

Gov. Ted Kulongoski’s “Healthy Kids Plan” Will Offer Affordable Health Care for Every Child in Every Family in Oregon

The Problem: 117,000 children in Oregon do not have health insurance, even though the state now provides health insurance for more children than ever before.

This year, the U.S. Census Bureau reported an increase in the number of children in the U.S. who do not have health insurance. This was the first such increase in many years.

In Oregon, the rate of uninsured children declined slightly, as the number of children covered by state-sponsored health insurance increased to an all time high of 225,000 in the Oregon Health Plan and related state programs. One of every four children in Oregon is now enrolled in state-sponsored health insurance programs.

Still, there are an estimated 117,000 children in Oregon who do not have health insurance. The large majority of these children are in working families.

Health Insurance Status of Oregon Children 0-18 Years of Age	
Est'd Number of Children	Source of Health Insurance
117,000	None -- uninsured
225,000	State-sponsored: Oregon Health Plan and related programs supported largely by 60% federal, 40% state funds
567,000	Employer-sponsored and individual: Supported by combination of employer and employee-paid premiums

Sources: Oregon DHS (2005-06); Oregon Population Survey (2005); StateHealthFacts.org (2003-04).

The Challenge: Cover the children, so that every child in Oregon has access to high-quality, effective health care.

More than half of Oregon’s uninsured children qualify for existing state and federally-funded programs. Gov. Kulongoski is leading efforts to enroll more of these children in these programs. Since he took office, he has brought 30,000 more children into the Oregon Health Plan (OHP). But state funds are currently insufficient to cover all children whose family incomes qualify for OHP.

The Solution: Promote shared responsibility -- increase state funding, leverage state funds to secure more federal funds, create a state-sponsored affordable health plan for all children and encourage parents and employers to support children’s health insurance.

Gov. Kulongoski believes that health care for children is not the sole responsibility of state government alone, but a shared responsibility of state and federal governments, families and employers. With that principle as his starting point, the Governor believes that the state can begin to solve the children’s health care problem by using its resources and those of the federal government to create affordable health coverage options for all children. These options, in turn, will enable more families and employers to provide health insurance for their children and their employees’ children.

The Governor's Healthy Kids Plan has four cornerstones.

Cornerstone 1: Secure the state resources needed to leverage additional federal dollars that can support affordable health insurance options for all Oregon children– by equalizing Oregon's tobacco tax rates with those now in effect in Washington state.

Although the state now provides health insurance through the Oregon Health Plan to 225,000 children in low-income families, there are 60,000 more children eligible for this insurance who are not enrolled in OHP. The current state budget falls far short of being able to cover most of these 60,000 children, nor does it have the resources to be able to expand OHP coverage to more children who could qualify under existing federal guidelines. The Governor will secure the resources for this program as follows.

- Establish tobacco tax parity with Washington State. The Governor supports an increase in Oregon's tobacco taxes to match the tobacco tax rates now in effect in Washington State. This would require an increase of \$0.845 per pack of cigarettes to \$2.025 per pack. With this increase, and a proportionate increase in the tax that applies non-cigarette tobacco products, the state would secure an estimated \$150-170 million in new net revenues for a full biennium after adjusting for projected reductions in cigarette sales.
- Dedicate new tobacco tax revenues to health care. The Governor is committed to dedicating at least 60% of the proceeds of the net revenues from tobacco tax equalization to support the creation of affordable health care options for children. Another 10% would go to smoking cessation efforts. Other portions would be allocated for expansion of OHP for adults and for other health care initiatives.
- Secure new federal Medicaid funds for children's health care. Existing agreements with the federal government allow Oregon to receive Medicaid matching funds for children in families with incomes up to 200% of the Federal Poverty Level. (For a family of four, this is \$40,000 in annual income.) The state will apply for a waiver to receive Medicaid matching funds for children in families with incomes up to 300% of the federal poverty level, which is the maximum approved in other states.

