

STATE LESSONS IN HEALTH CARE REFORM

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State Capacity for Innovation

States have shown that they can enact new policies that provide models or political momentum for federal action

- In a few states, significant efforts for universal coverage
- Small-group insurance market reforms
- Children's health insurance
- Mental health parity
- Preferred drug lists
- Higher age for dependent coverage

The Coming Flood for State Finances

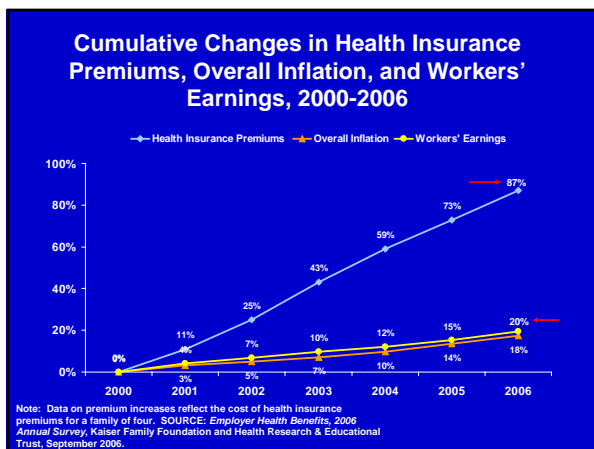
- 45 states facing deficits in FY 2009 or FY 2010
- Total deficits at historic highs
 - Currently \$91 billion for FY 2009
 - Est. \$145 billion for FY 2010
 - Est. \$180 billion for FY 2011

Center on Budget and Policy Priorities, January 2009

The Coming Flood for State Finances

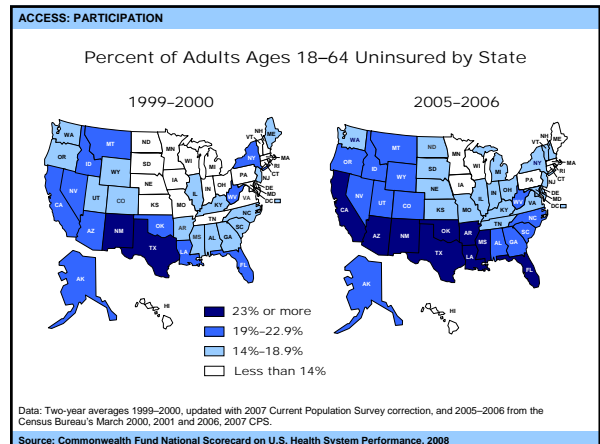
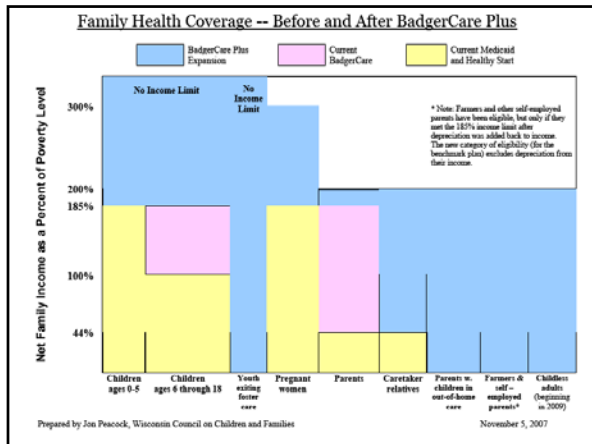
- Projected 5.8% growth in Medicaid spending compared to 0.1% decline in state general funds in FY 2009
- Projected Medicaid enrollment growth 2.1% for FY 2008 and 3.5% for FY 2009

National Governors' Association and National Association of State Budget Officers, December 2008



Limits of State-Based Approach to Expanding Health Coverage

- Employer-based coverage as a starting point is very uneven and weakening
 - Range 49.3% to 75.9% (average 62.9%)
- Eligibility for public insurance
 - Substantial burden for many states
 - Childless adults rarely covered
 - Legal and illegal immigrants
- Enrollment of eligible population



Distribution of the Uninsured Nonelderly in the U.S. by State, Calendar Year 2007

California	6.5 million	14.4%
Texas	5.9 million	13.1%
Florida	3.6 million	8.0%
New York	2.5 million	5.9%
Illinois	1.8 million	3.7%
Georgia	1.6 million	3.7%
Ohio	1.3 million	2.9%
Rest of U.S.	22 million	49.3%

Source: U.S. Census Bureau, Current Population Survey

Follow the Yellow Brick Road . . .

Brain?

- Tools for coverage mostly available
 - Key barrier is ERISA
 - What is “affordable” coverage?
- Tools for cost containment are lacking
 - Stronger approaches in prevention, primary care and management of chronic disease
 - Institutions and incentives for cost-effective treatment
 - Universal adoption of living wills

Follow the Yellow Brick Road . . .

Heart?

- Economic hardship is widespread
- Role of medical debt in personal financial troubles also widespread
- Treatment of childless adults, immigrants?

Follow the Yellow Brick Road . . .

Courage?

- Very few states taking initiative
- Excessive reliance on cost-shifting to federal government
- Leaders not necessarily rewarded
- Interests find it hard to abandon past positions
- Still little capacity or cohesion in grass-roots