

WebMemo



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The Voinovich-Bingaman Bill: Letting the States Take the Lead in Extending Health Insurance

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Last month's "Health Week" in the U.S. Senate, just like the national "Cover the Uninsured Week" also held in May, failed to result in any Senate legislation to deal with the problems of uninsured Americans. And in all probability, if any legislation is passed by the House next week during its "Health Week," that legislation will be pushed through on a party-line vote and will fail to be enacted by the Senate. With the political gridlock on health care, neither side has the votes in Washington to enact significant reform.

But a bipartisan group of Members is taking a radically different approach to achieving reform that could break out of the gridlock in a refreshing way. Rather than trying to impose a national solution, this approach would instead give strong encouragement to the states to take the lead, allowing them to try proposals currently bottled up in Congress and rewarding states that achieve the goal of improved health care coverage. Successful welfare reform started in the states, and state welfare reform initiatives were given an enormous boost in the landmark 1996 federal legislation. This approach applies the same strategy to health care.

A bill to move in this direction was introduced in the Senate during its "Health Week" by Senators George Voinovich (R-OH) and Jeff Bingaman (D-NM). Meanwhile a bipartisan group of Representatives spanning the political spectrum is developing legislation along very similar lines. They are led by Reps. Tammy Baldwin (D-WI), Bob Beauprez (R-CO), Tom Price (R-GA), and John Tierney (D-MA).

As the House considers action on health care next week, lawmakers should look carefully at the Senate bill and the emerging bipartisan House proposal. Spurring states to experiment with competing approaches to solve the nation's coverage problems, building on the considerable state innovation already under way, is far more likely to lead to real improvement than continued partisan bickering in Congress.

Under the Voinovich-Bingaman "Health Partnership Act" (S. 2772):

- States would propose initiatives to a bipartisan "State Health Innovation Commission" housed within the U.S. Department of Health and Human Services. The Commission's members would include governors, state legislators, and county and city officials, as well as members appointed by the Senate and House.
- The Commission would review and approve a slate of proposed state initiatives. According to the bill, the slate must include a broad variety of proposals, such as initiatives based on health savings accounts (HSAs), expansions of the State Children's Health Insurance Program (SCHIP) or other public programs, health care tax credits,

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and pooling arrangements like the Federal Employees Health Benefits Program (FEHBP). To be considered, each proposal would have to specify clear and measurable goals, including coverage increases and quality improvements. Each proposal would also have to indicate its projected net effect on federal revenues.

- The Commission would send its slate of initiatives to Congress for expedited (“up-or-down”) consideration. If Congress approves the slate, the “toolbox” changes in federal law necessary for the proposal (such as changes in SCHIP or expanded HSAs) would go into effect only within the states proposing those federal-level changes in conjunction with state-level steps – not over the whole country.
- States would receive performance grants according to their success in reaching the agreed federal-state goals. The states would have to provide reports on performance, to be audited by the Commission, to qualify for these grants.
- The initiatives would be authorized for five years and could be renewed if successful.

For several important reasons, the Senate bill, as well as the developing House proposal, offers real hope of progress in covering the uninsured:

1. **It recognizes that creative solutions are more likely to be found at the state level than in Washington.** Successful policy is more likely to emerge from continuous and competitive experimentation than from trying to figure out the right answer within the Beltway and then imposing it on the rest of the country. In state after state—most recently in Massachusetts—governors and state legislatures are launching initiatives that, whether they succeed or fail, will prove instructive to us all and help America inch towards the goal of adequate coverage for all.
2. **It understands the best way Congress can foster state innovation.** States will be most creative if Congress sets broad goals, rather than micromanaging state action. Congress can help most by removing bureaucratic obstacles, making creative federal initiatives available, and rewarding state successes in reaching agreed goals. This facilitating role has been highly suc-

cessful in welfare, where the rolls have been cut by half since 1996.

3. **The “toolbox” feature of the bipartisan approach means that conservative and liberal proposals that are currently bottled up in Congress could be tried in willing states.** Currently, federal initiatives proposed by a group of Members – typically with the support of their state – do not get enacted because they would apply across the nation and many other members oppose them for their own states. By limiting these federal proposals to only those states wishing to use them as part of their own proposals to the Commission, opposition would be less intense. Moreover, sponsors of the bipartisan approach envision a positive form of “log-rolling” as a feature to build support for a slate of proposals. A liberal Member, say, would vote for a conservative Member’s idea for that Member’s state in return for the conservative Member voting for the liberal Member’s idea in that Member’s state. In this way, ideas that cannot be enacted today could win congressional support for limited and temporary application. And rival proposals would be tested to see which really work.
4. **A commission can build broad support in both parties and among the states.** The Commission included in the Voinovich-Bingaman bill and being developed in the House proposal would draw together a wide and bipartisan range of representatives from each level of the federal system to evaluate applications from the states and develop a slate for Congress to approve. Using a commission to pre-approve initiatives would reduce concerns that the selected initiatives would reflect the ideology of only one party or the goals of only one level of government.
5. **Financial rewards to states would depend on performance.** The legislation would authorize the Secretary of Health and Human Services to provide grants to participating states to offset the costs of their initiatives. The allocation of the grants, however, would be linked directly to measurable performance in reaching their initiatives’ goals. The grants would reward real out-

comes, in other words, not mere promises and projections.

The Voinovich-Bingaman bill and the similar initiative developing in the House would give a congressional green light to creative state efforts to improve coverage while finding solutions to the many costly problems of America's health care system. Under current federal law, states are unduly restricted in their ability to find better ways of cov-

ering their residents. This refreshing and bipartisan approach, built on solid principles of federalism, would give states the incentives and the policy tools they need to achieve the nation's health coverage goal.

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