

A publication of the **IU Center for Health Policy** highlighting  
Indiana's health care environment, trends, policy, and future.



**IU Center  
for  
Health Policy**

# e-Health Policy News

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## **Workgroup Will Develop Healthcare Reform Recommendations for Indiana**

At the request of Mitch Roob, secretary of the Indiana Family and Social Service Administration, a workgroup of experts from Indiana University will study potential reforms in healthcare delivery in Indiana.

Co-chairs of the Workgroup are Eric Wright, director of the Center for Health Policy, and Eleanor Kinney, co-director of the Hall Center for Law and Health.

Wright said, "The workgroup will envision the best possible health care delivery system for Hoosiers for the year 2035, and then develop a recommended action plan to take us there."

For more, see:

<http://cl.exct.net/?ffcb10-fe9210747567037a71-fe1f12757360067a721275-fefb1775766d04-fef81d73706707-fe531376776701747c17>

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## **The Cigarette Tax Debate Rages On...**

The cigarette tax debate did not die after defeat of House Bill 1008. There has been a flood of activity at the state house in recent weeks as both anti-smoking advocates and protesters rally to voice their opinions. During the Healthy Indiana Plan rally, the Governor told supporters that the increase may yet materialize with the help of constituents who lobby their lawmakers.

A parade of guests, ranging from an Anderson teen who is active in youth smoke-free programs to a woman whose husband died of cancer after smoking for 35 years, conveyed how this tax would improve the quality of life for Hoosiers. Opponents of the tax hike, many of whom were business owners, gathered a few days later claiming that the increase would hurt the economy.

The opinions of legislatures also varied. Of the 51 House Democrats, 25 voted against the tax. Although Democrats faulted the GOP for killing the bill, 19 of the 49 Republicans did vote for the tax.

Some claimed their "no" vote was simply a vote against the idea of raising any tax, while others claimed the 25-cent increase was not enough. A few newcomers were reluctant to vote for a tax increase in their first year in office. The idea of using the money for government-run health programs was a deterrent to many. Governor Daniels was blamed for not doing enough to garner support for his own plan, and supporters were blamed for a general lack of lobbying. But the most common reason cited for the outcome seems to be political infighting in the House. Any controversial vote can be used as ammunition in future elections.

In addition to the Governor's rally, the Campaign for Tobacco-Free Kids is encouraging public support by asking everyone to contact their legislators to vote for a \$1.00 per-pack increase. However, the tobacco lobbyists will be out in equal force. The tobacco industry spends \$15.4 billion annually in marketing nationwide and an estimated \$475.4 million of that amount is spent on marketing in Indiana each year.

A recent poll of registered voters in Indiana indicates that 62% support increasing the state cigarette tax if the money is used to fund both health plans and smoking cessation/prevention programs. Of those polled, 69% said that if they had to choose a tax to fund health and anti-smoking programs, they would select the cigarette tax.

When voters were asked if they would make it a point to vote for or against a candidate for the legislature based on the way that person voted for a cigarette tax increase, 46% said they would definitely vote for that candidate; 35% said it would make no difference; and only 17% would definitely vote against that candidate. This indicates that there is little political risk in supporting this tax increase. The survey was conducted by Virginia-based Public Opinion Strategies and

Washington, DC-based Mellman Group on behalf of the American Cancer Society, the American Heart Association, the American Lung Association, and the Campaign for Tobacco-Free Kids.

Even though the tax plan is not included in any pending legislation and few bills that fail to win support in the first half of the session are resurrected, Governor Daniels said he is “utterly confident” that the cigarette excise tax increase will pass. This tax increase is the primary source of funding for his Healthy Indiana Plan. There is increasing interest in reviving the tax; however neither the House nor the Senate can decide who should initiate the tax increase. One chamber or the other must do so in the next several days or the effort to fund the Healthy Indiana Plan will likely die. If it passes at least one chamber, it can be revived in the session’s final days when differences between the House and Senate on various bills are negotiated.

