For states, more Medicaid options

Policymakers are using unprecedented federal flexibility to not only expand the program’s reach, but change how it works

by Kate Tormey (ktormey@csg.org)

After a nearly two-year negotiation, Indiana—once considered unlikely to expand Medicaid—is currently enrolling Hoosiers in a first-of-its-kind program.

The state is the latest to receive unprecedented flexibility in shaping its Medicaid expansion, and the third Midwestern state to do so in just over a year.

Indiana now becomes the 28th state in the nation to expand Medicaid under the Affordable Care Act. The 2010 law called for states to expand Medicaid eligibility to all adults earning less than 138 percent of the federal poverty level.

But the Supreme Court later ruled that states could not be required to expand eligibility to this new population, many of whom (namely non-disabled, childless adults) had never before been eligible for benefits.

State policymakers were left with a question: To expand or not to expand?

For some policymakers in non-expansion states, the benefits of extending eligibility for Medicaid were tempting: an unprecedented federal matching rate (100 percent through next year and gradually decreasing to 90 percent in 2020) and the opportunity to decrease the rate of uninsured.

And as extra incentive, the federal government has been granting unprecedented leeway to states in shaping Medicaid expansions. Some of the provisions recently approved have never been seen in the 50-year history of the program, which is financed jointly by the federal government and states.

“Expanding Medicaid is a good thing for a state from a health perspective— it’s good for the individuals who get coverage, it’s good for businesses whose employees get coverage, and the burden of uncompensated care goes down, so hospitals and doctors get paid for the work they do,” says Vern Smith, managing principal of Michigan’s Medicaid program.

Expansion, he adds, can improve the state’s overall bottom line as well. Individuals who are now receiving care through state and local health programs, especially mental health services, can be shifted to Medicaid coverage—at a historically high federal matching rate.

Still, the political climate in some states can make expanding the program an uphill battle.

“The politics are very difficult on this,” Smith says. “There are very good reasons why a number of states have chosen not to expand. Even though it can be tremendously good for citizens, it is a very difficult step politically.”

But in 2013, a new strategy emerged: Expand Medicaid using a Section 1115 waiver, which permits states to temporarily stray from Medicaid rules in order to experiment with a new way of providing coverage to a state’s low-income population.

“This allows a state to capture federal dollars and reap the benefits, but without doing it as a straight Medicaid expansion,” Smith says.

“Now we have, for example, a Healthy Michigan plan or a Healthy Indiana Plan 2.0, which incorporates conservative principles—personal responsibility, cost sharing and features similar to health savings accounts—so that it is a state-specific approach to coverage.”

Arkansas was the first state to receive approval to expand Medicaid using policies not traditionally permitted in the program. Its waiver was quite different than anything that had ever been tried at such a large scale in Medicaid.

Instead of the traditional fee-for-service program, Arkansas is using Medicaid dollars to purchase private health insurance plans for beneficiaries. This so-called “private option” directs beneficiaries to choose from certain plans in the state’s online insurance marketplace.

After this unprecedented waiver was granted, policymakers in other states, including several in the Midwest, took notice.

States began shaping Medicaid proposals that included:
• enrollment in private health plans;
• new cost-sharing measures, such as modest premiums and co-pays for low-income enrollees;
• Medicaid-reform options for states:

Expansion waivers in the Midwest

<table>
<thead>
<tr>
<th>State</th>
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<th>Sunset/circuit breaker clause</th>
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Source: Health Management Associates, CSG Midwest research
**Education**

Ohio initiative seeks to match adult high school dropouts with training in high-demand careers

In Ohio, more than 1 million adults do not have a high school diploma, and they’re twice as likely to be living in poverty.

“We need to find a way to raise them up,” says Steve Gratz, a senior executive director at the Ohio Department of Education. “It’s simple economics; it’s good for the whole state.”

In order to get these undereducated, often under-skilled workers on the path to a sustainable career, state policymakers are charts a new course of their own.

They have launched a pilot program that links the earning of a high school diploma to job training in high-demand careers.

Established by legislators with passage of HB 483 in 2014, the program incorporates many of the educational approaches gaining interest in states across the country — a focus on “competency-based” learning, the creation of personalized “student success plans,” and an emphasis on hands-on, career training.

But one distinguishing feature is that the new initiative targets adults: individuals age 22 or older who have dropped out of high school. The goal is to initially reach up to 1,000 people during the pilot phase, Gratz says.

Five educational institutions (community colleges and the state’s career and vocational schools) in five regions are receiving state grants to launch the program.

Those schools will contact potential students, assess their current knowledge and address potential challenges such as illiteracy. Individualized plans will then be developed for each student based on his or her current abilities. As part of these plans, too, each student will choose and enter a specific career pathway.

The pathway of choice will be based in large part on input that the schools receive from area businesses on the careers that are in highest demand. Nursing assistants, skilled manufacturing jobs and work in the medical-technology field are likely to be common pathways.

For traditional subjects such as math and reading, the students will take part in technical classes that lead to a credential in their chosen field. Their instruction will also take place in nontraditional settings — in the workplace or via video conferencing, for example.

Participating schools, meanwhile, will receive money from the state based on the progress of individuals in the program — 25 percent of funding when one-third of the necessary competencies are met, and another 25 percent when two-thirds are met.

Schools will not receive the remaining half until a student earns a work credential and passes the ACT’s WorkKeys test, which assesses a person’s job skills.

Brief written by Tim Anderson, who can be reached at tanderson@cs.g.org and contributes articles for the Midwest Legislative Conference Education Committee.

**Agriculture & Natural Resources**

City’s nitrate-pollution lawsuit pits Des Moines against its nearby rural counties

In Iowa’s largest city, Des Moines, the local water utility operates the largest nitrate-removal facility in the world. It runs any time nitrates reach levels above the federally mandated limit of 10 milligrams per liter. The cost of operating the facility, Des Moines Water Works says, can be upwards of $7,000 a day.

Now, the utility wants some local drainage districts in surrounding rural counties held accountable for the costs associated with treating water it calls “extremely high concentrations of nitrate” in local rivers. (The costs were approximately $900,000 in 2013 due to severe rain events, but less than half that figure in 2014.)

Des Moines Water Works announced in January that it plans to file a precedent-setting federal lawsuit against three nearby rural counties that manage water drainage districts. The utility says these districts are responsible for high nitrate levels in the Raccoon River, which provides drinking water to 500,000 residents.

The announcement got the immediate attention of leading state policymakers.

Gov. Terry Branstad said Des Moines “had declared war on rural Iowa,” and Rep. Gary Worthan said that the lawsuit could affect the work of legislators all session long.

“No one is intentionally sending nitrates down the river; they are too valuable to send down the river,” adds Worthan, whose legislative district encompasses two of the counties targeted in the lawsuit. “The spikes in nitrates are directly related to severe weather incidents they have encountered.”

The Iowa case could have implications that reach well beyond the state’s borders, especially at a time when agriculture operations are increasingly located in or near metropolitan areas.

Because discharges from agricultural fields have been considered nonpoint sources of pollution, the U.S. Environmental Protection Agency has exempted these discharges from the Clean Water Act. (Nonpoint runoff is exempted because of the difficulty in determining where contaminants come from as water moves over or through the ground.)

But Bill Stowe, CEO of Des Moines Water Works, argues that the discharges should be considered a point source of pollution, and that the state and federal government should regulate field drainage.

John Torbert, executive director of the Iowa Drainage District Association, says that if successful, the lawsuit would require farmers in the state to implement conservation measures such as the use of cover crops, wetlands and buffer strips.

Like many other states, Iowa already has a voluntary program; its strategy is based in part on the state’s 90,000 farmers adopting multiple conservation practices. According to the U.S. Geological Survey, nitrate concentrations in the Raccoon River watershed have fallen 20 percent in the last decade because of efforts such as conservation tillage, high-tech fertilizer applications and cover crops.

