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# Iowa Fiscal Partnership

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## Prescriptions and Placebos: Report Examines Health-Care Fixes for Iowa

IOWA CITY, Iowa (November 27, 2006) — Piecemeal approaches are not likely to meet demands for better health care as state lawmakers consider new proposals, according to a new report.

“Our health-care financing system does not work and it’s understandable that state legislators see a need to step in,” said Colin Gordon, senior research consultant for the Iowa Policy Project (IPP) and co-author of the new report for the nonpartisan Iowa Fiscal Partnership (IFP). “They must be careful, however, to take a long-term view and not miss the underlying problem of spiraling health-care costs.”

Gordon found that while there is “general agreement that health insurance must be expanded to cover more Iowans, coverage must also be accessible, affordable and meaningful to assure quality care.”

“Comprehensive reforms attempted in other states offer ideas with more promise than the piecemeal approaches we have seen thus far in Iowa,” Gordon said.

Gordon’s report, “Prescriptions and Placebos: Fixing Health Care in Iowa,” looks at proposals to encourage coverage with tax credits, small-employer purchasing pools, mandates for large employers and other ideas.

Gordon finds that, on their own, these proposals represent a fragmented approach to the problem that would do little to expand coverage or increase affordability, and could actually make things worse.

The report and a two-page summary are available on the IFP website <http://www.iowafiscal.org>.

“Many proposals advanced at the state level don’t really seek to expand coverage to more Iowans, but at best aim to lower costs for those who have insurance, or, more often, for those providing it,” said David Osterberg, executive director of the Iowa Policy Project. “Colin’s report does a nice job of exposing this deficiency.

“As legislators approach the 2007 session, they should pay strong attention to ways they can actually expand access to health care.”

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Gordon's report finds:

- The decline of job-based health insurance in Iowa has become acute in recent years. Compared to five years earlier, 74,000 fewer Iowans had job-based health coverage in 2004-05, Medicaid rolls were up 105,000 and 30,000 more Iowans were uninsured, having neither public nor private coverage.
- Modest state proposals for reform do not address health-care costs, so they do not discourage employers from cutting health benefits in the face of global competition, even encouraging employers to dump that responsibility onto public programs.
- There may be promise in comprehensive approaches that package some of the approaches offered on a piecemeal basis, to help bring savings and offer opportunities to expand coverage.

“The larger logic of comprehensive reform is that over time it will pay for itself. This doesn't mean we need massive new spending, but more productive spending that will focus on primary and preventive care, often for Iowans who are not expensive to cover,” Gordon said.

The Iowa Fiscal Partnership is a joint tax and budget analysis initiative of the Iowa Policy Project in Mount Vernon and the Child & Family Policy Center in Des Moines, two nonprofit, nonpartisan organizations.

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