

Governor Proposes New Funding Mechanism for ‘Cover all Pennsylvanians’ ...But Will Any Substantive Legislation Pass the House Before New Year?

Governor Ed Rendell this week proposed a funding source for the main thrust of his statewide health care plan, ‘Cover All Pennsylvanians’ (CAP). Under the Governor’s plan, money would be transferred from a special account used to fund a portion of the liability coverage required under law for health care providers (the MCARE Fund) to phase-in coverage for uninsured Pennsylvanians. Meanwhile, a group of black lawmakers walked off the House floor on Wednesday in an attempt to force floor votes on gun control legislation. Wednesday’s session was later cancelled. The action raised the possibility that no substantive legislation, including the Governor’s health care plan, will be approved before the holiday recess.

The House Democrats quickly inserted the Governor’s plan for funding CAP into Senate legislation, SB 1137, originally crafted to continue the MCARE Fund, and to continue an abatement program that helps physicians pay a portion of the liability costs through 2008. Not only would the House amendment use the nearly \$500 million built-up surplus for a phased-in approach to covering the uninsured, it would continue the MCARE abatement program only until June 30, 2008 -- if the Legislature doesn’t enact a program for the uninsured within 90 days after the bill’s passage.

The Governor’s plan would also raise cigarette taxes by a dime per pack, and would tax cigars and smokeless tobacco.

It’s unclear though if the plan has the support to make it to the Governor’s desk, or given the protest over gun control legislation, if any substantive proposal will clear the House before it breaks for the holidays after next week’s session. (House Leaders did set aside the week of December 17 for session days, but most observers expect those dates to be cancelled.)

Moreover, lawmakers and health care groups, including the one representing the state’s doctors, the Pennsylvania Medical Society, were quick to criticize the Governor’s plan, saying that for now the MCARE Fund should remain untouched. An official with the Medical Society said that they preferred to approve legislation renewing the abatement program and MCARE for another year, and work on the Governor’s plan to provide coverage for the uninsured as a separate issue.

In the Senate, Senator Don White, R-Indiana, issued a statement saying the governor’s proposal was “disturbing. ... The approximately \$400 million surplus in the fund is obviously attractive, but raiding MCARE to pay for the universal health care plan raises several red flags. The MCARE surplus is the product of imposing excess health care costs which have ultimately been passed on to employers and individuals through increased health insurance premium costs.”