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Time for New Thinking at KHPA

By Gregory Shneider

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 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 KHPA has countered that a smoking tax would be the solution. Raise the funds needed to pay for health care on 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? Hopefully many have kicked the habit. Most likely, smokers are shopping for cigarettes in lower tax states, such as Virginia, where they could save as much as \$15 per carton.

Kansas would face this dilemma squarely. A tax increase on tobacco in Kansas would be a tax on central and western Kansans who live several hundred miles from the nearest 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 likes to brag that it is interested in the health of all Kansans, but I think that it is mainly interested in reforms that 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 session coming up soon -- it's high time for some new thinking from the KHPA.

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