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McDonnell, Bolling and Cuccinelli Focus on Health Care

Ticket Unveils: “Future of Health Care in Virginia: Smart Health Care Choices”

-Candidates address concerns with federal legislation and lay out principles that will guide reforms including prevention, controlling costs, and market-based solutions -

VIENNA - Bob McDonnell, Republican gubernatorial nominee and former Attorney General of Virginia, Lieutenant Governor Bill Bolling and Senator Ken Cuccinelli, Republican candidate for Attorney General, today laid out their vision for health care reform in Virginia. The Republican ticket mates laid out a vision for health care system reform based upon six key principles.

1. All Virginians should have access to affordable and high quality health care, even those with pre-existing conditions.
2. Incentives for coverage of wellness care and prevention must be provided to reduce the occurrence of much more expensive care later on.
3. Government should concentrate its resources to ensure those Virginians most in need have access to high quality health care, while also providing incentives to Virginia employers, employees and citizens to obtain affordable health insurance.
4. Virginia should focus on reforming the health care system to lower the cost of health care and reduce the growth in health care spending.
5. Virginia should provide encouragement and resources for family members that

provide care and support for their loved ones.

6. Reform should be bi-partisan, promote innovation, quality and cost-effectiveness without adversely affecting employment opportunities and economic growth.

The plan includes the following highlights:

- Help Individuals and Employers Afford Low-Cost Health Insurance
- Encourage and Expand Health Savings Accounts
- Give Incentives to Families to Prepare for Long Term Care Needs
- Expand the Supply of Nurses, Nurse Practitioners and Physicians
- Expand Assistance For and Through Safety Net Providers
- Controlling Cost and Improving Patient Safety and Health Promotion through Health Information Technology
- Maintain the Current Cap on Medical Malpractice Insurance
- Focus on Prevention
- Reform Medicaid by Auditing the Department of Medical Assistance Services

Speaking about reforms for the health care system, McDonnell remarked, “The health care debate going on in Washington will directly affect every citizen in Virginia. Candidates for our state’s highest office have an obligation to make it clear where they stand on this crucial issue. I am doing that. While my opponent would unfortunately spend the next four years advancing the agenda of Nancy Pelosi and Harry Reid, on this issue and so many others, I will be focused on doing what is right for the people of Virginia, regardless of who runs Congress. The health care proposals being discussed in Washington could raise costs for those who already have insurance and harm small business owners, making it harder to create jobs. It could shift millions of Virginians from their private insurance into a government run system, raise taxes and increase our deficit even further. Mandates for increased eligibility may increase Virginia’s Medicaid budget by hundreds of millions of dollars in the coming years. Governors from across the country, and from both parties, have expressed concerns about these mandates that could cripple state governments already reeling from layoffs and deep cuts to critical services. As Governor, I will support bipartisan solutions that protect jobs, protect access to affordable healthcare and that don’t force costs back on consumers or our state budget. In today’s economy, Washington D.C should not place yet another burden on our struggling businesses, families and state budgets.”

Lieutenant Governor Bill Bolling remarked, “Our health care reform program puts its emphasis on the things that matter most. By getting more Virginians insured and improving health care access for the uninsured we can make certain that quality health care is more available and more affordable for more Virginians. By promoting wellness and disease prevention and reforming Medicaid we can reduce costs and make certain that we are spending our limited health care dollars more efficiently. And by placing a greater emphasis on mental health care we can address important issues that have been neglected for far too long. These are common sense reforms that will improve health care in Virginia, while enabling consumers to remain in charge of their health care choices. We can improve access and affordability to

quality health care without turning our health care system over the federal government and destroying the choice and quality that consumers rightly demand.”

Senator Ken Cuccinelli noted, “As Attorney General, I look forward to working with Bob to develop performance measurement standards for Medicaid to weed out inefficiencies, to decrease our costs while increasing the quality of care, and to hold government accountable by showing how our tax dollars are being spent. I will also continue and expand the work of the Medicaid Fraud Control Unit of the AG’s office to reduce fraud, thereby lowering healthcare costs for Virginians.”

The Future of Health Care in Virginia: Smart Health Care Choices

America has the best health care system in the world, but that does not mean our system does not face challenges. Health insurance is still not affordable for some businesses and individuals in Virginia. The safety net of emergency rooms, clinics, physicians and hospitals is overworked. Medical malpractice insurance in Virginia has spun out of control due to the proliferation of litigation and significant increase in defense medicine. Some Virginia families are without any health insurance at all. The legitimate issue of access to and cost of health care must be addressed.

