



Robert C. Byrd Health Sciences Center of West Virginia University Institute for Health Policy Research

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Expanding Health Care Coverage: New York's Healthy NY and Pennsylvania's AdultBasic Programs

Across the United States, approximately 40 million Americans are without health coverage.¹ In West Virginia 16.2% (248,765) of the state's population is uninsured, with the figure rising to 19.9% for West Virginians ages 19 to 64.² Nationwide, states have recognized the significance of insuring those without coverage. Many states are already taking steps to address this problem. Among the initiatives developed thus far, programs in New York and Pennsylvania stand out as fine examples of work being done at the state level to meet the needs of the uninsured.

Pennsylvania: AdultBasic*

In June 2001 the Health Investment Insurance Act was signed into law by then-Governor Tom Ridge. This initiative, financed using tobacco settlement funds, seeks to reduce the number of uninsured Pennsylvanians between the ages of 19 and 64. Nearly six thousand individuals enrolled in AdultBasic within the first month. To date, 45,676 Pennsylvanians have enrolled in the program.

Persons ages 19 to 64 are eligible if:

- they have no other health care coverage (including Medicaid or Medicare)
- they have not had insurance coverage within the past 90 days (unless they or their spouse has been laid off from their previous job)
- their family income is below 200 percent of the Federal Poverty Level
- they have lived in Pennsylvania for at least 90 days prior to enrolling in the program

Persons enrolling in the AdultBasic program must pay a monthly premium of \$30. The AdultBasic benefits package includes emergency services, hospitalization, physician services, diagnostic tests, maternity care and rehabilitative or skilled care. Additionally, co-payments are required for doctor visits (\$5.00), emergency room visits (\$25.00) and specialist visits (\$10.00).

New York: The Healthy NY Program*

In 2000 the New York Legislature passed the Health Care Reform Act, leading to the establishment of the Healthy NY program. Interested in increasing the number of small businesses offering insurance coverage, Healthy NY used tobacco settlement funds to develop a state sponsored health insurance program that offers a benefits package that is uniform, affordable and offered by all health maintenance organizations throughout the state. Not only does Healthy NY

offer coverage to businesses with 50 or less employees (and their families), it also extends to working uninsured individuals the opportunity to purchase reduced cost coverage as well.

Small businesses are eligible if:

- they have 50 or fewer employees
- 1/3 of all employees earn \$31,000 or less
- they haven't provided health insurance in the past year
- 50% of eligible employees must participate, with at least one earning \$31,000 or less

Working Uninsured Individuals and Sole Proprietors are eligible if:

- their income is at or below 250% of the Federal Poverty Level
- they have not been insured in the past 12 months
- they are employed (full-time, part-time or at least 20 weeks a year) and ineligible for Medicare

The Healthy NY benefits package covers inpatient and outpatient services, physician services, emergency services, diagnostic services and x-rays, preventive services, maternity care, and has a limited prescription drug plan. These services, which are only provided "in-network," are subject to co-payment (**see below**). In regard to prescription drugs, there is an annual \$100 deductible, as well as a maximum benefit per individual of \$3,000 per year. While the co-payments and deductibles are the same, monthly premiums vary by HMO and range from \$150 to \$300 for individuals, \$250 to \$450 for parent and child(ren) and \$400 to \$600 for family coverage.

Healthy NY Co-payments		
Service		Co-payment
Inpatient services	hospital	\$500
Surgical services		20% or \$200
Outpatient facility	surgical	\$75
Emergency services		\$50 (free if admitted)
Prescription drugs		\$10 generic \$20 brand name plus difference
Prenatal services		\$10
All other services		\$20

*All information provided about the Healthy NY Program was obtained at the State of New York's Healthy NY website, <http://www.healthyny.com>. All information on AdultBasic was obtained from the Pennsylvania Insurance Department's website, <http://www.insurance.state.pa.us/html/abcover.html>.

