

## LEG REG REVIEW 2007, Third Issue

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### **RENDELL SETS STAGE FOR HEALTH DEBATE**

**On January 17 Governor Ed Rendell presented his Administration's vision for health care reform, setting the stage for the year's dominant insurance issue. In his press conference he said that his proposal has two basic thrusts, curbing costs and providing insurance to the uninsured which he said numbers almost a million Pennsylvanians.**

#### **Cost**

Rendell said that health care costs and result on premiums have created a financial burden particularly on small businesses who can no longer afford to offer benefits to employees. He compared the increase in health care costs of over 75% from 2000-2006 versus an inflation rate over the same period of 17 percent and an increase in PA wages of only 13.3%. His program would address cost by:

- *Targeting hospital-acquired infections as a cost that can be prevented if hospital implemented the Wagner Model, a hospital Best Practices protocol that (he said) eliminated hospital-acquired infections in Europe and Asia. Specifically, he would force hospitals to absorb the costs rather than charge the individual or the insurer*
- *Reducing emergency rooms use (the most expensive way to get medical care used by uninsured) by:*
  - *Requiring that hospitals have centers adjacent to emergency rooms for non medical emergencies.*
  - *Nurse practitioners would be permitted to treat routine problems rather than the patient having to experience delays in the ER waiting for a doctor. They would also be allowed to give shots. (Another provision is that pharmacists would be permitted to give flu shots from their pharmacies, giving patients the option of not going to a doctor's office.)*
- *Prohibiting smoking in public restaurants, bars, and other facilities*
- *Creating incentives for medical treatment in underserved areas by:*
  - *Forgiving loans for health professionals locating in rural areas*
  - *Providing start-up assistance for medical clinics offering services after normal doctors' hours*
- *Prohibiting medical underwriting by health insurers, requiring a modified community rating system, and giving the Insurance Department the authority to review rate filings by for-profit carriers*
- *Use of electronic records transfer and access would be stressed in order to reduce duplicative testing. The example was given for someone away from home forced to visit a doctor having a diagnostic test such as an MRI performed because the doctor did not have access to recently performed tests back home.*
- *Although not calling for a return to a 'certificate of need' re new equipment for health providers, greater use of protocols and reviews could reduce the number of duplicative facilities such as heart or cancer treatment facilities*
- *Promote school health education and expand the breakfast program*

## Insurance

Rendell's program would expand adultBasic, the uninsured government program begun by former Governor Ridge and change the name to Cover All Pennsylvanians (CAP) program. He said that 71% of PA uninsured are employed and 76% are below 300% of the federal poverty level, or about \$ 60 K for a family of four. Specifically, it would:

- *Require businesses to provide health insurance OR pay three percent of payroll to the state to the Cover All Pennsylvanians program*
- *Allow for a five-year phase in for businesses fewer than 50 employees*
- *6-month waiting period before getting into Cover All Pennsylvanians to reduce 'crowd-out'. An exception to this would be for individuals and dependents who are unemployed.*
- *Employees would contribute a share of the costs ranging from ten dollars to \$70 dollars a month depending on where they stood relative to the state's average income. Employers would pay about \$130.00 a month per employee.*
- *\$280.00 a month is the Rendell estimate of the full state cost per person for the program.*
- *Those uninsured making over 300% of the federal poverty level would pay \$280.00 a month.*
- *Benefits would be consistent with adultBasic plus Rx and some behavioral treatments*

## Funding

This program would be funded by a combination of the following:

- *Tobacco Settlement money now being used for adultBasic and for reimbursing hospitals for uncompensated care*
- *Tax on cigars and smokeless tobacco products*
- *Increasing the cigarette tax*
- *Greater cost controls particularly for wellness programs and Rx generics such as those now used by the Public Employee Benefits Trust Fund that Rendell credits with keeping premium increases for the state to almost nothing*
- *A three-percent of payroll cost to businesses not offering health insurance (The word 'tax' was not used at the press conference. It is called 'Fair Share Assessment'.)*
- *Draw federal matching funds for those under 300% of the federal poverty level*

## Enactment

Governor Rendell said at his press conference that there are 47 separate pieces of legislation that will have to be passed by the General Assembly in order to enact his total program. He expected them to be completed by June. NOTE: His Press Office may have later clarified that not all parts of this program would pass the legislature by that date.

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## GENERAL ASSEMBLY NEWS

A future issue of Leg-Reg Review will list committee and leadership changes for House and Senate but here are two updates:

\* **Senator Terry Punt (R-Franklin) was named to a leadership position by the Senate Republicans.**

By assuming the position of Caucus administrator, he relinquished his chairmanship of the powerful Community and Economic Development Committee.

\* **Senator Don White (R-Indiana) is the new chairman of the Senate Banking & Insurance Committee**, the committee through which most insurance legislation (except for Workers Compensation) goes. White has insurance experience. He replaces Gib Armstrong (R-Lancaster) who was elected chair of the Senate Appropriations Committee.