

Writing assignment: Memo about Governor's health care plan

Instructions

In this assignment, you will write a memo to a fictitious moderate state legislator, advising them of the pluses and minuses of the Governor's health plan. The memo can be no longer than 3 pages (with normal 1 inch margins, and a font of at least 11 points), so you will need to choose the most important features to critique. The memo must be typed, and is due on Monday June 4, at the beginning of class (or before). You can look at whatever materials you want to inform your memo, including notes from Lectures 15 and 16, the Legislative Analyst Office's website, a paper by Jon Gruber about financing for the governor's plan, proposals from the legislature, blogs, etc.

A short memo about the Massachusetts plan follows this page as a model for you to follow. The memo assumes that the actual Massachusetts plan we discussed in class is being proposed in Massachusetts.

Things your memo should do

1. Lay out the key features of Governor Schwarzenegger's health care plan. The governor's health plan is available as a pdf file at www.stayhealthycalifornia.com, reached from the Governor's home page—gov.ca.gov, by clicking on gov.ca.gov/issue, and then clicking on "Health Care" on the right side.
2. Note characteristics of California that may make it harder or easier to achieve universal coverage.
3. Discuss the effective components of the plan.
4. Discuss the weaknesses of the plan.
5. Discuss whether the budget adds up?
6. Mention who might be opposed to the plan and who needs to be convinced of the benefits.

To: Senator Moderate, Massachusetts State Senate
From: Staffer
Re: Proposed Massachusetts health care plan

Key features affecting probability of success of universal health care in MA

There are several key features that make it more likely the plan could succeed. 1) State already has a generous Medicaid program (may help keep insurance down). 2) State has a high share of employers providing coverage (fewer losers from “pay to play” mandate). 3) Existing pool to compensate for uncompensated care, funded by employers providing coverage (could be rededicated to covering the uninsured without raising taxes). 4) Massachusetts had a waiver for its Medicaid plan which meant a large federal transfer which it was allowed to keep because it was implementing comprehensive reform.

Characteristics of plan

This new plan has a number of characteristics. The most important characteristics include an individual mandate (compelling adults to be covered), a pay or play mandate for employers, a state run “Connector” which will provide a clearinghouse to help low-income folks either get subsidized coverage (for very low income) or helping employees of small businesses (under 50 employees) and other uninsured persons find coverage, Medicaid expansions, and new grants to safety net providers. The plan also pooled the individual and small group insurance markets. The insurance plans purchased through the Connector will have to meet some minimum standards. Employers will not be penalized if their employees choose not to take up coverage. The plan also includes increases in Medicaid reimbursements for hospitals. Undocumented immigrants would not be eligible for subsidized coverage. The plan encourages use of pre-tax dollars for premiums.

Strengths of the plan

The strengths of the plan include its comprehensive nature, the introduction of an individual mandate (which avoids possible adverse selection and should reduce some health care costs), the fact that all employers will be required to help with providing insurance (either directly or through a tax), and efforts to make it easier for individuals and their employers to purchase coverage.

Weaknesses of the plan or challenges to implementation

However for success, the budget for health must balance. This may be a problem if costs rise more quickly than expected, if there are substantially more low income uninsured obtaining subsidies, or if the estimates for cost savings from moving people to insurance are too high.

Creating the “Connector” which will provide a clearinghouse for the uninsured to get coverage will be a challenge. It will be difficult to agree on what a reasonable plan offered by the Connector should cover (both what benefits and a definition of what is affordable). If the plans are too generous, it will be difficult for companies to profitably offer them.