Top 5 Issues for 2016: Health

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CSG Director of Health Policy Debra Miller outlines the top five issues in health policy for 2016, including Medicaid expansion, substance abuse and drug overdoses, cost containment, the graying of America, and population health.

Medicaid Expansion

Thirty states and the District of Columbia have expanded Medicaid eligibility to 138 percent of the federal poverty level as allowed by the Affordable Care Act, and they will be required to contribute matching funds beginning Jan. 1, 2017. The federal funding will decrease from covering 100 percent of the newly eligible enrollees’ health costs to 95 percent in calendar year 2017. The state match climbs to 6, 7 and then 10 percent in 2018, 2019 and 2020, respectively. While the expansion matching formula is significantly more favorable for states than their traditional Medicaid match, states’ economic conditions remain such that competition for revenue will be fierce. In the remaining 20 states the lure of 100 percent federal funding for expansion only remains on the table through the end of 2016, adding ammunition to the argument of those who question whether Medicaid expansion is sustainable for their state.

Substance Use and Drug Overdoses

Deaths from overdoses, particularly prescription drug and heroin overdoses, have captured the headlines and affect families in all states. A new mortality study by Princeton economists Anne Case and Angus Deaton published in the Nov. 2015 Proceedings of the National Academy of Sciences reported an increase in mortality rates between 1999 and 2014 for white men and women ages 45-54 with less than a college education and called drugs, alcohol and suicide the proximate causes. “Half a million people are dead who should not be,” observed Deaton, a 2015 Nobel Laureate in economics.
States will continue to respond with prevention and treatment efforts, including alternative sentencing, needle exchange programs and increased access to the opiate overdose antidote naloxone.

**Cost Containment**
States, like the federal government, employers and families, are looking for ways to hold down health care costs. The growth of U.S. health care costs slowed during and after the Great Recession, but is expected to exceed growth in the gross domestic product by 1.1 percent over the next decade. Health care costs as a percentage of GDP are predicted to grow from 17.4 percent in 2015 to 19.6 percent in 2024. States will continue to experiment with global budgets—for hospitals in Maryland and Medicaid in New York and Rhode Island—and move away from fee-for-service payments—as Arkansas, Minnesota, New York, Oregon and Pennsylvania are trying.

**The Graying of America**
Baby boomers, who are turning 65 at the rate of 8,000 a day, will transform the retirement and health landscapes just as their sheer numbers have had out-sized influence since they started coming of age in the mid-1960s. While many will remain in good health for years after retirement, as they continue to age and as their health deteriorates they will demand a new system of comprehensive and individualized services in their homes and communities. Alzheimer’s disease and other dementias correlated with age present additional challenges to families, communities and health care providers. Complicating the challenge of meeting the health care demands of more aging Americans is that their numbers also represent retiring health care providers. Many current educational and training systems will find it hard to keep up with boomers’ retirements.

**Population Health**
Increasingly, policymakers are looking to data to identify health issues that disproportionately affect certain populations, be they disparate on geographic, demographic, or economic measures. These bad outcomes call for public health solutions aimed at large groups—in addition to clinical solutions applied to individuals. A population health perspective looks to reduce disparities between groups by weighing economic tradeoffs between health program investments. The challenge of reversing growing obesity rates is a case in point. Walkable communities, access to fresh fruits and vegetables and physical activities for students are all part of the solution.

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