



The Forum is a coalition of doctors, hospitals, health plans and business that was founded in 1997 to improve the health care financing and delivery system.

## Proposed State Budget: Health and Human Services Cuts Hurt Everyone

### Cuts to health and human services will hurt every citizen in the state—either directly or indirectly.

Around one million people in Washington state receive health care that includes a state component. This includes state employees, teachers, individuals who subscribe to the Basic Health Plan, Medicaid, the Apple Health Program and General Assistance Unemployable.

The state faces a \$9B deficit out of a total biennial budget of \$34B. The budget cuts to health care and human services, which total almost half of the proposed cuts, directly impact our most vulnerable citizens:

- People with developmental disabilities;
- People who can't work;
- People who work at low wage jobs and can't afford insurance
- Older adults who need varying levels of assistance; and
- Children who may have trouble finding a pediatrician with an open practice and who may find vaccinations no longer available.

Even if you have coverage and don't receive help from the state, these budget cuts will affect your health care access and cost.

- Citizens with insurance have a harder time receiving needed care and are less satisfied with the care they get, when the number of people who are uninsured is high.<sup>1</sup>
- With reimbursement cuts to doctors and hospitals from the Medicaid and Apple

Health for Kids program, it actually costs providers more to deliver care than they receive in payments. These underpayments show up in higher premiums for consumers and employers.<sup>2</sup>

- Underpayment of providers by public programs results in a "cost shift" or "hidden tax" on employers and consumers, according to a study conducted by Milliman, Inc., released in Dec. 2008.

### Rising unemployment rates translate into growing numbers of individuals and families without health care coverage. More people will get sicker and more people will die.

The proposed budget cuts 7,000 state workers, 3,000 individuals from the General Assistance Unemployable program, and 40-45,000 individuals from the Basic Health Plan. That's more than enough people to fill Safeco Field.

Job losses across the state have been severe, unemployment has hit 9.2% and it could go higher. Some estimates indicate that close to one million Washington state residents won't have health coverage by next year.

Without health insurance people suffer from avoidable illnesses, worse health outcomes and premature death.<sup>3</sup>

*Individuals without coverage will still get sick and their only alternative will be hospital emergency rooms where care will cost more and people's conditions will have worsened.*

"The evidence clearly shows that lack of health insurance is hazardous to one's health and the

<sup>1</sup> Institute of Medicine

<sup>2</sup> Study conducted by Milliman, Inc., released December 2008

<sup>3</sup> Institute of Medicine



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situation is getting worse because of the erosion of employment-based health coverage due to the current economic crisis," said Lawrence S. Lewin, an executive consultant in health care policy and management. Families suffer as well. Sick children don't learn.

**SOURCES: KCMU and Urban Institute, Centers for Disease Control and Prevention:**

### Facts about the Uninsured

- Four out of five of the uninsured are in working families
- Low income workers are less likely to be offered coverage through their jobs
- The uninsured are less likely to receive preventive care than those with insurance and are more likely to be hospitalized for conditions that could have been avoided

**What this means for families:**

Tracy and Allen Smith (composite family) have two children, Allison, who is eight months-old and Sam, who is five. Tracy suffers from asthma and Allison is in the midst of getting her childhood immunizations. Allen earns \$22,000 a year and Tracy stays home with the children. They are enrolled in the Basic Health Plan (BHP) because Allen's employer can't afford to offer health insurance.

What happens if the Smith family loses their BHP coverage?

Because the state budget is cutting the universal purchase of vaccines, the kids' pediatrician may no longer offer them. That

means Allison could contract measles, mumps, whooping cough and other illnesses. Without regular access to asthma medications, Tracy's condition won't be well managed and she may be forced to seek care for an acute asthma attack at her hospital's emergency department. The hospital will do the best possible job of addressing Tracy's acute health care needs, but at a higher cost than if her condition had been kept under control with primary care visits and regular medication. The hospital delivers care without charging the family, shifting the costs of the care to those who do have health insurance. The Smith family is sicker. The hospital's fees to the insured rise. Health care coverage becomes less affordable.

**The Bottom Line?**

- Health care cuts hurt everyone. We can't afford further cuts to health and human services.
- Keep federal stimulus dollars for health care in health care.

**About the Forum**

The Forum—a statewide coalition of doctors, hospitals, health plans and state associations—believes that the most challenging problems facing health care are the intertwined issues of cost, quality and access. Members of the Forum recognize that the private sector must improve the care delivery and financing system so that more Washington state residents can access both affordable coverage and affordable care. We collaborate with state lawmakers, regulators and other organizations who share our goals.