As Governor, Bob McDonnell will not hesitate to speak up on issues that affect the people of Virginia. The health care debate in Washington will have a serious impact on all Virginians. It will affect how we take care of our aging parents, our children, our employees and ourselves.

Bob McDonnell has concerns that Washington’s proposed reforms will drive the cost of health care up and jeopardize quality and access. Reforms being discussed in Washington could raise costs for those who already have insurance, harm small business owners and make it harder to create jobs, or shift millions of Virginians from their private insurance into a government run system, raise taxes and increase our deficit even further. Rather than centralizing control of health care at the federal level, or saddling Virginia businesses and workers with new mandates to pay for plans the government thinks they want, we should let individuals and families control their health care decisions.

We need to do more to expand health insurance coverage in this country, but the answer lies in market based solutions -- not mandating a nationalized system that restricts choices, limits options, and diminishes quality. We must have a bi-partisan solution that focuses on access to affordable care. Mandates for increased eligibility may increase Virginia’s Medicaid budget by hundreds of millions of dollars in the coming years. Governors across the country from both parties have expressed concerns about these mandates that could cripple state budgets that are already using furloughs, layoffs and cuts to critical services. Bob McDonnell will encourage bi-partisan solutions that protect jobs, protect access to affordable health care and that don’t force costs back on consumers or the Virginia budget.

The state of federal health care reform is uncertain. While our system has flaws and the status quo may be unsustainable, we should make sure that reform includes prevention, promoting the

tools that allow for coordinated care, and allowing providers to focus more on saving lives and less on bureaucratic red tape. Reform should focus on controlling health care costs, which would help many currently uninsured obtain coverage.

Although the health care debate has been focused on Washington, there are many things that can be done at the state level with bipartisan support. The McDonnell administration's approach for health care system reform will be based upon six key principles.

1. All Virginians should have access to affordable and high quality health care, even those with pre-existing conditions.
2. Incentives for coverage of wellness care and prevention must be provided to reduce the occurrence of much more expensive care later on.
3. Government should concentrate its resources to ensure those Virginians most in need have access to high quality health care, while also providing incentives to Virginia employers, employees and citizens to obtain affordable health insurance.
4. Virginia should focus on reforming the health care system to lower the cost of health care and reduce the growth in health care spending.
5. Virginia should provide encouragement and resources for family members that provide care and support for their loved ones.
6. Reform should be bi-partisan, promote innovation, quality and cost-effectiveness without adversely affecting employment opportunities and economic growth.

The Role of Health Care and Jobs

The McDonnell administration's top priority will be the creation of jobs. We will work to bring jobs and opportunity to every region of Virginia. Virginia's health care system is critical to the development and expansion of high-quality jobs. Virginia's health care system, including its hospitals, ambulatory surgery centers and nursing homes account for approximately ten percent of employment state wide.

Virginia ranks among the best states in providing high value, high quality health care at relatively low costs. With health care costs increasing, Virginia's reputation for high value and high quality health care at relatively low costs is enticing to businesses. As Governor, Bob McDonnell will work closely with the health care community on economic development and will utilize Virginia's comparative advantage on health care to encourage employers to relocate businesses or expand operations in Virginia.

Coupling job growth with our plan to increase access to health care and incentives for employers and employees to access to high quality, low cost health care will reduce the number of uninsured and lower the overall cost of health care.

Reducing the number of uninsured Virginians

Help Individuals and Employers Afford Low-Cost Health Insurance

Between 2001 and 2007, the number of small employers who offered health insurance dropped by 9%, increasing the number of uninsured individuals. According to the National Federation of Independent Business, in Virginia, less than 48 percent of small employers (two to 50 employees) can afford to offer health insurance to their employees.

This past General Assembly session, Delegate Danny Marshall was successful in championing legislation to address this issue head on. His legislation allows health insurers to offer and sell group health insurance policies or contracts that do not include state mandated health insurance benefits to employers with 50 or fewer employees to provide coverage for employees. Mandates drive up the cost of insurance, so by allowing insurers to offer policies that don't include state mandated benefits, the overall cost will be lower.

This is the kind of innovation we need in state government to reduce costs for families and individuals. The McDonnell administration will ensure that this legislation is executed to the fullest extent possible and evaluate ways to expand the initiative. As part of this evaluation, we will also review high deductible coverage plans that act as catastrophic insurance.

