

States Enact Health Care Reform Initiatives

On April 12, Massachusetts Governor Mitt Romney signed into law H. 4850, a bill that would provide health care coverage to approximately 95% (515,000) of all the Massachusetts uninsured residents within the next three years. The state legislature overwhelmingly passed the compromise bill on April 4 by a vote of 154-2 in the House and 37-0 in the Senate. Gov. Romney vetoed a key element of the legislation requiring employers with 11 or more workers to provide health coverage or pay an annual assessment of \$295 per worker stating that the fee is “not necessary to implement or finance health care reform.” The legislature overrode the Governor’s veto.

The law also imposes a surcharge on employers if more than five of their workers use free public health care or if any one employee uses free care more than three times a year.

Residents must confirm on their state income tax form that they have purchased health insurance by January 1, 2008 or lose their personal exemption for the 2007 tax year and be assessed half the cost of health insurance premium.

Several criticisms of the law have been voiced: the law is underfinanced; the individual mandate will not work in a state that has among the costliest health care; family health costs run about \$14,000 per year, or 23 percent of the income for the family of four at 300 percent of the federal poverty level where the state subsidies end under the new law; there is no mechanism to control cost; higher premiums will make it impossible for the state to sustain the level of subsidies for those people mandated to insure themselves; and higher premiums will cause employers and employees to stop buying health insurance.

Robert Lebow, MD, FACP, chair of ACP Massachusetts Chapter Health and Public Policy Committee said in April (just after the passage of the bill) that he was “very happy” with the bill’s language. Dr. Lebow said “Many have worked diligently for a long time for this. My response [opinion] to criticism that it [the law] does not go far enough [in covering all the uninsured] as it largely works through the present system of insurance companies.” Additional opinions voiced by Dr. Lebow follow:

- Of course it's a compromise; but it is a huge step forward.
- Calling it universal health care is hyperbole (but it's colorful).
- The toughest thing now is getting affordable insurance for those of low to moderate income.
- The insurance lobby and some conservatives who appear to prefer a private but inefficient system - even if it means poorer health for some - in order to protect "freedom of choice" are hard to bring to the table.
- On the other side many of our single-payer advocates and some other liberals are outraged. But we'll probably cover more of our prior uninsured group.
- It's interesting to note that Medicare's administrative cost is only about 2 percent-- the average insurance company's is about 18 percent.

For more information visit:

The Massachusetts Medical Society has a summary of the bill on its website click: http://www.massmed.org/AM/Template.cfm?Section=Universal_Coverage&TEMPLATE=/CM/ContentDisplay.cfm&CONTENTID=14424 to access their summary and links to other relevant sites.

To access the text of the law as signed by Gov. Romney, click:

<http://www.mass.gov/legis/laws/seslaw06/sl060058.htm>

Health Care For All: Affordable Health Care Today Web site <http://www.hcfa.org/act/>

Attached is a December 1, 2005 Chapter Leader Network (CLN) HPPC email group summary of the earlier proposals.

Vermont

Vermont has become the second state to pass near-universal health-care reform. On May 25, Vermont Governor, James Douglas (R) signed health care reform legislation (H. 861 and H. 895). The two-bill package would extend coverage to approximately 96 percent of the state's residents by 2010.

The plan provides similar coverage to that offered to state employees. The legislation creates Catamount Health, a new subsidized health plan that will be offered by private insurers for low to moderate income people.

The bill will be paid for with an increase in the state's cigarette tax and a fee on employers who do not offer insurance to their employees.

The main bill (H. 861), containing the bulk of the new law, includes the creation of Catamount Health and the financing.

The second bill (H. 895) outlines the administration of Catamount Health and states that Catamount Health should first be offered to private carriers and insurers to market. Under H. 895, the state commission on Health Care Reform will evaluate the financial viability of Catamount Health on October 1, 2009 and if it finds that it is not a cost-effective method of providing health care, the state will take it over using a private administrator.

According to the Bureau of National Affairs (BNA) Health Care Daily Report, under the law:

- Employers will pay \$365 annually per full-time equivalent employee to help finance catamount Health. A full-time employee can be made up of several-part time employees.

- The first eight full-time equivalent employees are exempt from the assessment through 2008. The number of exempt employees drops to six in 2009 and four in 2010.
- Catamount Health enrollees will pay premiums based on their income. Part of the revenues to subsidized lower income participants will come from employer assessment and a two step hike in the cigarette tax, effective July 1, 2006 raising the cigarette tax from \$1.19 per pack to \$1.79 per pack and on July 1, 2008 increasing to \$1.99 per pack.
- Calls for policymakers to consider a bill to mandate that everyone have insurance, if by 2010, 96 percent of the population state do not have coverage.

