health coverage for their employees reaps twin benefits: a) healthy workers are more productive; and b) small businesses are motivated to reduce the pool of uninsured people in this state.

The use of lottery funds could be successfully linked with risk pools, as explained in Strategy I. Since pooling alone cannot guarantee that group insurance will remain affordable as the cost of care rises, using lottery money as a premium subsidy could defray rising expenses.

There is at least one problem with this approach: the funding source is unstable. This glitch, however, is not insoluble — we just need to be aware of it.

Strategy IV

(Health Insurance Vouchers)

With an exception for employers who already provide group insurance, this proposal would mandate that owners of small businesses provide vouchers to employees for the SOLE purpose of buying health insurance. To avoid fraud, the state could take either of two approaches:

1) Mandate the level of basic service to be obtained. Or,

2) require access to counseling that would help this new stream of consumers obtain packages tailored to their specific needs.

The amount to be contributed might be set by the legislature so that a flat fee is established. In addition, depending on the chosen plan, an employee might be required to contribute to the cost of coverage. A portion of the employee's contribution could be returned as a tax credit, depending upon the impact on state revenues. Under this plan, a worker would be prevented from turning the voucher into cash because only insurers collect the vouchers.

This approach allows employees to shop insurance markets for the coverage which best fits the individual. The emergence of this new consumer group might even encourage carriers to look for more creative approaches to attract them, a possible benefit to us all.

Hospitals scramble to spread the cost of the uninsured to those who can pay.

THE NATIONAL IMPACT

- **Financial reasons prohibited 13.5 million people from receiving medical care;**
- **One million persons who needed medical care were turned away;**
- **A lack of health insurance kept 20% of uninsured pregnant women from receiving medical care during their first trimester.**

Strategy V

(Expanding Medicaid Eligibility – THREE APPROACHES)

Medicaid is a joint federal-state health insurance program for specific categories of low-income individuals and families. It provides health insurance coverage for children, the disabled and elderly persons. We can look at ways to extend coverage under this plan, but we will need cooperation at the federal level.

One objection to expanding eligibility surfaces immediately — the issue of adverse selection. If we target people who are medically underserved and add them to the system, we are adding to the pool of those already making the greatest demand on the system. In other words, this approach fails to spread the risk.

The objection is valid. However, because Medicaid was created for the needy, it follows that the federal government is the most appropriate body to subsidize the cost of adverse selection.

1. ALLOW PERSONS WHOSE EMPLOYER DOES NOT PROVIDE COVERAGE TO BUY INTO MEDICAID FOR HEALTH INSURANCE.

This option builds upon the existing system which was created for a specific population. Here that population is redefined and broadened, adding premium charges depending upon one's ability to pay. Persons whose incomes are higher would pay more than persons who make only slightly more than the minimum wage.

The number of people without health insurance coverage in Oregon probably exceeds previous estimates of 425,000.

2. ALLOW SMALL BUSINESS EMPLOYERS TO PURCHASE HEALTH INSURANCE COVERAGE THROUGH THE MEDICAID PROGRAM.

As in the first instance, this approach redefines and broadens

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