



**THE NELSON A.
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The Role of States in National Health Reform

Conference on Health Reform

Binghamton University

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Overview of State Role in Health Reform

- ❖ Financing
- ❖ Administration
- ❖ Implementation
- ❖ Continuing to address issues not completely addressed in federal legislation (e.g., long-term care, cost, capacity, quality)

State Role in Health Reform: Financing

- ❖ Three main sources of increased costs for states:
 - Increased minimum levels for Medicaid eligibility – state share
 - “Woodwork” effect for those currently eligible but not enrolled in public insurance
 - Administrative costs

Financing (Example of New York)

- ❖ New public insurance eligibility levels – Senate finance committee bill may result in new net cost (estimated at over \$1 billion) while house bills are less costly
- ❖ Woodwork – Enhanced state match may not apply to those already eligible for public insurance but not currently enrolled (close to 900,000 people in NY)
- ❖ Administrative – Enrolling a thousand more people, creating new administrative entities, etc. Currently no money for expected administrative costs to states (costs certain but estimates of costs uncertain)

State Role in Health Reform: Administration

- ❖ Create and oversee state insurance exchanges
- ❖ Regulate products and rules within exchanges
- ❖ Regulate small group & individual markets
- ❖ Provide wraparound services or additional subsidies
- ❖ Coordinate exchange with public insurance programs
- ❖ Enforce individual or employer mandates
- ❖ Potentially administer public option or develop co-ops

Administration Examples in New York

- ❖ Exchange – Upstate/downstate, statewide, interstate?
- ❖ Change rating rules or keep pure community rating?
- ❖ Who is eligible for exchange?
- ❖ Wrap services for those above federal eligibility levels or require them to use exchange with subsidies?
- ❖ Provide additional subsidies to low-income because cost of insurance is higher?
- ❖ Expand Family Health Plus buy-in or develop co-ops?

State Role in Health Reform: Implementation

- ❖ Update legislation, programs, and processes
- ❖ Request waivers from federal rules if needed
- ❖ Inform residents about options, provide outreach
- ❖ Create technology to link old & new programs
- ❖ Ensure services and programs mesh
- ❖ Create new forms and eligibility processes
- ❖ Assist citizens through the process
- ❖ Expand capacity to deal with new enrollees

Other Potential Roles for States

- ❖ What about illegal immigrants? Underinsured?
- ❖ Interim operator of high-risk pools in some states
- ❖ Creators/operators of co-op or public option
- ❖ What exactly might the public option be? A Medicaid or Family Health Plus buy-in? A Medicare buy-in? FEHBP buy-in? A new plan? A stop-gap? Real competition? State run or federally run?

Public Option: A Realistic Possibility?





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