



February 19, 2014

2013-2015 Vol. 6

GENERAL SESSION

February 12, 2014

Program Topic: H&HS Bills on the Horizon

Presented by: Health & Human Services Committee
Director: Kitty Kaplan

Speakers:

Kevin E. Nelson – M.D., Ph.D., M.S.C.I.,
Pediatric Hospitalist, Primary Children's Hospital

Rep. Tim Cosgrove (D) Minority Whip, Dist. 44, Salt Lake County

Kevin Nelson, speaking in favor of SB12 Age Limit for Tobacco and Related Products, said this bill would raise the age (currently 18 years) to 21 years of age for the legal possession of tobacco, e-cigarettes, or paraphernalia. He believes passage of **SB12** would protect children's health. The World Health Organization effectively makes the case that tobacco is the only product that kills when it is used as intended. He stated his biggest concern about tobacco is how it affects children.

Presenting a few statistics in support of his position, he said the brains, hearts and lungs of children are more susceptible to the harmful effects of tobacco than are those of adults. 95% of adults who are addicted to tobacco become so before age 21. Because a child's brain is still developing, exposure to nicotine results a much higher chance of addiction as an adult. The average age for people to begin smoking is 13 years old.

Dr. Nelson's primary objection to e-cigarettes is, again, their affect on children. Calling them "epic numbers," he said e-cigarette usage by

youth in Utah has increased by 30% in just the last year. By comparison, the national average has doubled. Although the secondhand smoke from e-cigarettes is mostly water vapor, it does contain a small amount of nicotine and 20% of the formaldehydes in regular cigarettes. Studies by The Center for Disease Control indicate that children (13+ years old) who use e-cigarettes are more at risk of nicotine addiction as adults.

Responding to questions, Dr. Nelson said past history reveals that tobacco companies have no qualms about marketing directly to children. He cited a poll suggesting 67% of Utahns support raising the age limit for possession of tobacco products, and said Utah could save approximately \$830M per year in tobacco-related healthcare costs by doing so. Tracking how youth obtain cigarettes reveals that often 19-20 year olds purchase them for younger children. The fiscal note for **SB12** is \$2M.

Rep. Cosgrove, speaking against SB12 Age Limit for Tobacco and Related Products, stipulated that he is not in favor of smoking and confessed he definitely did not want to appear as

the “poster child” for opposition to the bill. He also works at Primary Children’s Hospital, advocating for children. He does, however, have a basic reservation about raising the age limit for tobacco usage as outlined in this bill.

At the age of 18, U.S. citizens are legally considered old enough to vote and serve in the military. Rep Cosgrove believes the state should respect that same age demarcation with regards to tobacco usage. While agreeing with Dr. Nelson that e-cigarettes should be restricted from children, he believes education, rather than legislation, is the better method for achieving that end.

Responding to questions, Rep Cosgrove said The American Lung Association reports 2/3 of adults who smoke began smoking when they were younger than 19 years old. Statistics such as this can be a wake-up call for parents and teachers. We should redouble our efforts in educating youth to avoid tobacco. That being said he again emphasized his objection to SB12 is stems from his believe that the benchmark age for responsible adulthood should remain constant across the board at 18 years.

Reported by Pam Grange

General Session II

Program Topic: Medicaid Expansion

Presented by: Health & Human Services Committee
Director: Kitty Kaplan

Speakers:

Rep. Marie Poulson (D) Dist. 46, Salt Lake County
Sen. Allen Christensen (R) Dist. 2, Salt Lake County
RyLee Curtis – Medicaid Policy Analyst, Utah Health Policy Project
Stuart Monson – Legislative Liaison, Sutherland Institute

Rep. Poulson, *speaking in favor of Medicaid expansion*, said she is proud to remember her family’s three generations of healthcare work. The legislative issue of Medicaid has been ongoing in Utah for many years. Even before the Affordable Healthcare Act (ACA), also known as ObamaCare, became law, she favored a statewide expansion of Medicaid. Now that the ACA is law, she favors the full expansion it originally mandated.

She noted she has never seen Utah turn down federal dollars for state transportation needs. Why, she wondered, should we turn down federal dollars to help subsidize the full expansion of Medicaid? Whether we expand or not, Utah citizens will be paying federal income

taxes. We might as well have those dollars serving our own people. She then cited a Boston-based study foreshadowing a possible \$177M cost to the state as people are dropped from private insurance policies. Utah could save \$131 million and extend insurance to 123,000 over 10 years if we fully expand.

Responding to questions, Rep. Poulson said Utah could either accept full Medicaid expansion as prescribed by the federal government or do a partial expansion based on a sliding income scale. The legislature is still deliberating as to how it should move forward.

