

New Waves in Health Care

Contributions from Sen. Linda Evans Parlette (R-Washington)

While nearly two-thirds of non-elderly Americans receive health insurance coverage through their employers and almost all the elderly are covered through Medicare, an estimated 45 million Americans currently lack health insurance coverage.¹ As Americans face growing health care expenses, Congress and state policymakers are working to close the gap between prices and pocketbooks.²

According to a recent Kaiser Family Foundation survey, the number of businesses offering health insurance to their workers continues to decline, with just three out of five businesses offering insurance to their workers. The average worker paid \$2,713 toward premiums for family coverage in 2005, or 26% of the total health premium. Workers are now paying on average \$1,094 more in premiums for family coverage than they did in 2002.³

In 2003, Congress authorized the use of health saving accounts (HSAs), which are tax-free accounts that can be set up by individuals or employers. They are personal accounts that are owned by individuals, even when employers establish and contribute to them. These accounts are coupled with a catastrophic insurance policy, some of which cover preventative care. Deductibles can be paid from the HSA, and remaining money can be rolled over for use the next year. The money is portable, meaning even if you leave your job, the money is yours to keep so long as you use it for healthcare. The interest earned on a health savings account is not taxed.

As an example legislative activity around this issue, early this year, Senator Linda Evans Parlette (WA)

introduced a bill requiring a study on HSAs for Washington's public employees. Although the bill didn't pass, Gov. Christine Gregoire directed the state's Health Care Authority to do a study within its existing budget on HSAs for state employees. That study is supposed to be completed by this December. Additionally, Senator Parlette has already introduced a measure for next year (SB 6130) calling for HSAs to be an option for healthcare coverage for state employees, similar to what the private sector has.

Health insurance is of growing concern to America's families, lawmakers, and public health advocates. Available data indicates the number of uninsured persons is rising and the cost to individuals and businesses for health insurance is also increasing. Several options have been presented in Congress and statewide to address these concerns, giving policymakers avenues to combat these growing health care public policy issues. For more information, please contact the Kaiser Commission on Medicaid and the Uninsured Headquarters at (650) 854-9400 or the Galen Institute at (703) 299-8900.

¹ "The Uninsured and Their Access To Health Care," *Kaiser Commission on Medicaid and the Uninsured*, Dec. 2003.

² Appleby, Julie and Richard Wolf. "Few solutions on horizon as health costs rise." *USA TODAY* <http://www.usatoday.com/money/industries/health/2005-09-01-kaiser-news_x.htm>, 1 Sept. 2005.

³ Vrana, Debora. "Health Insurance Costs Exceed Annual Minimum-Wage Earnings." *The LA Times*, 15 Sept. 2005.