

OUTLOOK

We must take advantage of Medicaid expansion

Business community should back Texas' participation in plan

By Vivian Ho and Elena M. Marks

This week the Supreme Court upheld the individual mandate to purchase health insurance in the Affordable Care Act (ACA). The court interpreted the penalty that the ACA will charge to individuals who fail to obtain insurance coverage starting in 2014 as a tax, which is within Congress' power to levy. The court viewed the penalty as a tax, in part because the penalty will be collected by the Internal Revenue Service.

The individual mandate is just one of several key components of the ACA that were included in the legislation on the recommendation of many of the most prominent economists in the nation — something that many Americans did not realize amid the political posturing and public opinion polls. In fact, President Obama was originally reluctant to support an individual mandate. However, he wanted to expand insurance to vulnerable populations, including those who had been denied coverage due to pre-existing conditions. Economists knew that requiring insurers to cover such high-risk individuals would drive up health care costs and insurance premiums for everyone. Adverse selection would result, with healthy persons choosing not to purchase expensive coverage, and chronically ill persons driving premium costs up even further. By requiring everyone to purchase health insurance, the cost impact of extremely ill persons is widely diluted, allowing access to affordable health insurance for everyone.

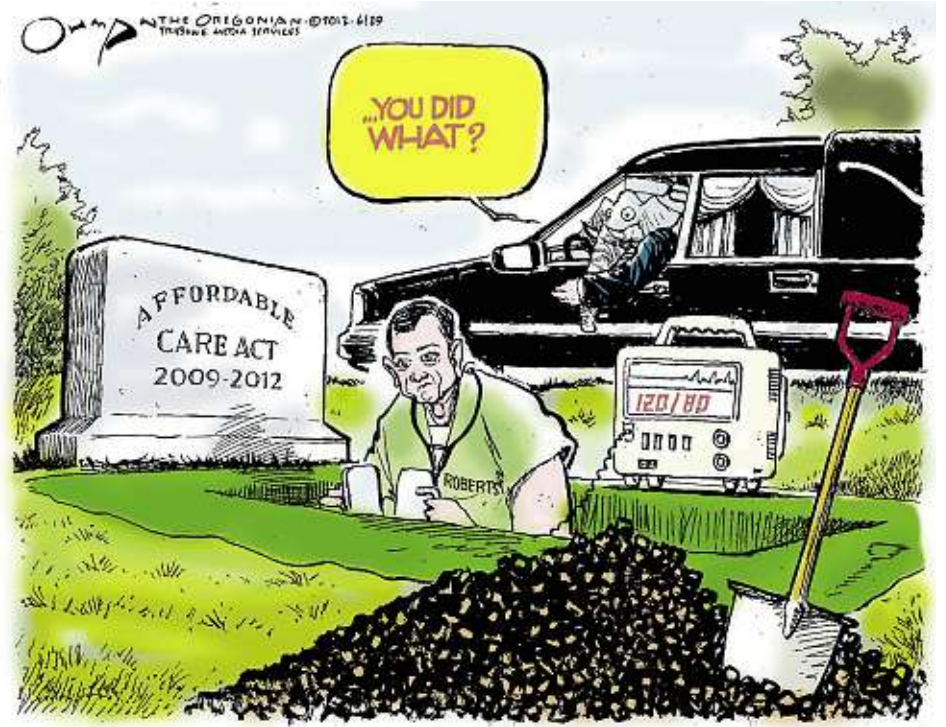
Many Americans are also unaware that the ACA was written to reduce the federal deficit over the next decade and beyond. The health care industry will enjoy greater revenue by providing care to the newly insured, and is therefore being required to bear a large burden of the additional costs of subsidized health care. Pharmaceutical companies and insurers will be paying well over \$10 billion annually in fees to fund the ACA. Medical device makers will soon pay a 2.3 percent tax on medical device sales. Reimbursement to insurers under Medicare Advantage plans will decline sharply. Hospitals, home health agencies, skilled nursing facilities and hospices will all experience lower growth — and perhaps reductions — in their Medicare reimbursement rates under

the ACA.

The ACA also offers states the opportunity to expand their Medicaid programs to cover all citizens with incomes below 133 percent of the federal poverty level — an individual earning less than \$15,000 a year or a family of four earning less than \$31,000. In the coming months, Texas will have to decide whether to participate in the program. We urge the state to take advantage of the opportunity because it will provide insurance coverage to 1.5 million of the poorest Texans and inject almost \$400 billion into the Texas economy. Without coverage, those people often seek care in expensive hospital emergency rooms, the cost of which is shifted to taxpayers and other insured patients through higher premiums. The Medicaid expansion program would enable those Texans to obtain care in lower-cost settings like clinics before they are sick enough to go to the ER, and the providers would be paid for their services.

To cover this new population, Texas will have to foot a comparatively small portion of the bill — approximately \$20 billion over 10 years, according to the Health and Human Services Commission. The federal government would pay more than \$120 billion over the same period of time. This money will be spent in the Texas economy, paying doctors, nurses, pharmacists, labs and others who are part of the substantial health care work force in our state. According to economist Ray Perryman, federal health care dollars have an economic multiplier effect of 3.25. This means that the \$120-plus billion in federal funds will generate almost \$400 billion in economic activity when those dollars are spent on health care, and then spent again when health care workers use their paychecks to buy groceries, clothes, cars, homes and entertainment. The state budget will also benefit as it always does when the economy grows. This is a win-win for Texans: We can cover our poorest citizens and boost our economy at the same time. The business community historically has shown great leadership in urging Texas to maximize federal health care funding. All Texans should join together to tell our leaders to take advantage of this opportunity.

