

The Patriots *News from the citizen advocates..*

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Let's Not Rush Into Things

By Gregory Schneider

At the June meeting of the Kansas Health Policy Authority (KHPA) the board endorsed a reform model based on the Massachusetts Connector. Given the significance of this endorsement, it is worthwhile to spend some time getting to know the plan.

The Massachusetts Connector was a plan to deal with the crisis of the uninsured in the commonwealth as well as the high costs of insurance in the region. The Connector was signed into law by former Governor Mitt Romney who is now seeing the Republican nomination for the presidency.

Romney's hope was that the Connector would address some of the significant problems facing health care in Massachusetts. At the time, close to 20 percent of its population was uninsured and high costs prevented the great majority of that population from purchasing insurance. In conjunction with The Heritage Foundation, who developed the original Connector concept, Romney devised a solution.

The solution was the creation of a state mandated health insurance program which would force individuals to buy health insurance through a state-managed insurance connector. The costs would be lower—it was thought—and individuals as a condition of citizenship in Massachusetts would be required to purchase health insurance through the Connector. Businesses with more than ten employees would also be required to purchase their health plans through the Connector.

Things have not worked out so well in Massachusetts. The deadline for enrollment in the Connector was July 1. Few citizens have enrolled. As a result, the agency extended the deadline until January 1, 2008. The lowest cost insurance plan under the Connector was supposed to be an individual policy of \$220 per month; that has now jumped to \$380 per month. The total cost of the Connector plan over three years was supposed to be \$1.35 billion; the bill for next year alone has topped \$1.725 billion. Finally 20 percent of the state's population has been waived from participating in the Connector due to its higher costs. Remember what Massachusetts uninsured population was in the first place?

Other problems have arisen. While there is currently a choice of health plans within the Connector, there is a fear by many economists of an eventual monopsony—or single-buyer system—developing. With eight or ten health insurance companies all offering the same plan, eventually the smaller companies will not be able to sell enough and larger companies will be able to take over their business, thus reducing the number of plans offered in total and leaving the region with fewer insurance companies. Many sellers of individual insurance have left the Commonwealth already and more can be expected to if they cannot compete with large

insurance companies all offering the same plan.

Why would we want to bring this system to Kansas?

In the first place, Kansas is not facing a crisis of the uninsured. According to the KHPA's own data, 10.5 percent of the state's population is uninsured. That is less than the percentage of Kansans without auto insurance (insurance already mandated by law).

Of those without health insurance, fifty-six thousand are children under the age of eighteen who may already qualify or receive benefits from the Healthwave program. The great majority of the uninsured, more than half of the total in the state, are those individuals in the age bracket from nineteen to thirty-four. Known as the "indestructibles," this demographic is represented by healthy young people who choose not to purchase health insurance. One young state legislator who fit this pool said that young people would rather have an iPod than health insurance. There are health care policies already tailored to them in the individual insurance market which they choose not to purchase due to expense or a sense that they are healthy and nothing can happen to them.

Moreover, only half of the uninsured in Kansas have been without health insurance for more than one year. The remainder lack insurance due to job loss or switching jobs, the expense of COBRA policies, or they never purchase an insurance policy in the first place.

Is this a crisis? Is this worth moving so quickly to endorse a plan like the Massachusetts Connector which is already proving to be expensive and unworkable in Massachusetts?

Let's move more prudently to devise reforms which work here and don't destroy the private insurance market, keep costs down and provide help for those who lack the means to purchase private insurance. Rather than endorse the Massachusetts Connector the KHPA should do what Senate Bill 11 required them to do: continue to explore comprehensive reforms of the health care system which would work best in Kansas.

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