



Why Washington should act now to fix the health insurance gap

Nearly 1 million Washingtonians are uninsured; more than 155,000 residents are on the wait list for Washington's Basic Health Plan (BHP), which shares costs for basic health insurance between participants and the state.

In 2014 the Affordable Care Act (ACA) will cover those eligible for BHP, along with hundreds of thousands of others who are now without health coverage, funded with federal dollars. But unless Washington extends BHP coverage now, local workers and families will face two more years of unaffordable care, and the state's economic recovery will suffer as a result.

There is a better alternative – one does not require raising taxes or diverting funds from other public priorities: Legislators can expand Basic Health enrollment by authorizing revenue bonds for a portion of ongoing revenues from the state's Tobacco Settlement fund.

Reasons to expand Basic Health coverage in 2012

Fewer people working without health insurance means lives – and quality of life – saved. People who are uninsured are more likely to be ill and die prematurely.¹ Although the Affordable Care Act (ACA) will ensure coverage in 2014, disease and illness won't wait until then. Even if people are able to get coverage in 2014, it may be too late for effective treatment. Breast cancer doesn't wait for insurance coverage.

More and more adults work for employers who do not offer health insurance. Nearly two-thirds of uninsured adults are working and more than three-fourths live in poverty.² Expanding enrollment in the BHP would give many of these low wage workers access to health coverage, since the vast majority of these individuals meet the criteria to qualify for Basic Health.

It is not a free lunch. Just as with private insurance, participants pay a significant portion of the costs, while the state picks up the remainder. Premiums range from \$17 a month to \$303 a month per person, depending on family income and age.

State investments in health insurance help boost economic productivity. Worker health issues result in national economic losses estimated at \$260 billion annually, or 2.4% of GDP; the increased worker productivity resulting from health coverage is an important economic investment.³

Health care investments now will protect jobs. Nearly 10% of the state's nonfarm jobs are in health industries.⁴ While growth in these sectors has been positive, there has been a clear reduction in new jobs as the state has reduced investments in health.⁵ Growth in the health care sector flattened substantially during the same time. By increasing state investments in health services, legislators could protect jobs and increase economic growth throughout all industries. Every \$1 million invested in basic health protects 14 jobs in industries across the state.⁶

The BHP is an investment in Washington's women and families. Nearly 300,000 people work in health care sectors across the state, and more than three-quarters of them are women.⁷ Today's families are increasingly reliant on women's earnings – especially since the Great Recession left significantly more men without jobs. Protecting and creating jobs in the health sector increases the economic stability of women and their families.

Expanding preventative care means better emergency services for all. When preventive services are unavailable, people turn to emergency care to address health needs – filling waiting rooms, increasing wait times and limiting space for everyone. Expanding Basic Health coverage means people can see doctors for regular preventative care instead, enabling emergency rooms to handle trauma cases quickly.

How revenue bonds can expand the BHP without raising new revenue

Washington state has already cut billions from vital public services, and many public priorities are competing for remaining scarce funds. But there is a means to secure funding to increase BHP coverage: issue bonds for a portion of the Tobacco Settlement payments.

Revenue bonds are a way to bring future revenue to the present. It does not involve a tax increase, so it requires only a *simple majority* of both the House and Senate to authorize. By issuing the bonds, future payments to the General Fund from the Tobacco Settlement will be smaller, as a portion will have already been distributed to the Basic Health Plan Stabilization Account.

Delaying coverage for Washingtonians until 2014 will only increase uncompensated care debt, delay financial stability for workers and families, and slow economic growth for the state. By contrast, making the investment in the BHP now – when the economic recovery is fragile – will:

- Enable low-income workers to have the peace of mind and wellbeing that comes with health coverage;
- Contribute to a more robust economy in years to come by increasing productivity, protecting and creating health care jobs, and slowing the growth of uncompensated care costs.

Once the Affordable Care Act is fully implemented, federal dollars will free up existing state money not dedicated to health coverage for investment in other public services.

¹ Mike Kriedler, “A problem we can’t ignore: The hidden and rapidly growing costs of the uninsured and underinsured in Washington State,” Office of the Insurance Commissioner, November 2009, www.insurance.wa.gov.

² Mike Kriedler, “A problem we can’t ignore: The hidden and rapidly growing costs of the uninsured and underinsured in Washington State,” Office of the Insurance Commissioner, November 2009, www.insurance.wa.gov.

³ Karen Davis, et. al., “Health and Productivity Among U.S. Workers,” August 2005, The Commonwealth Fund, <http://www.commonwealthfund.org>.

⁴ Washington State Employment Security Department, Industry Employment Estimates, <https://fortress.wa.gov/esd/employmentdata/>.

⁵ State spending on health services declined by \$1.7 billion between 2009-11. Marilyn Watkins, “A Jobs and Economic Recovery Plan for Washington,” Economic Opportunity Institute, October 2011, www.eoionline.org.

⁶ Special data request from the Office of Financial Management, received February 29, 2012.

⁷ More than 233,000, or 78%, of workers in health care are women. <http://lehd.did.census.gov/led/datatools/qwiapp.html>.