Since 2013, Iowa has encouraged the use of these strategies through its Water Quality Initiative, under which the Department of Agriculture shares costs with participating farmers.

In 2014, Iowa Secretary of Agriculture Bill Northey says, more than 2,000 farmers invested $13 million in conservation practices — with an additional state cost share of $9.5 million in 2014. More than $7.5 million has been requested for the program in the state’s 2016 budget.

But with the lawsuit, at least one Iowa city is saying these voluntary programs are not enough.

Brief written by Carolyn Drt, staff liaison to the Midwestern Legislative Conference Agriculture & Natural Resources Committee. She can be reached at ccorr@sarl.us.
Midwest-Canada Relations

U.S., Canada look to ease flow of skilled workers across border

Moving workers across the United States’ northern border can be a challenge, one that interferes with a person’s ability to obtain a temporary job and can impact business operations as well. But both the United States and Canada are taking steps to fix this problem, with the dual goals of easing skills shortages in certain economic sectors and giving unemployed workers more options.

In early January, the U.S. Department of Homeland Security announced that it plans to implement a “known employer” pilot program later this year. The program would allow U.S. employers that meet certain standards to use a streamlined process to bring in workers from Canada on a temporary basis. This would reduce business costs for obtaining temporary visas, as well as shorten the time needed to get them.

Under the North American Free Trade Agreement, the United States, Canada and Mexico already have a temporary visa program for professionals. However, this status is given at the border, not in advance, at the discretion of the immigration official. “Officials hate making these decisions at the border,” says Laura Dawson, a trade consultant based in Ottawa. By moving the decision-making process away from the border, she adds, the known-employer program “would be almost like a pre-inspection for skills.”

Professionals currently allowed in under the NAFTA program include lawyers, accountants, scientists, physicians, architects and others who generally require some kind of professional licensure. Some Canadian provinces are facing worker shortages, especially in the skilled trades. Canadian organizations such as the Conference Board of Canada have said that American workers have the skills needed to fill these temporary positions. However, it is often difficult and time-consuming for these workers to obtain the necessary visas. This is partly because there is no uniform certification system for most skilled trades, and training and experience are not recognized across the border.

In Canada, an interprovincial “Red Seal Program” confirms skills for recognition between jurisdictions. The Canadian Council of CEOs recently called for standardization of training requirements across the country. While this would circumvent local city and county control, she adds, the known-employer program “would remove this roadblock.”

Some U.S.-based companies are facing worker shortages, especially in the skilled trades. However, in states where economies are heavily dependent on oil and gas, the known-employer program “would reduce business costs for obtaining temporary visas. This is partly because there is no uniform certification system for most skilled trades, and training and experience are not recognized across the border.”

In Canada, an interprovincial “Red Seal Program” confirms skills for recognition between jurisdictions. The Canadian Council of CEOs recently called for standardization of training requirements across the country. While this would remove this roadblock, Sodders says that under his plan, Iowa would lead the Midwest in broadband access.

Sodders has also introduced a bill (SF 60) that removes some of the more controversial points. He says these should be part of a separate bill and discussion.

According to Sodders, the requirement for uniform cell tower siting reforms was among the most controversial provisions. Opponents argued that the measure would circumvent local city and county control. The governor’s new proposal — renamed Connect Every Acre — is an eight-point plan focused on increasing statewide broadband availability. Branstad says that under his plan, Iowa would lead the Midwest in broadband access.

The program directs the state’s chief information officer to coordinate statewide broadband availability between the public and private sector; includes a 100 percent property tax exemption for broadband infrastructure in place on or after July 1, 2014; and streamlines issuance of permits related to non-wireless broadband. The program also seeks to improve broadband access for farmers, including in the state’s rural areas.

Economic Development

Iowa tries again to narrow rural/urban divide in broadband access

Across the nation, policymakers are looking at ways to enhance broadband connectivity in order to be economically competitive. This year, Iowa lawmakers will take a second look at a proposal to increase broadband access and close the digital divide between rural and urban areas in the state.

Last year, Iowa legislators defeated Gov. Terry Branstad’s plan to expand broadband availability across the state. This year, the governor is again asking lawmakers to support his proposal.

According to Sen. Steve Sodders, who serves as the chair of the Commerce Committee and vice chair of the Economic Growth Committee, access to broadband varies significantly across the state.

“Living without high-speed access is, in many ways, like being a second-class citizen,” he says. “You face significant barriers that [those] who have broadband don’t face.”

The 2014 plan, Connect Every Iowa, had broad legislative support, but in the end lawmakers could not agree on its proposed tax breaks for telecommunication companies. The bill (HB 515/SSB 3099) would have offered tax breaks for new broadband infrastructure and allowed private firms to lease bandwidth from the state in order to extend fiber-optic lines to rural customers.

Last year’s bill also faced unresolved questions about whether the most underserved areas would be reached by broadband. In addition to potential revenue losses resulting from tax breaks, local government officials raised concern over cell tower siting changes. According to Sodders, the requirement for uniform cell tower siting reforms was among the most controversial provisions. Opponents argued that the measure would circumvent local city and county control. The governor’s new proposal — renamed Connect Every Acre — is an eight-point plan focused on increasing statewide broadband availability. Branstad says that under his plan, Iowa would lead the Midwest in broadband access.

Sodders has also introduced a bill (SF 60) that removes some of the more controversial points. He says these should be part of a separate bill and discussion.

According to the state, two-thirds of rural households in Iowa subscribe to broadband service, compared to the average of 75 percent for Iowans in cities and suburbs. For mobile broadband, rural and urban subscribers rates are 40 percent and 53 percent respectively.

The main reason for this divide is that it costs more to build infrastructure in sparsely populated rural areas than in cities. According to the Iowa Communications Alliance, the difference can reach $3,000 to $5,000 per household.

However, in states where economies are heavily reliant on agriculture, being well-wired and having access to high-speed Internet are integral to keeping farm communities competitive and economically viable.

A primary focus in Connect Every Acre is to ensure that farmers have mobile broadband access in fields where they run increasingly high-tech machinery.

The program directs the state’s chief information officer to coordinate statewide broadband availability between the public and private sector; includes a 100 percent property tax exemption for broadband infrastructure in place on or after July 1, 2014; and streamlines issuance of permits related to non-wireless broadband. Sodders is optimistic that something will pass this year. “I think that the Senate, the House and the governor will be able to work together in good faith to pass some bill which increases broadband access in Iowa,” he says.

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Hardest-to-fill jobs in United States, Canada

<table>
<thead>
<tr>
<th>Job type</th>
<th>Rank in U.S.</th>
<th>Rank in Canada</th>
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</thead>
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<tr>
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<tr>
<td>Drivers</td>
<td>3</td>
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<tr>
<td>Engineers</td>
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<tr>
<td>Information technology</td>
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<td>Librarians</td>
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<tr>
<td>Mechanics</td>
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</tr>
<tr>
<td>Technicians</td>
<td>7</td>
<td>5</td>
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</table>

Source: ManpowerGroup
In some states, new proposals would raise sales, gas and ‘sin’ taxes

Seeking to close budget deficits or shortfalls in their state transportation funds, some Midwestern governors are backing tax increases as part of their 2015 policy agendas.

In South Dakota, Gov. Dennis Daugaard spent much of his State of the State speech explaining the need to raise revenue for local and state roads. “Our state highway system is the state’s most valuable physical asset,” he told lawmakers, “and if we want to maintain it, we must act now.”

He is proposing an annual increase in the gas tax of 2 cents per gallon (it is currently 22 cents per gallon). Under his plan, minus legislative action, the tax would be automatically raised by that amount every year. He also wants to increase the state vehicle excise tax from 3 percent to 4 percent and to raise vehicle-registration fees by 10 percent.

