

Proposal Would Require Illinoisans to Get Health Coverage

By Judith Graham, Tribune staff reporter. Tribune staff reporter Crystal Yednak contributed to this report

December 8, 2006

A state task force on Thursday endorsed an ambitious plan to provide medical coverage to 1.5 million uninsured residents--at a cost to government and employers of more than \$5 billion a year.

The groundbreaking proposal calls for a series of complicated, expensive reforms that would expand public medical programs, overhaul private insurance and guarantee the availability of medical coverage to all Illinois residents.

In turn, every state resident would be required to step up to the plate and obtain health insurance from their employers, from public programs or by buying it on their own. If not, they would pay a penalty.

Another requirement would force all employers to supply medical coverage to workers or pay an assessment--yet to be determined--to a state fund that would help pay for the new insurance initiative.

The Illinois legislature created the task force and charged it with exploring options for making affordable medical coverage universally available. But whether its resulting proposal stands any chance of survival in Springfield when legislators meet early next year is a matter for considerable skepticism.

Pushing it forward will be a powerful coalition of doctors, hospitals, labor unions and consumer groups, and they are expected to argue that the recommendations can be phased in over several years.

"What's at stake is the stability of the health-care system in Illinois," said Dr. Craig Backs, a task force member and former president of the Illinois State Medical Society. "If we don't act, the system will potentially collapse."

But the daunting price tag--\$3.6 billion a year in extra state expenditures, and \$1.5 billion a year in additional expenses for employers--is raising serious doubts about the plan's political prospects in other quarters.

"That's one heck of a lot of money," said Rep. Rosemary Mulligan (R-Des Plaines), noting that Illinois is struggling to figure out how to pay

for its current effort to provide medical coverage to all children.
"There isn't that money in the budget."

"Everyone agrees it would be great if we could give health insurance to more people. But it's very difficult," said state Sen. Dale Righter (R-Mattoon). "It's hard to imagine these recommendations will be taken seriously, since no funding mechanism has been suggested."

Who Will Foot the Bill?

There's only one way to cover the uninsured in Illinois, and that's raising taxes, said Kenneth Robbins, president of the Illinois Hospital Association and a task force member who voted for the new proposal. "That's the challenge the legislature will have to address."

The task force plan assumes that everyone in the state has to take responsibility for reducing the ranks of people without medical coverage, estimated at 1.7 million. Among its major provisions:

All residents of the state, including undocumented immigrants and college students, would be required to obtain health insurance. Penalties would be assessed if proof of insurance can't be supplied.

Subsidies would help low-income residents buy coverage or pay premiums for employer-based insurance. All residents who earn up to 400 percent of the federal poverty level--currently \$80,000 for a family of four--would be eligible.

All insurers selling coverage in Illinois would be required to offer a policy with comprehensive benefits to individuals and small groups seeking coverage. Currently, individuals can be denied if they have various medical conditions, and some small groups find it difficult to find affordable policies.

All employers in the state would be required to provide health insurance to workers or pay an assessment to a state fund. Standards for employers would specify a minimum percentage of payroll that must be spent on medical coverage or a minimum percentage of employees that must be covered (60 percent in the current plan). Small employers will receive financial incentives to reduce the burden of meeting these requirements.

Medicaid would be expanded to cover adults with no children who earn up to 100 percent of the federal poverty level, currently \$9,800 for an individual. A state program for low-income families and children will also be expanded to parents who earn up to 200 percent of poverty,

currently \$40,000 for a family of four.

Changes to the insurance market would require companies to issue policies to Illinois residents, limit premiums that can be charged, restrict rate increases, and limit amounts spent on administrative and marketing expenses.

A new state agency would manage the program.

The task force voted 16-5 in favor of the plan Thursday afternoon, with opposition coming from a bloc of insurance industry representatives. Eight members were absent.

Impact on business Climate

"We've just increased the minimum wage in Illinois, we're lagging in job growth compared to other states, and now we're going to be telling companies they have to provide health insurance to their workers. That's going to make the state even less attractive to business," said Pamela Mitroff, a task force member and industry lobbyist.

"My concern is, Illinois has a very vibrant insurance market and if you put all these restrictions on companies they may pull out of the market or raise rates significantly," said Joe Roberts, an independent insurance agent who served on the task force.

But doing nothing also has its costs, as growing numbers of people without insurance put off routine medical care, then turn up at hospital emergency rooms in a medical crisis.

The cost of caring for the uninsured adds almost \$1,000 a year to a family's insurance premiums, according to some estimates. Meanwhile, safety-net providers for the uninsured, such as Cook County's health system, are overwhelmed by the escalating demand for care, and needy patients are waiting months for doctors' appointments, especially with specialists.

Other States Have Plan

"If it's doable in other states, why not here?" asked Ruth Rothstein, former head of the Cook County Health System, referring to a fresh wave of state health reform efforts across the nation. Most notably, Massachusetts this year became the first state to promise all citizens access to health-care coverage. Like the plan proposed Thursday in Illinois, the Massachusetts plan requires all residents to buy insurance and all employers to provide it or pay an assessment.

Health reform is expected to become a major topic in the next legislative session. In addition to the task force's plan, the governor's office and Blue Cross and Blue Shield of Illinois are also said to be preparing their own proposals.

After being formed in 2005, the Illinois task force held extensive hearings on health reform in every legislative district in the state, soliciting testimony from hundreds of consumers, medical providers, businesses, political and religious leaders and others.

The group was charged with preparing a reform plan for the state under the Health Care Justice Act, a little-known piece of legislation passed in 2004. For the first time, the act affirmed that "it is a policy goal of the state of Illinois to insure that all residents have access to quality health care at costs that are affordable."

Now, the cost of that goal is becoming clear, and its political feasibility will be tested.

"The legislature said they wanted this done--and now they're going to have to face up to what it means and realize we can't put this problem aside any longer," Rothstein said.

By the Numbers

1.5 million--Uninsured residents of Illinois

\$1,000--Estimated hidden cost per year added to a family's premium to care for uninsured

\$5 billion--Plan's estimated cost to state and business