

# States Seek Their Own Universal Health Care Plans

BY JOEL B. FINKELSTEIN  
Contributing Writer

WASHINGTON — What was a trend is looking more like a wave as an increasing number of states, no longer content to wait on the seemingly glacial pace of national politics, are seeking their own comprehensive solutions to the growing ranks of the uninsured, state health care reformers said at a conference sponsored by AcademyHealth.

“Can state innovations work on a national problem? It’s somewhat of a rhetorical question. There’s a growing sense of insecurity among our people that more and more of our citizens ... are losing access to affordable health care. It’s becoming more like a lottery with more losers,” said Jim Leddy, a former Vermont senator who helped ferry through a sweeping

health care reform law in that state.

States are coming to realize that the uninsured are a shared problem, said Kim Belshe, secretary of California’s Health and Human Services Agency.

“We’ve seen in California that when we can draw a connection between a problem that affects a minority of people, relatively speaking, and how it relates to the broader California, that it creates a policy environment where we have a greater potential to affect meaningful reform,” she said.

In California, this meant demonstrating that the uninsured were having a significant impact on others in the community such as uncompensated care, leading to higher health insurance premiums, overuse of emergency departments leading to closures, and high rates of uncontrolled chronic disease leading to lost productivity, she said.

Although states are taking this problem on themselves, they have, so far, shied away from single-payer approaches. Instead they are building on public programs, including the Medicaid and State Children’s Health Insurance Program, which together provide states with substantial, if still insufficient, federal funds.

If the states are to serve as laboratories for reform they will need to be empowered, not abandoned by the federal government, said Mr. Leddy. “For too long, the laboratories have been bankrupt in terms of ability of states to address problems of their citizens because we fundamentally have not had the support of our national government.”

Some state reform plans also include provisions to enable and even encourage companies to continue providing coverage for their workers.

“The erosion of employer-sponsored insurance plans must not be allowed to become a collapse. Whether we agree philosophically with it, we simply cannot afford

a collapse of what is the foundation for what we have now,” Mr. Leddy said.

Beyond expanded access, state health care reformers are focusing on prevention and wellness.

“We not only have to treat chronic conditions better, we also have to have strategies that deal with the incidence and the prevalence of these conditions, in particular diabetes and obesity,” said Mr. Leddy.

Personal responsibility has to be an important component of that equation, but that should not be interpreted as a code word for social Darwinism, or survival of the healthiest, wealthiest, and luckiest, he said.

While there remains a lot of variability between states and their ability to undertake such broad reforms, an increasing number are turning to the examples set by Vermont, California, and a dozen other states in the process of passing reform measures, not only for the lessons they hold, but also for the encouragement they provide, experts said. ■

## Workers Slow to Sign Up For Consumer-Driven Health Plans

BY JANE ANDERSON  
Contributing Writer

American consumers and their employers are treading cautiously when it comes to switching from traditional, more comprehensive health insurance to consumer-driven health plans, with few actually adopting the new plans, according to recent survey results from the Employee Benefit Research Institute (EBRI) and the Commonwealth Fund.

In addition, satisfaction among members in consumer-driven health plans (CDHPs) was considerably lower than satisfaction among individuals in more traditional plans, and more members in CDHPs reported that they had delayed getting needed medical care.

The Consumerism in Health Care Survey tracks public opinion on consumer-driven and high-deductible plans, defined as those plans with deductibles of \$1,000 or more for employee-only coverage and \$2,000 or more for family coverage. The plans also feature one of two kinds of tax-exempt savings accounts: health savings accounts (HSAs) and health reimbursement arrangements (HRAs). Employees can use money in the accounts without tax penalty to pay for medical expenses not covered by their health plans.

“Consumer-driven health plans aim to control costs largely through demand-side incentives, and to make premiums more affordable for the uninsured,” said Karen Davis, Ph.D., president of the Commonwealth Fund, at a press teleconference sponsored by the fund and EBRI.

But the survey found that the plans have been slow to catch on. Just 1% of the privately insured U.S. population aged 21-64 years, or 1.3 million individuals, were enrolled in CDHPs in September 2006, unchanged from the year before—despite the widespread attention the new plans have received. Another 7% (8.5 million adults), had plans with deductibles high

enough to qualify for health savings accounts but did not have an account.

Employers are cautiously awaiting data on the cost and effectiveness of the plans before switching coverage to CDHPs, Dr. Davis said.

“The plans are not well known at this point,” said Paul Fronstin, EBRI senior research associate. “Only 7% of the population responded that they are ‘very familiar’ with consumer-directed health plans, while 13% said they were ‘somewhat familiar.’”

In addition, despite the expectations of some policy makers that the lower premiums and tax benefits of CDHPs would substantially reduce the number of people without health insurance, “we did find that individuals in consumer-directed plans were not more likely to have been uninsured than those enrolled in a conventional plan,” said Mr. Fronstin.

Satisfaction lags in the plans, compared with more comprehensive health insurance, the survey found. And, 38% of those with consumer-driven coverage said that they delayed or avoided getting needed health care because of cost over the last 12 months, compared with 19% of those with comprehensive insurance.

It’s no surprise that employers and employees have been cautious in adopting CDHPs, since effecting change in the health insurance industry can be very difficult, said Karen Atwood, senior vice president for national accounts at Blue Cross and Blue Shield of Illinois.

“We are in the early stages of trying to understand how consumerism can be part of the solution,” said Atwood, who added that such plans also need to have tools in place to address lifestyle behaviors and choices. “We need good plans, well-crafted network options, and incentives to reward people for doing the right thing.”

The study of 3,158 U.S. adults aged 21-64 was conducted through a 14-minute Internet survey. ■

**‘There’s a growing sense of insecurity among our people that more and more of our citizens ... are losing access to affordable health care.’**