Cornerstone 2: Create and oversee an insurance program that will provide comprehensive health coverage for children throughout Oregon.

Using the Oregon Health Plan as its model, the state would establish an expanded insurance program for children that would provide coverage for:

- medical, dental and vision care, including regular check-ups and preventive care;
- prescription drugs;
- mental health services;
- chemical dependency treatments; and,
- medical equipment and supplies.

The insurance program would be put out to bid to secure the best prices and most efficient services for the state's expenditures. It would be up and running by January 2008.

Cornerstone 3: Use the state’s resources to ensure that premiums for the Healthy Kids insurance plan will be affordable for all families in Oregon.

The state will subsidize coverage for low-income and middle-income families according to their income and family size. Parents will pay what they can afford. Those at the lowest income levels would be offered coverage at no cost. Children in families of four with incomes above \$40,000 per year and up to \$70,000 per year would be eligible for reduced premiums. Those in higher income brackets would be allowed to buy into the program at prices which are expected to be competitive with the most cost-effective private plans.

The parents of the 117,000 uninsured children in Oregon would have the following options for Healthy Kids insurance, according to their income and family size. The following projections assume a maximum \$160 monthly premium per child in 2008, with the possibility of composite rates for families with more than one child.

(Note: “FPL” refers to the Federal Poverty Level for 2006. Estimated monthly premiums are based on projections for 2008.)

% of FPL	# of Uninsured Children	Annual Income (Family of 4)	Annual Income (Family of 2)	% Subsidy to Family	Maximum Monthly Premium
<200%	~68,000	<\$40,000	<\$26,400	100%	0
200% - 250%	~15,500	\$40,000 – \$49,900	\$26,400 – \$32,999	85%	\$24
250% - 300%	~15,500	\$50,000 – \$59,999	\$33,000 – \$39,599	70%	\$48
300% - 350%	~ 2,500	\$60,000 – \$69,999	\$39,600 – \$46,199	50%	\$80
>350%	~16,000	>\$70,000	>\$46,200	None	\$160

To encourage enrollments, the application process for both the existing and expanded OHP programs for children will be streamlined. Once enrolled, children will be able to continue in the plan for 12 months before reviews of eligibility and re-enrollments are required.

No child would be barred from coverage based on pre-existing medical conditions or citizenship status.

Within three years of implementation, the Governor expects that this program can reduce the number of uninsured children in Oregon by 95%.

Cornerstone 4: Use the state’s resources to promote cost-effective care and bring health care to children through our schools and community facilities.

The Governor understands that health coverage does not always guarantee access to high-quality health care.

To facilitate access to care, all children enrolled in the program would have a common health insurance card and access to the same services.

By following the Oregon Health Plan model, the state will guarantee that its resources are applied to the most cost-effective forms of care. Preventive care will be encouraged. Costly and ineffective procedures will be discouraged.

- Expand 24-hour hotlines. The Governor's plan will provide access for families to a 24-hour nurse-staffed hotline, which has proven to be highly effective in reducing the number of unnecessary emergency room visits and directing children to the most effective care in the most appropriate settings.

Further, the Governor's plan calls for expansion of school-based and community-based health services that have proven highly effective in meeting the health care needs of children.

- Expand school-based health centers. The Governor will propose in his 2007-09 budget a major expansion of school-based health centers. These centers, now numbering 47 in 19 counties, have proven to be highly successful in providing care that reaches children in settings which are convenient and accessible. New health centers will be opened in at least five more counties, and five more centers will be opened in the 19 counties already served by this program.

Finally, the Governor's plan will target children's dental health. At ages six through nine, two-thirds of Oregon's children from low-income households have dental decay. Poor dental health can detract from learning and often lead to more serious medical problems as well.

- Expand children's dental services. The Governor's plan calls for a major expansion of the state's dental sealant program, with the goal of sealing the teeth of 50% of all 8-year-olds by 2010, compared to 30% of uninsured children who have dental sealants today.