

# AAFP, Other Groups Seek Tobacco Tax to Fund SCHIP

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Federal lawmakers were called upon to approve a tobacco tax increase of 61 cents to fund an expansion of the State Children's Health Insurance Program by the American Academy of Family Physicians and the American Medical Association, along with 65 other organizations. In a joint letter, the groups said that reauthorization of the State Children's Health Insurance Program (SCHIP) is "one of the most important tasks before Congress this year." They noted that SCHIP has significantly improved low-income children's access to care.

"By discouraging smoking through an increase in the tobacco tax and using the resulting revenues to improve enrollment in children's health insurance programs, we are creating a win-win proposition in support of our children's health," the groups said in the joint letter. "It will also result in long-term savings as children become healthier and more productive members of society."

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Congress has set aside \$50 billion in new federal funds over the next 5 years for use in SCHIP, which is scheduled to be reauthorized this year. However, under new "pay-as-you-go" rules, the \$50 billion only will be available for SCHIP if Congress cuts other programs or approves new taxes to raise new revenue.

Raising the tobacco tax to provide more funding for SCHIP would help cover many of the 8-9 million uninsured children in the United States while also helping to reduce youth smoking, which would help save health costs down the road, the groups said in the letter to congressional leaders.

"Studies show that every 10% increase in the price of cigarettes reduces youth smoking by 7% and overall cigarette consumption by 4%," the groups wrote. "Increasing the tobacco tax will also generate hundreds of millions of dollars in health care savings because fewer smokers means fewer people with strokes, heart attacks, cancer, and other smoking-related health conditions." The groups also included the American Academy of Pediatrics and the American College of Physicians. ■

## Rural Children's Need for SCHIP Outweighs Urban Counterparts'

Rural children are much more dependent on the State Children's Health Insurance Program than are urban children and also have less of a safety net to fall back on if the popular public insurance program is cut, a new study found.

The study, by the Carsey Institute at the University of New Hampshire, Durham, found that in 2005, 32% of children in rural areas relied on SCHIP or Medicaid, compared with 26% of children in cities. The report also found more rural children living in economically vulnerable families, with 47% of rural children living in low-income families in 2005, compared with 38% of urban families, according to William O'Hare, report author and senior fellow at the Carsey Institute, in an interview.

About 28 million children receive health insurance from Medicaid, and an additional 6 million are covered by SCHIP. About 4 million children in rural areas relied on SCHIP or Medicaid in 2005.

Congress is due to reauthorize SCHIP this year and proposals to expand coverage to more families and to increase funding are under consideration.

Ron Pollack, executive director of the Washington-based advocacy group Families USA, said in a statement that the report demonstrates how important it is to expand the SCHIP program to cover unin-

sured children in rural communities.

While Medicaid and SCHIP are covering more children each year, more than 8 million children under age 18 still lack health insurance. In rural areas, the Carsey Institute study found that a majority of uninsured children (54%) live in families where the head of the household works full-time year-round.

Meanwhile, from 1996 to 2005, the number of children covered by private health insurance steadily declined, while the number of those covered by SCHIP and Medicaid steadily increased. In rural communities, the steady loss of manufacturing jobs has contributed to the loss of private health insurance coverage, the study said.

The shift from private insurance to public programs is much more prominent in rural areas, O'Hare said.

"The jobs being lost in rural areas have good benefits," he said. Among rural children in low-income families, the share covered by SCHIP and Medicaid increased from 38% in 1998 to 54% in 2005, while children covered through parents' employers fell by 10 percentage points over the same period.

"The reauthorization of SCHIP is just the tip of the iceberg in trying to get good medical care to rural children. It's an important first step, but it's just a first step," O'Hare said. ■

## POLICY & PRACTICE

### IOM Offers Smoking Measures

A combination of increased excise taxes, nationwide indoor smoking bans, and other measures would significantly lower the U.S. smoking rate, which now hovers at around 21% of the adult population, according to a report from the Institute of Medicine. But to achieve faster, more certain reductions, the Food and Drug Administration should be given broad regulatory authority over tobacco marketing, packaging, and distribution, said the report, *Ending the Tobacco Problem: A Blueprint for the Nation*. The IOM also recommended requiring all health insurance plans to cover smoking cessation programs and launching new efforts aimed at curbing youth interest in smoking and access to tobacco. The report urged federal lawmakers to limit tobacco advertising to text-only, black-and-white formats, and to prohibit tobacco companies from using terms such as "mild" and "light." "Aggressive policy initiatives will be necessary to end the tobacco problem," said the report. "Any slackening of the public health response may reverse decades of progress in reducing tobacco-related disease and death."

