

# Health Reform: Arkansas Impacts

**Editor's Note:** This is the fourth guest column from Professor Rob Leflar about health policy.

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**O**bama's health reform package is staggering toward the finish line. Forget politics.

If it passes, how would it impact Arkansas? What about if it fails?

This Q&A should clarify matters.

**Q:** Are Arkansans more or less in need of health insurance than Americans generally?

**A:** More in need. About 520,000 Arkansans lack health insurance, higher than the national percentage. Major reason: Arkansas has a high proportion of smaller employers. Smaller employers are less likely to provide insurance for their workers. Most uninsured aren't unemployed. They're in families with full-time breadwinners.

**Q:** Would Obama's plan help or hurt Arkansas' uninsured?

**A:** Help them, no question. Medicaid would expand from covering mainly children (three-fifths of Arkansas kids now get care through Medicaid) to covering adults too, with income up to \$29,000 for a family of four. Plus, families with incomes up to \$88,000 would get sliding-scale tax credits for buying insurance.

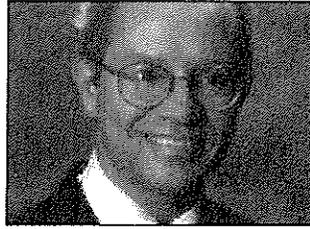
**Q:** All that costs big bucks. Where would the money come from?

**A:** Almost all from the feds, not the state. The state match for the Medicaid expansion is three percent through 2019. The state puts in three dollars, gets back ninety-seven.

**Q:** That's like picking a number at roulette, and knowing it will hit. Too good to be true?

**A:** In this economic climate, states can't afford major reforms by themselves. The feds have to finance it. Obama figures in the long run it pays off: People with insurance will get the preventive care they skip now, instead of

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ROB LEFLAR

incurring the avoidable, expensive emergency room and hospital stays that we all wind up paying for.

**Q:** Taxes would rise?

**A:** Right. Couples making over \$250,000 would pay three percent more tax on unearned income. Medicare payroll tax would rise almost one percent. An excise tax would hit high-cost employer-sponsored health plans in 2018.

**Q:** How much federal money would come into Arkansas?

**A:** For the six years 2014-19, an estimated \$3.7 billion for Medicaid, \$6 billion for private health insurance subsidies, totaling almost \$10 billion.

**Q:** Does that translate into jobs?

**A:** Four million new health care jobs estimated nationwide; roughly 40,000 for Arkansas. We need more family doctors and nurses. The money would pull people into those professions.

**Q:** Wouldn't that be excessive government involvement in medicine — a "takeover"?

**A:** No. This is federal money for private health insurance, covering care provided mostly by private doctors.

**Q:** How much overlap between Obama's and the Republican plans?

**A:** Quite a bit. Both plans outlaw pre-existing condition exclusions. Both allow insurance sales across state lines (but Obama's has stronger consumer protection — for example, review of premium increases).

**Q:** How do they differ?

**A:** Three main ways. First: size. Obama's plan brings in

thirty million Americans without insurance. The GOP plan brings in three million. Second: cost. The Republican plan is cheaper.

Third: Obama has an "individual mandate." The Republicans don't. They say no one should have to buy health insurance.

**Q:** One columnist said requiring people to buy insurance infringes on individual liberty, Big Brother in action.

**A:** Here's what that columnist doesn't get. People who can't or won't take responsibility for buying health insurance just shift their costs to the rest of us through public programs or uncompensated care, once they're injured or get cancer or heart disease and need expensive care. In a sense, they're freeloaders, like people driving without insurance. We all wind up paying for their accidents.

**Q:** What happens to Arkansas if health reform doesn't pass Congress?

**A:** It won't be pretty. Insurance premiums will go nowhere but up. So more businesses will drop employees' coverage. Arkansas' obesity rate's high. People with obesity-related disease like diabetes won't be able to afford premiums or get coverage. "Penny wise pound foolish" doesn't capture this. It's "Dollar wise fortune foolish."

**Q:** If Arkansas stands to benefit so much from Obama's plan, why do so many Arkansas politicians attack it?

**A:** Good question. Maybe they're more influenced by Obama's unpopularity here than by what would help their constituents. Maybe they haven't done their homework. Maybe they lack backbone. They're out running for Congress and the Senate right now. Ask them — for facts, not slogans.

ROBERT B LEFLAR IS A PROFESSOR AT THE UA LAW SCHOOL (FAYETTEVILLE) AND THE UA MEDICAL SCHOOL (LITTLE ROCK).