We will also work with the congressional delegation to explore the proposal to allow purchasing of health insurance across state lines, to make it easier for small businesses and individuals to buy affordable plans.

Encourage and Expand Health Savings Accounts

Health Savings Accounts (HSA) are designed to help individuals save for future qualified medical and retiree health expenses on a tax-free basis. Health Savings Accounts allow workers and anyone who pays taxes to set aside funds in a separate account held by a bank or other entity without paying wage or income taxes on the funds. Money from this account is then used to pay for health care. The funds in the account roll over year-to-year and are able to earn interest free from federal or state taxes. They essentially act like IRAs for health care.

The McDonnell administration will lobby for the elimination of the current cap on the tax treatment of health savings accounts. We believe we must remove the current maximum that can be contributed in a year and base it instead on the national average of the cost coverage (\$12,800 for family and \$6,400 for individual in 2008). We should also increase that figure each year so that it corresponds with the increase in the cost of family coverage, and help the uninsured obtain Health Savings Account benefits.

Health Savings Accounts are not a silver bullet, but they are a great alternative or addition to a health insurance plan for many individuals, particularly those who are healthy and want to control their medical costs. However, many people do not know the benefits of HSAs, how to establish one, or how to use it effectively. To foster more awareness among Virginians, we will publish a list of all insurers who offer health savings accounts, and make available a broadly publicized toll-free telephone number for the Bureau of Insurance for access to information concerning health savings accounts.

Give Incentives to Families to Prepare for Long Term Care Needs

Families across the Commonwealth are faced with challenges caring for aging parents. Bob McDonnell understands this first hand. Bob struggled to keep his father, an Alzheimer's patient, at home for five years with a caretaker, before turning to a nursing home option.

Purchasing long term care is not something at the top of anyone's priority list, but it will go a long way to reducing health costs later in life. By 2030, the numbers of seniors requiring long-term care will more than double. We must ensure that Virginians and their families are saving now for long-term care in the future, just as they do for college tuition and retirement.

Currently, there is a tax credit equal to 15% of long-term care insurance premiums paid by an individual. As Governor, Bob McDonnell will provide for an increase in the refundable tax credit for purchase of long term care insurance. An increase in and expansion of the tax credit will allow individuals who pay premiums for themselves and children who pay premiums for elderly parents to receive the tax credit up to 30 percent of the premium cost. Information and awareness of the need for long term care insurance must be provided in more venues in Virginia.

Increasing access to quality health care for Virginians

Expand the Supply of Nurses, Nurse Practitioners and Physicians

For most of the past decade there has been a nursing shortage in Virginia. The McDonnell administration will expand loan forgiveness and scholarship programs for health care professionals with an emphasis on placing health care professionals in underserved areas. We recognize the importance of primary care and are concerned that the number of doctors entering the medical profession choosing to become primary care physicians is dwindling. We will focus on increasing the number of primary care physicians across the Commonwealth through loan forgiveness and scholarship programs. We will emphasize the need to increase the number of professors and educators to expand the capacity of Virginia's colleges and community colleges to train health care professionals. We will offer state assistance to the new VCOM in Blacksburg and the Virginia Tech Carilion School of Medicine in Roanoke, to train more doctors and nurses to practice in rural Virginia.

The McDonnell administration believes that building partnerships with community colleges across Virginia will help educate health care workforce, increasing the number of licensed health care professionals in the workforce. While the current recession may have sent more nurses back in to the workforce, it will continue to be a struggle for Virginia and other states to maintain an adequate health care workforce in the future. These partnerships will also foster the development of training programs for health care professionals returning to the workforce to quickly redevelop their skills. These partnerships with education help create jobs and address community health care needs.

In cooperation with our universities and community colleges, Bob McDonnell will establish at least one Virginia Health Sciences High School (academy or Governor's school) to specifically prepare students for further study in nursing, medical technology, pharmacy, medical equipment specialties, and veterinary or medical school. With improved state laws and federal block grants

from the Obama administration, charter schools can also be established with a focus on health sciences. This will allow Virginia to be a national leader when it comes to education and workforce training of the next generation of high-demand industry professionals.

