

The outlook for state health reform

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At the beginning of last year, industry leaders and policy experts were optimistic about the prospects for state health reform. A year later, the outlook has changed. Courtney Burke, director of the State Health Policy Research Center of the Rockefeller Institute of Government, says there have been two major setbacks: Eliot Spitzer's fall and the crash of Wall Street. Mr. Spitzer's resignation meant the loss of a champion of health care reform, and the Wall Street crash is reducing state tax revenue. The state's budget problems mean that it's now much more difficult to expand government programs, such as Medicaid.

Some reforms are still possible in the changed environment.

"There's still momentum around merging individual [and small group] markets," which could make private insurance more affordable, Ms. Burke says.

The state's hospitals are beginning to push back against state reforms that are cutting inpatient reimbursements and increasing pay for primary care.

"It's a good thing to fix a leaky roof, but you don't want to do it in a hurricane," says HANYS President Dan Sisto. "We are not resistant to change," he says. He adds, however, that the industry hadn't planned on making changes while taking major Medicaid cuts.

If Congress fails to deliver relief, Mr. Sisto sees hospitals passing on their costs to the private sector.

"We are being asked to do more with less. But at some point, that will mean shifting our costs to private insurers, and they will pass it on in increased premiums," he predicts.

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