Daugaard said his proposal was based in part on the work done in 2014 by an interim legislative committee. That committee, though, also backed a new transportation tax based on the wholesale price of gasoline; Daugaard did not.

In contrast, Minnesota Gov. Mark Dayton relies solely on this type of tax for raising more transportation revenue. His gross-receipts tax would add 16 cents to the current per-gallon cost of gasoline.

Michigan Gov. Rick Snyder is endorsing a ballot initiative that calls for several revenue increases — including a bike in the general sales tax — in order to raise more dollars for transportation projects.

Voters will decide the fate of the legislatively referred initiative this spring.

Kansas Gov. Sam Brownback, meanwhile, is eyeing other types of tax increases to close a shortfall in his state’s general-fund budget. According to The Wichita Eagle, he wants to triple the tax on cigarettes (from 79 cents per pack to $2.29) while also increasing the state’s tax on liquor sales.

In Illinois, the Chicago Tribune reports, Gov. Bruce Rauner wants to expand the state’s sales tax base by including services such as auto repairs, dog grooming and hair cuts.

Midwest’s governors seek deeper state commitment to early learning, career training

Many of the Midwest’s governors kicked off the new year with policy proposals that echoed themes from 2014 — namely, a call for more investments in early learning and a push to create education systems that focus more on career training and skills development.

Taken together, the new State of the State addresses and budget proposals signal a wide range of potential changes in state government and policy (see below).

But education reform was the most common theme among the region’s governors.

In the area of early-childhood education, Minnesota Gov. Mark Dayton has perhaps the most ambitious proposal. He wants to provide free pre-kindergarten education programs to all of the state’s 4-year-olds. The voluntary, state-funded initiative would cost an estimated $109 million. (In neighboring Wisconsin, nearly all families already have access to publicly funded kindergarten for 4-year-olds.)

Until last year, state-funded preschool did not exist in Indiana. That changed with the passage of HB 1004, which created a pilot program that gives low-income families access to tuition aid to send their young children to preschool. In his State of the State address, Gov. Mike Pence asked lawmakers to provide $20 million for the program over the biennium.

Michigan Gov. Rick Snyder, meanwhile, challenged the Legislature to find ways of improving the reading scores of the state’s third-graders — for example, investing more in “prenatal to third grade” programs and creating an outside commission of business and philanthropic leaders to develop new ideas.

He also challenged policymakers to find ways of making Michigan the nation’s leader in developing a skilled workforce.

To that meet goal, he said, the state must bolster career counseling and training for young people as they transition from high school to higher education and the workforce.

Several new initiatives already have been launched in pursuit of that objective. Michigan, for example, is offering $50 million in funds for community colleges to purchase equipment that helps train people in high-demand skilled trades, and for employers, a skilled-trades training fund is now available. (The average cost of training per participant is $995.)

Nebraska’s newly elected governor, Pete Ricketts, called for a pilot program that experiments with new approaches to career and vocational training.

“Every manufacturer I have talked to has said they cannot find enough skilled labor,” he told lawmakers, “and that it is a barrier to expanding.”

In South Dakota, Gov. Dennis Daugaard has announced a new scholarship, known as Build Dakota, that will go to students entering high-need workforce programs at the state’s technical institutes. A total of $50 million will be awarded (a mix of state funds and private donations).

State and local tax revenue, per capita

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<th>State</th>
<th>Per-capita revenue in 2012</th>
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<tr>
<td>U.S. average</td>
<td>$4,423</td>
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</table>

Source: Tax Policy Center

Regional roundup: A look at other notable proposals this year from the Midwest’s governors

• Illinois Gov. Bruce Rauner: Give local voters the option of adopting “right to work” laws within their jurisdictions.

• Indiana Gov. Mike Pence: Increase by 10 percent funding for teacher performance grants: “bonuses” for instructors who are rated “effective” or “highly effective” and who teach in schools meeting certain goals for student performance or progress.

• Iowa Gov. Terry Branstad: Provide funding to freeze tuition for a third straight year at the state’s three public universities.

• Kansas Gov. Sam Brownback: Waive income taxes for five years and provide student-loan assistance for out-of-state residents who relocate to high-poverty urban areas in the state. The program is based on one already in place for Kansas’ rural counties.

• Michigan Gov. Rick Snyder: Develop a performance and financial grading system for all public-sector entities, including schools and municipalities.

• Minnesota Gov. Mark Dayton: Expand the state’s child care tax credit for lower- and middle-income families by investing $100 million more in the program. With the changes, the average family would save $429 per year.

• Nebraska Gov. Pete Ricketts: Increase by 43 percent state funding for a property-tax relief fund.

• North Dakota Gov. Jack Dalrymple: Add $300 million to a revolving-loan program that helps build new schools or upgrade existing facilities. In the last year alone, an additional 2,600 students have enrolled in North Dakota’s K-12 schools.

• Ohio Gov. John Kasich: (had not yet delivered State of the State address or proposed budget as of early February)

• South Dakota Gov. Dennis Daugaard: Reform juvenile-justice policies in order to reduce placements in residential facilities (by an estimated 50 percent), expand services, and decrease the number of young people on probation (by more than 25 percent).

• Wisconsin Gov. Scott Walker: Establish a new authority to oversee the University of Wisconsin system. This new governance model, Walker said, will free school officials from state rules and allow them to pursue cost-saving initiatives. He has also proposed a two-year, $100 million cut in funding to the university system.
QUESTION: What states require individuals to have auto insurance, and do they provide any exemptions to this mandate?

Most U.S. states, and all in the Midwest, require motorists to have auto insurance. According to the Insurance Information Institute, New Hampshire is currently the only state where auto liability insurance is not compulsory. In that state, drivers can go without coverage by demonstrating they have sufficient funds in the event of an at-fault accident.

Some states with the mandate, though, do provide exemptions or alternative paths for individuals to comply.

In Illinois, a religious organization and its members are exempt from the requirement if they “hold a bona fide conviction that the acquisition of insurance is contrary to their religious beliefs.” As an alternative to purchasing auto insurance, they must then: 1) provide evidence of paying damages for which they were liable, and 2) file an irrevocable letter of credit with the state.

Another approach is to give religious groups the option of self-insurance. (This option is also often made available to other groups and businesses.) In Georgia, for example, under legislation passed five years ago (HB 656), the state provides a certificate of self-insurance to a religious group that can “provide coverages, benefits, and claims-handling procedures substantially equivalent to those afforded by a policy of vehicle insurance.” To secure this certificate, the religious group must file a “minimum security” with the state; the exact amount depends on the number of vehicles being insured.

Other states allow individuals to post collateral in lieu of purchasing insurance. In Ohio, for example, motorists can bypass the insurance mandate by depositing money or government bonds in the amount of $30,000 with the state treasurer.

Though nearly every state requires auto insurance, many motorists still go without it — 12.6 percent of the nation’s drivers in 2013, an Insurance Research Council study found.

According to the Consumer Federation of America, lower-income drivers are much more likely to be uninsured than higher-income drivers. To help people afford a policy, the state of California has established a low-cost auto insurance program for individuals and families with incomes at or below 250 percent of the federal poverty level.

And to make it more likely that people are caught for driving without insurance, at least seven states (none in the Midwest) had insurance-verification systems in place as of January, the Insurance Information Institute reports. These systems require insurers to submit their list of policyholders, thus allowing the state to match the list with motor-vehicle registrations.

Article written by Tim Anderson (tanderson@csg.org), CSG Midwest publications manager. Question of the Month highlights an inquiry sent to the CSG Midwest Information Help Line. To request assistance, please contact us at csgm@csg.org or 630.925.1922.
Waivers test new cost-sharing levels, savings accounts, bonuses for healthy behavior

- incentives for healthy behaviors; and
- the use of health savings accounts for enrollees to pay for care.

