Dear Health Committee Chairs:

This is your August/September 2009 Health Chairs E-Bulletin with the latest state health policy resources.

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Updates from NCSL

- Recording of CHIPRA and State Health Chairs Webinar Now Available! Cindy Mann, Director of the Center for Medicaid and State Operations (CMSO), and Speaker David Clark, Chair of the Utah Health System Reform Task Force, provided an overview of CHIPRA, with a focus on options implemented by states, outreach and enrollment, and quality.

- NCSL on Federal Health Care Reform
  - New Health Care Reform webpage
    This resource offers the most up-to-date information on federal legislation, reports and analyses concerning health care reform. The page also includes archived recordings of NCSL's weekly health reform conference calls.

- New Opportunities -- New Ideas. Register Now!
  NCSL will hold its 2009 Fall Forum in San Diego.

- New or Updated NCSL Publications
  - Achieving High-Quality Long-Term Care: The Importance of Chronic Care Coordination (June 2009).
    This brief outlines several programs initiated by states and the federal government to coordinate health and long-term care for people with chronic conditions.

  - Health Care Provider, Industry and Tobacco Taxes and Fees (July 2009).
    This updated report provides information on provider taxes and fees typically used to support Medicaid. There is a separate section on tobacco excise taxes.

    This updated report offers background information and multiple resources on a broad range of health care financing issues.
- **Promoting Healthy Communities and Reducing Childhood Obesity: Legislative Options** (August 2009).
  This publication looks at how state policymakers are considering options to increase physical activity and healthy eating to promote healthier communities and reduce childhood obesity.

  This brief provides background on the unique health care concerns at community reentry, and discusses experiences of states in reentry planning, integration of services and Medicaid suspension and reinstatement.

- **Teen Pregnancy Prevention: Making a Difference for At-Risk Populations** (July 2009).
  This brief outlines disparities in teen pregnancy and birth rates, identifies teen populations at high risk for pregnancy, and examines prevention programs that target these populations.

- **New and Updated NCSL Health Policy Webpages**
  - **Access to Healthcare and the Uninsured Overview** (August 2009).
  - **Access to Health Care: State Legislation** (July 2009).
  - **Children's Health Insurance Program (CHIP)** (July 2009).
  - **Diabetes Overview Page** (August 2009).
  - **Health Disparities** (August 2009).
  - **Health Reform: State Examples** (August 2009).
  - **Heart Disease and Stroke - An Overview of Our Nation's Leading Killers** (July 2009).
  - **Heart Disease and Stroke: Profile and Policy Reports** (July 2009).
  - **Supporting Healthy Communities Through the American Recovery and Reinvestment Act of 2009** (July 2009).

- **Other NCSL Resources**
  - **State Legislatures Magazine.** This monthly publication informs legislators and staff about state actions and innovations in public policy issues. The July/August edition includes:
    - **Nebraska Gets Fit.** HealthFitness Announces New Employee Health Partnership With State of Nebraska.
    - **The High Cost of Safe Sports.** Medical help to avert student sports tragedies is an expensive problem lawmakers are trying to solve.

  - **Public Health Herald**
    Take a look at this quarterly health and wellness policy messenger. The most recent issue focuses on the minimum legal drinking age.

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### Access to Care

#### Effects of Health Reform on States

According to the Kaiser Family Foundation, states with more extensive poverty, higher budget shortfalls, lower eligibility levels for public programs, higher rates of uninsured and more primary care shortages will be most heavily impacted by health reform initiatives. **State Variation and Health Reform: A Chartbook** pools a variety of state-by-state data for health policy leaders to assess the impact of various reform proposals at home.
Lessons from Massachusetts
View an archive of Expanding Access to Care: More than Just an Insurance Card?, a briefing sponsored by the Alliance for Health Reform and the Robert Wood Johnson Foundation on federal health reform and expanded access to primary care. Panelists from Health Affairs, Texas A&M Health Science Center, Blue Cross Blue Shield of Massachusetts and the Urban Institute evaluated the Massachusetts experience and discussed federal health reform proposals in light of lessons learned. Speakers addressed topics such as expanding access in rural areas, integrating health reforms with Medicaid programs and the private insurance market, and coping with primary care workforce shortages.

