Phase II Healthcare Distribution

The AFFEERCE healthcare distribution is designed around a premium for a self-insured HMO (SIHMO) that maintains a public Goldilocks charge list. If the charge is too low, the SIHMO will be forced to charge only that fee to provide services to any Earth Dividend holder, whether a member of that SIHMO or not. If the charge is too high, the SIHMO will act as an insurance company paying out 95% of that charge to other providers, in part as a rebate to its members. For full details of the post-federation healthcare distribution, see Healthcare – A Vipers Nest of Moral Hazards, Self-insured HMOs, Wellness Annuity and Trebling a Hospital Dorm, and A Market in Diagnosis.

Prior to federation, healthcare subsidies from legacy governments will vary widely from country to country, and from state to state. Business plans for creating an SIHMO must also take into account Medicare and Medicaid payments, as well as PPO membership.

Good ideas for starting a self-insured HMO can be found by looking at the business plan for the Thomas Paine hospital in AFFEERCE – Version 4.1 – The Plan. Thomas Paine is the healthcare export of the original viral community. With viral communities as completely private enterprises in 6.0, there is no saying whether there will be a healthcare role model or not. Unlike higher education, people do not travel away from home for healthcare, so every Phase II dominion must have an SIHMO.

The Phase II goal of the SIHMO is to support the charge list with $100/person/month. With a typical Phase II dominion, population 107,800, this is $10.78 million/month. In addition to a central hospital, scattered medical centers for regular doctor visits, lab work, dentists, optometrists, and mental health and other types of counseling should be supported, unless public transportation and other access to a mega-complex is deemed efficient.

In addition to the monthly premium, the SIHMO can claim the universal copay for doctor visits and lab work. More significant, and available to out-of-network hospitals and overnight rehab facilities as well, is the wellness annuity.

Earth Dividend holders are free to choose any out-of-network provider for diagnosed conditions. The SIHMO will pay 95% of their charge list price, with the patient or private insurance picking up the difference or the patient pocketing 50% of any discount as a rebate. Diagnoses and prognoses out of network can be challenged using the Phase II judiciary, or, in some cases, legacy courts.

There is an additional $11/person/month to cover price differentials between the insured's SIHMO charge list and a provider's charges when traveling. This will cover 100% of the difference, if the provider is a SIHMO or a member of an affiliated PPO network. Otherwise, the Earth Dividend holder is responsible for some percentage of the charges.

The first use of the $11.97 million received each month (pop. 107,800) from the Earth Dividend is to purchase, treble, or build a healthcare facility that provides all required services. Building on private land is the best option because construction cost is repaid when the land is sold into the Phase II commons trust.

However, most Phase II dominions will have little, if any, privately held land for purchase. If a service is not supported, the charge-list price should be not quite high enough to pay transportation to, and cost of, the nearest provider.

The SIHMO is a community-owned facility administered by a parallel cell until it is trebled, if ever. The high-level district council will create a jurisdictional covenant on the land requiring the trebler to maintain the hospital as a SIHMO. The trebler must honor the existing charge list for the remainder of its term. If the independent judiciary finds the market in SIHMOs competitive, jurisdictional covenants will be voided.