

State Coverage Initiatives



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State and National Health Reform: A Case for Federalism

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Federal-State Partnership: State Strengths

- Proximity:
 - Due to the local nature of health care delivery, states are closer to the action for implementing system redesign
- Flexibility to implement system redesign – states have:
 - In-depth knowledge of local landscapes
 - Ability to foster relationships with local stakeholders critical to successful system change



Federal-State Partnership: Federal Strengths

- Ability to establish minimum national standards for eligibility rates, benefit design, etc.
- Capacity to address budgetary issues:
 - Counter-cyclical budgeting
 - Multi-year budgets
 - Revenue raising capacity



Federal-State Partnership Features

- Insurance Market Regulation
 - State regulation efforts are hampered by ERISA and lack of oversight of federal insurance programs
 - Federal government could take a number of policy steps to alleviate uncertainty on permissible state regulatory actions
- Public Programs
 - Burdensome federal regulations and unilateral program changes have strained the federal-state partnership



Federal-State Partnership Features (cont.)

- **Systems Redesign/Quality Improvement**
 - The implementation of quality initiatives has occurred on the state level
 - Feds can leverage federal programs to encourage better processes - improved outcomes could be accelerated



State Variation in the Context of Federal Reform

- There is broad agreement on the need for reform, but significant differences on means to needed to achieve it.
- Uniform national strategy will not have uniform effects at the state level and will not guarantee uniform outcomes



Three Possible Federal Solutions to Address State Level Variation

1. Don't address variation and let states fend for themselves
2. Provide variable assistance based on state need
3. Allow states to comply with federal guidelines in a sequenced fashion over time.

Combination of variable assistance and sequencing likely best method to help states comply with national reform over time



Federal-State Partnership: Future?

- Funding and Flexibility
- Broad Goals/Various Options
- States fear federal reforms may hinder, rather than help state efforts
- Despite state hesitance, inaction not an option
- Federal-state partnership offers real potential and should be considered
- States cannot achieve universal coverage without a federal framework and funding **BUT** remember variation

