

HB 1293 would help state's health care

Creating smart and sensible health care policy is a challenge even in promising economic times.

As our state faces major budget cuts in every sector, we must be even more innovative in seeking solutions that will reduce the cost shift that burdens Colorado business and employees, make health care affordable and provide health care to more uninsured Coloradans.

Viewpoint



Steven J. Summer

The Colorado Healthcare Affordability Act (House Bill 1293) is exactly the type of forward-thinking policy that our state needs to embrace as it finds new ways to improve access to health care and reduce its rising cost. The Colorado Healthcare Affordability Act is good for business, good for our health care system, and most importantly, good for Colorado residents.

Known as a provider fee, HB 1293 uses a federally approved strategy that permits states to leverage private resources to draw down additional federal money. This is in

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place in more than 20 states.

Under the proposed legislation, the state would collect a fee from hospitals, and that revenue would go directly into the state general fund, where it would be matched by federal dollars. Both the revenue from the hospital fee and the federal match must be used for increased Medicaid payments to hospitals and expanded Medicaid eligibility.

Colorado's provider fee revenue plus the matching federal funds would bring in an estimated \$1.2 billion to the state.

As a result of the Colorado Healthcare Affordability Act, more than 100,000 uninsured individuals would become eligible for Medicaid or CHP+ coverage. The proposal would provide coverage for vulnerable populations that lack access to physicians and other primary care providers.

Providing coverage to high-risk populations that use the health care system without insurance would, in turn, reduce costs.

An insured individual is more likely to use the health care system for primary care and before the onset of a more serious illness, thereby avoiding an expensive emergency room visit after the condition has worsened. This means that the health care system is used more efficiently and effectively.

Additionally, the Colorado Healthcare Affordability Act would increase the rate at which hospitals are reimbursed for the care they provide to Medicaid patients. Thus the provider fee would have a positive impact by reducing health care costs that are shifted by Medicaid underpayments.

There are critics who have said that HB 1293 would increase cost shifting, arguing that hospitals that receive little Medicaid funding would pay more into the system than they receive, and in turn, increase rates charged to insurers and patients. We don't believe this would happen.

In years when Medicaid payments to hospitals have been increased, evidence from Colorado and other states shows that the cost shift actually goes down — a benefit to all privately insured individuals.

In fact, by reducing the rate of health care cost increases, the Colorado Healthcare Affordability Act is designed to slow the rate of premium increases for commercial health insurance. This should help make health care more affordable for all.

The Colorado Healthcare Affordability Act is an investment in the state's health care system, its residents and the economy. It would increase access to health care for the uninsured, address the problem of Medicaid underpayment and slow the cost shift to Colorado employers. For these reasons, it has strong support in Colorado's business community, including that of the Colorado Hospital Association.

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Health care reform at what price?

Gov. Bill Ritter is proposing a complex, costly scheme that would dramatically expand government meddling in our health care system, with no certainty it would lead to better or more affordable outcomes.

House Bill 1293 proposes to infuse hundreds of millions of matching federal dollars into the state's health care system by imposing a new tax ("provider fee") on hospital revenues. Taken together, the \$600 million hospital tax and the federal match (all of it deficit spending) would generate \$1.2 billion.

Half of the money would be spent putting 100,000 new beneficiaries on state Medicaid rolls, the government-paid health insurance program for low-income individuals. As we all know, once a program has been expanded, it's nearly

impossible to trim it back.

The other half of the money is supposed to reduce "cost shifting," the widespread hospital practice of overcharging privately insured

patients to make up for chronic underpayments from government programs such as Medicaid and Medicare, and for providing charity care to patients with no insurance.

The bill creates an 11-person advisory board to decide how to allocate the cost-shifting reimbursements among the state's 84 hospitals. Federal law mandates that some hospitals be "winners" in this process and some be "losers." With hundreds of millions of dollars at stake, it's easy to imagine the infighting and back-room dealmaking that's going to become an inevitable part of picking those "winners" and "losers."

The bill also prohibits hospitals from adding the provider fee to patients' bills. It's unclear how this new cost shifting is to be avoided in an industry that already has been plagued with a history of the practice. Again, with millions at stake, costly government meddling seems a likely outcome.

HB 1293 is bad medicine.

In the face of a severe recession that's forcing all Colorado families to cut back, it massively expands the state's Medicaid obligations. Despite its proponents' claims, it's also no panacea for cost shifting. Finally, it relies entirely on deficit spending at the federal level. It's irresponsible and immoral to expect our children and grandchildren to bail us out of our health care mess. We can certainly do better.

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Viewpoint



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