Ho is the James A. Baker III Institute Chair in Health Economics, a professor in the Department of Economics at Rice University and a professor in the Department of Medicine at Baylor College of Medicine. Marks is the Baker Institute Scholar in Health Policy.



Judicial system success begins with the jurors

Service on jury essential to effective delivery of justice

By Court Koening

A couple of weeks ago, after being released from jury duty, a Houston woman texted a friend asking her to call the courthouse and "tell them there is a bomb ... Pleeeese." Thirteen minutes later, she texted her friend back and told her she was kidding, but the damage had been done. The friend had already made the call, and approximately 200 people were released from jury duty while all of the employees were evacuated from the courthouse as bomb-sniffing dogs searched for explosives.

The woman was apologetic, but offered no explanation for her actions. Whatever her reasons, you have to assume — or hope — she is mortified. She should be. Aside from the cost to taxpayers and the time she cost hundreds of people as a result of this stunt, the woman undermined the crux of our democracy: the jury service process.

Is jury service inconvenient? Granted, it can be. Is it a crucial part of our society that deserves our attention and respect? Most certainly.

Our entire judicial system hinges on the ability to convene a group of our peers to render an impartial verdict. Arguably, no other institution in our government places so much power directly in the hands of its citizens. And it's a responsibility we should not take lightly.

A large, diverse jury system is essential to protecting our rights and to ensuring all defendants are treated fairly in the courtroom. By interpreting facts and returning an impartial verdict, jurors guarantee our courts are used for justice, not greed.

So when jurors fail to report to jury service or find ways to escape their responsibility — most do not create a bomb scare — our entire judicial system suffers. Scheduled trials can be delayed

due to a lack of available jurors, and may lead to a backlog of cases. The fairness of trials may be compromised because not enough jurors are available to be representative of local communities, and those who do show up end up shouldering the majority of the burden by receiving increased or repeated jury summons.

To increase attendance, state and local officials have taken steps to make jury service more convenient for Texans. For instance, we now file our initial response online and may even submit dates that work for our schedules. Despite these efforts, in some Texas counties, as many as 80 percent of those summoned for jury duty simply fail to show up.

Even though the number of Texans who fail to report to jury service is staggering, a poll of Texas voters conducted on behalf of Citizens Against Lawsuit Abuse ironically found that nearly 90 percent believe that serving on a jury is an important right and that no-shows hurt our civil justice system. An overwhelming number of Texans believe that people should be held accountable for ignoring a summons to jury service and the state should impose tougher penalties.

As responsible citizens, we all need to start practicing what we preach, because we all lose when our jury system suffers. It is up to each one of us to make sure we are doing our part by answering our jury summons. Our responsibilities as jurors are enormous. We decide guilt or innocence; we determine who is right and who pays damages.

Ultimately, the quality of justice we receive depends on the jurors who serve in our courts and that begins with you showing up when jury service calls.

Koenning is with Texans Against Lawsuit Abuse, an organization concerned that lawsuit abuse hurts Texas families and Texas employers. TALA is dedicated to educating the public about the cost and consequences of lawsuit abuse, challenging those who abuse our legal system, and returning common sense and fairness to our courts.



Supreme Court decision clarifies importance of election

We need to elect president, Congress to halt power grab

By U.S. Sen. John Cornyn

Thursday's U.S. Supreme Court ruling has clarified the importance of our upcoming election: The only way to stop the government power grab known as Obamacare is to elect a president and a congressional majority who will repeal it.

I am reminded of something Justice Anthony Kennedy once said: "It is a grave mistake to retain a policy just because a court finds it constitutional."

Before Obamacare became law, the president assured Texans that the individual mandate was not a tax. But the Supreme Court has now made clear that the mandate breaks the president's pledge not to raise taxes on middle-class Texans.

President Obama also told Texans that his health care law would reduce premiums by \$2,500. But this was another broken promise: Last year, the average American family with employer-

sponsored insurance saw their premiums increase by \$1,200.

For these reasons and more, we need to repeal the entire law and replace it with common-sense, patient-centered reforms that reduce health costs and boost access to affordable, reliable, high-quality care.

Health care reform must be guided by four basic principles.

► First, it must establish a genuine health care market with full transparency regarding price and quality.

► Second, it must ensure that folks with pre-existing conditions have access to affordable insurance options.

► Third, it must leave personal health decisions to doctors and patients, not Washington bureaucrats.

► Finally, it must create more competition in Medicare and more flexibility in Medicaid.

If we follow these principles, I'm confident that we can make health care more affordable and more accessible while safeguarding the doctor-patient relationship.

Here are some specific policies that would help get us there.

For starters, we should equalize the tax treatment of health care in the

individual and employer markets. This would provide a level playing field for people who don't have access to job-based coverage.

We should also let Americans form risk pools in the individual market; allow them to buy health insurance across state lines; make price and quality information more transparent; implement strong medical-malpractice reforms to curb frivolous lawsuits and limit the practice of defensive medicine (which drives up costs); and expand the use of Health Savings Accounts (which give individuals control over their health-care dollars).

These reforms would make it much easier for Texans to purchase low-cost, portable health insurance suited to their particular needs, while avoiding cumbersome and unnecessary state mandates that raise prices.

As for Medicare, we cannot solve

its looming financial problems at the expense of our health care providers. We need new solutions that create true competition.

The current system incentivizes quantity over quality, and its price controls distort the entire health care market. Instead of a one-size-fits-all approach, private plans should be able to compete against traditional Medicare. We must also remain vigilant on Medicare abuse and deploy the necessary technologies to stop fraud before taxpayer dollars are spent.

Health care reform should not be a partisan issue, and it must not be a partisan issue, if America is going to reduce costs, increase access to insurance coverage, improve transparency and shore up our entitlement programs.

Cornyn, a Republican, is the junior U.S. senator from Texas.

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