



State Health Care

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Overview

Health is one of the responsibilities the Constitution does not explicitly give to the federal government. As such, states take on a major role in the funding and delivery of health care and public health. States operate their own Medicaid and SCHIP programs as well as regulate health insurance. Additionally, states are responsible for the public health of their citizens. Thus, states also focus on improving the quality of care, increasing access to health care, recruiting and retaining a quality health care workforce, and reducing health disparities.

WHAT ARE EXAMPLES OF STATE HEALTH POLICY?

State involvement in health care and public health includes several programs and services:

- Medicaid
- SCHIP
- Health Insurance Regulation
- General Public Health
 - Preventive Medicine
 - Epidemiology
 - Vaccinations
- Physician Licensure
- Medical Facility Standards
- Access for Uninsured
- Quality of Health Care
- Health Care Workforce Maintenance
- Health Disparities Reduction

WHO DECIDES STATE HEALTH POLICY?

- State legislature
- State governors
- State department of health and human services (DHHS)
 - Physician licensing board
 - Medical facility licensing board

WHY IS STATE HEALTH POLICY DIFFERENT BETWEEN STATES?

Each state responds to its own pushes and pulls. Each state is driven to take care of needs of their citizens (which differ based on demographics or health needs). Also, each state is also constrained by its state budget, political tradition, and political climate. It is the balance of this push-pull that leads to different health care priorities and ultimately different health care decisions between states.

ROLE OF STATE LEGISLATURE?

Medicaid and SCHIP are partnerships between the state and federal government. In both cases, the state legislatures (when approved by the governor) sets the funding level and eligibility criteria—usually related to an individual's low income—for the program. Subsequently, the DHHS implements these policies through local-level health departments.



Health insurance is also regulated at the state level. Legislators regulate health insurance companies through laws and guidelines to ensure minimal standards of coverage and fairness. The state legislature also has a state insurance commission(er) to enforce these decisions.

ROLE OF STATE GOVERNOR?

State governors play a role in health policy by appointing individuals to various government positions. For example, governors can appoint state medical licensing boards or directors of state health and human (or social) services.

ROLE OF STATE DEPARTMENT OF HEALTH AND HUMAN/SOCIAL SERVICES?

The division of health and human services oversees almost all areas of state health care and public health concerns. Therefore these appointees, workers, and indirectly the governors are responsible for the overseeing the citizen's public health.

The Division of Public Health is usually the area of the DHHS that usually enrolls individuals in Medicaid or SCHIP. Additionally the Division of Public Health offers preventive health education, vaccinations, health screenings and family planning. It is also responsible for keeping track of births, deaths, and epidemiology of diseases. Finally, this division conducts inspections for food safety and possible air or water pollution.

A variety of other divisions within the state DHHS carry out other functions--though the exact divisions vary by state. In general, states divisions of DHHS address health topics such as mental health, medical facility or physician licensing, health care access, health care quality,, health care workforce coordination (rural, underserved areas), and health care disparities.

HOW IS STATE HEALTH POLICY FUNDED?

The bulk of state funds for health care expenditures come from a variety of taxes—income, sales, corporate, etc. states spent between 15 and 20% of their general revenue budget on healthcare (in 2006).

Medicaid and SCHIP—unlike Medicare, each state sets in its budget how much it will spend on Medicaid or SCHIP. These funds are then matched by a federal grant at a rate of 50% for Medicaid and 65%

for SCHIP. Though the federal government provides all states with general basic guidelines for the program, the flexibility in funding and eligibility, allows for programs to be funded differently between states and even within states from year-to-year as state legislators and/or budgets undergo change.

In 2006, state governments devoted over \$100 billion Medicaid (which represents about 75% of all state money spent on health.

In 2007, state governments spent approximately \$2.7 billion—or approximately 2-4% of state health budgets—on SCHIP in 2007. This expenditure is projected to increase to \$7.8 billion in 2009.

HOW ARE COSTS CONTROLLED?

While states recognize that health is a priority, they also face limited resources. Thus, to maximize the benefit for each dollar spent, many states have sought to control their Medicaid and SCHIP costs.

State health cost reduction strategies involve:

- Freezing or reducing the payment rate for physicians, hospitals, or nursing homes
- Requiring prior approval before drugs are prescribed
- Implementing or expanding a preferred drug list

- Seeking rebates to reduce drug purchase costs
- Reducing or eliminating some benefits
- Changing program eligibility criteria, application process, and renewal process
- Increasing waiting period
- Reducing/freezing enrollment
- Instituting a co-pay fee (requested, not required) at time of service
- Creating cost containment initiatives for long term care, home care, and community health care facilities

WHAT ISSUES ARE IN THE CURRENT STATE HEALTH POLICY DISCUSSION?

Economic downturns have negative impacts on state budgets. When the economy suffers, unemployment rises and more people are eligible for and apply for Medicaid or SCHIP. This creates increased use--and subsequently, increased costs—of these programs for the state.

State budget health spending is reduced during economic hardships. Reduced employment (income tax revenue) and individual spending (sales tax revenue) give states less revenue to deal with greater health care demands and costs.

FOR MORE INFORMATION:

- State Health Policy – Kaiser Family Foundation - <http://www.kff.org/statepolicy/index.cfm>
- State Health Notes – National Conference of State Legislatures - <http://www.ncsl.org/programs/health/shn/index.htm>
- State Health Policy – Commonwealth Fund - http://www.commonwealthfund.org/topics/topics_list.htm?attrib_id=15317