty Guidelines, 100% FPL is \$10,830 for an individual and \$22,050 for a family of four.

reward healthy behaviors, e.g., premium discounts, rebates, or modified copays and deductibles for employees who participate in health promotion or disease prevention programs.

- GSK opposes a government-run health plan option that would compete with private plans. Because the federal government is a health care policy maker, regulator and payer, it would be difficult to create a level playing field between a government-run plan and private insurance plans. The proposed insurance market reforms outlined above make creation of a government-run plan unnecessary.
- Ensure that any “Federal Health Board” or other national health care regulatory body is limited in its remit to set standards for a competitive market but is not empowered to choose who can compete. If included in a health care reform proposal, the Federal Health Board should be composed of key health care stakeholders, including patient organizations. The Federal Health Board should be accountable for its decisions, and have a well-defined remit that does not include conducting comparative effectiveness research (CER) or other granular determinations on coverage. For example, a Federal Health Board overseeing a national health insurance exchange could function to help promote private coverage and market competition, focus on affordability standards, administer subsidies and employer premium assistance, oversee access, encourage adherence to consensus-based quality standards, and coordinate education and outreach activities.
- Preserve and expand individuals’ choices for achieving coverage. This should include choices of health plans, health care providers, and cost sharing arrangements.
- Preserve and refine Health Savings Account (HSA) and Health Reimbursement Account (HRA) arrangements that provide consumers with more choice and personal responsibility for their health care decisions. Current HSA laws allowing for coverage of some preventive services before the deductible should be modified to ensure that they do not create barriers to appropriate use of both primary and secondary preventive services.

Delivery of Health Care Services and Payment Reform: GSK supports proposals that improve the affordability and quality of health care and lead to better value and improved patient outcomes. This can be achieved through policies promoting wellness and prevention for all Americans and better coordination of care for those with chronic diseases. Greater investment in and emphasis on primary and secondary prevention is essential to address the obesity epidemic and the growing rates of obesity-associated chronic disease, such as high blood pressure, cardiovascular disease and diabetes. Improving vaccination rates for all Americans -- children through adults -- is an essential element of primary prevention.

Improvements in the delivery of health care must include better care coordination. We support the patient-centered medical home model which provides the right structural framework to focus on prevention, wellness and management of chronic conditions, including patient adherence to needed medicines.

Delivery system and payment reforms should promote quality of care and improved health outcomes rather than reimbursement based on volume of services. This will help to reduce geographic variation in the quality and cost of health care, and encourage value-based health benefit design.

The use of Health Information Technology (HIT) should expand to include, for example, fully integrated Electronic Health Records (EHR) with clinical decision support tools. These tools will improve quality and reduce costs by lowering variations in care, improving adherence to clinical guidelines and medications, as well as enabling proactive preventive care and treatment of chronic conditions.

Patient safety should be assured throughout the health care system through robust safety monitoring and surveillance systems.

Disparities in health care delivery should be addressed to reduce variations in outcomes by ethnicity, gender, race, socio-demographic status, and cultural differences. We support health literacy efforts that provide information and instructions that improve patient understanding and ability to manage their health.

Changes in medical malpractice laws are essential to eliminate unnecessary variation and resource utilization in medical practice.

Financing Expanded Coverage: Financing health reform and expanding access to coverage will be costly and will require significant concessions across health care sectors. These concessions must be reasonable and equitable. The research-based biopharmaceutical industry has agreed to legislative changes as part of comprehensive health care reform that will provide approximately \$80 billion of savings over ten years to our health care system.

Medicare and Medicaid are two of the most significant drivers of health care costs in the U.S. Congress must make changes to reduce costs and ensure the financial stability of both programs.

We support proposals that would help finance coverage expansion through limits on the dollar amount of insurance coverage excluded from federal taxes for employees. We are open to other proposals for financing health reform and coverage expansion and will review these in the context of specific comprehensive health reform proposals.