The Role of States in National Health Reform

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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
Public Option: A Realistic Possibility?