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Texas' goal should be to fix healthcare system, not just spend less on it

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BY MITCHELL SCHNURMAN
mschnurman@star-telegram.com

Texas and Vermont don't have much in common, especially on healthcare, but leaders in both states are proposing a takeover of Medicare and Medicaid.

They want to control the federal dollars spent on these programs, arguing that they can do a better job of reducing costs and responding to the public.

That's where the similarities end.

In Vermont, the governor is pushing a universal, single-payer plan that would cover all residents and pull in doctors and hospitals. It would eliminate all but one insurance company and probably be funded with a payroll levy on employers and workers.

It goes further than the healthcare reform law passed by Congress and the system in place in Massachusetts. Although many details are still to be worked out, bills have passed in both houses of government, and the governor expects to approve a law for 2014.

It's an experiment unlike any in the country. This is a genuine effort to cover everyone, contain costs, slash overhead and coordinate care through multiple providers. Of course, there's already a backlash, with businesses and doctors threatening to flee.

The Texas version of a state plan doesn't expand coverage or coordinate care -- a tip-off that it's more about grandstanding and politicking than improving healthcare.

Texas has the highest rate of uninsured residents in the country, and millions of needy people are already excluded from Medicaid. So any serious effort to fix the system would address access and delivery, not just cuts in public spending. But the proposal passed by the House merely pledges to improve healthcare policy, without details on the thornier issues.

Supporters say, "It's governance reform, not healthcare reform," according to an analysis by the state's House Research Organization. Maybe that's code for getting the state off the hook for billions in matching Medicaid expenses.

Proponents even claim that Texas could set healthcare standards that other states may want to emulate.

That's hard to believe, unless the goal is simply to spend less. Texas ranks near the bottom nationwide on healthcare spending per person (44th); per capita spending on Medicaid (49th); and spending on mental health (50th). More women in Texas go without mammograms, pap smears and visits to the dentist than in most of the country.

Nationwide, almost half of Americans have health insurance through an employer, which usually means better, more affordable coverage. Forty-four percent of Texas residents have such access, and only New Mexico and Mississippi have a lower share.

Texas doesn't compare favorably on many health measures, either, even though it has a younger population. It has high rates of obesity, and high death rates from diabetes and heart disease.

Texas may be a leader in job growth and economic development. But on healthcare -- with more than 1 in 4 residents having no insurance at all -- what state would want to follow the Texas model?

That narrative could change if lawmakers made a sincere effort to expand coverage, improve outcomes and slow cost growth. That's a vexing combination, and the state proposals don't even try to go there.

The bill passed by the House last month would authorize an interstate compact with other states, so they could form their own health plans. This maneuver, usually used to coordinate other interstate activities, would enable member states to wrest control of federal dollars spent on healthcare.

Many state legislatures are considering the idea. Four states, including Missouri last week, have passed compact bills and sent them to their governors. One was approved in Georgia and another vetoed in Arizona, according to an advocacy group.

The compacts don't have much chance of gaining traction in the near future, because Congress must approve the funding schemes. Washington is not likely to give out billions in healthcare money without insisting on minimum standards of care -- the exact mandates that state lawmakers want to slip.

Texas and other conservative states are also asking for block grants for Medicaid, rather than the cost-sharing system currently in place.

States say they want flexibility to apply the dollars in the most cost-effective way. Opponents insist that flexibility is a euphemism for denying care, usually by restricting eligibility, coverage and more. In Texas, a smaller share of the poor gets Medicaid than in the nation, and average spending per person is much lower.

The healthcare reform law allows states to apply for innovation waivers to fund their own plans, but they must meet important conditions. They must cover at least as many people as the exchanges mandated by the federal program; the insurance has to be at least as comprehensive and affordable; and the plan can't add to the deficit.

In sum, if a state can do it better -- not just cheaper -- go at it.

In Vermont, that's what leaders are aiming for. They start with a basic premise: Healthcare is a right, not a privilege, Gov. Peter Shumlin said in an interview last week on *The Diane Rehm Show* on National Public Radio.

So every resident gets it, regardless of health, age or employer. Decoupling the link between insurance and employment will free up individuals and companies, Shumlin said, and he predicts that it will become a jobs creator for Vermont.

A key piece of the plan is cost-containment. He expects a single-payer system to save close to 10 percent in administrative costs for the state and providers.

People always say, "This is so tough; how can you do it? It's never been done before," Shumlin said in the radio interview. "And I say, now, wait a minute, slow down. It's actually being done by everybody else in the developed world except for us. And I see this as an economic development issue."

Only 10 percent of Vermont residents are uninsured, and the small state has few insurance companies and big medical centers. So it faces an easier path to reform than Texas.

But what sets Vermont apart the most is its ambition. It's actually trying to fix things.

Mitchell Schnurman's column appears Sundays and Wednesdays. 817-390-7821

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