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REPORT LISTS KEY POLICY QUESTIONS FACING STATE, NATIONAL HEALTH REFORM

Despite Difficulties, States Rise Against the Status Quo to Advance Health Care Reform

Washington, DC (February 8, 2008) - A new report from the Robert Wood Johnson Foundation's State Coverage Initiatives program, *State of the States 2008: Rising to the Challenge*, outlines 2007 efforts to expand health insurance coverage and find new tools to address health care reform at the state level. While many states made progress, key contributors to uninsurance remain unchecked and historically difficult policy questions remain unanswered.

According to the report, steady increase in the number of uninsured has been a hallmark of the last decade, precipitated by unprecedented declines in employer-based coverage. In 2007 the trend continued and, like last year, was exacerbated when public program funding remained flat, failing yet again to offset new losses. This one-two punch hits children particularly hard, swelling the ranks of uninsured kids by 700,000 in 2006 and accounting for more than one-quarter of the growth in uninsured.

States considering substantial or comprehensive health care reforms face a number of challenges, but *State of the States* lists key policy design questions can help shape the debate. They are:

- What are the goals and priorities of reform?
- Will different populations require different solutions?
- Who will pay: Businesses? Government? Individuals?
- Who will benefit?
- Should health insurance coverage be required?
- If so, what constitutes affordable coverage?
- What is the most appropriate benefit design?
- How can risk be pooled?
- Do insurance markets need to be reformed or reorganized?
- What are the best mechanisms for cost containment and overall systems improvement?

"These are extraordinarily tough questions to answer - and each leads down a different path of policy discussion. But states have shown an enormous capacity to work through different design scenarios and are determined to finding answers," says Enrique Martinez-Vidal, director of the State Coverage Initiatives program and a lead author of the report. "They don't really have a choice but to keep working on these problems. The status quo just isn't working and there isn't much hope of Federal help in the immediate future."

According to the report, states are a key testing ground for new approaches and their innovations are likely to play prominently in any proposals put forth by future administrations. Says Martinez-Vidal, "the answers states identify and implement will provide key insights for national health reform."

State approaches to reform vary considerably, often depending on the political and fiscal environment; demographic characteristics, insurance market dynamics, and other economic variables also impact a state's capacity to act. Yet, according to the report, almost universally states are considering health care reform in a very pragmatic way.

Says Martinez-Vidal, "A single-payer system is generally not considered a politically viable option; but, neither are reforms that rely completely on a free market, consumer-driven health care system. Instead, most state reforms look to politically feasible proposals that build on the current, mixed, public-private health insurance system."

Overall, states' reform activities can be grouped into three general categories:

Comprehensive reforms like those passed Massachusetts and Vermont in 2006, Maine's Dirigo plan, and new proposals that California, Pennsylvania, and New Mexico have been working on this past year;

Substantial reforms that expand coverage, ensure private market reforms and/or launch new purchasing mechanisms, such as Washington's legislation providing access to coverage for all children by 2010, and begin a premium subsidy program for families; and

Incremental strategies that expand health coverage for subpopulations within the uninsured, such as expansions aimed at children in Illinois, Hawaii, Missouri, and Texas; SCHIP eligibility expansions in New York; and efforts in Connecticut, Idaho, Indiana, Maine, Maryland, Montana, and Washington that expanded coverage to young adults.

In addition, a wealth of state activities took aim at system-wide improvements in quality, care coordination, and cost containment. Increasingly, states are coupling coverage expansions with strategies that target chronic conditions, wellness and prevention, the uptake of health information technology, and public reporting of information on cost and quality. With these efforts, states are working to improve quality, control costs, and improve the value of public and private programs.

"More and more often we're seeing states attempt to address health reform with a balance of coverage expansions, quality improvement efforts and cost-containment strategies," says Martinez-Vidal. "They continue to take the lead in addressing the problems of the uninsured."

For an online copy of this free report, visit www.statecoverage.net/pdf/StateofStates2008.pdf.

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State Coverage Initiatives (SCI) works with states to plan, execute, and maintain health insurance expansions, as well as to improve the availability and affordability of health care coverage. SCI is a national program of The Robert Wood Johnson Foundation administered by AcademyHealth.

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