

# It's Health Care, Not Welfare

By Mike Fogarty

**R**ecord numbers of uninsured Americans with little or no access to health care have pushed health care reform toward the top of the domestic policy agenda. As change has been slow to come at the federal level, Oklahoma has joined many other states undertaking initiatives to improve the health care delivery system within the constraints of the 43-year-old Medicaid program. One of the first decisions facing today's federal policy-makers is whether Medicaid is to be thanked and shelved, or modified to become the platform for a new publicly funded health care purchasing and/or financing system.



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A major factor constraining Medicaid's responsiveness to today's health crisis is the 1960s' public welfare policies that remain embedded in federal Medicaid law and regulation. The belief that those seeking assistance must be not only poor but also in a category of "deserving" poor, i.e., child, elderly or disabled, has produced policies that limit Medicaid coverage to persons in a complex patchwork of eligibility categories. A contemporary example is current federal policy that deems individuals with breast or cervical cancer deserving of coverage while determining that individuals in identical circumstances who are diagnosed with other forms of cancer are not "deserving" and therefore excluded from coverage. Enforcement of informal, mandated but not legislated, federal directives restricting the use of Medicaid financial support to only those at extremely low financial means is also problematic. Again, policy that arises out of a welfare mindset effectively blocks the responsiveness of Medicaid to the financial realities of affordable health care coverage today.

Faced with a rising state uninsured rate of 20 percent made up primarily of traditionally Medicaid-excluded working adults, the Oklahoma Health Care Authority in 2002 made a decision to shift program policies and perception out of the welfare model and into the health care model. "It's Health Care, Not Welfare" became the OHCA motto and the stigmatized Medicaid label was dropped in favor of "SoonerCare." The agency resolved to pursue federal waivers and state legislation to establish a program with the following fundamental principles and elements:

- Coverage for income-qualified uninsured persons without regard to welfare categories;
- Effective purchasing, including premium subsidy for employer-sponsored commercial plans;

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- Provider reimbursement in all public products at reasonable market rates, at least 100 percent of the Medicare rate;
- Flexible comprehensive benefits based on medical appropriateness; and
- Patient responsibility with cost sharing through modest premiums and copayments.

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OHCA was provided some flexibility through waivers granted by the federal Centers for Medicare and Medicaid Services. Over the last few years, SoonerCare has been implemented and refined into a purchaser and manager of health care services that operates much like a commercial health insurance plan. For example, SoonerCare Choice offers a comprehensive managed medical benefit plan featuring a patient-centered medical home for each member. Another example, SoonerPlan is an exception to the traditional welfare category limitations and offers family planning benefits to financially qualified Oklahomans age 19 and older.

As OHCA attempts to fill the holes in the patchwork of health care products and services in the state there remains

a huge gap. There are still more than 600,000 Oklahomans (17 percent) who remain uninsured. Such a large number of uninsured people has a detrimental impact on the health care system and on the economy of the state in general. In 2005, Oklahoma implemented a premium assistance program to help residents purchase employer-sponsored health insurance group coverage, an approach now taken in nine other states. This initiative, called Insure Oklahoma ESI, directly subsidizes the premium cost of commercial group coverage for qualified employees and their spouses of small businesses. At the end of 2008, there were more than 10,000 Oklahomans enrolled in Insure Oklahoma ESI and more than 3,600 participating businesses.

Insure Oklahoma represents the greatest success of OHCA in breaking out of the antiquated categorical restrictions of traditional Medicaid. It is funded at the state level by a dedicated tobacco tax and matched with federal Medicaid revenue. It targets a population of employers who typically offered no health plans and employees who have had no health insurance. This effort has resulted in a significant multiplier effect as businesses offering health insurance for the first time are enrolling not only Insure Oklahoma participants but also higher-income employees who were previously uninsured. Moreover, this successful public/private partnership is giving small businesses a leg

up in recruiting and retaining healthy employees.

Additionally, by offering a safety net product for those individuals who do not have access to employer-sponsored group coverage, Insure Oklahoma IP has enrolled nearly 6,000 members at the end of 2008. This individual plan allows a qualified person and spouse, including those who are unemployed and looking for work, to buy into a state-managed benefit plan at reduced premium costs based on income.

Independent studies have established that in Oklahoma, adequate health insurance is generally beyond the financial reach of those families earning less than 300 percent of the federal poverty level. In an attempt to make access to health coverage affordable and have more success reducing the number of uninsured, the governor and legislature enacted laws extending financial qualification for Insure Oklahoma coverage to working adults from the current 200 percent to 250 percent of the FPL and for children from the current 185 percent to 300 percent of FPL. This valiant effort on the part of Oklahoma elected leaders has, however, been thwarted since August 2007 by refusal of the federal government to approve the requested adjustment to the Oklahoma Medicaid waiver.

The federal agency's stand on this effort comes in spite of the fact that they acknowledge that Oklahoma has accrued savings of more than 2 billion federal dollars by effectively managing Medicaid-funded programs through quality initiatives. OHCA enhancements have increased wellness and preventive care, instituted effective health management, and reduced inappropriate utilization of hospital emergency department services. Oklahoma remains committed to continue building on the successful record of SoonerCare quality initiatives to improve value and contain costs.



In other initiatives, Oklahoma has recently completed the first full year of a premier system of transparent quality care accountability and pay-for-performance programs for nursing facilities called Focus on Excellence. This program rewards those nursing facilities that successfully make extra effort to provide quality patient care, updating those performance results quarterly. A key component of this effort is the public posting of facility quality performance results via a publicly accessible Internet web site. In yet another initiative, performance-related payments to primary care providers will be introduced in January 2009 as a component of the SoonerCare Choice patient-centered medical home initiative. This is a model that will build on both the efficiencies and quality care improvement of effective health management.

Most recently, Oklahoma leaders participated in a legislative task force to examine additional ways to attack the crisis of the uninsured through both policy initiatives and greater access to health coverage. The cost of offering coverage through Insure Oklahoma and SoonerCare to the remaining uninsured Oklahomans in households with incomes below 300 percent of FPL is estimated to be about \$1 billion. With federal approval and the resulting federal financial participation, the required state investment would be about \$350 million, a figure within the reach of a new dedicated state funding

source and a financial bargain for a federal government that places offering affordable health coverage high on its list of priorities.

Each of these health care initiatives has come at considerable effort to jump through the hoops of obtaining federal waivers of traditional Medicaid policy. The ever-changing interpretations of federal law have made the process more difficult as plan approvals/disapprovals seem to be more a matter of timing than of merit. The efforts and financial commitment that Oklahoma and many other states have made, or attempted to make, will not accomplish the mission of offering to all Americans access to affordable health coverage without fundamental reform of the federal Medicaid program. Removing the obstructive welfare policies and the welfare-medicine mindset of those who administer the program is paramount to the success of Oklahoma's efforts to be a contributing partner in meeting this national objective. The issue truly is health care, not welfare.

In the meantime, the Oklahoma Health Care Authority will continue to take full advantage of every opportunity available in this federal-state partnership to demonstrate effective program policy, design and operation. ■