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## How They Voted

### YES

Terri J. **Austin**, D-Anderson; Dennis T. **Avery**, D-Evansville; Jeb **Bardon**, D-Indianapolis; Brian **Bosma**, R-Indianapolis; Charlie **Brown**, D-Gary; Tim N. **Brown**, R-Crawfordsville; Lawrence **Buell**, R-Indianapolis; Duane **Cheney**, D-Portage; Bill **Crawford**, D-Indianapolis; Dave **Crooks**, D-Washington; Suzanne **Crouch**, R-Evansville; John **Day**, D-Indianapolis; Tom **Dermody**, R-LaPorte; Mae **Dickinson**, D-Indianapolis; Chet **Dobis**, D-Merrillville; Dick **Dodge**, R-Pleasant Lake; Cleo **Duncan**, R-Greensburg; Sean **Eberhart**, R-Shelbyville; Jon **Elrod**, R-Indianapolis; Phil **Hoy**, D-Evansville; Sheila **Klinker**, D-Lafayette; Don **Lehe**, R-Brookston; L. Jack **Lutz**, R-Anderson; Carolene **Mays**, D-Indianapolis; Richard **McClain**, R-Logansport; Joe **Micon**, D-West Lafayette; Win **Moses**, D-Fort Wayne; Tim **Neese**, R-Elkhart; David **Orentlicher**, D-Indianapolis; Matt **Pierce**, D-Bloomington; Phyllis **Pond**, R-New Haven; Gregory W. **Porter**, D-Indianapolis; Mara **Candelaria Reardon**, D-Munster; Milo **Smith**, R-Columbus; Vernon G. **Smith**, D-Gary; Ed **Soliday**, R-Valparaiso; Steven R. **Stemler**, D-Jeffersonville; Dan **Stevenson**, D-Highland; Vanessa **Summers**, D-Indianapolis; Amos **Thomas**, R-Brazil; John D. **Ulmer**, R-Goshen; Trent **Van Haften**, D-Mount Vernon; Peggy **Welch**, D-Bloomington, Matt **Whetstone**, R-Brownsburg

### NO

Kreg **Battles**, D-Vincennes; Robert **Behning**, R-Indianapolis; Bob **Bischoff**, D-Lawrenceburg; Bruce **Borders**, R-Jasonville; Randy L. **Borrer**, R-Fort Wayne; Jim **Buck**, R-Kokomo; Woody **Burton**, R-Greenwood; Dave **Cheatham**, D-North Vernon; Bob **Cherry**, R-Greenfield; William **Cochran**, D-New Albany; Bill **Davis**, R-Portland; Nancy **Dembowski**, D-Knox; Jerry **Denbo**, D-French Lick; Ryan **Dvorak**, D-South Bend; Jeff **Espich**, R-Uniondale; Bill **Friend**, R-Macy; David **Frizzell**, R-Indianapolis; Craig R. **Fry**, D-Mishawaka; Phil **GiaQuinta**, D-Fort Wayne; Terry **Goodin**, D-Crothersville; F. Dale **Grubb**, D-Covington; Eric A. **Gutwein**, R-Rensselaer; Earl **Harris**, D-East Chicago; Tim **Harris**, R-Marion; Ron **Herrell**, D-Kokomo; Phil **Hinkle**, R-Indianapolis; Clyde **Kersey**, D-Terre Haute; Tom **Knollman**, R-Liberty; Eric **Koch**, R-Bedford; Bob **Kuzman**, D-Crown Point; Linda **Lawson**, D-Hammond; Dan **Leonard**, R-Huntington; David L. **Niezgodski**, D-South Bend; Cindy **Noe**, R-Indianapolis; Dennie **Oxley**, D-English; Scott **Pelath**, D-Michigan City; Phil **Pflum**, D-Milton; Scott **Reske**, D-Pendleton; Kathy **Kreag Richardson**, R-Noblesville; Michael A. **Ripley**, R-Monroe; Paul **Robertson**, D-Depauw; Bill **Ruppel**, R-North Manchester; Thomas E. **Saunders**, R-Lewisville; Russ **Stilwell**, D-Boonville; Marlin **Stutzman**, R-Howe; Jeff **Thompson**, R-Lizton; Vern **Tincher**, D-Riley; Jerry **Torr**, R-Carmel; P. Eric **Turner**, R-Marion; Dennis **Tyler**, D-Muncie; Jackie **Walorski**, R-Lakeville; David A. **Wolkins**, R-Winona Lake