Expand assistance for and through safety net providers

Of critical importance to Virginia's health care system are the safety net providers that provide health care at little to no cost for Virginia's uninsured. The McDonnell administration will increase the funding provided to Virginia's Community Health Centers and free clinics. Expanding access to safety net providers can help reduce costs to the overall health care system by taking those individuals using Virginia's emergency departments for primary care and referring them to safety net providers. Emergency departments are the most expensive way to access primary care and drive the cost of health care for all Virginians up. We will form partnerships between the safety net providers, hospitals and the Commonwealth to help alleviate the burden on Virginia's emergency departments and allow Virginians to access high quality primary care from safety net providers at a lower cost rather than overburdening the Commonwealth's emergency departments. We will also help recruit more doctors to volunteer a certain number of hours per year to provide free health services for those in need.

Controlling cost of health care

Controlling cost and improving patient safety and health promotion through health information technology

The McDonnell administration will make patient safety a priority by launching a health information technology initiative to reduce errors and identify opportunities for health promotion. According to the Virginia Hospital and Healthcare Association, the adoption of information technology in health care is hindered by lack of financial incentives for investment, lack of widespread industry experience, and a limited number of useful models, especially in the outpatient setting. Studies prove fragmented, disorganized, and inaccessible clinical information adversely affects quality and compromise patient safety.

Incentivizing providers to use health IT will encourage use and capital investment and will allow for better tracking of patient care. As Governor, Bob McDonnell will work with the health care community to identify and execute incentives to promote increased use of electronic medical records and electronic Medicaid submissions.

We must continue to expand the use of technology for everything from health information and medical records to submission of reimbursement requests. Such advances will allow for a better understanding of Medicaid populations and allow us to better manage care as well as target problems. Greater use of electronic records can help ensure higher quality of care and reduce errors resulting from lack of patient information. This also can reduce costs related to misdiagnoses or misuse of costly pharmaceuticals.

Senator Warner has taken the lead on this initiative at the federal level and Bob McDonnell will work with him and other congressional leaders to ensure that federal dollars for health IT are available for the Commonwealth.

Maintain the Current Cap on Medical Malpractice Insurance

The cost of medical malpractice insurance drives overall health care costs up. As Governor, Bob McDonnell will support keeping the cap on the amount of money one may receive in a medical liability lawsuit. If this cap were to increase, insurance premiums would likely increase, making insurance less affordable for many families. Our opponent co-sponsored a bill to triple the medical malpractice cap from \$1 million to \$3 million (HB 2628, 1999).

Focus on Prevention

We are firm believers that one of the greatest ways to reduce health care costs is through prevention and wellness. Employer spending on health promotion and chronic disease prevention is a good business investment. According to the American Heart Association, wellness programs have achieved a rate of return on investment ranging from \$3 to \$15 for each dollar invested with savings realized within 12 to 18 months.

The McDonnell administration will encourage wellness programs focusing on healthy lifestyles and encourage exercise and physical education. Using the successful Virginia Environmental Excellence Program as a model, Bob McDonnell will establish the Healthy Virginia Business Program, a voluntary health and wellness program to encourage wellness programs in the workplace. The goal would be to encourage businesses to voluntarily adopt wellness programs and healthy lifestyle programs to reduce illness brought about by lack of exercise, smoking, obesity. In the long run, such efforts will control health care costs, reduce sick days, make for a healthier more productive workforce and increase productivity. The program would encourage voluntary smoking cessation programs, healthy diet and nutrition onsite, opportunities for physical fitness, and disease management education in a voluntary manner. We will also work with private insurers and encourage them to cover more prevention and wellness benefits as part of their policies.

This free market approach would bring business, provider and wellness communities together to enhance the health of their communities to help control the demand on the health care system. It would enhance business productivity, enhancing our ability to create new jobs, without costly mandates on business owners, large or small.

Reforming Medicaid

In the eight state fiscal year budgets ending in 2010, Virginia's share of Medicaid has grown to more than 20 percent of state expenditures from around 12 percent in 2001. Medicaid spending grew a remarkable 94 percent or an average of 12 percent per year. With more than one in five of state dollars next year devoted to Medicaid, the next Governor must have the knowledge, skills and expertise to get Medicaid spending under control.

In principle, better quality care should cost less, with fewer costly errors, better outcomes, and more satisfied patients. Reforms in Medicaid should include the development of measurable performance standards to show that performance measurement can have an impact on quality and costs.

The McDonnell administration will work with Republicans and Democrats in the General

Assembly, health care leaders and Medicaid experts in a bipartisan fashion to manage the Medicaid program through several reform initiatives and will reinvest some of the money saved into the provider reimbursement rate to maintain quality providers in the system.