Healthy Indiana Plan 2.0 expands coverage, ‘consumer-driven’ approach

In late January, policymakers in Indiana announced that the state’s Medicaid-expansion waiver had been approved by the federal government.

The state’s expansion will be modeled after a program that has been operating under an existing Medicaid waiver for the past seven years. The Healthy Indiana Plan has been using a “consumer-driven” model to provide coverage to 60,000 Hoosiers. Enrollees have a high-deductible health plan and are required to contribute monthly to personal savings accounts, which they can use to pay for care until the deductible is met.

“The idea is for participants to have some skin in the game by making a monetary contribution to their coverage,” says Rep. Ed Cleere, chair of the House Public Health Committee. “Individuals can see what the cost of their care is because every time they go to the doctor, they can see the amount coming out of their account.”

“HIP 2.0” extends coverage to Indiana residents earning up to 138 percent of the federal poverty level, meaning 350,000 people are now eligible to enroll. All non-disabled adults currently enrolled in HIP will be shifted to the new plan.

“We are very pleased we’re able to expand coverage based on a proven model,” Cleere says. “We’re moving forward with something that already has a track record of success and bipartisan support. The original HIP bill was widely supported by legislators on both sides of the aisle.”

Like the original program, HIP 2.0 will require enrollees to contribute to a health account (up to 2 percent of family income). Rates will range from $1 to $27 per month for an individual, and the state will contribute the remainder up to the plan’s annual deductible.

By keeping up with their monthly contributions, participants will be enrolled in the “HIP Plus” plan. But if they fail to pay their monthly contributions, enrollees below the poverty line will be moved to a more basic plan, which has fewer benefits and requires co-payments for services.

Medicaid does not typically allow disenrollment for failure to pay, because this population has such low income — or none at all. However, a controversial rule will allow those above the poverty line to be locked out of the HIP 2.0 program for six months if they don’t pay premiums.

According to Families USA, an organization that advocates for access to affordable health care, this is the first waiver to include lockouts for non-payment.

“Imposing premiums on Medicaid beneficiaries limits both initial enrollment and enrollees’ ability to retain coverage,” states a letter to the federal government from Families USA.

“The premiums proposed in Indiana would be a significant financial burden relative to income, ineffectively resulting in program drop-out and depressed enrollment.”

Some consumer advocates point out, too, that the unique and complex program will require a massive education effort to teach enrollees how to use their benefits.

Influencing health behaviors

The HIP 2.0 plan, along with the other Midwestern states’ programs, also aims to encourage certain behaviors. While there are financial incentives for getting an annual checkup, there are penalties for using the emergency room for non-urgent issues ($8 the first time and $25 each time thereafter). But both of these behaviors can be dependent on getting a timely appointment with a provider.

Cleere adds that an important element of the program is that, like its predecessor, HIP 2.0 will pay providers at Medicare rates (these rates are considerably higher than those paid under Medicaid). “Medicaid typically pays low rates, so there are not enough providers and it’s tough to get an appointment, which is what drives people to the emergency room,” Cleere says. “If your child has a fever and when you call the doctor they can’t see you for a month, you’re not going to wait.”

Cleere is hopeful, too, that the program will have a variety of long-term benefits.

For example, Indiana has typically not fared well on measures of overall health. In the “America’s Health Rankings” report published by United Health Foundation last year, Indiana placed 41st among the states.

“This expansion of coverage should help us improve our ranking as a state, which will have benefits for both individual Hoosiers who will be in better health and for the state as a whole,” he says. “This should improve our quality of life and our attractiveness from a business standpoint, because it doesn’t do us any good to be 41st in anything.”

While Cleere supports the HIP 2.0 expansion, he’s also introduced legislation that would address personal responsibility in other ways — including through participation in a financial literacy program. Cleere believes that helping enrollees get on the path to financial stability can help them not only keep their health coverage, but foster overall success.

Though the federal government denied Indiana’s request to require unemployed enrollees to take part in career counseling, everyone signing up for the Medicaid expansion will be referred to job training and job search programs.

For now, the federal government is paying for the cost of covering all newly eligible enrollees. But in 2017, the states’ share will begin increasing, which has given some expansion critics pause. Indiana will cover its share through a combination of cigarette-tax revenue and an assessment on hospitals.

Bipartisan compromise led to approval of Iowa Medicaid waiver

While Indiana’s recent Medicaid waiver was the result of negotiations with the federal government, Iowa’s experience began with the need for compromise among state legislators themselves. Partisan control in that state is divided between a Republican governor, a Democrat-led Senate and a Republican-led House.

State Medicaid spending

Expansion states

Non-expansion states

Total Medicaid spending

State Medicaid spending

Projected growth in total and state Medicaid spending, fiscal year 2014

**Waivers allow states to experiment with new ways of delivering care**

Medicaid was launched in 1965 as a way for states to offer a “safety net” for the poor. Along the way, the federal government has developed guidelines designed to ensure that certain vulnerable populations receive health care (for example, children, pregnant women and the disabled). But states also have some flexibility to experiment with new ways of delivering care.

“States are great innovators; there are very smart policymakers in each state who have ideas that might not have occurred anywhere else,” says Vern Smith, a managing principal with Health Management Associates and a former Medicaid director. “If you have the chance to try something at the state level, history shows that other states look at that and leapfrog to come up with something even more innovative.”

Section 1115 waivers have been used by states for decades to temporarily suspend certain Medicaid rules in order to experiment with new cost-saving measures or methods of providing care. These waivers generally need to be cost-neutral for the federal government and maintain coverage for mandatory populations.

Most states expanded their Medicaid programs under the Affordable Care Act by submitting state plan amendments, which don’t seek suspension of Medicaid rules. But five states — Arkansas, Iowa, Indiana, Michigan and Pennsylvania — designed state-specific expansions by submitting Section 1115 waivers.

Medicaid experts anticipate that these expansion models could lay the groundwork for new options that will be available in 2017 under the Affordable Care Act. Using Section 1332 waivers, states can seek approval to suspend certain elements of the health care law — as long as coverage levels stay the same and there is no additional cost to the federal government. States could take their federal Medicaid funding and use it in completely new ways, from designing a “single-payer” system (as Vermont is exploring) to eliminating the individual mandate or offering new types of plans in the state exchange.

CONTINUED FROM PAGE 1
Waivers test new cost-sharing levels, savings accounts, bonuses for healthy behavior

FEBRUARY 2015

Adults who are newly eligible for Medicaid (with incomes below 138 percent of the federal poverty level)

<table>
<thead>
<tr>
<th>State</th>
<th>Number of newly eligible residents</th>
<th>As a % of total population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>522,000</td>
<td>4.1%</td>
</tr>
<tr>
<td>Indiana</td>
<td>374,000</td>
<td>5.8%</td>
</tr>
<tr>
<td>Iowa</td>
<td>106,000</td>
<td>3.5%</td>
</tr>
<tr>
<td>Kansas</td>
<td>141,000</td>
<td>4.9%</td>
</tr>
<tr>
<td>Michigan</td>
<td>564,000</td>
<td>5.7%</td>
</tr>
<tr>
<td>Minnesota</td>
<td>1,000,000</td>
<td>2.6%</td>
</tr>
<tr>
<td>Nebraska</td>
<td>78,000</td>
<td>6.3%</td>
</tr>
<tr>
<td>North Dakota</td>
<td>24,000</td>
<td>3.6%</td>
</tr>
<tr>
<td>Ohio</td>
<td>578,000</td>
<td>5.9%</td>
</tr>
<tr>
<td>South Dakota</td>
<td>40,000</td>
<td>1.9%</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>181,000</td>
<td>3.2%</td>
</tr>
<tr>
<td>U.S. total</td>
<td>15,060,000</td>
<td>4.9%</td>
</tr>
</tbody>
</table>

Source: United States Census (2010 data)

Chair of the conference committee that produced the compromise, which has since enrolled 120,000 people over the past year.

