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# Health Care in 2007



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## Monday, January 29, 2007

### Health Care in 2007 Conference Call

On Wednesday, January 31st at 4pm EST, Progressive States Network will be sponsoring a conference call discussing health care reforms of 2007. State and national experts will give updates on Illinois' AllKids program, movement towards "health care for all" in California, and the Massachusetts individual mandate, which is facing renewed skepticism in light of recent premium estimates of \$380 per month. Legislators and advocates interested in discussing the policy options in depth are encouraged to RSVP and call in.

For those who can't join our call, please [sign up](#) to receive further updates from Progressive States on health care issues.

Joining us will be:  
 Steve Kreisberg - AFSCME  
 Jonathan Parker - SEIU Americans for Health Care  
 Brian Rosman - Research Director at Health Care for All (MA)

**Details:**  
 Wednesday, January 31  
 4pm EST/1pm PST  
 1-800-391-1709 (Conference ID# 709424)  
 Please RSVP at  
[http://action.progressivestates.org/event/index.jsp?event\\_KEY=22141](http://action.progressivestates.org/event/index.jsp?event_KEY=22141).

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**Valuing Families**

## Health Care in 2007

As the first month of the 2007 legislative session comes to a close, expanding access to health care is clearly a top priority for governors and legislative leaders across the country. From comprehensive **health care for all** in California and Pennsylvania to incremental **cover all kids** in North Carolina and to targeted program expansions in New Mexico, the proposals represent an unprecedented focus in states to address the health care crisis that grips our families and businesses.

Not only are states working to increase access to coverage, they are incorporating reforms to control costs and improve quality, which are imperative to achieving an accessible and sustainable health care system. We are seeing states in 2007 building off reforms of recent years, in Illinois, Massachusetts, and Maryland. States are the laboratories for reform and must learn from each other to avoid pitfalls and reduce the experimentation aspect of many state-based initiatives. The momentum for comprehensive reform in 2007 and 2008 is strong and all states stand to benefit.

[More Resources](#)**Valuing Families**

## Health Care Reform Commissions - Building Momentum for Reform

Commissions to study a state's health care system and develop reform proposals can provide lawmakers with the political cover and credibility they need to push comprehensive reforms. This is particularly true when commission membership is broadly representative of health care stakeholders - consumers, providers, insurers, business, unions and, frequently, legislators.

This year, commissions in several states are reporting their findings or being created by policymakers to develop comprehensive reforms. The results are moving "health care for all" in states like **Oregon** and **New Mexico** and more incremental reforms in states like **Washington** :

- **Oregon** - The Senate Interim Commission on Health Care Access and Affordability is drafting a bill for the 2007 legislature that provides universal health care and a system to contain costs. In October of last year, the commission presented a [draft framework](#) where every resident would receive an "Oregon health care" card to purchase "essential" medical care from insurers. The Commission's Chairs, Senators Bates and Westlund, are formulating a final proposal to bring to the legislature in March.
- **Minnesota** - The legislature will push a [bill to create a Universal health care system working group](#). The commission is charged with developing a plan for universal coverage guaranteeing the right to a basic level of health care services. The proposal includes a constitutional amendment guaranteeing the right to health care.
- **New Mexico** - In 2006, Governor Bill Richardson and legislative leaders formed a commission to study several "health care for all" models and compare them to the existing health care system in New Mexico. The [Commission will study three models](#) and report in time for legislative action in 2008:
  - **The Health Security Act** - a single-payer system where everyone would be covered under one plan
  - **New Mexico Health Choices** - where residents without public coverage would get a voucher to buy private insurance
  - **New Mexico Health Coverage** plan - which would hinge on an individual mandate to obtain coverage within the existing system of individual, employer and government provided insurance.

The New Mexico commission stands out because it specifies the various reforms that will be studied. This should be a benefit to single-payer advocates because the cost savings frequently touted in such a system will be directly compared to models that build on the current costly and inefficient health care system.

- **Washington** - While Governor Gregoire's [Blue Ribbon Commission on Health Care Reform](#) set the goals of universal kids coverage by 2010 and coverage for all adults in 2012, it [stopped short of presenting a comprehensive reform proposal](#) to achieve those goals. Instead, it opted for a myriad of proposals that in themselves are designed to improve access to quality and affordable health care in the state. The report includes a positive cover all kids, or "healthiest generation", proposal that has already become [legislation](#), but also includes proposals for [additional studies and cost/benefit analyses](#) of state insurance mandates. These could open the door to reduced consumer access to necessary care, particularly when the private for-profit market is given more flexibility in its offering of benefit designs.

