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## **Legislature Is Warned: Look Before You Leap**

*By Sarah McIntosh*

Kansas legislators should look before they leap. Earlier this year the Kansas Legislature tasked the Kansas Health Policy Authority with studying different options for health care reform with the goal of providing its findings in time for next year's session. In an effort to inform lawmakers, state officials, medical professionals and insurers of consumer-driven insurance reform options, the Flint Hills Center for Public Policy co-hosted Legislative Academies on the Insured and Uninsured in Kansas with Speaker of the House Melvin Neufeld.

The academies were held in Lawrence and Wichita earlier this month. Speakers included Dr. Michael Bond, Dr. Richard Warner, House Speaker Melvin Neufeld and Rep. Jeff Colyer, R-Overland Park.

The issue of promoting the transition of more Kansans dependent on Medicaid to private insurance was a recent feature of Senate Bill 11 signed into law on May 11, 2007. Kansas is one of many states considering or enacting health care reforms. It is important for the health policy body and legislators to be well informed of reform options.

Maine and Massachusetts have already passed major health care reforms. Maine's Dirigo program aims to reach universal health care in their state by 2009. Instead of decreasing the number of uninsured, however, Maine has seen an increase in the number of uninsured under the age of 65 in their state. The crux of the program is that their plan leads to adverse selection — whereby the sickest and neediest individuals participate while the healthy find it too expensive. Part of that problem is the incentives the structure of subsidies creates.

Massachusetts' well known program, the "Connector," mandates that all Massachusetts residents have health care by this month. This universal plan, however, is already facing huge problems. Due to low enrollment residents now have until the end of the year to purchase insurance without penalties. The Connector's lowest price insurance plan's cost is much higher than anticipated, discouraging enrollment. Furthermore, the cost of the Connector, projected to be \$1.35 billion for the first three years, has already cost \$1.725 billion.

Several identifiable aspects of the Connector are leading to discouraging results, such as the individual mandate, the employer mandate, poorly targeted subsidies, and too many mandated benefits. So, it is important for lawmakers to consider all the aspects of these health care

reforms to see what has and has not worked so far.

Fortunately, there have been some successes in other states. The Healthy Connections plan in South Carolina allows for personal health accounts which allow the beneficiaries to make more choices in how they want to spend their health care dollars.

Along those same lines, during its last legislative session, Missouri passed a law allowing small business owners to make pre-tax contributions to selected policies for their employees. The plan allows individuals to become the owners of their health care policies so that the policies are portable and individuals can maintain them between employment or at new employment. While this has just been recently enacted, it is another option for reform.

Florida's pilot program for reforming Medicaid, Empowered Care, has controlled Medicaid costs while offering beneficiaries the opportunity to choose from different policies that best suit their individual needs.

Consumer driven reforms which seek to entice people into health coverage rather than mandating coverage will likely be more successful. People will be encouraged to buy insurance when they have more cost effective options and plans that are tailored to their needs.

Empirically, mandating insurance coverage does not lead to universal coverage. Despite the fact that Kansas mandates that drivers have auto insurance, a recent study shows that about 13% of motorists in Kansas are uninsured. That's even higher than the projected number of people without health insurance in Kansas — and health insurance is not mandatory.

Health insurance should not be one-size-fits all. Everyone has different needs and desires. Offering different plans at varying prices is integral to inducing people to self-insure.

The Kansas Health Policy Authority should consider all options for health reform including studying reforms in other states. Legislators should look at the benefits of consumer-driven health care and allow individuals to have control over their own health insurance before they leap into making health care reforms.

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