Resolution Supporting Private Market Initiatives for Children’s Health Insurance Programs

WHEREAS, the U.S. Congress passed a provision in the 1997 Budget Agreement allocating $24 billion over the next five years to the states in order to provide health insurance for low-income, uninsured children; and

WHEREAS, the states are required to contribute a Medicaid matching rate, which is estimated will cost the states an additional $10 over the next five years; and

WHEREAS, the states must now determine how best to use the allocated funds, based on the guidelines of the federal legislation, which allows states to either expand existing state Medicaid programs, or to provide coverage through group or individual health plans with a benefits package actuarially reflecting one of the several specified preexisting plans; and

WHEREAS, on October 1, 1997 the US Department of Health and Human Services will make said funds available to the states; and

WHEREAS, the expansion of Medicaid in an inefficient method of delivering cost-effective, timely health care; and

WHEREAS, Medicaid has become one of the most expensive items in many state budgets, in part, as a result of the fraud, abuse and bureaucracy endemic to such large entitlement program; and

WHEREAS, private health insurance initiatives have been proven to be significantly less expensive than the operation of state Medicaid programs; and

WHEREAS, 24 states are working with private organizations to provide children with private health insurance; and;

WHEREAS, in a system where private health insurance is made available, the consumer is able to chose the plan that best suits his/her family needs, both economically and medically;

THEREFORE BE IT RESOLVED, that the implementation of children’s health insurance programs should allow for families to enroll in private health plans of their choice, such as a Health Maintenance Organization (HMO), Preferred Provider Organization (PPO), Provider Service Networks (PSN), traditional fee-for-service policies, and Medical Savings Accounts (MSAs).

Adopted by the Health and Human Services Task Force and approved by the ALEC Board of Directors in 1997.

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