If used strategically, health care commissions can create buzz and support for more aggressive reform.

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## Covering All Kids - A Step Towards "Health Care for All"

While comprehensive universal reforms are the goal, there is value in incremental reforms that build support for broader and more comprehensive action. Perhaps this is nowhere truer than in the slate of "cover all kids" proposals popping up in states this year.

Illinois became the first state to create a system of universal kids coverage. Through October of last year, [nearly 100,000 children](#) were enrolled in the program. Following Illinois' lead, [Pennsylvania enacted](#) a similar cover all kids program in November.

Speaking to "cover all kids" strength as a stepping stone towards universal coverage, Oregon Governor Ted Kulongoski, who has recently taken his Healthy Kids Plan to the legislature, [said](#),

If you drive this plan into the middle class, it's not just viewed as a public assistance program. You build a base of support for the program to provide health care for all of us.

In fact, Pennsylvania Gov. Ed Rendell has proposed a [plan for universal access](#) that he says will [expand coverage to adults](#) through a system similar to the cover all kids program. Cover All Kids proposals are being pursued in at least [Washington](#), Oregon, [Minnesota](#), [Wisconsin](#), [California](#), and [North Carolina](#).

In less comprehensive but still promising expansions of health care access for children, states are looking to increase Medicaid and SCHIP eligibility. Massachusetts, as part of its comprehensive health care reform enacted in 2006, increased coverage for kids up to 300% of the federal poverty line, which is roughly \$60,000 for a family of four. These expansions can have the similar affect of building support for expanding Medicaid eligibility for adults and parents. Additionally, it is well documented that [children are more likely to be enrolled](#) in public programs, such as Medicaid and SCHIP, if their parents are eligible for coverage at equal levels.

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## Massachusetts and the Individual Mandate - \$380/month Casts Affordability in Doubt

When Massachusetts enacted the Massachusetts Health Care Reform Law last year, it was heralded as the first state to guarantee universal access to coverage. It went beyond comprehensive reforms in Maine and Vermont by requiring individuals to obtain health coverage with a minimum set of benefits, either through their employer, a government program, or by purchasing individual insurance. To make this mandate easier to stomach, the law promised subsidies to individuals and families living below 300% of the federal poverty line and combined the individual and small group insurance markets, potentially reducing individual insurance premiums by 25%. Governor Mitt Romney and legislative leaders said the monthly premiums would be about \$200.

So, when the state panel charged with setting the minimum set of benefits [reported on January 20th](#) that the estimated monthly premium would be \$380 per month, almost twice what was promised, consumer advocates were understandably stunned. Making the picture even more worrisome, was the suggested deductible of \$2,000 out of pocket limit of \$5,000. Families would face a deductible and out of pocket limit of \$4,000 and \$7,500.

An individual facing a serious illness and making \$29,400 a year, too high for subsidies, could spend as much as \$9,560 a year on health care - or more than 32% of their income. This doesn't meet even the most impractical definitions of affordability.

The [Progressive States Network](#) and numerous other organizations questioned the early cost estimates as unrealistic and have challenged the fairness of an individual mandate, particularly in a system where costs are largely determined by for-profit insurance companies. In response, [the Commonwealth Health Insurance Connector board](#), which is charged with implementing the reforms package, has asked insurance companies for more proposed minimum benefit packages to bring costs down.

These developments further cast in doubt the practicality and fairness of individual mandates.

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**Valuing Families**

## Employer Responsibility - Pay or Play Gaining Steam

Although the pay or play provision of the **Massachusetts** Health Care Reform Act, requiring employers to provide employee health coverage or pay a small fee of \$295 per uncovered employee per year, has been discounted as too small at best, it has raised the issue of employer responsibility in the health care reform debate. Soon after Massachusetts, **Vermont's** [Catamount Health](#) initiative included an employer mandate with a similarly small fee of \$1 per day for each uncovered employee.

But, **California** is poised to take employer responsibility a significant step further. **San Francisco** has already enacted a [plan for universal](#)

[coverage](#) that includes the most robust employer responsibility provision to date, up to \$180 per employee per month. Similarly, as [Progressive States](#) detailed recently, Gov. Schwarzenegger has proposed requiring employers with ten or more employees to provide coverage or face a fee of 4% of wages, which could cost the employer up to \$1,600 for a \$40,000 salary. Meanwhile, Senate President Pro Tem Don Perata would extend employer responsibility to "pay or play" to all employers, while Speaker Fabian Nunez would limit the requirement to employers with two or more employees. Both would base the fee on a certain percentage of wages.