Overcoming Obstacles to Access Expansion
Evolving State Approaches to Expand Coverage in the Current Wave of State Access Reform, a report produced by The Brookings Institution's Engelberg Center for Health Care Reform and the Robert Wood Johnson Foundation, examines how states are working to improve access to coverage for the rapidly growing number of individuals who are not offered health care by an employer. Highlighting the diverse efforts and contexts for reform in Arkansas, Tennessee, Massachusetts and Washington, the report examines states' strategies for dealing with obstacles that have hindered access-expansion strategies (i.e. limited-benefit plans and purchasing pools), including adverse selection, resistance from insurance companies, lack of pricing advantage, and insufficient marketing/outreach. The report concludes that expanding access to this population is a critical component of comprehensive health reform efforts, and that cost remains a significant challenge for states.

Preventing Disruptions in Prescription Coverage
Medicare Part D, the federal initiative that helps low-income individuals access prescription drugs, provided almost $10 million in federal subsidies in 2009. The National Health Policy Forum produced an issue brief detailing three challenges faced by program participants: 1) that qualified individuals have not signed up, 2) that there is little choice among options, and 3) that those participating are forced to change plans frequently due to increasing premiums. Check out The Medicare Drug Benefit: Update on the Low-

![Percent of State Residents with Employer-Sponsored Insurance, 2006-2007](image)
Income Subsidy to see how competitive bidding systems might be altered to prevent disruptions in prescription coverage. An appendix contains data by state and hospital region on low-income subsidy amounts and the number of plans available at or below the low-income benchmark premium subsidy.

State Example: Access Expansion
Wisconsin successfully expanded health care coverage through its BadgerCare Plus Medicaid and Children's Health Insurance Program, improving Medicaid and CHIP enrollment rates and extending eligibility and access to new groups of uninsured residents, including children leaving the foster care system, self-employed parents, and pregnant women. A new issue brief by the National Academy for State Health Policy, BadgerCare Plus: Medicaid and Subsidies Under One Umbrella, examines how Wisconsin overcame financial challenges by increasing program flexibility through the Deficit Reduction Act of 2005 and combining state and federal funding with individual contributions. A series of fact sheets accompanying this issue brief examine the coverage expansions, eligibility simplifications, premium assistance, online enrollment tools and financing options underlying the comprehensive initiative.

![BadgerCare Plus Covered Populations Diagram](image)

Source: Wisconsin Department of Health Services

Children's Coverage

Facilitating Insurance Enrollment for Young Adults
The Commonwealth Fund just released an update of Rite of Passage? Why Young Adults Become Uninsured and How New Policies Can Help. Between 2005 and 2006, young adults ages 19 to 29 accounted for 17 percent of uninsured Americans under 65 years old. Thirty-eight percent of high school graduates who do not enroll in college and 33 percent of college graduates do not obtain coverage within a year of graduation, impeding access to preventive care and leaving families susceptible to significant out-of-pocket costs when care is needed. As these individuals are typically healthier than older adults, including
them in insurance pools could lower premium costs across the board. States have taken a variety of steps to help young adults access and retain coverage, including extending eligibility past age 18 for their parents' policies, expanding public insurance programs and helping colleges offer student coverage. This issue brief details the policy approaches and comes with a downloadable chartbook in PowerPoint format.

**Figure 1. There Are 13.7 Million Uninsured Young Adults, Ages 19–29, Almost 30 Percent of Nonelderly Uninsured, 2006**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Ages 50–64</td>
<td>15%</td>
</tr>
<tr>
<td>Ages 36–49</td>
<td>23%</td>
</tr>
<tr>
<td>Ages 30–35</td>
<td>12%</td>
</tr>
<tr>
<td>Ages 24–29</td>
<td>16%</td>
</tr>
<tr>
<td>Ages 19–23</td>
<td>13%</td>
</tr>
<tr>
<td>Ages 20–29</td>
<td>16%</td>
</tr>
<tr>
<td>Ages 16 and under</td>
<td>20%</td>
</tr>
</tbody>
</table>

Nonelderly uninsured = 46.4 million

Note: Numbers may not sum to 100% because of rounding.


**Implementing the Children's Health Insurance Program in Your State**

Kaiser Family Foundation's Commission on Medicaid and the Uninsured and the Center for Children and Families at the Georgetown University Health Policy Institute published the “CHIP TIPS” Series, which focuses on new opportunities for covering children under Medicaid and CHIP and serves as a guide for state implementation. Topics include the Medicaid performance bonus, citizen documentation changes, the CHIP financing structure, and new federal funding available to cover immigrant children and pregnant women.

