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States Initiate Health Care Reform

America's health care system is neither healthy, caring, nor a system.
--Walter Cronkite

Health care reform is sweeping our nation. The system is in crisis as costs continue to escalate and the number of people with little or no health insurance continues to grow. In many states, governors are tackling the problem with proposals to cover the uninsured and underinsured. One example, of course, is our newly passed Indiana Check-Up Plan, funded in part by the 44-cent cigarette tax increase that has recently taken effect. The one constant across the nation in dealing with this problem is that there is no quick fix. It will take time and sacrifice by all to repair our health care system.

It is reported that the number of Americans without health insurance is 45 million overall and the number of children without health insurance 10 million. Some policy experts believe the problem should be tackled by starting with children and then working up to college students and then the working poor. This is an increasingly popular approach. There are as many variations on this idea as there are states in the union. Following is a summary of some of the state plans.

INDIANA

The Indiana Check-Up Plan, a major health insurance plan for the working poor was recently passed in Indiana. Under this plan, funded in part by a 44 cent cigarette tax increase, individuals up to 200% of the federal poverty level may purchase insurance on a sliding scale for premiums of 2-5% of their adjusted gross income. The law also increases the number of children and pregnant women who are eligible for Medicaid, increases the age that adult children may remain on their parents' health insurance plan to 24, creates an insurance pool for small businesses, and provides tax incentives for employers who offer health care insurance. The plan includes free preventive care, a health savings account, and annual insurance coverage from a private company. Participants must be U.S. citizens, Indiana residents for 12 months, uninsured for at least 6 months, and ineligible for employer sponsored health insurance. If an individual has access to an employer sponsored plan but qualifies for the Healthy Indiana plan based on income, they may be able to receive assistance with the premiums. This is not considered an entitlement program and the amount of funds appropriated to the program will determine the number of participants accepted.

CALIFORNIA

The governor of California has announced a sweeping health care reform plan to provide for the uninsured and underinsured. This proposal emphasizes "shared responsibility" between individuals, employers, providers, insurers, and government. The focus is prevention, health promotion, and wellness; coverage for all Californians; and affordability and cost containment. There is an individual mandate to purchase private coverage, along with public program expansions, and rules for employers, insurers, and provider contributions. The public programs would expand to include adults without children living at or below the poverty line, all children in households up to 300% of the federal poverty level, regardless of

immigration status, subsidies to low income families to help purchase health insurance, and increased rates for providers. Rules for insurers would guarantee that no one would be denied coverage because of a "preexisting condition," prevent differing rates based on health status, require insurers to dedicate 85 cents of every premium dollar to health care, and limit deductibles and out-of-pocket costs. Employers with 10 or more employees would be required to contribute to the health care system, either by providing coverage or paying 4% of the payroll.

HAWAII

Hawaii, with its near universal access, has the best overall health outcome of the states and health care costs well below the national norm. These costs compare favorably with the Canadian system, yet with none of the perceived shortcomings related to reduced access and long waiting lists for services. The general concept is based on a philosophy that basic and quality health care is the right of all citizens. The foundation of the system requires all employers to provide insurance to all employees working more than part time. This mandate, along with Medicaid and a state subsidized gap program for those not eligible for other health care coverage allows coverage for nearly the entire state population. The plan dictates that minimum benefits offered include doctor visits, diagnostic services, maternity care, inpatient and outpatient hospital visits. The plan also dictates that care meets "prevailing plan standards"– the same standards as those offered by the plan with the largest number of members at any given time. Employers are required to contribute at least half the cost of the insurance or 1.5% of their employee's monthly wage, whichever is less.

