



PEACH PUNDIT

Fresh Political Pickins From The Peach State

Election Shifts Health Care Reform Battle To States

By Charlie Harper - November 12, 2012

Elections have consequences. It's a trite saying, but it is true. One of the first places Georgians will begin to observe these consequences is in the area of health care. Tuesday's election will not only affect how Georgians receive health care and how they will be insured, but have deep implications for the state's budget. And with any topic that can affect individuals where they live and in their pocketbook, how these decisions are handled will likely have far-reaching political implications, perhaps as soon as the 2014 elections.

With Democrats retaining firm control of the U.S. Senate as well as President Obama returning to 1600 Pennsylvania Avenue for another four years, a repeal of Health Care Reform is now generally out of the realm of realistic possibilities. Speaker John Boehner angered some conservatives by stating on Thursday that "Obamacare is the law of the land." Some still dispute this, and are developing a strategy based on states' actions.

As such, Governor Nathan Deal and the legislature have some decisions to make and some work to do. Or maybe not.

Legislators have been preparing to battle over renewing the "hospital bed tax" after it was contrived three years ago to plug a hole in the state's budget. The tax is designed to have hospitals pay a tax on their net revenue, which through the magic of the federal government's Medicaid reimbursement formula increases the amount the state is paid for Medicaid reimbursements.

Part of the president's health care reform law requires states to expand Medicaid rolls to cover more uninsured individuals. The Supreme Court ruling which made the law legal and called it a tax also made the expansion of Medicaid rolls optional for the states. Deal has said Georgia will not expand its program, citing the long-term costs which increase dramatically in the later years of the program.

Some legislators who are opposed to the bed tax's renewal now want to know why, if the state is trying to maximize the reimbursement it receives from the federal government over Medicaid, Georgia is not going for the bigger pot of reimbursement money. Expect cognitive dissonance to be an effective coping mechanism when this is debated in the General Assembly.

A much sooner deadline is approaching, however, with respect to Georgia's compliance with the health care law. States have until Friday, Nov. 16 to notify the federal government they will set up health insurance exchanges or otherwise default to a federal government exchange. Ignoring this deadline is now at the root of conservative attempts to force congressional level changes to health care reform.

Deal told Atlanta's WXIA 11Alive news on Thursday that he isn't likely to begin an exchange, but may if the feds "liberalize the flexibility that states have been granted," noting that added regulations since the law was originally signed have significantly restricted Georgia's flexibility.

With the U.S. House Speaker proclaiming Obamacare the law of the land and the Governor hedging on exchange implementation, other conservatives are digging in for a fight. WSB's Erick Erickson, in an editorial at RedState.com, has challenged the country's 30 Republican governors to keep from "going wobbly." RedState will not back the re-election of any governor, or support any governor in a presidential bid, if he or she sets up a state exchange.

Erickson cites an article by Michael Cannon in National Review which includes a major loophole for states that do not set up exchanges. Notably, "defaulting to a federal exchange exempts a state's employers from the employer mandate -- a tax of \$2,000 per worker per year (the tax applies to companies with more than 59 employees, but for such companies that tax applies after the 30th employee, not the 59th). If all states did so, that would exempt 18 million Americans from the individual mandate's tax of \$2,085 per family of four."

The Cato Institute notes that this is no drafting error, saying "during congressional consideration of the bill, its lead author, Sen. Max Baucus (D-MT), acknowledged that he intentionally and purposefully made that bailout conditional on states implementing their own exchanges.

"While Republicans in the House are focusing on the fiscal cliff, the battle over health care reform is moving to the states. As such, the one item that appeared to be settled by the last election may be anything but.

Charlie Harper, author and editor of the Peach Pundit blog, writes on Georgia politics and government; www.peachpundit.com.