Jochum originally advocated for a straight Medicaid expansion — but she soon realized a compromise would need to be reached with policymakers who were calling for a more limited program (or no expansion at all).

"Our goal is to be the healthiest state in the nation, and we can’t do that if people don’t have health coverage," she says. So she went to work explaining why she thought a Medicaid expansion would be a good move for Iowa — for example, citing statistics that hospitals in the state were incurring about $1 billion in uncompensated care each year.

"Those of us who are fortunate enough to have health insurance are paying for the uninsured — and in the most costly way, because people were showing up in the emergency room," Jochum says.

In December 2013, the federal government approved a waiver for Iowa that includes two components.

The Iowa Wellness Plan is being offered to adults earning up to 100 percent of the poverty level; it will be much like Medicaid, with benefits similar to those offered to state employees. Monthly $5 premiums will be charged for enrollees with incomes of between 50 percent and 100 percent of the poverty level, but coverage cannot be canceled for non-payment.

Under the Marketplace Choice Plan (for adults earning between 101 percent and 133 percent of the poverty level), new Medicaid enrollees will be offered private health plans through the state’s health insurance exchange. The state will pay premiums directly to the health plans, and enrollees will be asked to contribute a $10 monthly premium.

Beginning this year, Iowans enrolled in both of these new programs can have their premiums waived by participating in certain healthy behaviors — for example, getting an annual checkup or completing a health-risk assessment. All beneficiaries in Iowa’s new plans will be charged a fee ($8) for visits to the emergency room that are deemed non-urgent.

"We are on target to get everyone insured," Jochum says.

In Michigan, number of new enrollees tops expectations

Most states in the Midwest have now expanded Medicaid, but getting these bills passed through a legislature and signed by a governor has often proved difficult. That was certainly true in Michigan, where the expansion became law in 2013 after months of negotiations between lawmakers and Republican Gov. Rick Snyder. Snyder argued that the bill would not only result in net budget savings, but also help the state have a healthier, more productive workforce.

Critics, however, expressed concern over whether the savings would be enough to offset the future costs to the state when the federal match drops, in 2017 and beyond. (Michigan, along with many other states nationwide, has implemented what is often called a “circuit breaker” provision: the state will bow out of the expansion if projected savings don’t meet goals or if federal matching funds are no longer available.)

The state initially estimated that it would receive a maximum of 470,000 applications under the Medicaid expansion. But by early February — just nine months into program enrollment — more than 533,000 residents had enrolled, Smith says. In some ways, the program is similar to the one being implemented in Iowa (in fact, the two waivers were both approved in December 2013).

Under the Healthy Michigan plan, newly eligible adults are enrolled in private health plans that contract with the state.

Enrollees are subject to co-payments ranging from $1 to $3 for most services and prescriptions. Preventive services, prenatal care and family planning are completely covered.

Beneficiaries earning more than the federal poverty level pay monthly premiums amounting to about 2 percent of income, and they can receive reductions in co-pays if they follow certain healthy behaviors.

Total out-of-pocket costs are capped at 5 percent of household income.

The recent Medicaid changes and expansions in Michigan, Iowa and Indiana are emblematic of what is occurring across the country.

"It will be interesting to see how legislative discussions go this spring, because the environment has changed significantly," Smith says.

"It’s a completely different discussion now. ... There is an opportunity for every state to tailor an expansion of coverage that is consistent with conservative principles."

As a former Medicaid director, Smith has some advice for states considering their options: "Put on your thinking caps. There may be a way to expand Medicaid that has not yet been proposed. I don’t think we’ve seen the end of the innovative ideas."

Premium and cost-sharing requirements for selected services for adults receiving coverage through Medicaid expansion

<table>
<thead>
<tr>
<th>State</th>
<th>Monthly premiums required</th>
<th>Income at which cost-sharing begins</th>
<th>Non-preventive physician visit</th>
<th>Non-emergency use of emergency room</th>
<th>Generic drug co-pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indiana</td>
<td>Yes</td>
<td>0%</td>
<td>0%</td>
<td>$5.80 ($5.80 after first time)</td>
<td>$5.80</td>
</tr>
<tr>
<td>Iowa</td>
<td>Yes (&gt;50% FPL)</td>
<td>0%</td>
<td>7%</td>
<td>50%</td>
<td>0%</td>
</tr>
<tr>
<td>Kansas</td>
<td>State is not expanding Medicaid at this time</td>
<td>$60</td>
<td>$60</td>
<td>$60</td>
<td>$60</td>
</tr>
<tr>
<td>Michigan</td>
<td>Yes (&gt;100% FPL)</td>
<td>0%</td>
<td>7%</td>
<td>50%</td>
<td>0%</td>
</tr>
<tr>
<td>Minnesota</td>
<td>No</td>
<td>0%</td>
<td>3%</td>
<td>$3</td>
<td>$3</td>
</tr>
<tr>
<td>Nebraska</td>
<td>State is not expanding Medicaid at this time</td>
<td>0%</td>
<td>3%</td>
<td>$3</td>
<td>$3</td>
</tr>
<tr>
<td>North Dakota</td>
<td>No</td>
<td>52%</td>
<td>52%</td>
<td>52%</td>
<td>52%</td>
</tr>
<tr>
<td>Ohio</td>
<td>No</td>
<td>0%</td>
<td>50%</td>
<td>50%</td>
<td>0%</td>
</tr>
<tr>
<td>South Dakota</td>
<td>State is not expanding Medicaid at this time</td>
<td>0%</td>
<td>50%</td>
<td>50%</td>
<td>0%</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>State is not expanding Medicaid at this time</td>
<td>0%</td>
<td>50%</td>
<td>50%</td>
<td>0%</td>
</tr>
</tbody>
</table>

* Indiana’s expansion program does not utilize flat co-pays; it deducts provider costs from health savings accounts until a deductible is met.

Source: Kaiser Family Foundation, CSG Midwest research

Timeline: Medicaid expansion in Midwest under Affordable Care Act

March 2011

MinnesotA takes part in an “early” Medicaid expansion, through an executive order signed by Gov. Mark Dayton. Adults with incomes up to 75 percent of the federal poverty level are shifted from a state-funded health program to Medicaid, allowing the state to draw federal matching funds for these 84,000 enrollees.

June 2012

The U.S. Supreme Court rules that states cannot be required to expand Medicaid under the Affordable Care Act. States can opt out of the expansion, which would cover all Americans earning up to 138 percent of the federal poverty level. The expansion would, for the first time, offer Medicaid to childless adults.

January 2014

Expanded Medicaid coverage begins in Illinois, Minnesota, North Dakota and Ohio — all of which expanded traditional Medicaid through a state plan amendment. Residents earning up to 138 percent of the federal poverty level (about $16,000 for an individual and $32,000 for a family of four) are eligible for Medicaid.

Expanded enrollment also begins in Iowa, which received approval of a Section 1115 waiver to cover the newly eligible population. The Iowa Health and Wellness Plan uses a combination of Medicaid managed care and subsidies for enrollees to purchase health plans in the state exchange. The federal government approves charging premiums for enrollees below the poverty level (however, beneficiaries cannot lose coverage if they don’t pay).

April 2014

Enrollment begins in the Healthy Michigan plan, achieved through a Section 1115 waiver. Participants are asked to contribute co-pays, and some pay premiums amounting to 2 percent of income. Through engaging in healthy behaviors, participants can receive discounts on their out-of-pocket costs. The plan is estimated to cover about 500,000 adults.

January 2015

Indiana announces that it has received federal approval to expand Medicaid using the existing Healthy Indiana Plan, HIP 2.0. In 2015, Indiana will be offering a high-deductible health plan paired with a health savings account, funded jointly by the state and enrollees. For the first time, the federal government approves a lookout period for some low-income beneficiaries who do not pay monthly premiums.
When Mac Schneider walked into the state capitol as a newly elected senator, it brought back memories. As a young man growing up in Fargo, Schneider often accompanied his uncle, then-Rep. John Schneider, to Bismarck during sessions. “I remember sitting there on the floor with my cousins and helping my uncle push the green and red buttons to vote,” Schneider recalls.