Audit the Department of Medical Assistance Services

As Governor, Bob McDonnell will require an independent performance audit of the Department of Medical Assistance Services seeking cost savings while streamlining bureaucratic red-tape and eliminating waste. As part of the audit, Governor McDonnell will seek the efficient use of technology to control costs and make the Medicaid program more efficient. Greater use of electronic records can help ensure higher quality of care and reduce errors resulting from lack of patient information. This also can help reduce costs related to mis-diagnoses or misuse of costly pharmaceuticals.

Provider Payments

Working with representatives from provider groups and Medicaid recipients, we will convene a Virginia Medicaid Payment Advisory Commission (VMedPAC) to identify provider payment rate changes that eliminate government-induced incentives that drive up the cost of Medicaid program. The goal would be to eliminate the cost shifting that Medicaid creates when it sets administered prices that are far lower than private payers.

Pharmacy Controls

The Medicaid program should strongly encourage the appropriate prescribing and dispensing of generic drugs for multiple-source products whenever possible, better adherence to the treatment regimen among Medicaid recipients, especially those with chronic disease, and the reduction of pharmacy fraud and abuse.

Strengthen Eligibility Standards, Application and Renewal Process

One priority of a McDonnell administration will be a complete review of the eligibility standards, application and renewal process in the Department of Social Services as it affects Medicaid expenditures. Adopting a new Medicaid Management Information System with online eligibility determination for providers to quickly and easily obtain eligibility information needs to be in place to improve the efficiency of the program.

Medicaid Fraud

We will increase resources for the Commonwealth's Medicaid Fraud Control Unit at the Attorney General's Office. Medicaid errors waste taxpayer funds and drive the overall cost of health care higher. As Attorney General, Bob McDonnell's Medicaid Fraud Control Unit was recognized as one of the best in the country and recovered more than \$650 million dollars in 2007, more than any other state.

Paper submissions of Medicaid claims are more difficult to manage and make errors more likely. Using enhanced technology and incentives, we will strive to cut non-electronic Medicaid claims by 50 percent.

Fighting to reduce Medicaid errors will result in lower health care costs and the money recovered can be reinvested in Medicaid.

Promote Pre-Natal Care

Ensuring that pregnant mothers are utilizing pre-natal care is essential to controlling long term health and Medicaid costs. By maintaining eligibility for pregnant mothers at current levels and promoting education and care for pregnant mothers, we will reduce low birth weights, still births, and long term health issues for children who will be enrolled after birth in Medicaid programs.

Bob McDonnell's Record of Results

While serving in the U.S. Army, McDonnell was a medical service corps officer. After the Army, Bob worked as a manager for American Hospital Supply Corporation. As a Delegate, Bob served on the health, welfare and institutions committee, and he fought to preserve physician, nurse, physician assistant, and nurse practitioner scholarship and loan repayment programs. He also patroned legislation to add a representative of health care employers to the Virginia Workforce Council. He worked to secure funding for trauma care at hospitals with trauma units and sponsored legislation to extend a tax credit to individual physicians who provide health care through a free health care clinic.

As Attorney General, McDonnell worked to pass legislation codifying Virginia's Secure Commonwealth Panel and ensured there are at least two physicians with knowledge of public health on the panel, and his Government and Regulatory Reform Task Force Healthcare Working Group reviewed nearly 2,600 pages of regulations governing various aspects of health care, and made approximately 100 recommendations for change to the regulations.

Bill Bolling's Record of Results

As a member of the State Senate, Bill Bolling was regarded as one of the General Assembly's health care experts. He sponsored legislation that created the children's health insurance program in Virginia, and served on the Senate's Committee on Education and Health. Bolling also chaired the Senate's Subcommittee on Health Care and the General Assembly's Joint Commission on Health Care. As Lieutenant Governor, Bill Bolling has continued his emphasis on health care, sponsoring major health care initiatives that dealt with cervical cancer, asthma awareness and cardiovascular fitness.

Ken Cuccinelli's Record of Results

Ken Cuccinelli has been a member of the State Senate since 2002, representing western Fairfax County. Senator Cuccinelli has been a staunch supporter of medical malpractice reforms and consistently supported free market solutions to make healthcare more affordable and more accessible, using mechanisms such as the legislation he sponsored in 2009 to allow businesses and individuals to purchase more affordable health insurance plans across state lines (SB1331, 2009).

Ken Cuccinelli is a small business owner and partner in the law firm of Cuccinelli & Day, PLLC, in Fairfax. In the State Senate, he serves on the influential Senate Courts of Justice Committee, Rehabilitation and Social Services Committee, Transportation Committee and Local Government Committee.

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