

Author(s): MPP Student, 2010

License: Unless otherwise noted, this material is made available under the terms of the **Creative Commons Attribution 3.0 License:**
<http://creativecommons.org/licenses/by/3.0/>

We have reviewed this material in accordance with U.S. Copyright Law **and have tried to maximize your ability to use, share, and adapt it.**

Copyright holders of content included in this material should contact open.michigan@umich.edu with any questions, corrections, or clarification regarding the use of content.

For more information about **how to cite** these materials visit <http://open.umich.edu/education/about/terms-of-use>.

To: Aide to Governor of Pennsylvania, Pat Quinn

From: [Student name removed], Sr. Policy Analyst

Date: December 15, 2009

Re: Proposed distribution model for health insurance coverage stimulus

Executive Summary

Pennsylvania has the opportunity to expand health insurance coverage to several thousand residents. With existing universal coverage for all uninsured children up to age 19 through the Children's Health Insurance Program (CHIP), the current challenge is to select several thousand recipients from the 1.2 million eligible adults. A lottery such as the 2008 Oregon Health Care Plan lottery coupled with additional eligibility criteria is the fairest distribution method for this scarce resource.

Background

Approximately 9.5% of Pennsylvania's residents are insured, a figure over 5 percentage points lower than the national average (Pennsylvania Medical Society). The state recently received federal economic stimulus funds earmarked for expanding health insurance coverage. Since there is funding available for only several thousand of the 1.2 million uninsured Pennsylvanians, it is essential that we determine a fair method for distributing health care coverage. In 2008, Oregon found itself in a similar scenario with funding available for only approximately 5% of the uninsured. The Oregon Health Plan Lottery 2008 serves as a guide for how to distribute Pennsylvania's health care.

Case Study: The Oregon Health Plan Lottery in 2008

In the 1980s, Oregon began its pursuit of universal health care coverage. By 1996, the Oregon Health plan had reduced the number of uninsured down 11%. Twelve years later,

Oregon's number had risen to 600,000 uninsured residents, approximately 16% of state's population, which is the same as the national average (Yardley). In 2008, the Oregon Health Care program had sufficient funding that would extend its coverage to a total of 24,000 people, expanding the program by approximately 41%. Oregon chose to distribute the additional 7,000 coverage plans through a lottery. The lottery was limited only to low-income adults without any private health insurance and who were not eligible federal insurance programs such as Medicaid or Medicare. Of the 130,000 eligible for the program, 91,000 residents applied for the remaining plans, translating into a 13:1 ratio of applicants to winners. In October 2009, Oregon offered a similar lottery to an additional 35,000 residents (Graves).

Analysis

1) Stimulus-funded health care coverage should go toward the most vulnerable populations. One of the rationales for universal health care is pool risk. The purpose of the stimulus money, however, is to provide for those with the greatest hardships in their personal health and health care costs.

2) It is necessary to prioritize recipients according to diverse characteristics. The Oregon Lottery system had basic criteria for age, income, and eligibility for alternative health care. While these basic criteria limited the pool to those who could not afford or were not eligible otherwise, it did not, however, prioritize patients according to health characteristics. In times of pandemics such as the current H1N1 virus, vaccinations are often distributed according to vulnerability based on age, occupation, or health conditions (e.g. pregnant women). Kidney transplant recipients are placed on transplant list in order of their wait time and the severity of their need. The distribution of state-covered healthcare should follow a similar tiered scheme. In addition to the criteria laid out by Oregon, there should be additional prioritization in terms of

health conditions and the amount of time uninsured. There could be a three tiered system, e.g. with those with low income, long periods of being uninsured, and serious medical conditions (e.g. cancer) in the top 3.

3) A lottery system is the most just method of distributing the limited supply of health insurance. Even with additional criteria to limit those eligible to apply for the approximately 1% of coverage plans, there will still be a greater demand than supply. In the proposed tiered system, there will likely be more people in tier 1 than there is coverage plans. Critics of the Oregon lottery commented a random drawing is a sign of a broken system. Once the pool has been narrowed to the most vulnerable population though, there is no fairer way to provide those eligible applicants an equal opportunity at potentially lifesaving medical care.

Word Count: 659

Works Cited

Aaron, H and WB Schwartz. 26 January 1990. "Rationing health care: The choice before us." *Science*, Vol 247, Issue 4941, 418-422, <http://www.sciencemag.org.proxy.lib.umich.edu/cgi/content/abstract/sci;247/4941/418> (accessed 15 December 2009)

Graves, Bill. 20 October 2009. "Oregon will draw names to expand health plan." *OregonLive.com*, http://www.oregonlive.com/politics/index.ssf/2009/10/oregon_uses_lottery_to_expand.html (accessed 15 December 2009)

"Kidney Transplantation." N.d. *University of Virginia Health System*, http://www.healthsystem.virginia.edu/uvahealth/adult_urology/trans.cfm (accessed 15 December 2009).

Mirchandani, Rajesh. 30 March 2008. "Oregon's Healthcare lottery." *BBC News*, <http://news.bbc.co.uk/2/hi/7321500.stm>, (accessed 15 December 2009)

"Number of Uninsured Pennsylvanians Climbs." 30 January 2009. *Pennsylvania Medical Society*, <http://www.pamedsoc.org/MainMenuCategories/PatientCare/PublicHealth/Uninsured.aspx> (accessed 15 December 2009)

“Pennsylvania’s Children’s Health Insurance Program.” N.d. *CHIP*,
<http://www.chipcoverspakids.com/> (accessed 15 December 2009)

Yardley, William. 13 March 2008. “Drawing Lots for Health Care.” *New York Times*,
http://www.nytimes.com/2008/03/13/us/13bend.html?_r=1 (accessed December 15, 2009)