## **EXCUSED**

Matt **Bell**, R-Avilla; Ralph **Foley**, R-Martinsville; Mike **Murphy**, R-Indianapolis

## **NOT VOTING**

B. Patrick **Bauer**, D-South Bend

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## **Aiming for a Healthier Indiana**

The governor's Healthy Indiana Plan hinges on the cigarette tax increase. This is a plan designed to provide insurance to uninsured Hoosiers who earn less than 200% of the federal poverty level but do not have access to employer-sponsored health insurance. This health care plan is the outcome of many statewide working groups convened to recommend the best use of a cigarette tax increase. The Healthy Indiana Plan has four main components:

- protect Hoosier children from smoking and disease,
- encourage Hoosiers to seek preventative care,
- provide health coverage to thousands of uninsured Hoosiers, and
- give individuals control of their health care decisions.

The number of uninsured who would be given the option to purchase this insurance would be determined by how much money is generated by the cigarette excise tax.

In an effort to reduce smoking, the plan would help support state-wide programs that provide smoking cessation programs and prevent tobacco use. Preventive care would be supplied in several ways. First, funding would be provided to ensure that all children are immunized against such diseases as hepatitis B, polio, mumps, measles, and whooping cough. Second, the plan is structured to promote personal responsibility to individuals and encourage the adoption of healthy behaviors. Qualified individuals would have a POWER account valued at \$1,100 per adult to cover medical expenses. Contributions to this account would be made by the state as well as by the participant based on ability to pay. No individual would pay more than 5% of gross family income. There would be coverage up to \$500 for preventive services at no cost to the plan participant. Additionally, there would be a basic commercial benefits package when annual medical costs exceed \$1,100.

According to the Governor's Office, 22% of Indiana children do not receive the required immunizations by age 2 and are not completely immunized against preventable diseases, causing Indiana to rank 39th in the nation for immunization of two-year-olds. Nearly \$25 in health care costs could be saved for every \$1 spent on immunizations .

There are approximately 561,000 Indiana residents without health insurance, 62% of whom are working-age adults with incomes at or below 200% of the federal poverty level. In part, the hospital care for these individuals is transferred to insured patients by charging insured customers more. In 2005, each health-insured Indiana family paid an additional \$953 in premiums to cover the cost of the uninsured. Consequently, Indiana has the highest per capita rate of medical

bankruptcies in the nation due to the large number of people who cannot pay medical bills.

An estimated 350,000 Indiana residents are eligible for this plan at this time. Due to limited funding, enrollment will be on a first-come, first-served basis and is only open to those who have been uninsured for a minimum of six months and do not have access to employer-sponsored health insurance. Plan participants must be U.S. citizens and have been a resident of Indiana for at least six months .

The plan would be offered by commercial insurance carriers and the contracts with these carriers would be overseen by the FSSA and the Department of Insurance. The program could begin as early as 2008, but approval is required first from the federal government, due to the significant contribution required, and by the Indiana General Assembly.

A version of the health insurance plan has passed in the Senate but it did not include a funding source. As tax increases are initially started in the House, Senator Luke Kenley said he has no plans to insert the cigarette tax into one of the bills currently being considered . He wants to see if the House supports the governor's more modest health insurance plan already approved by the Senate or if they will try to expand it.

➔ FORWARD TO  
A FRIEND

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