Inspired by these early experiences, Schneider went on to work as press secretary for North Dakota Congressman Earl Pomeroy. After law school, Schneider moved back to North Dakota to continue a family tradition of legislative service (including his cousin, Jasper, who had also served in the legislature). At age 29, Schneider was elected to the Senate’s 42nd district, which includes Grand Forks. Schneider’s young age was not a barrier to getting elected — in fact, he says, it might have been an asset. About half of the voters in the district are college students attending the University of North Dakota, and the median age is around 22.

As a proud UND alumnus, Schneider’s top priorities include ensuring that students can afford college so they can have the same academic opportunities he had. Although he ran on implementing a two-year tuition freeze, Schneider was able to help pass a cap on tuition increases as well as on student fees. “When I come back from Bismarck over the Columbia Bridge and into the district, I see the beautiful buildings we have on campus and I get chills every time,” he says. “It’s an honor to represent this part of North Dakota.”

Tradition of leadership

Schneider is not only carrying on a family tradition of legislative service — he’s also following in his uncle’s footsteps as leader of his caucus. In just his second term, Schneider was elected minority leader. But he’s quick to acknowledge that each member is a leader in his or her own right. “Sen. Tim Mathern, for example, represents the district in which I grew up — and has been since I was in grammar school,” Schneider says. “He doesn’t need any leadership tips from me.”

Instead, Schneider considers it his responsibility to make sure the priorities of his caucus get a fair hearing, both in the legislature and in public. “I think we’ve all said to ourselves at some point, ‘There ought to be a law’ — and in this job, you can actually take that idea and run with it,” he says. “You find someone on the other side of the aisle who feels the same way you do, and you work together to advance public policy. It’s a pleasure to get to do that.”

Earlier this month, CSG Midwest talked with Schneider; here are some excerpts from the interview:

Q: How does representing the University of North Dakota shape your legislative work?

A: I have a very interesting district because we have people from all over the state who come to attend the university. So, the issues facing District 42 are North Dakota issues. ... [For example], some challenges have occurred in western North Dakota secondary to the development of our natural resources: rutted roads, a strain on housing, and the challenges that come with population growth — including crimes like human trafficking, which many of us never thought in our wildest dreams that we’d ever have to deal with in our state.

There is an old saying that North Dakota is a beautiful state. It’s next to Canada, and when you’re up there, you can see the mountains. They are definitely legitimate needs. The idea is to educate offenders that this is not something they can do anymore, but if there was no demand for the services that sex traffickers provide, they wouldn’t do business here.

Q: You’re also working this session on another policy inspired by a successful initiative in another state. Can you talk about your proposal to create an education endowment fund?

A: I have been working with the Senate Education Committee to take the one-time harvest of natural resources money and make it a permanent investment in our people. We can draw from something done in Wyoming, which endowed the Hathaway Scholarship fund with several hundred million dollars, the principal of which cannot be touched. The earnings on the principal go to funding access to education for Wyoming’s best and brightest. ... We have a fund in North Dakota called the Foundation Aid Stabilization Fund ... and it has about $1 billion in it. I am planning on introducing a resolution to turn that fund into an endowment to provide college scholarships to North Dakota’s best and brightest.

The Education Committee is working on a proposal right now for a revolving loan fund for K-12 school construction, as well as this endowment program for college scholarships. The biggest long-term public-policy challenge facing our state is: How do we take this one-time harvest of natural resources money and invest in our people? An endowment fund for school construction and access to higher education is a good way to do that.

Q: In your legislative career so far, is there a bill of which you are especially proud?

A: In my first session, I [authored] a bill that created “individual development accounts,” through which low-income individuals get incentives to save for limited purposes, such as buying a first home, starting a business or paying for college. There is a financial education component to it, too, so it’s really giving a person a fishing pole instead of a fish. ... Just knowing that there are people who have been able to start a business or go to college or buy a family home in part as a result of the [program], that’s why I got into this business: to provide, even in some little way, greater opportunity.
New approach to redistricting

Ohio lawmakers reach long-sought compromise to make process more bipartisan; reform awaits voters’ approval

by Ohio Sen. Frank LaRose (Frank.LaRose@OhioSenate.gov)

R
publi
cans and Democrats in the Ohio Senate and House reached a historic compromise agreement at the end of the 130th General Assembly this past December to reform the process by which Ohio draws state legislative districts, with the passage of HJR 12.

This innovative redistricting proposal is fair, bipartisan and transparent; it comes after years of discussion and months of hard work.

In a rare 4 a.m. Senate session following overnight bipartisan negotiation, I stood to tell my colleagues that we had arrived at a mutually agreed-upon solution, saying, “What we’ve come up with here is something that’s not good for Republicans, something that’s not good for Democrats, but something that is good for Ohio …

“We’ve come up with a process for redrawing legislative lines that is going to yield more-balanced districts and that is going to be something that we will be proud of for a long time to come. It took a lot of late-night work and some elbow grease, but by working together, we were able to get it done.”

I am proud to have played a role in this achievement, having set comprehensive redistricting reform as one of my top priorities since my first Ohio Senate campaign in 2010 and having sponsored two resolutions that set out to reform the way we draw congressional and state legislative maps in Ohio.

Lengthy negotiations bear fruit

We finished up the 130th General Assembly in the early morning of Dec. 12, 2014, after 17 hours of negotiation that culminated in the passage of this resolution, reflecting terms agreed upon by representatives from both political parties in both chambers of the assembly. This measure passed the Ohio Senate overwhelmingly, by a vote of 29-1.

This proposal, which will be put before Ohio voters in the November 2015 election, creates a seven-member Redistricting Commission composed of the governor, auditor, secretary of state, and four leaders from the legislature representing the majority and minority in each chamber.

The commission would commence in 2021 with the responsibility of drawing Ohio legislative districts based on the next decennial census. Approval of the map requires the votes of four members of the commission, including two votes from the minority party. If a bipartisan map is passed, the legislative districts would be in effect for 10 years, until the next census. If the vote does not reach the necessary threshold of four — including two from the minority party — an “impasse” provision is triggered.

An effort was made to promote compact districts and the preservation of communities of interest within them.

Procedures for redrawing legislative, congressional district maps in Midwest

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislature develops/approves redistricting plans (in whole or through committees or appointments)</td>
<td>Congressmen develop the map.</td>
</tr>
<tr>
<td>Legislative Service Agency develops redistricting plans (subject to legislative approval)</td>
<td>The Legislative Service Agency develops plans based on the map passed by the commission.</td>
</tr>
<tr>
<td>Legislative draws/approves redistricting plans (backup commission takes over in case of deadlock or failure to meet deadline*)</td>
<td>If the commission cannot agree, a backup commission takes over.</td>
</tr>
<tr>
<td>Commission of state officials develops state redistricting plan (not subject to legislative approval)**</td>
<td>A bipartisan and transparent state commission develops a plan.</td>
</tr>
<tr>
<td>Under this provision the map would go into effect for four years, after which time the commission would reconvene to redraw and pass a new map that would go into effect for the remaining six years. Maps drawn under the impasse procedure would be subjected to more-stringent standards, with the aim of constraining possible partisan excesses.</td>
<td></td>
</tr>
<tr>
<td>An effort was made to promote compactness and the preservation of communities of interest. To this end, the resolution provides for how and when counties, municipal corporations and townships may be split when forming General Assembly districts. In addition, the resolution states that maps adopted by the commission should aim to meet three standards:</td>
<td></td>
</tr>
<tr>
<td>• Districts should not be drawn specifically to benefit a political party.</td>
<td></td>
</tr>
<tr>
<td>• The proportion of districts favoring each political party should mirror the statewide preferences of Ohio voters based on results of statewide partisan races over the preceding decade.</td>
<td></td>
</tr>
<tr>
<td>• Districts shall be compact.</td>
<td></td>
</tr>
</tbody>
</table>

Rejecting a formulaic approach

Because this process requires compromise and consensus, we took great pains to avoid a formulaic, “one size fits all” approach to redistricting. We took an important step forward together, not as Democrats and Republicans, but as Ohioans. Working together to solve a problem that has vexed our state for decades, we are presenting our constituents with a solution that is fair, bipartisan and transparent.