**Medicaid**

**Aligning State and Federal Policy for Dual Eligibles**

Currently, individuals covered by both Medicaid and Medicare may face poor care coordination and cost-shifting between programs. Because dual eligibles account for roughly 50 percent of Medicaid expenditures, states are looking for new approaches to meeting the needs of dual eligibles. Health Reform Opportunities: Improving Policy for Dual Eligibles, a publication produced by the Kaiser Commission on Medicaid and the Uninsured, details several policy options, including national subsidies for low-income Medicare enrollees, integrating systems of care, and ensuring steady financing.
Medicare acute includes acute care services that Medicare may already cover in whole or part.

Source: Urban Institute estimates based on data from MSIS 2005 and CMS Form 64, prepared for the Kaiser Commission on Medicaid and the Uninsured, 2008.

The Impact of Health Reform on Medicaid

Key Questions about Changes for Medicaid and Low-Income Individuals: HR 3200 America’s Affordable Health Choices Act of 2009, a brief by the Kaiser Family Foundations' Commission on Medicaid and the Uninsured, outlines the provisions in H.R. 3200, the House Tri-Committee Bill, that would impact Medicaid. Among the provisions are those that would extend Medicaid eligibility to persons with incomes at or below 133 percent of the federal poverty level across the country, set a floor for certain provider payment rates, and subsidize premiums for low-income children and adults who participate in a health insurance exchange.

Medicaid and the Economy

State Fiscal Conditions and Medicaid, a fact sheet by the Kaiser Commission on Medicaid and the Uninsured, discusses the relationship between state economic conditions and Medicaid enrollment and expenditures at the turn of the 2010 fiscal year. It is estimated that a 1 percent increase in the national unemployment rate leads to a 3-4 percent decrease in state revenues, an additional 1 million Medicaid enrollees, and 1.1 million new uninsured persons.
Planning for Individuals with Complex Needs

Toolkit - Predictive Modeling: A Guide for State Medicaid Purchasers, a guide prepared by the Center for Health Care Strategies, examines the strengths and weaknesses of predictive modeling. Predictive modeling systems help Medicaid purchasers identify high-risk, high-cost individuals, such as those with multiple chronic conditions, and plan appropriate health care interventions.

Targeting High-Risk, High-Cost Populations

The Center for Health Care Strategies recently held the webinar, Effective Care Management: Promising Approaches for Medicaid Beneficiaries with Complex Needs, on promising care management interventions and system reforms that have improved quality and controlled expenditures as states target high-risk, high-cost populations. A pilot project within Colorado's Medicaid program is featured. Click the above link to view a recording of the event.

Quality and Efficiency

Building Accountable Payment Systems

Building a Bridge from Fragmentation to Accountability -- The Prometheus Payment Model, an article published in the New England Journal of Medicine, discusses the characteristics of a new approach to paying health service providers. The Prometheus Payment Model is designed to move away from the fragmentation, poor performance and lack of accountability generated by fee-for-service approaches. The Prometheus model creates an environment in which providers work as a team and receive a fee covering all services provided during a period of care rather than separate fees for each service. The authors find that potentially avoidable costs (PACs) attributable to providers' actions account for 22 percent of private sector health care costs in the U.S., and can account for up to 80 percent of dollars spent on chronic conditions. Modest reductions in PACs would significantly impact private health care spending over the next decade. This article explains the Prometheus Payment Model in detail and reveals lessons learned through implementation at various pilot sites.
Projected Private-Sector National Health Expenditures Under Current Assumptions and if Potentially Avoidable Costs (PACs) Were Reduced by Either 10% or 15% Per Year.


Ensuring Sustainability
Massachusetts now has near universal health care coverage for its residents, but also faces rising health care costs that must be controlled to assure the sustainability of its landmark initiative. In Controlling Health Care Spending in Massachusetts: An Analysis of Options, RAND Corporation identifies cost-containment strategies, including regulatory and incentive-based approaches, and assesses the cost-savings potential of each in both the short- and long-run. Optimistic and conservative scenarios reveal a set of policy options that would return savings over a period of ten years, many requiring significant, upfront investments.
**Projected Savings as a Share of Spending, 2010-2020, for 12 Modeled Policy Options**

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Utilize bundled payment</td>
<td>-5.9%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Institute hospital all-payer rate setting</td>
<td>-4.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Institute regulation for academic medical centers</td>
<td>-2.7%</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Eliminate payment for adverse hospital events</td>
<td>-1.8%</td>
<td>-1.1%</td>
</tr>
<tr>
<td>Increase adoption of HIT</td>
<td>-1.8%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Institute reference pricing for academic medical centers</td>
<td>-1.3%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Expand scope of practice for NPs and PAs</td>
<td>-1.3%</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Promote growth of retail clinics</td>
<td>-0.9%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Create medical homes</td>
<td>-0.9%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Decrease resource use at end of life</td>
<td>-0.2%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Encourage value-based insurance design</td>
<td>-0.2%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Increase use of disease management</td>
<td>-0.1%</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

*Source: Controlling Health Care Spending in Massachusetts: An Analysis of Options, RAND, August 2009*

**Federal Health Reform: What's on the Table?**
"Key Issues in Health Reform," a policy brief jointly produced by *Health Affairs* and The Robert Wood Johnson Foundation, discusses pending federal health reform legislation and its potential impact on the financing and delivery of care, Medicare spending, and advance-care planning.

