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# Inadequate funding of health care System is at root of the problem

By Phil Leberherz,

At first glance, Governor Schwarzenegger's proposal for a universal health coverage program to cover California's uninsured would seem to spread the financial pain equally. It does this by reaching out to all participants and raising needed capital in the form of premiums, taxes and other requirements. One participant, however, is not being asked to pony up its fair share. That participant is the federal government.

In our efforts to further the Foundation for Health Coverage Education's mission to reduce the number of uninsured through education over the past few years, we have happened upon a number of statistics that can't be ignored. They surround the status of the state's current public care system and the dollars provided to appropriately pay its participants and adequately inform those in need of their eligibility.

According to the state Insurance Department's Web site, the federal government matches what California allocates for each individual signed up to the Medi-Cal program. In the state of New York, this 50-50 match is approximately \$5,500 per Medicaid recipient. In California, the match is only \$2,250 per Medicaid recipient. Why does New York get double the funding of California? It's been explained that California's financial status has been so vulnerable in the last eight years that the Legislature could not come up with the matching funds. The state, therefore, sets aside less money to pay its providers, and the federal government provides less money as well. The result is the state's inability to provide

adequate reimbursement to the medical community. The outcome is that fewer medical providers are accepting Medi-Cal patients.

The issue of reaching out to and signing up those who are eligible for Medi-Cal is just as important. According to the Congressional Budget Office, about 3 million of California's estimated 6.4 million uninsured are eligible for publicly funded programs but not signed up. Because they're not enrolled, they resort to using the health care system only as a last resort and the providers who treat them are often in the most expensive setting possible, the emergency room.

Meanwhile, when an individual becomes eligible for the state's Medi-Cal system, he or she has a difficult time finding a doctor or a hospital that will accept this level of reimbursement. And because the system is under-funded, providers have a tough time keeping their doors open with the amount this government-run and funded program reimburses them for care. If the state were to make a concerted effort to enroll those who are uninsured but eligible for public programs, and it was able to sign up the additional 3 million individuals, the federal government matching funds to California would create an infusion of an estimated \$13.5 billion dollars into its health coverage pool in a single year. This money could go to the doctors and hospitals in California, allowing them to be able to treat more government patients and perhaps lowering the cost of current individual and group insurance by 6 percent to 8 percent through the reduction of cost shifting. As we have found in our ongoing public outreach efforts, signing up this

population is possible if the people know about these public programs and how to access them.

From a business standpoint, the governor's approach to solving the uninsured problem could make things more expensive than they are now. Who will enforce the individual mandate to buy insurance: health insurance police? How will California enforce mandatory administrative maximum cost on private insurance companies? If the state is going to legislate maximum profits on private companies associated with health insurance, will they also insure against losses?

We applaud the governor's decision to seek a means to solving the problem of the state's uninsured by getting coverage for everyone. But there should be concern that building a universal health care system on top of the current system that is not properly funded has greater chance of collapse.

California does have the infrastructure and capacity in the current health care system to take care of all patients. It is the financing that is causing access problems. Solutions to the problem of the uninsured lie in the financing of care and distribution of information for simple access to coverage. And funding the program properly will go a long way to insuring all Californians.

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**Phil Leberherz is executive director of the Foundation for Health Coverage Education, a nonprofit organization based in San Jose with a mission to simplify public and private health insurance eligibility.**