Reformers in multiple states are building off the momentum that these pay or play provisions are generating as well as the momentum created by **Maryland's** Fair Share Act, [despite setbacks](#) in the courts. Employer responsibility are important provisions of **Pennsylvania Gov. Rendell's plan to expand access to coverage for all residents. Similarly, the reform package being developed by the **Oregon Senate Interim Commission on Health Care Access and Affordability** would establish a state funding pool that both individuals and employers would pay in to. These funds would be combined with state and federal dollars to provide all residents with an essential level of health care benefits.**

In 2005, 61% of Americans got their health [coverage through their employer](#). That number is [down 5%](#) from 2000, and threatens to further decrease as employers drop health benefits in the face of escalating costs. However, employers, particularly large corporations, have the means and the clout to bargain for cheaper health insurance, unlike individuals. And, if they are held to account, they will add to the voices calling for stricter controls on escalating health care costs and achieving a universal health care system. It is imperative that employer participation in providing access to health care be maintained until a more comprehensive solution is put in place - either directly through employer-based health care, or through fees to help finance coverage expansions.

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**Valuing Families**

## Principles for Reform - The Single-Payer Model

Every plan for universal coverage should be analyzed for the out-of-pocket costs each group would be required to contribute, particularly families, workers and employers. At a minimum, any reform package should be clear in what is expected of individuals and businesses to contribute to a system of universal coverage, as a percentage of income and payroll.

Single-payer system models for reform are perhaps the "gold standard." [Physicians for a National Health Plan](#), report that under a national single-payer system, individuals could expect to [pay 2% of their income](#) into the system and employers about 7% of payroll. These amounts are significantly less than what is currently spent and stand in stark contrast to the more than 30% of income that some

individuals in Massachusetts could face under the state's individual mandate.

Single-payer systems ensure all residents have access to health care and significantly reduce administrative and billing costs through a single portal for the administration of coverage and payments to providers for services. Importantly, single-payer systems combine all money currently being spent in a relatively uncoordinated way into a single pool - individual, employer and government expenses. While there are single-payer proposals in numerous states, including Illinois, New Mexico, Pennsylvania, Washington, Connecticut and California, which [enacted a single-payer bill](#) in 2006 that was later vetoed by the Governor, they stand little chance of passage.

However, all health care reforms should be judged against the standard set by single payer proposals - comprehensive coverage, a maximum out-of-pocket expenses, and costs limited as a percentage of income. Many reforms in the states are moving in that direction and advocates and legislators are increasingly demanding that half-measures be replaced with comprehensive proposals that meet this standard.

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## Health Care in 2007

[Matrix of 2007 State Health Care Reform](#) and [Definitions and Discussion](#), produced by the [Progressive States Network](#) and the [Universal Health Care Action Network](#)

Robert Wood Johnson Foundation's State Coverage Initiatives - [State of the States 2007: Building Hope, Raising Expectations](#)

[Physicians for a National Health Plan](#) proposal for [single-payer national health plan](#)

Progressive States Network, [Health Care for All Kids - State Legislative Models](#)

Progressive States Network, [Fair Share Health Care](#)

Kaiser Foundation - [State Policies on SCHIP Enrollment](#)

Illinois All Kids - [summary](#) and [text](#)

[San Francisco Health Access Plan](#)

## Eye on the Right

[MT: Senators debate cost of CHIP expansion](#)

So, how do you really feel? Conservatives in the Montana legislature balked at a proposal to expand the states Children Health Insurance Program from 150% of the federal poverty line to 175%, thereby raising the income eligibility for a family of four to \$35,000. Calling it "irresponsible", they apparently think the funding arrangement, where Montana provides a mere 20% of the funds to the fed's 80%, is

a poor investment in children's health. Thankfully, cooler heads prevailed, particularly considering the state is facing a \$1 billion budget surplus and initial cost estimates of the CHIP expansion were down around \$12 million.

### 3 Steps Forward

1. [WA: State Lawmakers aim to cut payday lenders' interest rates](#)
2. [ME: State legislators oppose Real ID Act, seek repeal](#)
3. [NY: State eases access to "Plan B" pill](#)

### 2 Steps Back

1. [VT: Vermont being left behind in renewable energy arena, experts say](#)
2. [USA Today: People left holding bag when policies revoked](#)

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### Masthead

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### Suggestions

Please shoot me an email at [msinger@progressivestates.org](mailto:msinger@progressivestates.org) if you have feedback, tips, suggestions, criticisms, or nominations for any of our sidebar features.

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Editor, Stateside Dispatch

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