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## State fund that pays indigent medical bills could run out of money by the first of the year

Add this to the growing list of budgetary challenges facing Idaho: The state fund that pays poor people's medical bills could run out of money soon. Idaho's catastrophic health care cost program assists counties in paying the medical costs of those who don't have insurance but don't qualify for welfare programs like Medicaid.

Idaho counties pay the first \$11,000 of each indigent medical bill, and the state covers the rest of the tab. In the past four years, the CAT fund board has handled an average of 1,000 claims a year. Through the first three months of this fiscal year, however, the board has processed 422 claims. Those claims required the CAT fund board to spend about \$10.6 million of the roughly \$17.3 million it had in the bank, said Bonneville County Commissioner Roger Christensen, who chairs the board. "We've never seen the spike in claims like we've seen in the past two meetings," he said.

The economic recession has played a major role in the rising number of claims, as those programs are the final safety net for people who have medical bills but no way to pay for them, Christensen said.

Unlike other state agencies facing budget cuts announced Friday because of a projected \$151 million revenue shortfall, lawmakers can't reduce CAT fund dollars. "The tough thing about this is there's nothing in the law that says when you run out of money you quit paying those claims," Christensen said.

So lawmakers must find a way to replenish the CAT fund this year and figure out how to keep it going next year.

That will prove to be a difficult task, said Sen. Dean Cameron, R-Rupert, who co-chairs the Legislature's budget-writing committee. "The CAT fund board needs to be extremely cautious in the claims they agree to pay," he said.

For at least 10 years, payments from the CAT fund have increased at a 7 percent clip annually. The payments always climb when the economy slows, particularly when the unemployment rate rises, since most people get health insurance through work.

"The more people that are laid off, the more people we're going to see," said Crista Henderson, Bonneville County's social services director. "It's very concerning."

If the past is any indication, the boost in payments from the fund will likely continue. Since 2000, state money going toward the CAT fund has nearly doubled. And a recent report by the U.S. Census Bureau showed that more than 266,000 Idahoans -- 18 percent of the state's population -- lacked health insurance in 2008. That's the 12th highest figure in the nation.

State officials aren't the only ones scrounging to come up with money for indigent medical bills. Counties often bear the largest share of indigent claims because they're on the hook for the first \$11,000 in medical bills, a figure that legislators increased by 10 percent last year.

In fiscal year 2007, the latest data available, counties collectively paid about \$18 million in indigent medical bills.

Taxpayers ultimately foot the bill. Property taxes pay for the county's share of indigent bills, while other taxes, such as payroll deductions, go to the general fund, which covers the CAT fund. So what can be done to curb the increasing costs?

Last session, legislators passed a law requiring the Idaho Department of Health and Welfare to review medical claims to see whether procedures are necessary and to determine whether people applying for indigent help could enroll in Medicaid instead. (Roughly 70 percent of Medicaid claims are paid by the federal government, whereas 100 percent of CAT fund claims are paid by the state.)

The amount of savings that might garner won't be known for another year, Christensen said. Another possibility is sweeping national health care reform. If a law is passed that requires the uninsured to obtain coverage, the CAT fund and counties' indigent programs may not be needed. "In theory, if you had 100 percent of people covered with some type of insurance, the indigent program wouldn't be necessary," Christensen said.

Cameron, however, is skeptical that uninsured people would buy health insurance even if it's mandated.

"I anticipate 15 (percent) of the population still refusing to buy coverage," said Cameron, who owns an insurance and investment agency. "Incidentally, that is essentially the same percentage who refuse to purchase auto insurance even though it is mandated by law."

What happens on the national front regarding health care is still unknown. For now, though, the likely CAT fund deficit is a bill that must be paid. "It is going to take a chunk of money to pay these claims," Christensen said.

#### *Explaining CAT:*

Who does it cover, what does it pay for? The CAT fund was instituted in 1991 to pay the medical bills of those who have no insurance but do not qualify for state or federal health and welfare programs, such as Medicaid and Medicare.

Every county, through its indigent fund, pays for the first \$11,000 in each medical bill that's eligible, and the CAT fund picks up the rest if the bill eclipses that figure.

The counties and the CAT fund don't pay for procedures like bone marrow or organ transplants and cosmetic surgery. The fund does pay for most everything else, including injuries incurred from accidents, cancer treatment, mental health treatment and infectious disease care.

Here's how it works:

When indigents go to the hospital for medical care, they will fill out a form asking for government help to pay the bill. Those applications are reviewed by the county and then either approved or denied by the county commissioners. If approved, and the bill is more than \$11,000, the applications are sent to the CAT fund board for review and payment.