Smoke Signals: A Comparative Look at State Tobacco Excise Taxes Across Time

Last year 46 of the nation's 50 states experienced budget gaps, totaling approximately \$37.2 billion overall.³ According to the National Conference of State Legislatures (NCSL), FY2003 will be another year in which policymakers will be facing tough choices, given the predicted \$17.5 billion budget gap.⁴ Together, state budget shortfalls and declining revenues have prompted policymakers nationwide to explore potential sources of additional revenue in order to avoid scaling back or cutting vital programs and services.

Raising cigarette taxes is an option that has been growing in popularity among states over time (**Figure 1**). In the past five years, 26 states and the District of Columbia have implemented tobacco tax increases, with the average increase being 38 cents per pack.⁵ Fourteen states now have tax rates of a dollar or greater and the American Lung Association predicts that number will reach 25 by the end of 2003.⁶

Since 1998, the lowest tax increase, 25 cents, was implemented by Arkansas in 2001.⁷ The highest—an increase of 75 cents—was passed by Massachusetts in 2002, effectively raising their cigarette tax to \$1.51 a pack.⁸ Meanwhile, West Virginia is one of only five other states that have failed to raise tobacco taxes since the 1970s and is ranked as having the 42nd lowest cigarette tax rate in the nation.⁹

Raising cigarette taxes proves beneficial in a variety of ways. Studies have shown that for every ten percent increase in the cost of a pack of cigarettes, there is a four percent decrease in adult tobacco consumption and a seven percent decrease among youth.¹⁰ In turn, as the number of smokers decline due to higher prices, states could also anticipate a gradual reduction in health-related costs.¹¹

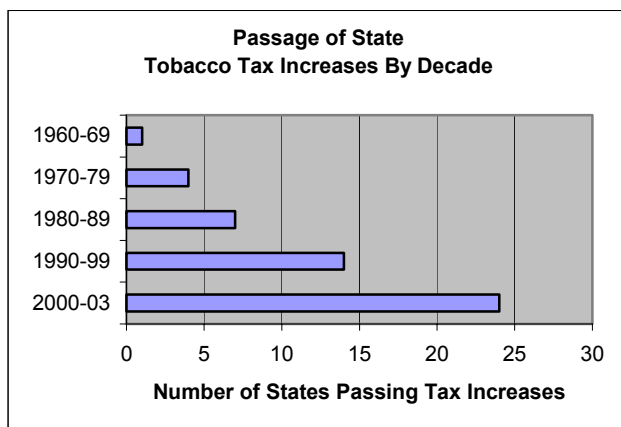


Figure 1

Currently, 26.1% of adult West Virginians are regular smokers, while the smoking rate among high school and middle school students is 38.5% and 18.1%, respectively.¹² In 2001 alone, the health care costs of smokers in West Virginia were estimated to be between \$670 and \$897 million, while productivity losses attributable to smokers cost WV 906 million dollars.¹³ Projections hold that a 38-cent increase in cigarette taxes in West Virginia, such as that currently proposed by Governor Wise, would produce between \$57 and \$71 million in revenues.¹⁴

Looking at the Numbers...How Proposed Changes to the State's CHIP Program Would Impact West Virginia's Children*

Senator John Hunter, D-Monongalia, has introduced legislation (SB 8) that, if passed, would raise the eligibility standards for the Children's Health Initiative Program (CHIP). Senator Hunter and his co-sponsors propose to expand the program by making children whose family income is at or below 250% of the Federal Poverty Level eligible for CHIP benefits. At the current eligibility standard of 200% FPL, CHIP serves 18,437 of the 27,304 children in WV who are eligible for benefits.

By increasing from 200% FPL to 250%FPL, approximately 1504 more children in WV would be eligible for CHIP. Of those children, an estimated 42.7% or 642 are ages 0-5 years, 29.3% or 441 are ages 6-12 years and 28% or 421 are ages 13-18 years.

*All figures presented here are derived from the WV Healthcare Survey 2001.

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