### Retiree Plans Offer Rx Coverage

A majority of retiree health benefit sponsors said that for 2006 they continued to offer prescription drug coverage, despite the availability of the new Medicare Part D drug benefit, according to a Government Accountability Office report. Most plans also accepted the government's retiree drug subsidy (RDS) payments, which were created along with the Part D benefit as an incentive for privately sponsored retiree health plans to continue offering drug coverage. The GAO found that, in the short term, retiree health plan sponsors appear to have left drug benefits largely unchanged. But over the longer term, it's not clear whether the availability of the Medicare Part D drug benefit may make it more likely that sponsors will stop offering prescription drug benefits, the GAO said.

### Group Medical Costs Rise

The cost of providing group health benefits to employees increased sharply during the past 6 months, with the vast majority of employers, regardless of business size, paying significantly more for account renewals than in the fall of 2006, according to a survey by the Council of Insurance Agents & Brokers. Despite the cost increases, most employers are continuing their traditional coverage plans and shifting costs to employees in the form of higher deductibles and copayments as opposed to limiting options or discontinuing coverage.

### AMA Fights Medicare Cuts

Physicians report that they will severely limit the numbers of Medicare patients they treat if Congress doesn't act to avert planned Medicare physician payment cuts, which will total 10% on

Jan. 1, 2008, and will reach about 40% over the next 9 years, according to an American Medical Association survey of nearly 9,000 physicians. If Medicare payment rates are cut by 10% in January, 60% of physicians report that they will limit new Medicare patients, and 40% say they will limit established Medicare patients, the AMA survey found. "As physicians brace for nine years of steep payment cuts, it will be extremely difficult for them to continue accepting new Medicare patients into their practices," said AMA Board Chair Cecil Wilson. "The baby boomers begin entering the program in 2010, and the Medicare cuts increase the likelihood that there may not be enough doctors to care for the huge influx of new Medicare patients." MedPAC, Congress' advisory committee on Medicare, has recommended that Congress halt next year's 10% cut and update payments 1.7% in line with practice cost increases. The AMA has launched a publicity campaign to urge federal lawmakers to deflect the cuts and update payment rates based on practice cost increases.

### Call to Share Student Mental Info

Legislation in the U.S. House of Representatives would allow schools and universities to share a student's mental health information with parents or guardians, but only if the student is considered a danger to himself or others. Rep. Tim Murphy (R-Pa.), a child psychologist and cochair of the Congressional Mental Health Caucus, sponsored the legislation (H.R. 2220). The bill would clarify the Family Educational Rights and Privacy Act of 1974, which currently inhibits schools from notifying parents when a student might pose a significant risk of suicide, homicide, or assault, according to Rep. Murphy. "We want to remove the barrier that prevents schools from contacting parents to get them the help they need, not only for the safety of their child, but also of others on campus," he said in a statement.

### Bipolar Disorder More Common

A new survey indicates that as many as 4% of American adults might have bipolar disorder at some point in their lifetime, higher than the 1% prevalence found in previous surveys. Researchers from the National Institute of Mental Health queried about 9,282 people from 2001 to 2003 as part of the National Comorbidity Survey-Replication. Based on the survey, the authors reached lifetime estimates of 1% for bipolar I disorder; 1.1% for bipolar II disorder; and 2.4% for subthreshold bipolar disorder. Most patients with a lifetime history of bipolar disorder and lifetime treatment were under the care of psychiatrists; patients with subthreshold bipolar disorder were more likely to receive care from a general medical professional. The study appeared in the May issue of the *Archives of General Psychiatry*.