The current unbalanced system for drawing legislative districts is unsustainable and a leading cause of political dysfunction, and the people of Ohio deserve better.

For years, an ever-growing number of citizens have been calling for reform to what is effectively a winner-take-all methodology for crafting districts in Ohio. Thankfully we heard their voices and acted.

There is no perfect solution, nor is there a magic formula that will yield district lines which everyone will find acceptable. The resolution we worked on instead creates a system that will compel statesmen and statewomen to work together to draw fair, straightforward district maps that don’t disproportionately benefit one party or another.

I support this reform effort, but I also must emphasize that even with the passage of HJR 12, the conversation on redistricting reform is not yet over in Ohio. Though it is a step in the right direction, HJR 12 is still missing an important component — provisions prescribing a process for congressional redistricting.

I am committed to working in furtherance of a comprehensive plan that includes congressional redistricting as we embark on the 131st Ohio General Assembly.

Ohio Sen. Frank LaRose, a Republican from Copley, was first elected in 2010.

Submissions welcome

This page is designed to be a forum for legislators and constitutional officers. The opinions expressed on this page do not reflect those of The Council of State Governments or the Midwestern Legislative Conference. Responses to any FirstPerson article are welcome, as are pieces written on other topics. For more information, contact Tim Anderson at 630.925.1922 or tanderson@csg.org.
CSG Justice Center presents strategy for Nebraska to slow prison growth

Plan would reinvest state dollars into evidence-based policies that improve community supervision, reduce recidivism and support crime victims

Addressing a packed room of Nebraska legislators, legislative staff and interested others, The Council of State Governments Justice Center released its final report in January on how the state can reform its corrections system in a way that spends public dollars more wisely and invests in evidence-based strategies to protect public safety.

Marc Pelka, director of the center’s Justice Reinvestment Program, delivered the report. Sens. Les Seiler, Bob Krist and Heath Mello also spoke at the special legislative briefing. All three legislators served on a 19-member working group (established under LB 907) that spent several months in 2014 analyzing Nebraska’s criminal justice system with expert assistance from the CSG Justice Center. The working group included participation from all three branches of government. Nebraska’s governor, the speaker of the Unicameral Legislature, and the chief justice of the Supreme Court served as the group’s co-chairs.

The CSG report contains a total of 15 policy recommendations. Under its policy framework, more individuals would be supervised after completing prison sentences, the needs of crime victims would be addressed through expanded restitution collection, and crime-reduction strategies would be implemented to tackle the current “revolving door” to state prisons.

“This report provides an outline for how the state could improve our corrections system and address the need to reduce prison overcrowding,” says Sen. Seiler, chair of the Legislature’s Judiciary Committee. “The Legislature must immediately address developing legislation this session based on the findings.”

Sens. Heath Mello, chair of the Unicameral’s Appropriations Committee, says CSG’s policy recommendations are “tough, smart and fiscally sustainable.”

The working group’s policy framework is projected to slow the growth of Nebraska’s prison population by 10 percent while averting $306.4 million in corrections spending over the next five years. The savings would then be reinvested: for example, into more training for parole officers, an expansion of the probation workforce, an increase in community-based programs and treatment, the creation of a sentencing information database, and new evaluations of corrections programming.

Nebraska prisons currently house more than one-and-a-half times as many men and women as they were designed to hold. It would cost the state an estimated $261.6 million to add enough space to bring the system down to 128 percent of its design capacity by fiscal year 2019, according to the Nebraska Department of Correctional Services.

Overview of CSG Justice Center’s policy strategies for Nebraska

- **Strategy #1**: Use probation for people convicted of low-level offenses — By enacting statutory changes in the criminal code, the Legislature could ensure that low-level property offenses do not result in prison sentences and that people convicted of Class IV felonies serve probation rather than prison or jail time. Other policy options include expanding the availability of substance-abuse treatment and prioritizing probation resources for individuals who pose the highest risk of reoffending.

- **Strategy #2**: Ensure post-release supervision and address the needs of crime victims — The CSG report recommends that the Legislature reclassify felony offenses according to whether they involve violence or are sex offenses. It also says too many offenders are being released back into the community without supervision. One policy option is to require that individuals convicted of the most-serious offenses be supervised after release from prison. The CSG Justice Center also recommends improving the collection of victim restitution and evaluating the states’ “good time” policies.

- **Strategy #3**: Improve parole supervision to reduce recidivism — Policy ideas in this area include adopting an assessment tool that evaluates the risks and needs of individual parolees, implementing evidence-based practices that change criminal thinking and behavior, responding to parole violations with swift and certain sanctions, and addressing major parole violations with short periods of incarceration followed by supervision.

The Council of State Governments was founded in 1933 as a national, nonpartisan organization to assist and advance state government. The headquarters office, in Lexington, Ky., is responsible for a variety of national programs and services, including research, reference publications, innovations transfer, suggested state legislation and interstate consulting services. The Midwest Office supports several groups of state officials, including the Midwestern Legislative Conference, an association of all legislators in 11 states: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin. The Canadian provinces of Alberta, Manitoba, Ontario and Saskatchewan are MLC affiliate members.

**Education reform a top priority for MLC’s new chair**

North Dakota Sen. Tim Flakoll will focus part of his year as chair of the Midwestern Legislative Conference on raising awareness about the need to strengthen students’ final year in state K-12 education systems.

His MLC chair’s initiative reflects the need to provide soon-to-be high school graduates with better educational options in advance of their entry into college or the workforce.

Recent state strategies, for example, have included expanding access to dual enrollment courses, Advanced Placement classes and career academies.

In support of Sen. Flakoll’s chair’s initiative, the MLC will hold a special session at its upcoming Annual Meeting and include articles on the subject in future editions of Stateline Midwest.

The MLC Annual Meeting will be held July 12-15 in Bismarck, N.D.

The MLC is a nonpartisan association of all legislators from the 11-state Midwest. Legislators from four Canadian provinces are MLC affiliate members.

Flakoll took over as MLC chair in January. He also serves as chair of his state’s Senate Education Committee and has been the provost of Tri-College University in North Dakota since 2006.

<table>
<thead>
<tr>
<th>State</th>
<th>English</th>
<th>Reading</th>
<th>Math</th>
<th>Science</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>62%</td>
<td>41%</td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td>Indiana</td>
<td>79%</td>
<td>71%</td>
<td>52%</td>
<td>43%</td>
</tr>
<tr>
<td>Iowa</td>
<td>75%</td>
<td>52%</td>
<td>48%</td>
<td>47%</td>
</tr>
<tr>
<td>Kansas</td>
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<td>64%</td>
<td>44%</td>
<td>43%</td>
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</table>

* The number of graduates taking the ACT can vary from state to state. In Illinois, Michigan and North Dakota, for example, all students took the test, while only 40 percent of Indiana graduates did so. Here are the percentages of graduates who took the ACT in the seven other Midwestern states: Iowa, 68 percent; Kansas, 75 percent; Minnesota, 76 percent; Nebraska, 86 percent; Ohio, 72 percent; South Dakota, 78 percent; and Wisconsin, 73 percent.

Source: ACT

**Source:** CSG Justice Center
Legislators in their first four years of service are encouraged to apply now for a BILLD fellowship and the chance to take part in a five-day summer program designed to advance their leadership skills.