Sen. Christensen, *speaking against Medicaid expansion*, said he often tires of speaking so

much on this subject, but is energized by the fact that groups like WSLC take an interest in educating the public. Public input helps insure the best public policy.

His underlying hesitation about expanding government entitlement programs is that once they are in place they never go away. The proposed Medicaid expansion will bring tens of thousands of new consumers into a broken and nonfunctional system. The number of doctors will not correspondingly increase. The math, he said, doesn't add up.

Safety net insurance programs already cover children, the disabled, and pregnant women. The ACA Medicaid expansion brings new problems; different than the ones the state has been grappling with for years. Under it, Utah can expect to experience an approximately 25% rise of single, able-bodied adults who will be eligible for Medicaid. This particular demographic typically doesn't qualify for food stamps, since they are able to work and do not have children.

As chair of the Senate Appropriations Committee, he is tasked with finding the money to pay for Medicaid expansion within the state. Unlike the federal government, which can print money rather than balance a budget, our state legislators must work with finite funds. Even if the federal government was able to subsidize a part of it for the first three years, the states are ultimately responsible for funding it

Utah and Washington are the only states that have not yet decided whether to accept Medicaid expansion. Almost half the states (22) have already decided not to accept it. These include Texas, most of the southern states, and most of the mid-western states. A few of the states that have accepted it are already expressing second thoughts.

RyLee Curtis, speaking in favor of Medicaid expansion, described it as a practical decision. During the summer, the Health Reform Task Force decided to consider three types of expansion. *The first option* is full expansion as originally required by the ACA. *The second option* would expand the income requirement to 100% of the poverty level and provide premium assistance and 101% to 138% federal subsidies

through the exchange. *The third option* would expand the qualifying income level to 238% of the poverty level.

Options two and three would require negotiating with the federal government to get the full 90%/10% match in funding rather than the 70%/30% match. The legislature has not made a final decision. Ms. Curtis estimates we lose \$4M for every day we delay, beginning from January 1 of this year.

Ms Curtis presented a PowerPoint showing the demographics served by a full Medicaid expansion. They include:

(1) Children, including those on Medicaid or Children's Health Insurance Program (CHIP) up to 130% of the poverty level. (2) Pregnant women and adults under 65 (up to 100%) (3) The disabled (up to 100) (4) Parents with children (under 44% of poverty level). The federal government wants

Under partial expansion, the income requirement would be raised to 100% of the poverty level for all categories. Insurance would be obtained from private insurers with federal dollars. The plan would cost \$64M with the current 70%/30% cost match.

Responding to questions, Ms. Curtis said she believes the federal government may be persuaded to give us the 90%/10% plan for Medicaid expansion, which would only cost \$44 million. The legislature would have to give the governor authority to negotiate this. So why not, she wondered, choose the benefits of full expansion, at \$66M?

Stuart Monson, speaking against Medicaid expansion, offered the example of his younger sister, who is in her late 20s. She went through a difficult divorce, has two young children, and is currently on Medicaid. When he thinks about Medicaid Expansion, he considers how potentially skyrocketing costs will adversely affect people like her.

Under the full expansion proposal being considered, the percentage of able-bodied, often single, adults without children will jump by 85%. Medicaid has not traditionally served this

demographic. Mr. Monson also noted that 75% of newly eligible people already have health insurance or are eligible for private insurance subsidies under the ACA.

The insurance plans being offered under the new Medicaid expansion would cover more items than those currently offered. However, those already on Medicaid must stay on their current plans at a lower reimbursement rate. The regulatory terms of the expansion sends the message, said Mr. Monson, that the able-bodied are a higher priority than the needy.

Responding to questions, Mr. Monson said the ACA Medicaid expansion is not a good policy choice for Utah. The Sutherland Institute does

not support it being expanded in the state. Instead, it recommends that Utah look at state-based programs to more efficiently and effectively target the needy.

Expanding Medicaid will put the state's dollars at the mercy of the insurance market where rates are known to fluctuate significantly. The cost estimates for Medicaid depend on assumptions that can't be predicted. In addition, he said, the federal government cannot be counted on to keep its financial promises. It has already proved unreliable in programs such as Payments in Lieu of Taxes (PILT) owed to the state. Many of Utah's rural towns are suffering as a result.

Reported by Stuart Gygi

**THIS BULLETIN IS A PUBLICATION OF
THE WOMEN'S STATE LEGISLATIVE COUNCIL OF UTAH, INC.**
<http://www.wslcofutah.org>

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*Printed by AlphaGraphics
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Salt Lake City, UT 84101*