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State raising rates on health coverage

Option was to cut off Basic Health to some, officials say

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Tags: **Basic Health Plan** health care health insurance washington legislature

Counting the costs

\$36 a month: Premium paid now by the average person on Washington's Basic Health Plan.

\$205 a month: Amount paid monthly by taxpayers to cover the rest of the tab for that average person.

\$62 a month: Average premium under the new plan, starting in January. The poorest people would see monthly premiums rise from \$17 to \$34 a person. A premium for someone earning more would rise from \$135 to \$201.

OLYMPIA – State health officials said Monday they've found a way to skirt one of the Legislature's most heart-rending budget dilemmas: how to yank health coverage from tens of thousands of people.

Instead of trying to decide whose coverage to cut, the state Health Care Authority will instead sharply increase the rates for the state-subsidized insurance. It will also try to shift more people onto Medicaid, which is partly paid for by the federal government.

"It's not a great solution, but it's the best of the bad solutions," said Dave Wasser, a spokesman for the agency.

The move will almost certainly increase the attrition rate, the agency and health advocates agree. But at least those who can find the money won't be automatically cut off.

Washington's Basic Health Plan insures nearly 100,000 people statewide, including nearly 7,500 in Spokane County.

Advocates argue that it's much cheaper to subsidize the insurance than to allow people's health problems to fester until someone lands – with no insurance – in a hospital emergency room.

"They are overwhelmingly working people," said Peg Hopkins, executive director of the Community Health Association of Spokane.

The program is intended to cover the working poor, many of whom work for small businesses that don't offer health coverage.

Some 56 percent of those on the program live below the federal poverty level. For a family of four, that's \$22,050 a year.

To qualify for Basic Health, people must be living on less than 200 percent of the federal poverty level. That's

\$44,100 for a family of four.

In a year of dramatic cuts to state programs, the Basic Health Plan was one of the most controversial.

This spring, cash-strapped state lawmakers decided to cut the program by 43 percent, or about \$238 million over two years.

To save that much, health officials expected to drop about 40,000 people from coverage. And that's not counting the more than 30,000 people on a waiting list to get the coverage.

But how to cut people off their health coverage? Start with the people earning the most money? Those on state coverage the longest? What about women who are pregnant, or people getting cancer treatment? One idea floated was to use a lottery system to determine who can keep health coverage.

"Any of those resulted in people being taken arbitrarily off the program," Wasser said. Raising the rates, he said, "is really the one option that doesn't do that."

"People are scared," Hopkins said. "I don't think anyone can overstate the cost to health of anxiety, of not knowing whether you'll have access to care. I've heard people in the waiting room talking about it."

Tough choices ahead

Nobody's pretending that raising the rates won't drive people off the program. Already, 2,000 to 3,000 people cancel the insurance every month.

For poor people trying to balance health coverage with rent, groceries and gas, an extra \$20 or \$50 a month per person will increase attrition, predicted Rebecca Kavoussi, with the Community Health Network of Washington.

"This was the lesser of the evils," she said, compared to other ways of paring the plan's costs.

"At least it allows people, ostensibly, a choice. It gives them more of a say in the matter, instead of just getting a pink slip in the mail saying, 'Your insurance has been canceled.'"

The state also hopes to shift as many as 8,000 people to Medicaid. Between that and attrition, Wasser said, the program should be down to about 75,000 people by the end of this year.

With the current funding, the state believes it can maintain the program at 60,000 to 70,000 people, he said.

The Health Care Authority also plans to tighten checks to ensure that people on the program meet the income rules, Wasser said.

GOP plans get no hearing

Republican lawmakers gave the plan mixed reviews. Sen. Cheryl Pflug, R-Maple Valley, praised health officials for doing their best to protect coverage for the most people.

But she said majority Democrats should have saved more by acting faster to find efficiencies.

“They wasted four months bellowing things like ‘People will die!’ in hopes of justifying tax increases,” Pflug said.

She said the state should have increased health insurance costs for state employees instead.

“Instead of asking state employees to pay a little more for their luxurious health insurance, (the Legislature) effectively shifted the premium increase to the poorest of all Washingtonians,” she said.

Republicans had called for a plan to shift about a third of the Basic Health members – those 19 to 34 years old – onto a stripped-down “core benefit plan.”

Others would get state vouchers, which they could match with employer and individual dollars to find private insurance.

Neither plan got a hearing in the House.

“That’s the great failure of this last legislative session,” said Rep. Doug Ericksen, R-Ferndale.

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