

## Abbott: Health insurance for children on child support

by Mark Lavergne

Attorney General **Greg Abbott** proposed Jan. 9 a new health insurance program for children.

Abbott's proposal, offered at the Texas Public Policy Foundation's (TPPF) Sixth Annual Policy Orientation, would make private insurance available for 200,000 children currently in the child support system.

Abbott's office estimates these children, though currently uninsured, have parents with resources to buy insurance. Abbott believes the number of insured children in Texas can go up without costing taxpayers more.

The proposal would require legislative action in the 81<sup>st</sup> session. The AG office is working with the Texas Department of Insurance, the Texas Association of Health Plans, the Governor's office, and private insurers to shape the proposal, Abbott said.

"[T]here are a large number of children whose parents don't have employer-based insurance—or they don't have any other kind of insurance—but their parents do have the re-

sources to buy insurance," Abbott explained.

"We believe this group of children is large enough," he said, "to establish a pool for which an insurer could provide coverage at a reasonable rate. We want to create a way for health plans to offer insurance for the entire group."

Abbott's communications director, **Jerry Strickland**, said the children in question would be those not insured otherwise.

Abbott laid out the basics of the proposal thus: "The plan should be a private insurance product for health care coverage, as defined in the Texas Family Code. It should be a group, guaranteed-issue, child-only health insurance plan. It should be either a low or no-deductible coverage plan or a high-deductible plan that includes preventative doctors' office visits for a modest co-pay. The basic plan would cover a single child, but also could be modified to cover all children in a particular family, who fall in a particular child support order. Finally, we expect the plan to be competitively bid."

A single private insurer would contract with the state to cover the entire group of

children on child support. Doing so would be cheaper, Abbott said, than supporting just one child at a time.

When a court issues a child support payment order, it would determine if the parent had employer-based insurance. If so, the child should be added to that plan. If not, then the court would evaluate the parent's ability to buy private insurance and then order the parent to purchase the insurance that they could afford. The court would order the parent to enroll the child in the contracted plan and require premiums to be withheld from the parent's paycheck. To opt out, a parent would have to prove the child has other health insurance coverage.

Abbott made the case that such a program would not expand government.

Non-custodial parents already are required under federal and state law to pay for their children's health care expenses.

Said Abbott, "So we are not talking about a new responsibility but a new mechanism to ensure more parents meet their obligation." ▢

## Panel discusses health care, windstorm insurance issues

by Christine DeLoma

Health care and homeowners insurance were among the many topics discussed at Texas Public Policy Foundation's sixth annual legislative orientation, an event widely attended by Austin's top movers and shakers.

Here's what they heard:

*Health care.* Is there competition? It depends. That was the consensus at a health care panel.

Patients who elect for cosmetic or plastic surgery often know the cost of their procedures up front because they pay out of pocket. In a market where insurance or government subsidies often don't pay for elective procedures, prices are typically not distorted.

Yet market competition does not guide what family physicians, and other non-specialists get paid, said Dr. **Albert Gros**, chairman of the Council of Legislation for the Texas Medical Association (TMA).

"Our fees are basically fixed, with 50 percent coming from federal funds and then of course the private insurance carriers, who peg their reimbursement to the federal reimbursement rate."

That's why more and more doctors are

abandoning or supplementing their primary care practices and performing specialty care, like Botox and cosmetic procedures, where insurance is not an issue.

For Texas hospitals that must take in all who come to the emergency room under federal law, regardless of ability to pay, health care certainly is not a true free market system, said Dr. **John Hawkins**, senior vice president of government relations of the Texas Hospital Association (THA).

With the cost of Medicaid skyrocketing, Rep. **Dianne White Delisi** (R-Temple), chairwoman of the House Public Health Committee, said the public sector is trying to introduce competition in health care delivery for Medicaid. The legislation will require a federal waiver. The goal is reduce the number of the uninsured through partnerships with employers and premium assistance to the low-income.

*Homeowners and windstorm insurance.* When the Legislature overhauled its antiquated insurance regulations in 2003, many thought it would lead to substantial reductions in homeowners insurance rates. Did it work? The jury is still out, said Rep. **John Smithee** (R-Amarillo), chair-

man of the House Insurance Committee.

According to Smithee, as insurance rates go up there is usually an influx of new supply to the market as other companies compete with each other for business (a pursuit that would characteristically drive prices down). But that hasn't happened in Texas.

"I'd say the biggest single impediment to the free market to Texas has been the hurricane situation...." Smithee said. "It's the 850-pound gorilla down on the coast,... and that gorilla is hanging over our market."

Smithee is speaking of the Texas Windstorm Insurance Association (TWIA), the state's insurer of last resort. All property insurance companies in Texas are required to join it as a condition of operating in the state. In this way it functions as a pool that assesses losses on the industry that are based on each member's share of the Texas market.

The only way to solve the problem is to detach TWIA from the rest of the property insurance market, Smithee said. Smithee supports giving TWIA tools to issue pre-event and post-event bonds, raise its rates and use actuarial sound practices. ▢