**Linking Expenditures and Outcomes**
The Dartmouth Atlas Project has just released two reports on Medicare spending across the U.S. The first, *Health Care Spending, Quality and Outcomes*, reveals dramatic variation in Medicare spending by region and discusses the relationship between expenditures and outcomes, concluding that more spending does not necessarily result in better quality. Implications for policymakers are summarized in the second report, *The Policy Implications of Variations in Medicare Spending Growth*, which also contains extensive state and regional data on Medicare per capita spending levels and growth rates.
**Table 1. Relationship Between Regional Differences in Spending and the Content, Quality, and Outcomes of Care**

<table>
<thead>
<tr>
<th>Health care resources</th>
<th>Higher-Spending Regions Compared to Lower-Spending Ones*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per capita supply of hospital beds</td>
<td>32% higher.</td>
</tr>
<tr>
<td>Per capita supply of physicians</td>
<td>31% higher overall: 65% more medical specialists.</td>
</tr>
<tr>
<td>Technical quality</td>
<td>Adherence to evidence-based care guidelines worse.</td>
</tr>
<tr>
<td>Health outcomes</td>
<td>Mortality higher following acute myocardial infarction,</td>
</tr>
<tr>
<td></td>
<td>hip fracture, and colorectal cancer diagnosis.</td>
</tr>
<tr>
<td>Physician perceptions of quality</td>
<td>More likely to report poor communication among physicians and inadequate continuity with patients.</td>
</tr>
<tr>
<td></td>
<td>Greater difficulty obtaining inpatient admissions or high-quality specialist referrals.</td>
</tr>
<tr>
<td>Patient-reported quality of care</td>
<td>Worse access to care and greater waiting times.</td>
</tr>
<tr>
<td></td>
<td>No difference in patient-reported satisfaction with ambulatory care.</td>
</tr>
<tr>
<td></td>
<td>Worse inpatient experiences.</td>
</tr>
</tbody>
</table>

* High and low-spending regions were defined as the U.S. hospital referral regions in the highest and lowest quintiles of per capita Medicare spending as in Fisher (2003).


**In the News**

**New Findings on Disparities in Coverage**

The U.S. Census Bureau just released [state and county data](#) on health insurance coverage by income level. A story by HealthLeaders Media based on the new data reveals that [More Than 50 percent of Poor Residents in Some Counties are Uninsured](#).

**Sources of Inefficiency in Health Care**

[CNN Money](#) reports on PricewaterhouseCoopers' Health Research Institute' finding that over half the money spent in the United States on health care is squandered. Major sources of waste in the system included overtesting, processing claims, ignoring doctors' orders, and ineffective use of technology.

**Health care's wasted dollars**

Here are some of the contributors to the $1.2 trillion being leaked out of the system.

- Overtesting: $210B
- Ignoring Doctors' Orders: $108B
- Ineffective Use of Technology: Up to $956
- Hospital Readmissions: $255B
- Medical Errors: $175B
- Unnecessary ER Visits: $148B
- Hospital Acquired Infections: $33B

Source: PricewaterhouseCoopers' Health Research Institute (2008)
About Us

The National Conference of State Legislatures is a bipartisan organization that serves the legislators and staffs of the nation's 50 states, commonwealths and territories, providing research, technical assistance, and opportunities for policymakers to exchange ideas on the most pressing state issues.

Located in NCSL's Washington, DC office, the Forum for State Health Policy Leadership program works with state legislators and staff to identify critical health policy issues and address the challenges in developing effective state policy.

Established by the Forum, the Health Chairs Project serves the health committee chairs of all 50 states by providing educational materials on health policy issues, direct access to policy experts and the opportunity to share information and discuss policy strategies among other health chairs.

The Health Chairs E-Bulletin is a monthly email that provides an overview of new developments concerning topics in health, resources that may be helpful in developing policy, and updates on the Health Chairs Project, the Forum, and NCSL.

See you in October!

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