H. 861 can be accessed at

<http://www.leg.state.vt.us/docs/legdoc.cfm?URL=/docs/2006/bills/passed/H-861.HTM>

H. 895 can be accessed at

<http://www.leg.state.vt.us/docs/legdoc.cfm?URL=/docs/2006/bills/passed/H-895.HTM>

North Carolina

Legislation (H.B. 1894 NS) to create the Joint Legislative Commission on Transitioning to a Health Care System that Covers All North Carolinians was introduced in the North Carolina House on May 11 and referred to the Committee on Rules, Calendar and Operation. The commission will be able to propose legislation, including constitutional amendments if necessary, to implement the plan.

Tennessee

Governor Phil Bredesen (D) signed into law (S.B. 3895) a bill aimed at expanding health insurance coverage to low-income working individuals, children in low-income households, and high risk uninsurable individuals due to costly pre-existing conditions and includes diabetes prevention and education initiatives and a prescription drug assistance program. The new law is a revised version of the initiative/plan proposed by the Governor in a March 27 speech before the legislature.

It is expected to provide health care coverage to 190,000 (100,000 adults; 75,000 children; and 15,000 chronically ill residents) of the estimated 600,000 uninsured Tennessee residents. The total cost of the legislation is estimated at approximately \$350 million over three years. Funding for the program will come from recurring federal money and unused tax dollars that have been set aside for TennCare. Once these reserves are exhausted, the Governor has proposed a cigarette tax to pay for the program. Enrollment is projected to begin in October and coverage starts in January 2007.

The law creates the “Cover Tennessee Act of 2006,” the “Cover Kids Act of 2006,” the “Access Tennessee Act of 2006,” and the “Diabetes Prevention and Health Improvement Act of 2006.” Cost to enrollees varies by program.

The “Cover Tennessee” plan:

- Creates a public-private partnership between individuals, employers, and state to expand access to health insurance.
- Businesses with less than 50 employees may opt into the program.
- Participating employers would contribute toward premiums.
- To participate, residents must be low-income uninsured employees (earning less than \$24,000 for an individual and less than \$50,000 for a family of four) of smaller businesses and not eligible for another group plan, Medicaid, or Medicare.
- State contributes an average of \$50 per month toward premiums, per enrollee.
- Employers have the option to contribute an additional \$50 and employees pay the rest.
- If an employer declines to participate, employees could still enroll and pay the two-thirds of the cost (approximately \$100) of coverage.
- Total premiums are estimated to be about \$150 for basic insurance per participant and will vary based on age, smoking status, and weight.
- The plan is portable – covered workers would be able to continue the plan even if there is a change in employer.
- Co-payments of approximately \$25 for a doctor’s visit and \$10 for generic prescription.
- Limited hospital and emergency room care.

Cover Kids

- Established a state children’s health insurance program (SCHIP).
- Covers children under the age of 18 and pregnant women.
- Provides free coverage to children in households with income of \$50,000 for a family of four.
- Allows higher income families to participate by paying a certain premium.

Access Tennessee

- Creates a nonprofit entity (Access Tennessee) to operate an insurance pool to be called Access Tennessee Insurance Pool.
- To participate, residents must be unable to obtain private health insurance and not eligible for Medicare or Medicaid.
- Annual premium is estimated to be up to \$5,724 for a single person and \$10,260 for a family of four.
- Provides premium assistance to low income participants.

Diabetes Prevention and Health Improvement plan:

- Expands an educational pilot project to schools across the state to teach healthy lifestyles and eating habits.

- Launches a grant program to expand treatment options focusing on reducing Type II Diabetes and obesity.

To access the Bill Summary click on:

<http://www.legislature.state.tn.us/bills/currentga/Summary.aspx?BillNumber=SB3895>

To Access the Governor's News Release click on:

<http://www.tennesseeanytime.org/governor/AdminCMSServlet?action=viewFile&id=822>

If you have any questions on these or other topics, please contact Shuan Tomlinson at 800-338-2746 ext. 4547 or by email at stomlinson@acponline.org.

*To access recent and past state health policy reports go to the State Health Policy section on the Chapter Leadership Network (CLN) website or click on:
http://www.acponline.org/cln/health_policy.htm.*

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