CSG Policy Staff Outlines Top Issues for 2013

By Jennifer Horne [1]
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As states prepare to implement federal health care reform, policymakers also face continued fiscal challenges, many of which depend on the federal government and actions Congress takes to cut the federal deficit.

“Many of our state/federal questions were answered in 2012. But, as is often the case, as one set of questions is answered, an entirely new set of questions crops up,” said John Mountjoy, director of policy/research at The Council of State Governments. “We will likely find that while all eyes are on Washington, the real policy action for 2013 will be in the states. Medicaid, tax reform, transportation funding alternatives, clean air and water, education, pensions—are all on the agenda for 2013 in the states and we will see meaningful and lasting action.”

CSG released its annual listing of the top five issues legislators will face this session in education, energy and the environment, fiscal, health, interstate compacts and transportation. The most pressing questions facing policymakers this legislative session most likely will center on health care reform and federal cuts in state.

Eighteen states and the District of Columbia have opted to operate a health insurance exchange, and face several important deadlines in 2013.

“The deadlines for health insurance exchanges to become fully operational will come fast and furious in 2013,” said Debra Miller, CSG’s director of health policy. “For the 18 states and D.C. running state-based exchanges, the challenges are many to be ready for open enrollment in October 2013 and coverage starting Jan. 1, 2014. In the remaining 32 states, either partnership with the federal government or full federal administration still will require coordination with Medicaid and insurance agencies.”

Policymakers also will have to decide whether to expand Medicaid eligibility to 138 percent of the federal poverty level, as allowed under the Patient Protection and Affordable Care Act. In addition, growth in Medicaid has put the health care program for the poor at the top spot in state spending in many states.

“The good deal that states get on the 100 percent federal match for expanding Medicaid in the first three years will be considered a no-brainer by many,” Miller said. “Yet many policymakers are looking for revenue to restore funding cut during the recession and to pump up economic development and job creation. Any additional Medicaid spending, where even small percentage increases amount to tens of millions of dollars, will interfere with these priorities.”
As states ponder changes in Medicaid, they’ll also be facing pending cuts in federal funding streams for education, infrastructure development, health care and entitlement programs. Policymakers continue to face challenges paying for state employee pensions, as well as health care for current and retired employees.

“States are still slowly recovering with revenues continuing to climb toward prerecession levels,” said Jennifer Burnett, CSG’s fiscal policy expert. “But volatility at the federal level threatens to derail some of that progress, potentially leaving states to pick up the pieces at a moment’s notice.”

“While the fiscal debate rages on in D.C., states leaders struggle to tackle their own long-term and systemic issues. The escalating cost of health care is a big concern, as Medicaid and employee health care costs are taking up a bigger chunk of state budgets than ever before, with no signs of slowing down.”

Mountjoy said CSG plays an important role in facilitating a dialogue among state leaders on these and other important issues.

“At its core, CSG is about sharing capital ideas—about creating the nonpartisan forum in which state leaders from all three branches can come together to share good ideas, to model best practices and ultimately to better serve the residents of our states,” he said.

Top Five Issues in 2013

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- Health [5]
- Interstate Compacts [6]
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