This year’s BILLD program (the Bowhay Institute for Legislative Leadership Development) will be held Aug. 21-25 in Madison, Wis. The application deadline is April 8. Applications are available at www.csgmidwest.org.

The program includes a mix of sessions on public policy, professional development and leadership skills. These sessions are led by nationally renowned policy experts, legislative leaders from the Midwest, and specialists in areas such as media training, consensus building and time management.

The highly interactive curriculum also gives participants the chance to meet, learn from and work with lawmakers from across the region.

Each fellowship covers the cost of tuition, lodging and meals to attend the five-day institute. In addition, BILLD fellows receive a nominal travel stipend, which helps cover a portion of the cost of traveling to Madison, Wis. Close to 700 regional lawmakers have now completed the 21-year-old leadership program. Many BILLD graduates have gone on to hold key leadership positions in their legislatures; others are now serving in the U.S. Congress and in other state government positions.

BILLD is conducted by CSG Midwest in partnership with The Robert M. La Follette School of Public Affairs at the University of Wisconsin-Madison. A bipartisan committee of the Midwest’s legislators oversees the program, including the selection of the BILLD fellows.

CSG holding series of web-based seminars in 2015

State legislators, legislative staff and other state leaders are encouraged to take part in a series of web-based seminars being held by The Council of State Governments in the coming months. These free events allow participants to explore key issues in state government, as well as cutting-edge solutions, with leading policy experts and fellow state officials.

CSG’s eCademy is held twice a month on Tuesday afternoons. Already this year, web-based seminars have been held on net metering, transportation funding and state higher-education policy.

Over the next two months, the following eCademy webinars will be held:

- "Credit Due: Increasing Veterans’ Postsecondary Degree Attainment" on Feb. 24
- "Drawing the Line on Partisanship in Redistricting" on March 24

Registration for these and other upcoming eCademy events can be completed at www.csg.org/events/webinar. (Previous webinars in the eCademy series can also be viewed at this site.)

BillD: Key Dates in 2015

- April 8 — Deadline to apply
- May 1 and 2 — Fellows are chosen by the Midwestern Legislative Conference BILLD Steering Committee
- Aug. 21-25 — BILLD program held in Madison, Wis., through a partnership of CSG Midwest and the University of Wisconsin-Madison

For more information about BILLD or the Henry Toll Fellowship Program, please contact Laura Tomaka at 630.925.1922 or ltomaka@csg.org.

For legislators who have served longer in office, CSG offers the Henry Toll Fellowship Program. It is for state officials from all over the country in all three branches of state government.

The Toll program will be held Aug. 28-Sept. 2 in Lexington, Ky. Applications are due April 15. For more information, please contact Kelley Arnold at karnold@csg.org.

CSG holding series of web-based seminars in 2015

Great Lakes, Great Webinars series

The Great Lakes Legislative Caucus, meanwhile, is continuing its “Great Lakes, Great Webinars” series.

The caucus is a nonpartisan association of state and provincial legislators interested in Great Lakes protection and restoration. CSG Midwest provides staff support to the caucus, which is led by Wisconsin Rep. Cory Mason (chair) and Michigan Sen. Darwin Boother (vice chair). Here is a look at its upcoming schedule:

- “Energy Use and its Impact on the Great Lakes” on March 18
- “Legislative Update: Recent and Pending Actions that Affect the Great Lakes” on April 15
- “Invasive Species and the Great Lakes” on May 20
- “An Examination of Water Quality at Great Lakes Beaches” on July 29
- “Preview of Legislative Year in Great Lakes Policy” on Dec. 16

Webinar registration can be completed at www.csgmidwest.org/GLLC/Events.aspx.
Michigan joins 2 other Midwest states with drug-testing program

Michigan has become the third state in the Midwest to require certain recipients of public benefits to undergo drug testing.

Signed into law in late December, HB 4118 and SB 275 will operate as a one-year pilot program in three counties. In those counties, some recipients of cash assistance will be drug-tested based on an "empirically validated substance abuse screening tool."

Individuals who test positive will lose assistance if they don’t participate in a treatment program or if they fail to submit to periodic testing.

Since 1996, states have had the authority under federal law to require welfare recipients to undergo drug testing. Minnesota and Kansas are among the other U.S. states with drug-testing laws in place.

Kansas’ "suspicion-based" program was established by the Legislature in 2013 (SB 149) and began in July 2014. During the first four months of the program, The Kansas City Star reported late last year, 20 individuals had been tested. Four of the 20 failed the test and five refused to take it. In Minnesota, counties must conduct random tests of welfare recipients who have been convicted of a drug-related felony in the past 10 years.

North Dakota bills call for legislature to adopt annual-session model

At one time in the nation’s history, most state legislatures met only once every two years. That changed in the 1960s and 1970s with a rise in the complexity of state governments and the size of their budgets, but one holdout in the Midwest remains.

North Dakota is one of four U.S. states (Montana, Nevada and Texas are the others) where the legislature does not meet every year. Some proposals this year, though, aim to change that; HB 1342 and SB 2247 call for the state’s legislators to meet every year.

One rationale for the change, The Bismarck Tribune reports, is rapid growth in the state due to its oil boom. The volatility of oil revenues, too, is adding more uncertainty to state revenue. Under the North Dakota Constitution, legislators are limited to meeting 80 days in regular session over the course of a biennium.

At the start of the 2015 session in Minnesota, some legislators raised the idea of not meeting next year due to a major construction project at the Capitol.

Minnesota and North Dakota are two of seven Midwestern states that continue to operate under biennial budget cycles. The others are Indiana, Minnesota, Ohio, Nebraska and Wisconsin.

More states adopting ‘second chance’ laws to help offenders

For criminal offenders released from prison or jail, a “second chance” for them often begins with the ability to find employment. But many obstacles can stand in the way of a successful job search. Removing some of those barriers is the goal of bills passed over the past few years in several of the Midwest’s legislatures.

One of the more common statutory changes has been to make it easier for individuals to expunge their criminal records. These measures, often dubbed “second chance” laws, have been passed in states such as Illinois (HB 3010 in 2013), Indiana (HB 1482 in 2013), Minnesota (HF 2576 in 2014) and Ohio (SB 327) in 2012.

Michigan joined this list of states in early 2015, when Gov. Rick Snyder signed HB 4186 into law. The bill allows people with up to one felony and two misdemeanor charges to petition the courts to clear their records five years after the completion of their sentence.

Another idea is “ban the box” legislation: removing questions about criminal history on job applications. For example, Nebraska’s LB 987 (passed in 2014) applies to public employers and their initial screening process of applicants. Illinois and Minnesota also have ban-the-box laws. Minnesota’s law extends to private employers as well.

Ohio halts executions, plans to use new mix of drugs in 2016

No death-row inmates will be executed in Ohio this year, as the state transitions to a new mix of lethal drugs to put people to death. The Department of Rehabilitation and Correction, which made the announce-ment in January, had previously planned to execute six people in 2015.

According to The Washington Post, a shortage of lethal-injection drugs has left Ohio and other states seeking new drug combinations to put people to death. In some cases, those new combinations have been linked to prolonged executions. The U.S. Supreme Court is hearing a case this year challenging the state of Oklahoma’s drug protocol on the grounds that it amounts to cruel and unusual punishment.

Ohio is eliminating the use of the two-drug regimen midazolam and hydromorphone. Thiopental sodium, a drug previously used in the state from 1999 to 2011, will be added to the protocol. Meanwhile, to address the problem of drug shortages, Ohio lawmakers passed a bill in late 2014 (HB 663) that shields the identities of companies that provide lethal-injection drugs to the state.

Indiana, Kansas, Nebraska, Ohio and South Dakota are among the 32 U.S. states with capital punishment, according to the Death Penalty Information Center.