

## Budget Includes "Prescription for Pennsylvania"

Governor Rendell's proposed budget includes \$255.3 million for funding for his 'Prescription for Pennsylvania.' This funding would come from a ten cent per pack increase on the cigarette tax, imposition of the sales tax on cigars and smokeless tobacco, the imposition of a "fair share assessment" on businesses that do not offer employee health care coverage, and the draw down of additional federal matching funds.

The Governor is basing his plan, 'Cover All Pennsylvanians' to expand health care coverage on the recently enacted 'Cover All Kids' law, where the state pays a percentage of the monthly Children's Health Insurance Program premiums for families with incomes up to 300 percent of the poverty level. Under Cover All Pennsylvanians (CAP), all uninsured Pennsylvanians – no matter the size of their employer – will be able to purchase affordable health insurance through CAP. Every uninsured adult who earns more than 300 percent of the federal poverty level can participate in CAP by paying the full cost of the premium, which will be approximately \$280 per month.

Uninsured adults who earn less than 300 percent of the federal poverty level and employees of small businesses whose average wages are lower than the Pennsylvania average will get help paying CAP premiums through discounts and subsidies. For example, a family of four who earns up to \$60,000 a year will be eligible for assistance.

Businesses may participate in CAP if they have not offered health care for their employees in the past six months, if they have fewer than 50 employees and if, on average, those employees earn less than the state average annual wage (approximately \$39,000). Businesses that choose to join the program will pay approximately \$130-per-employee/month and their employees will pay on a sliding scale, ranging from \$10 to \$70, depending on income.

The Governor said he plans to phase in a mandate requiring health insurance for those with incomes more than 300 percent of the federal poverty level (\$60,000 for a family of four) and require that full-time, four-year college students and graduate students have insurance coverage. He said if more people are covered, the cost of health care will be lower for everyone.

He also said that there would be a fair-share assessment on all companies that do not insure their employees. That assessment would be used to help pay for the cost of the CAP program. In the first year of the assessment, employers with fewer than 50 employees would be exempt.

In addition, the plan would raise the funds needed to expand coverage by increasing the \$1.35-a-pack-tax on cigarettes, which was last increased by 35 cents in 2003; and imposing, for the first time, the state's 6 percent sales tax on the sale of cigars, pipe tobacco and smokeless tobacco.

On the cost savings side, the Rendell plan will promote the use of a successful, nationally-proven model that manages treatment for chronic conditions such as heart and lung disease, diabetes and asthma, the Governor said.

His 'Prescription for Pennsylvania' also includes more effective regulation of the insurance industry to protect small businesses and individuals from extraordinary spikes in health care premiums. It will implement adjusted community rating, which prohibits using certain demographic characteristics such as health status and gender in setting rates.

The plan also updates decades-old hospital regulations to require state-of-the-art patient safety and electronic health records, initiatives that will improve the quality of care patients receive and, in turn, drive down costs.