

GAO Reports Fewer Small Employers Offering Health Benefits

A recent report by the U.S. General Accountability Office (GAO) indicates that the number of small employers offering health coverage has fallen from 68 percent in 2001 to 60 percent in 2006. The increasing cost of health insurance is believed to be a significant factor causing many employers to reduce or drop the coverage they provide their employees. The GAO report is particularly ominous for those states already paying for the effects of a large uninsured population. In Texas, roughly 26 percent of the adult workforce is uninsured. Forty-five percent of the workforce is employed by an employer with fewer than 25 employees.

In response to the reduction in coverage, some states have implemented premium assistance programs for small employers to encourage the purchase of health benefits. The effort is intended to make coverage more affordable for small employers who are unable to fund insurance for their workers. The GAO report also indicated that low-income workers, who are less likely to be able to afford their own insurance, are the hardest hit by a reduction in employer-based coverage.

Another Dip in CHIP Enrollment Reinforces Call for Changes

Recent reports of a further reduction in CHIP enrollment has health care advocates and government officials moving closer to adopting revisions that should address the decline. The state reported that 17,000 fewer children were enrolled in the program during the month of April, resulting in a 5 percent decline in enrollment. Child advocates estimate that more than 200,000 Texas children have lost their eligibility because of the program's challenging enrollment process.

The state's leading Chambers of Commerce have also expressed their concern with the underutilization of the program that has resulted in Texas forfeiting almost \$900,000,000 to other states for use in their children's health insurance programs. Under CHIP, Texas receives \$2.64 for every one dollar it invests in the program. This results in the state paying only 28¢ for each dollar it spends on a child's health care through CHIP. With Texas leading the nation in uninsured children, the program is seen as a key and fiscally responsible approach to reducing the exposure to poor health for a large segment of the state's future workforce.

Providing for annual renewal, rather than the current six-month renewal requirement, is seen as pivotal to reversing the decline in enrollment that is reducing access to coverage for many and costing the state federal funding. HB 109, which provides for the 12-month enrollment, has been approved by the House and is pending in the Senate.

Texas Health Quiz

1. Health insurance mandates increase the cost of coverage.
(a) True
(b) False
2. A Health Opportunity Pool will help the state:
(a) Reform its Medicaid program
(b) Protect federal funds
(c) Preserve funding for uncompensated care
(d) all of the above
3. The federal government pays 72¢ of every one dollar the state spends on the CHIP program.
(a) True
(b) False
4. As the state with the third most health insurance mandates, how many mandates does Texas have in place?
(a) 12
(b) 39
(c) 52
(d) 26
5. How much CHIP funding has Texas forfeited to other states?

Texas Lagging on Health Care Transparency that Benefits Consumers—Employers Wanting Action

In response to the escalating costs of health care and a desire for better service, businesses and individuals are demanding more information when it comes to the pricing and quality of the medical services they seek. Some states are now providing their citizens access to pricing data for the most common medical procedures while also making available information on the performance of providers. Texas has not yet done so.

The move toward increased transparency has not been fully embraced by providers. A recent survey conducted by the National Business Group on Health and Mercer Health & Benefits indicated larger employers want doctors and hospitals to move more quickly in supporting and implementing transparency initiatives. According to the survey, 82 percent of the respondents believe physicians are significant barriers to efforts supporting the release of provider performance results. Seventy-seven percent of those surveyed said they believe hospitals are an obstacle to the release of such information.

The increased focus on provider performance that transparency brings can improve quality and reduce costs. According to the *New York Times*, a three-year Medicare, pay-for-performance pilot program that rewards hospitals for quality results has “steadily improved the quality of patient care.” The program includes about 260 hospitals in 38 states. An additional study from the CMS/Premier Hospital Quality Incentive Demonstration project found that tying Medicare hospital payments to quality of care measures would have reduced the program’s hospital costs by as much as \$1 billion for the care of 75,000 Medicare beneficiaries being treated for pneumonia or receiving heart bypass surgery.

Health Opportunity Pool Key to Reforming Medicaid in Texas

Through Medicaid reform, state leaders are hoping to increase the state’s flexibility in directing the use of program funding to more efficiently address costs and to allow the state to be a more prudent purchaser of health care. The centerpiece of the reform efforts is the creation of the Texas Health Opportunity Pool. The pool will allow the state to take control of funding to begin creating a health care system that is more efficient, promotes competition, and improves the health of Texans.

The Texas Health Opportunity Pool would provide federal funding for two main purposes: 1) to offset the cost of uncompensated care for safety net providers; and 2) to transition away from a system that primarily pays for high cost/high acuity care in emergency rooms and hospitals to a system that helps low-income, uninsured consumers purchase private health coverage and enable better health choices such as timely access to less costly primary and preventive services.

The new flexibility in the Pool will also allow local governments to use the funding to improve the infrastructure of local provider networks that provide services to Medicaid recipients and low-income, uninsured persons. By reallocating this funding into the Pool, the state can protect against a reduction in the amount of UPL funding Texas receives for uncompensated care.

The latest version of the Medicaid reform legislation, SB 10, is expected to be considered by the House in the coming days.

Trivia answers: 1. a (True) 2. d (all of the above) 3. a (True) 4. c (52) 5. d (\$893,000,000)

Birthdays

June

3 – Rep. Will Hartnett
5 – Rep. Trey Martinez-Fischer
8 – Rep. Aaron Pena
9 – Rep. Valinda Bolton
16 – Sen. Kel Seliger
19 – Rep. Veronica Gonzalez
25 – Rep. Larry Taylor
27 – Rep. Robert Talton
28 – Rep. David Swinford
29 – Rep. Charles Anderson
29 – Rep. Norma Chavez