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Kansas to return \$31M healthcare grant

By Sam Baker - 08/09/11 02:54 PM ET

Kansas is returning a \$31 million grant to help implement the federal healthcare reform law.

Gov. Sam Brownback (R) announced Tuesday that his state would return its "early innovator" grant. Tea party activists have criticized Brownback for accepting the money, saying his decision validated the healthcare law and undermined the lawsuits against it.

"Every state should be preparing for fewer federal resources, not more," Brownback said in a statement. "To deal with that reality Kansas needs to maintain maximum flexibility. That requires freeing Kansas from the strings attached to the Early Innovator Grant."

The healthcare reform law directs states to set up insurance exchanges — new marketplaces for buying coverage. And it provides early innovator grants for a handful of states to begin building the logistical systems to run an exchange and share that progress with other states.

Brownback defended the grant just last month. He said Kansas **didn't have to** use the money to implement the healthcare law.

"What I thought we could do is use the innovator grant not to do Obamacare — I am not supportive of us doing Obamacare — but to use that to do an exchange that provides a market mechanism ... It's not required that we use it to comply with Obamacare," he said in response to criticism of the grant.

The Health and Human Services Department said Brownback's decision is a setback for his constituents.

"We are disappointed that Kansas has given up an opportunity to be a leader in the development of technology for state exchanges, which could have benefitted the citizens of Kansas as well as those in other parts of the country," an HHS spokesman said.

Kansas had said it would use its grant to link its Medicaid system to the state's insurance exchange — one of the biggest logistical undertakings that states face as they move toward setting up exchanges.

It also said it would study a regional exchange that would combine part of Kansas' exchange with Missouri's, though that approach fell out of favor after a closer look.

Kansas is the second state to return an early innovator grant. Oklahoma returned its \$54 million grant in April.

The seven states that received early innovator grants were the only ones to apply.

— *This post was updated at 4:15 p.m.*

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Debt Ceiling Deal May Complicate Healthcare Law Implementation

The deal to raise the debt ceiling could make implementing the new healthcare law trickier

By MALLIE JANE KIM
Posted: August 11, 2011

The debt deal is likely to complicate the landmark Obama healthcare law's implementation and stick states with more of the bill.

Already, experts say, the caps on discretionary spending that make up the first part of the debt ceiling compromise could impact the Affordable Care Act, the controversial healthcare law passed in 2010. In addition to the funding specifically set aside for implementing the law, government agencies, like the [Department of Health and Human Services](#), kick in funds from their coffers as well. "To the extent that [the agencies] get less funding because of caps on discretionary spending," says Edwin Park, vice president for [health policy](#) at the Center on Budget and Policy Priorities, "that could impede their ability to fully implement health reform as effectively as they otherwise would be able to."

[Check out a roundup of political cartoons on healthcare.]

Within the negotiations of the so-called super committee formed by the debt deal, everything is on the table for cuts, but based on Congress's recent affinity for brinkmanship and last-minute emergency deals—and with the heightened 2012 election politics looming—pundits are speculating that the super committee may deadlock rather than agree on the required \$1.5 trillion in cuts.

[Read the GOP 2012 primary candidates' reactions to debt deal.]

Failure to produce recommendations, or failure on the part of Congress to enact them, would trigger \$1.2 trillion in across-the-board cuts, which means those agencies would lose more money, putting at risk certain parts of the new healthcare law's funding, including the cost-sharing subsidies that will provide Americans who earn two-and-a-half times the poverty level or less with money to pay deductibles and copayments, set to go into effect in 2014.

Some funding that was set aside in the law to help states cover the cost of implementation could also be reduced, experts say, creating an air of uncertainty.

For example, under the healthcare law, states are tasked with setting up [health insurance exchanges](#) to make it easier for consumers to choose the best insurance plan, particularly if their employers do not provide coverage. If the super committee fails, states will be left with a larger share of the bill at a time when many states are facing their own financial crises.

[Read Newman: 3 Things the Debt Ordeal Accomplished.]

And since states have discretion on how they set up the exchanges—like whether to negotiate with insurance carriers for the best deals or just accept any insurer who meets the minimum standard—the potential for cuts could play a hand in that decision-making, giving states less incentive to choose more involved or aggressive exchanges that would come with a higher price tag.

Muddying the water further for the exchanges is the potential for cuts to Medicare if the triggered cuts go into effect—and Medicaid, if the super committee so decides in negotiations. "When you're talking about, right off the bat, cuts in payments to insurers who cover low-income people, it makes it a little trickier for these exchanges in their negotiations with insurance companies," says Larry Levitt, senior vice president at the nonpartisan [Kaiser Family Foundation](#). "It weakens the hand of the exchanges."

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Officials in Kansas, one of seven recipients of an "early innovator" grant to set up its exchange, announced Tuesday they are returning \$31.5 million in federal money out of concern for the government's ability to continue funding the grant in the future. "There is much uncertainty surrounding the ability of the federal government to meet its already budgeted future spending obligations," Republican Gov. Sam Brownback said in a statement. "Every state should be preparing for fewer federal resources, not more."

Oklahoma, another recipient of the early innovator grant, bowed out in April.

- [Check out a roundup of political cartoons on healthcare.](#)
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