Policymakers in the states and territories ("the states") are facing two major health care dilemmas in 2012—Medicaid spending and implementation of the Affordable Care Act. Medicaid enrollment continues to grow, federal stimulus funds have disappeared and in many states providers are pressing for increased reimbursement. States also must grapple with complying with mandates in the federal health care reform law. The U.S. Supreme Court is expected to rule on the constitutionality of the law sometime in 2012. In the meantime, states must decide how far to go in their own implementation.

» Medicaid and Money
Medicaid will continue to challenge state policymakers. Meeting growing Medicaid budgets is severely restricting states’ abilities to increase funding for other public policy priorities and to restore budget cuts made during the recession. The National Association of State Budget Officers reported in December 2011 that Medicaid is the single biggest piece of the state budget pie, accounting for 23.6 percent of all state expenditures in 2011. The shares for elementary and secondary education, as well as higher education, continue to decline. States are exploring ways to bring down Medicaid costs, including reducing eligibility in states such as Arizona and Maine, using new models of care, such as North Carolina medical homes documented to save almost $1 billion over a four-year period, and significantly expanding managed care in states like Florida, Kentucky and Texas.

» Supreme Court Ruling on Health Reform
States threw down the gauntlet as soon as President Obama signed the Affordable Care Act in 2010. Virginia led the way as the majority of states sued over the constitutionality of the new law. The U.S. Supreme Court will hear arguments and is expected to rule before the November presidential election. The possible decisions range from upholding the entire law to overturning the entire law, with possible narrower decisions on whether the mandate that individuals have health insurance is constitutional and whether the federal government has overstepped its authority in mandating that states expand Medicaid eligibility.

» Health Insurance Exchanges
More than half the states have received federal funding to assist with planning and early implementation of state-run health insurance exchanges required under the Affordable Care Act. Even some states challenging the law have moved forward with implementation plans. Legislatures in 2012 that have not already established governance structures for exchanges will likely take up bills to do so. Many state health and insurance offices will move forward with exchange implementation, including working out technology and coordination issues around the exchange/Medicaid interface. States may opt out of running exchanges, leaving it to the federal government, but if states plan to operate an exchange, they must satisfactorily demonstrate capacity to the federal government by Jan. 1, 2013.

» Health Care Workforce
Increased access to health insurance and more emphasis on preventive care raise the question of sufficient primary care services – how many new patients can the current system absorb? Policymakers will continue to explore ways to increase the primary care workforce and spread services to underserved areas through technologies such as telemedicine. They also may encourage technological efficiencies such as electronic medical records and health information exchanges.

» Wellness Promotion to Save Money
Chronic illness accounts for 75 percent of health care spending in the U.S. While policymakers are challenged now to find short-term, low-cost solutions that reduce smoking and obesity and encourage physical activity, a growing body of evidence-based studies offer solutions that are shown to save money in the long run. Nebraska is one state leading the way by incorporating a wellness model in its state employee health insurance plan. Other states are following the private sector and incorporating both rewards and penalties for state employees—and sometimes Medicaid enrollees—around wellness.

For more information on these topics and for additional resources on health policy, see » www.csg.org/top5in2012
Debra Miller joined CSG in 2007. She has more than 30 years experience in the state public policy arena as a policy analyst, legislative lobbyist, state government employee and child advocate. Miller directs the health policy unit, provides staff support to CSG’s Health Policy Task Force, and supervised the cooperative agreements between CSG and the Centers for Disease Control and Prevention to educate state legislators on public health topics, including chronic diseases, HIV/AIDS and STDs.

Prior to joining CSG, she worked for 23 years for Kentucky Youth Advocates, a private nonprofit organization. While at KYA, Miller was the organization’s primary lobbyist, secured major foundation grants, and served on legislative and governor-appointed commissions and advisory councils. She also worked for Kentucky state government for five years in the area of developmental disabilities. Miller has a master’s degree in social work from the University of Kentucky and a bachelor’s degree from Duke University.

GET INVOLVED »

CSG provides state leaders a variety of regional and national opportunities to actively engage on issues of importance to their jurisdictions and constituents. CSG’s regional and national committees and task forces are designed to encourage multi-state problem solving, the sharing of best practices, and networking among state officials and between the public and private sectors.

CSG’s Health Policy Task Force is co-chaired this year by Sen. Kim Gillan from Montana and Sen. Vicki Schmidt from Kansas. Over the past two years, the task force has focused on several key issues, including health care reform, rural health and chronic disease prevention.

The task force will hold its next meetings as part of the NATIONAL LEADERSHIP CONFERENCE in La Quinta, Calif., May 18-19, and the CSG 2012 NATIONAL CONFERENCE in Austin, Texas, Nov. 30 – Dec. 3.