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EDITORIAL

Growing Pains of Universal Coverage

It has not been a good few weeks for state efforts to provide universal health insurance. A pioneering program in Massachusetts to cover hundreds of thousands of uninsured has cost a lot more in its opening phases than originally projected, raising fears about its sustainability. An even more ambitious proposal to cover millions of uninsured in California collapsed in the State Senate over fears that it would prove unaffordable.

Neither setback means that states should stop trying to cover the uninsured — especially since the federal government is AWOL. The problems do suggest that officials need to make the most realistic possible cost estimates and be prepared to provide resources to subsidize coverage for those who can’t afford it.

The Massachusetts plan was the result of compromises between a former Republican governor — Mitt Romney, who lost his enthusiasm just in time for the presidential primaries — and a Democratic Legislature. It required all residents to buy health insurance or suffer financial penalties, subsidized those unable to afford it, imposed a small fee on businesses that failed to provide employee coverage and set up a marketplace where people can buy portable insurance with pretax dollars.

The financial problems are mostly because of underestimating the number of uninsured and the rate at which they would sign up for subsidized coverage. As a result, the state, which had originally expected to spend $472 million on subsidized insurance this fiscal year, now expects to spend about $150 million more than that. It anticipates spending almost $870 million next year.

It is hard to see these unexpected costs as a catastrophe when some 300,000 people, more than half of the people who lacked insurance, now have coverage. This is a surprisingly quick start for a hugely complicated program launched only a year and a half ago.

The challenge ahead is to restrain the escalation of medical costs, hold premiums to single-digit increases and find new sources of revenue. The money could come from new taxes, higher contributions from businesses and possibly the federal government.

The California plan, which was supported by the state’s Republican governor, Arnold Schwarzenegger, and the Democratic Assembly, was killed after the legislative analyst provided a
pessimistic report about its long-term financial prospects. It never gained widespread popular support, mainly because of fears that many workers would be forced to buy policies that they could not readily afford. California also faced far more daunting challenges than Massachusetts, including a much bigger pool of uninsured people and a worse budgetary outlook.

The responsibility for bringing coverage to more than 40 million uninsured Americans almost certainly lies with Washington, which has vastly greater power to raise revenues and curb escalating medical costs. Until that happens, the states are right to press ahead with their own programs. That is the best way to ensure that everyone has ready access to essential treatment and potentially cost-saving preventive care.