

Health care overhaul debate now shifts to states

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True or false: States suing to overturn core requirements of President Barack Obama's health care overhaul are refusing to carry out the law. If you said "true," you'd be wrong.

Republican state legislators and governors are working on how to deliver coverage to more than 30 million people now uninsured, as the law calls for, even as GOP attorneys general lead the legal battle to overturn the law's mandate that most Americans have health insurance.

The result? Perhaps the first practical opportunity for the two political parties to work together on an issue that divide them in Washington.

"I can be philosophically opposed and recognize that we can't be asleep at the switch," said Alabama state Rep. Greg Wren, a Republican playing a national role.

"I for one have no interest in ceding any regulatory or statutory authority to the federal government in this area and allowing our state to default while we pursue the litigation side," said Wren, co-chairman of a National Conference of State Legislatures task force on the health care remake.

The debate in the nation's capital seems headed for a stalemate this year because Senate Democrats have the votes to thwart House Republicans' efforts to repeal the law. Denying the Obama administration money to carry out the law isn't a sure strategy either; most of the money was woven tightly into the legislation Congress passed last year.

"We will see a lot of small battles in Congress, but the real center of gravity will shift to the states," said Mike Leavitt, former Republican governor of Utah and health secretary under President George W. Bush. "Bipartisanship is more vibrant in the states than it is in Washington. That doesn't mean it's plentiful, but at least it's alive."

States have to be ready to take on major responsibilities when the coverage expansion gets going in 2014. If not, the federal government will come in and run things.

States must set up and operate health insurance markets where an estimated 24 million people eventually will buy private coverage, most with the aid of federal subsidies. Also, states must open their Medicaid programs to a broader segment of low-income people.

The Medicaid expansion worries state officials. They're already struggling with the costs of the program, draining money from other services from education to law enforcement. Special added Medicaid payments that Washington funneled to the states in the economic downturn will end this year, worsening the crunch.

About 16 million newly eligible people eventually would get Medicaid under the law, and potentially several million more who are eligible today but not signed up could enroll as well. The law says the

federal government will pick up the full cost of those newly eligible for the first few years, but doesn't deal directly with covering the other group.

If state officials are unsure about the Medicaid expansion, they're intrigued about what they might be able to do with the new insurance markets, known as exchanges.

Consumers will be able to go online and pick a private plan from a range of coverage levels and options. Comparison shopping will be easier because benefits will be standardized.

Nearly every state has applied for an initial round of federal planning grants to explore how to design the markets.

"State exchanges are good from a conservative standpoint because they involve consumer choice and markets," said former Senate Majority Leader Bill Frist, a Tennessee Republican.

"What I would like to see is more flexibility given to states in the regulations that define how the legislation works," said Frist. "Each state can develop the exchange that best meets the needs of their people." Two models already exist: Utah's, which is light on regulation, and Massachusetts', where the state government is more directly involved.

Frist, a heart transplant surgeon, has teamed with Democrat Tom Daschle of South Dakota, also a former Senate leader, to try to change the health care debate by stepping back from the repeal fight and using the law as a foundation that can be improved. They expect to direct many of their recommendations to the states.

In New Jersey, Democratic Assemblyman Herb Conaway is hoping to be able to work with Republican Gov. Chris Christie to design their state's exchange. Conaway, a primary care doctor, heads the health committee and is the Democratic counterpart to Alabama's Wren in national planning efforts by state legislators.

"There will be tangible benefits that come to states for taking on these problems," said Conaway. "Done right, there is a benefit that comes to them from getting their people insured. An insured population uses resources more wisely, instead of going to the emergency room and getting treatment that costs four times as much."

Online:

National Conference of State Legislatures: <http://tinyurl.com/6ca2rad>

White House background on the health law: <http://tinyurl.com/2dv65w5>

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