

## **STATE HEALTH REFORMS PROGRESS DESPITE AILING ECONOMY**

### *Report Finds Trend Among States Tackling Costs, Quality and Access in Reform Efforts*

WASHINGTON, DC— While election year politics and the decline in the economy have slowed the rate of health reforms enacted in states last year, a new report shows many states nevertheless made progress in 2008. Many states laid significant groundwork for reform in the last few years, but the report suggests that the potential for federal reform and shortfalls in state budgets – fueled by an economy in recession – are likely to dampen state reform efforts in 2009. As federal policymakers turn their attention to national health reform, the report underscores the important practical and political lessons federal lawmakers can learn from states’ experiences.

State Coverage Initiatives’ (SCI) “State of the States” 2009 report, *Charting the Course: Preparing for the Future, Learning from the Past*, notes that state legislators will keep close watch on the possibility of federal health reform this year, first to see if states get needed cash to help replenish evaporating state Medicaid funds, and then to see how more sweeping health reform plans may affect their states. The report was prepared by experts at SCI, a national program of the Robert Wood Johnson Foundation administered by AcademyHealth.

“Despite a flurry of ambitious efforts and some significant state-based health reforms in recent years, we are at a potentially perilous point in many states,” said Enrique Martinez-Vidal, director of State Coverage Initiatives. “As unemployment climbs, more people lose their employer-sponsored health insurance and become eligible for state Medicaid programs. That puts even more pressure on already burdened state budgets. It’s safe to say that all eyes will be on Washington as states look for remedies for our troubled health system.”

SCI tracked progress in several states in 2008, most notably Massachusetts and Vermont, which continued to implement comprehensive reforms. In addition, Iowa, Minnesota, and New Jersey lawmakers passed legislation last year that will increase coverage and, in some cases, move the states forward in controlling health costs and improving quality of care. Other states, such as Arkansas, Connecticut, Ohio, Oklahoma, Oregon, and Utah, used 2008 to build consensus and create recommendations ranging from coverage expansions for specific populations to substantial system redesign. Some states tried but were unable to pass comprehensive health reform. California, Kansas, New Mexico, and Pennsylvania all fell short in their comprehensive reform efforts in 2008.

Report authors offer multiple insights from scenarios and trends occurring in states in 2008. Among them:

**Mounting pressures on state budgets caused by increasing numbers of uninsured.** Medicaid enrollment increased by 2.1 percent in 2008. As the economy continues to worsen and unemployment rises, the report predicts that Medicaid enrollment numbers will jump even higher, putting additional burden on the states’ already overextended budgets.

**Emerging trends among states to address cost and quality, along with access.** The report finds that some states (e.g., Massachusetts and Minnesota) are trying to improve value by containing costs and improving quality. Some of the strategies states have undertaken this year include investing in primary care, wellness initiatives, price and quality transparency initiatives, health information technology adoption, reducing preventable hospital readmissions, exploring new paradigms for physician and hospital payment, and efforts to promote patient safety and prevent medical errors.

**Renewed efforts to enroll eligible residents in State Children’s Health Insurance Coverage Programs (SCHIP).** Ten states last year passed legislation to expand children’s health coverage through increased eligibility levels or more proactive enrollment efforts, including Iowa and New Jersey, among others.

**An increase in state reform efforts seeking to help small business owners and their employees.** Because of declining coverage rates for small businesses and the difficulty of finding affordable coverage, many states developed interventions to aid the small business market. These include providing premium subsidies, offering reinsurance programs, restructuring benefit plans, providing tax cuts and credits, or some combination of these approaches.

To demonstrate what is possible, the report looks at Massachusetts’ efforts to implement its health reforms of 2006. Throughout 2008, policymakers watched uninsurance rates fall as various aspects of the reform took effect. Massachusetts’ mixed approach of public and private programs and shared responsibilities struck a compromise among advocates from very diverse ideological perspectives. This general strategy was incorporated by all states that developed or proposed serious reforms last year, including California, Colorado, Connecticut, New Jersey, Oregon, and others.

“Massachusetts demonstrated that not only is comprehensive reform possible, but it can be accomplished in a bipartisan manner,” said Martinez-Vidal. “Many of the states have already tested innovative models for improving their health care system. They have practical and political lessons that are of tremendous benefit to people now considering the same issues on Capitol Hill.”

The full report is available online at [www.statecoverage.org](http://www.statecoverage.org).

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#### **State Coverage Initiatives**

*The State Coverage Initiatives (SCI), a national program of the Robert Wood Johnson Foundation administered by AcademyHealth, provides timely, experience-based information and assistance to state leaders in order to help them move health care reform forward at the state level. SCI offers an integrated array of policy and technical assistance services and products to help state leaders with coverage expansion efforts as well as with broader health care reform. For more information, visit [www.statecoverage.org](http://www.statecoverage.org).*

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