
THE KANSAS CITY KANSAN

Time for New Thinking and KHPA

We are experiencing a renewal of last year's stale debate over how to best reform the health care system in the state of Kansas. The Kansas Health Policy Authority (KHPA) last year produced a 21-point health care reform package which included a number of costly (and some no cost) reform proposals designed to help provide more assistance for the uninsured, ban smoking, and support a tax increase on tobacco to fund some of its proposals. The no cost measures passed the legislature, but premium assistance—the marquee proposal—did not, mainly due to cost issues.

Now we are in an election year and the KHPA is advocating (drum roll please) its 21-point plan again. Executive Director Marcia Nielsen pushed for the legislature to fund premium assistance, which would allow low-income individuals to purchase private insurance with the premiums paid by the state. Nielsen has told legislators that the KHPA will offer a broadened plan, via Medicaid expansion, which would be funded by a tobacco tax increase. She also has scolded legislators at several recent forums, lecturing them on the fact that “the problem is not going to go away. It is only going to get worse.”

Then, why have there been no new developments after a year's time? Why is the KHPA going into the next legislative session treading water, pulling out its 21-point plan which is designed to gather moss as it did last year.

The key dilemma in health care reform comes down to costs. The KHPA is focused instead on expanding the number of those receiving health insurance. The premium assistance idea, a good idea if it did not expand the number of those on Medicaid, has now become simply an expansion of Medicaid. Without serious reforms designed to decrease the costs of health insurance, what good would expanding Medicaid do in Kansas? The state budget is looking bleak for the next couple of years. How is it possible to achieve the type of health care reforms designed by the KHPA without a significant increase in public spending and an increase in taxes to pay for it?

The KHPA has countered that a smoking tax would be the solution. Raise the funds needed to pay for health care by taxing those who purchase cigarettes. This has been a popular solution in many states throughout the country.

This sounds like a great idea, but there are already instructive examples of the problems of raising health care revenue from smoking taxes. Recently the state of Maryland doubled the tax on cigarettes by \$2 per pack. According to a *Wall Street Journal* editorial, the result has been a 25 percent decrease in tobacco sales, declining revenues and rising costs.

Have people stopped smoking in Maryland? Most likely, smokers are shopping for cigarettes in lower tax states, such as Virginia, where they could save as much as \$15 per carton. Sin taxes are popular but if you are going to fund health care on the backs of smokers, then don't expect the smokers to go for it, especially if they

live near a bordering state with lower taxes.

Kansas would face this same dilemma. A tax increase on tobacco in Kansas would be a tax on central and western Kansans who live several hundred miles from the nearest border state. Those areas with the highest population densities (Kansas City suburbs, Wichita, Topeka) live close enough to Indian reservations, or Missouri and Oklahoma to justify a short drive to save money on cigarettes. The Kansas legislature would expand health care and see the revenue to pay for it decline as smokers purchased their tobacco out of state or stopped smoking.

The KHPA needs to go back to the drawing board and present a fresh proposal for reform. State senator Chris Steineger, a fiscally conservative democrat, has proposed a health care market funded by a consolidated block grant from the federal government (money the state would receive from its Medicaid, Medicare, SCHIP, and VA contracts) which would be used to create a private insurance health mart for Kansans. While this idea has is at its earliest stages, at least it is fresh thinking.

Steineger has briefed the KHPA board on his proposal at their August meeting and has been in touch with a diverse array of health care experts to see if it is workable. All the board did at their August meeting was to recommend the expansion of Medicaid. That's not the solution in problematic budget times like Kansas will face in the next session.

The KHPA likes to brag that it is interested in the health of all Kansans, but I think that it is mainly interested in reforms which would be detrimental to the health of all Kansans' pocketbooks. We need better solutions from an agency established to be innovative when it comes to health policy. A new legislative season coming up soon—it's high time for some new thinking from the KHPA.

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