

Move forward on health system reform, but first do no harm

by Judi Hilman – The Salt Lake Tribune

Saturday, February 2, 2008

Republican House Majority Leader Dave Clark should be commended for launching health reform at the Legislature. His House Bill 133 is nicely positioned to take policymakers down the long, twisted path toward meaningful reforms, but one important course correction is needed to keep low-income children from being harmed.

Clark's "framework" bill has just enough hooks to address such hot-button issues as risk management, affordability, mandating participation in coverage, the need to bring financing decisions into alignment with evidence-based medicine, etc.

The bill has the intent of covering all Utahns, though, understandably, the methods have yet to be determined.

However, HB133 contains a provision that would harm low-income children. It prohibits enrollment of a child in the Children's Health Insurance Program if the child's parent qualifies for a premium subsidy under the Utah Premium Partnership program. Attempts to remove or at least study the consequences of this provision have not been successful to date. This is unfortunate on several counts.

Children between 100 percent and 200 percent of the poverty level (\$20,625-\$41,300 for a family of four) are eligible for CHIP and UPP. However, which program works best for a family depends on the family's circumstances. For families with modest incomes, CHIP provides important protections, ensuring that only 5 percent of the family's income can be spent on health care. If a child experiences a catastrophic event, the family is protected from financial ruin; taxpayers are also protected from cost shifts due to uncompensated care costs.

The UPP program does not have these protections for families. Forcing children into coverage they cannot access or afford will be counterproductive. To avoid unintended consequences, the issue should be studied alongside the other contentious issues listed above.

In the delicate crafting of principles for health system reform, it never occurred to us to say "first, do no harm." And now each day begins and ends with the phrase weighing heavily on our minds.

Going into the reforms, legislative leaders are feeling a strong, mostly philosophical need to emphasize the role of the private market in covering kids. However, throwing children into the private market without any safeguards will be self-defeating.

If, in our frenzy to drive traffic into the private market, we end up shifting costs to the taxpayer, have we really achieved our goal? Have we not grown government in the process?

A recent Georgetown University analysis shows that, nationally, having low-income children in the private market is 34 percent more expensive than having them in CHIP or Medicaid. Illinois had the Urban Institute do a similar study in that state, and they found that costs would increase by 31 percent if they shifted their CHIP and Medicaid children to the private market.

Public programs' lower relative cost is related to economies of scale, lower administrative fees and lower provider reimbursements. As good stewards of public funds, we should ensure that we are not

increasing the taxpayers' cost of covering Utah's low-income children. For the taxpayers' sake, we should study the CHIP-UPP provision before taking action. It bears noting, also, that the distinction between public programs and private market is mostly false: 87 percent of Medicaid and CHIP enrollees already receive their coverage through private managed-care providers that contract with the state. Those who know the need for bold reforms that result in affordable access, control of costs and improved quality should make a point of joining the conversation now. **Utah Health Policy Project** will be working to create such opportunities, particularly for the low-income uninsured. Visit www.healthpolicyproject.org for details.