ILLINOIS

In Illinois a health care plan has been unveiled to provide affordable coverage to the uninsured and to help middle-income families save on healthcare costs. The existing system will be reformed to improve quality and accountability. Individuals who are not offered coverage by their employers will be provided with a comprehensive insurance plan that includes inpatient and outpatient care, prescription drugs, and physician visits with affordable rates. This coverage will be offered regardless of health status. Small businesses that are willing to contribute a minimum required percentage of employee premiums may purchase this coverage at cheaper prices than current comparable plans. The governor's plan also includes a rebate program to assist with health insurance expenses. This allows families who are between 100-400% of the federal poverty level to be eligible for discounts on the cost of employer-provided health care coverage and caps health insurance premiums at a rate that is affordable for employees. Health coverage will also be offered to adults without dependent children living below the poverty level who do not qualify for Medicaid or have access to employer-sponsored coverage. For those living below the poverty level who have employer-sponsored coverage, the premiums would be covered by the state. Eligibility to the state's low-income working program would be increased to 400% FPL and the young adult dependent age raised to 30 in an effort to promote wellness, improve quality of care and contain costs to the benefit of everyone.

MAINE

Maine had the first universal access health coverage plan in the continental United States. The program was designed to provide access to affordable, quality health care to every resident by the year 2009. The concept was designed to lower health care costs, increase access to health care, and ensure high quality health care. The insurance is carried by Anthem Blue Cross & Blue Shield, encourages wellness programs and offers 100% coverage for preventive services. The coverage is designed to offer an affordable option to small business employees, the self-employed, and individuals, including discounts on monthly payments, reductions in deductibles, and out-of-pocket expenses based on income and family size.

MASSACHUSETTS

Massachusetts passed health care reform legislation in 2006 that extended coverage to nearly all. The new law expands coverage for children up to 300% of the poverty level; increases an enrollment cap on programs for the unemployed, disabled, and those with HIV; and restores dental, dentures, vision and other benefits previously cut for adults. The insurance program provides a sliding scale fee for uninsured low income families and individuals below 300% of the poverty line with no deductible and no premiums if they are below 100% of poverty and sliding premiums if they are above 100% of poverty. Plans are offered to small businesses of less than 50 employees and individuals at pre-tax dollars. Rates are increased to providers by the state provided they meet quality benchmarks. Employers of more than 11 employees that fail to offer "fair & reasonable" coverage must pay an annual penalty per worker. All residents are required to obtain health insurance provided their income bracket can afford it or pay a penalty for noncompliance in the form of the loss of personal exemption in the first year and half the cost of the lowest premium yearly after 2008. Current mandated benefits are

protected while insurers are encouraged to create plans with lower premiums that do not reduce comprehensive benefits. Coverage is also extended to young adults up to two years after they lose dependent status or reach 25 years of age whichever comes first.

NEW YORK

The state of New York began their reform in New York City. A law has been enacted that would require and assist businesses to offer health care and expand access to working families. It would ensure that all businesses in the covered sectors provide equivalent levels of health benefits to protect responsible businesses and individuals. Employers in certain industries that do not provide health care would be required to contribute to a citywide fund to give employees family coverage. Industries included in the law are building services, grocery, hotel, industrial laundry, and construction. Contributions to the fund will be based on the number of hours worked in the city by uninsured workers and will be prorated from the annual cost of purchasing adequate coverage for one worker.

More than ten states have enacted legislation and several more have created committees or workgroups to study the health care issue. States are leading the way in the absence of comprehensive federal health care reform. With skyrocketing costs, the number of uninsured of all incomes increasing yearly, and a system operating inefficiently, reform is one of the most pressing problems facing our nation and the economy. To read about health care reform in Arkansas, New Mexico, Oklahoma, Oregon, Tennessee, Utah, Vermont, and Washington, please visit our website at http://www.healthpolicy.iupui.edu/ which will be available soon with the latest information on the Indiana University Health Care Reform Workgroup and reform across the nation.

SAVE THE DATE

Preservation of Dignity
Fifth Annual Human Rights Conference 2007
September 11 & 12, 2007
Hilton Indianapolis North

Reservation will be available online at www.ipas.in.gov.

The Center for Health Policy is a partner center with the **Center for Urban Policy and the Environment** at the School of Public and Environment Affairs at Indiana University. The mission of the CHP is to collaborate with state and local government and public and private health care organizations in health policy and program development and to conduct high quality program evaluation and applied research on critical health policy-related issues.

FORWARD TO A FRIEND

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