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**Testimony in Support of SB373**

**Senate Financial Institutions & Insurance**

**February 20, 2012**

My name is John Federico and I appear before you today in full support of SB373.

As I visit with both House and Senate members, one of the consistent questions that comes up is, "what am I missing here?" That question arises, I believe, from the realization that what you are being asked to support in SB373 is actually a simple notion. You are not being asked to set health care policy. **You are being asked to take an early, progressive step, to petition Congress to consider awarding the state of Kansas more say in setting health care policy for your constituents.** In short, SB373 is but one simple step towards asking Congress to change the governance of health care decisions, not what those health care decisions should be.

As tempting as it would be to get into a debate with the AARP about their curious support of certain federal health care proposals, or the future of Medicare sustainability, I will not. I will not because those conversations are irrelevant to this bill. Those issues are raised as scare tactics to quell even the beginning of conversations that there might be a better way. That perhaps conversations ought to be conducted about whether health care decisions are best made by state legislatures, closer to home, close to the people and businesses whose lives and budgets are directly affected.

By passing this Compact and joining other states to begin the dialogue with Congress, Kansas will have a seat at the table. Our voices will be heard. Further, it was pointed out to me by more than a few legislators, that they are asked constantly on the campaign trail, "*what are you doing to fix health care?*" What your constituents do not understand is that as a state legislator, you have limited opportunities to actually do anything. SB373, this Petition, this, letter to Congress, is an answer to that question.

Madam Chair, I will be the first to admit that it may be that this effort may never materialize into congressional legislation awarding more state rights for health care decisions. This is but the first of many steps, but I believe like our neighbors in Missouri and Oklahoma, we ought to demand that Kansas have a say in the conversations.

In closing, I hope I answered some of the questions that may have been lingering from last week's hearing. I respectfully request that you advance the bill to keep the conversation going, on what is clearly one of the most important issues facing Kansans today.

### **WHAT IS THE HEALTH CARE COMPACT ALLIANCE?**

The Health Care Compact is an initiative of the Health Care Compact Alliance, a nonpartisan organization dedicated to providing Americans more influence over decisions that govern their health care.

### **WHAT IS THE HEALTH CARE COMPACT?**

The Health Care Compact is an interstate compact – which is simply an agreement between two or more states that is consented to by Congress – that restores authority and responsibility for health care regulation to the member states, and provides the funds to the states to fulfil that responsibility.

### **KEY ELEMENTS OF THE HEALTH CARE COMPACT**

**Pledge:** Member states agree to work together to pass this Compact, and to improve the health care in their respective states.

**Legislative Power:** Member states have primary responsibility for regulation of all non-military health care goods and services in their state.

**State Control:** In member states, states can suspend federal health care regulations. Federal and state health care laws remain in force in a state until states enact superseding regulations.

**Funding:** Member states get an amount of money from the federal government each year to pay for health care. The funding is mandatory spending, and not subject to annual appropriations. Each state's funding is based on the federal funds spent in their state on health care in 2010. Each state will confirm their funding before joining this Compact. This funding level will be adjusted annually for changes in population and inflation.

**Commission:** An advisory commission is created to gather and publish health care cost data, study various health care issues, and make non-binding recommendations to member states.

**Amendments:** Member states can amend this Compact with approval of the members, and no further Congressional consent is needed.

**Withdrawal:** Any member state can withdraw from this Compact at any time.

### **FREQUENTLY ASKED QUESTIONS**

- ***Does the Health Care Compact impose a particular health care system on the member states?***
  - No. States are free to choose their own health care policy solutions. The Health Care Compact is silent on the sort of healthcare regulatory regime a state must adopt.
- ***Will the Health Care Compact increase bureaucracy?***
  - No, because the Health Care Compact does not create a commission that can bind the member states. The commission is a non-binding advisory commission.
- ***Can states write their own compacts? Can states enter into multiple health care compacts?***
  - Yes, but they are better off joining a single large compact. Further, States can enter into multiple compacts, but it is better if there is one compact joined by all states. Uniting states into a single compact will increase their ability to compel Congress to consent to the compact.
- ***What happens to the money that is saved, if any?***
  - The savings, up to the amount of current state health care funding, go to the state. Here's how it works. Texas, for example, gets about \$46 billion from the federal government for health care, and spends about \$9 billion of its own tax money, for a total of \$55 billion. If Texas is able to save 10% of this cost by enacting its own reform program, the total expenses fall to \$49.5 billion. This reduces state expenditures on health care from \$9 billion to \$3.5 billion. The \$5.5 billion of savings can then be used on other state programs, or returned to taxpayers through lower taxes.
- ***What is the Commission?***
  - Compacts are contracts that involve joint action between states. In order to assure that the HCC is not vulnerable to a challenge on this basis, the HCC establishes a Commission. The Commission's primary function is to study health care in the member states. **The Commission's recommendations are not binding upon the states**, but provides a great vehicle for states to learn from each other's successes (and failures). There is no impairment of state authority over health care in their state.

For more information on the HCCA, please visit: <http://healthcarecompact.org>

Here's a summary of action in States thus far:

STATE	SENATE		HOUSE	
	Committee	Floor	Committee	Floor
Georgia				
Missouri				
Oklahoma				
Texas				
Alabama	Passed			
Florida				
Indiana	Passed	Passed	Passed	Passed
Kansas			Passed	
Michigan				
Minnesota				
New Hampshire			Passed	Passed
Ohio				
South Carolina	Passed			
Tennessee	Passed		Passed	
Utah				