Medicaid makeover

Premium on quality care, cost savings as states prepare for loss of federal funds and expansion of health program

by Kate Tormey (ktormey@csps.org)

Last month, lawmakers in Illinois approved what many are calling landmark reforms to public health programs in the state.

Among the reforms were significant changes to the state’s health program for children, All Kids, and the general Medicaid program.

Sen. Heather Steans says the main goal of the legislature’s recent actions was simple: address the rising cost of Medicaid at a time when the state faces a $16 billion budget shortfall.

“Medicaid is a third of our budget,” says Steans, a Democrat. “Costs have been rising in Illinois as they have in the rest of the country. We cannot handle our enormous budget deficit without addressing Medicaid costs.”

HB 5420, signed into law in January, includes several cost-saving strategies: cutting down on fraud, addressing the cost of prescription drugs, implementing technological advances to streamline administration, encouraging the use of home- and community-based care and requiring more patients to take part in managed-care plans.

Overall, the legislation is expected to save Illinois at least $800 million over four years, says Steans, who helped lead the legislative effort. The bill passed both chambers of the legislature with near-unanimous support.

Illinois is not alone in its mission to rein in the cost of Medicaid, which is the second-largest budget item in most states’ general funds.

“States first priority has to be finding a way to get through this fiscal crisis and how Medicaid can be part of the state solution,” says Vern Smith, managing principal with Health Management Associates, a firm that works with and advises states on health policy. Smith previously served as Michigan’s Medicaid director.

States are particularly concerned about the cost of the program as they look ahead to June, when enhanced Medicaid matching funds from the federal government are set to expire.

According to Smith, the state cost of Medicaid will increase by about 25 percent in fiscal year 2012 — before accounting for any growth in caseloads or increases in benefits, eligibility or provider reimbursement rates.

“The enhanced funding has been in place for three fiscal years and has become part of the [base budget for states],” he says. “Many state officials who have to make these decisions weren’t even there in 2008. This is clearly a huge increase in the cost of the program.”

What makes the issue even more pressing is another number: 2014. That is the year when the federal government will require all states to expand their Medicaid programs to all residents earning less than 133 percent of the federal poverty level.

“This will mean that in each state, thousands of people will become newly eligible for the health program (see table on page 6). In preparation for the expansion, states are looking at ways to make their programs more cost-effective. In this article, we look at the recent actions taken by Midwestern states.

Popular strategies tapped out

In terms of cost containment, most states have used one of two tools to quickly reduce Medicaid costs in a measurable way: restricting eligibility for the program and cutting reimbursement rates to providers.
Great Lakes

A look at the year ahead for the Great Lakes in the nation’s capital

In late January, the first Great Lakes-related bill of the new U.S. Congress was introduced. It surely won't be the last.

In 2009 and 2010, the Great Lakes Legislative Caucus monitored close to 80 federal bills that either related directly to Great Lakes protection or dealt more generally with water quality and conservation.

Most of the legislation did not pass, but there were some successes for the region and Great Lakes advocates, most notably the appropriation of funds for the newly created Great Lakes Restoration Initiative. Here is a look at what lies ahead in Congress in 2011 and 2012.

- The future of the Great Lakes Restoration Initiative — One of the critical questions in the months ahead is the level of funding that Congress will provide for the Great Lakes Restoration Initiative. In fiscal year 2010, $475 million was allocated for the program, which provides grants to projects that aim to control invasive species, curb non-point source pollution and remove contaminated sediment. The Obama administration is now proposing a funding level of $300 million. Whether Congress cuts the initiative even more remains to be seen. Another concern is that with current fiscal pressures in Washington, D.C., base federal programs for the Great Lakes will be cut. In November, the Great Lakes Commission wrote a letter to the Office of Management and Budget urging that “funding for base Great Lakes programs be maintained at 2009 levels.” The Restoration Initiative is meant to “supplement, not supplant” base funding, the commission wrote.

- The Great Lakes Waters Protection Act — This is the first Great Lakes bill of the new congressional year. Introduced by a bipartisan group of Illinois legislators, the measure would increase fines for cities that dump municipal sewage into the Great Lakes — from the current cap of $37,500 a day to $100,000 a day by 2031. Money from the fines would go to a newly created Great Lakes cleanup fund.

- Asian carp — The biggest Great Lakes story of 2010 was whether Asian carp would make their way into the Great Lakes from the current cap of $37,500 a day to $100,000 a day by 2031. Money from the fines would go to a newly created Great Lakes cleanup fund. The bill did not pass, but similar measures may appear again this year.

Economic Development

Follow the money: Databases help track use, effectiveness of states’ tax subsidy programs

Policymakers are increasingly demanding more accountability and transparency with the tax breaks and incentives being used to lure businesses and create jobs, and few states have more robust systems in place than Illinois, Ohio and Wisconsin.

Those three states are singled out as models for the rest of the nation in “Show Us the Subsidies,” a recent report of the national policy resource center Good Jobs First. Authors of the study (available at www.goodjobsfirst.org) say states vary considerably in how well they disseminate information (via their websites or other online resources) on various economic subsidy programs to the public.

Here is what the authors found about the programs and policies in place in the region’s three highest-performing states.

- Illinois’ searchable online database, the result of legislation passed in 2003, provides reports submitted by companies that have received public subsidies. The state’s major economic development incentive programs are part of the database, which includes the names of recipients, job creation and retention data, and salary information.

- Wisconsin passed legislation in 2008 requiring a disclosure system, which is maintained by the state’s Commerce Department. The database discloses the subsidy amount for each recipient, as well as a comparison of the number of jobs promised and the number of jobs actually created.

- Ohio’s disclosure system is composed of two parts: a database of grant and loan recipients (created by legislation in 2008), and a database of tax-incentive recipients (created by legislation in 2009). Both searchable databases are housed on the Department of Development’s website; they include information on recipients, amounts received, location of the subsidized facility, and job creation data.

Two other Midwestern states — Indiana and Michigan — ranked among the top 10 states in the study’s evaluation of online accountability and transparency systems. One state in the region, Kansas, did not provide online disclosure of subsidy recipients, the report found.

Each state was rated on how and if it reports information such as company-specific dollar amounts, job creation numbers, wage rates, and the geographic location of subsidized facilities. The report also evaluates how easy it is to find and use subsidy-related information.

“The accountability movement has made great advances but still has a long way to go before job subsidies are as transparent as other categories of state spending, such as procurement,” says Greg LeRoy, executive director of Good Jobs First.

In addition to providing information on recipients, subsidy amounts and wages, the report’s authors say, states should employ other transparency practices as well. For example:

- include information on accountability measures, such as clawbacks, taken by the state when a recipient fails to meet program targets or requirements.
- map the geographic location of recipient facilities to show whether the subsidies are bringing economic and employment activity to areas with the most need.
- link recipient data to information on campaign contributions and procurement; and
- disclose records that show subsidy recipients’ record of compliance with state regulations.

Brief written by Laura Tomaka, CSG Midwest staff liaison for the Midwestern Legislative Conference Economic Development Committee. She can be reached at ltomaka@csg.org.

Issue Briefs cover topics of interest to the various groups and policy committees associated with the Midwestern Office of The Council of State Governments. Located in suburban Chicago, CSG Midwest provides staffing services for the Midwestern Legislative Conference, Great Lakes Legislative Caucus, Midwest Interstate Passenger Rail Commission and Midwestern Radioactive Materials Transportation Project. More information is available at www.csgmidwest.org.
Agriculture & Natural Resources

Kansas puts increased emphasis on ‘economic gardening’ as a tool to grow the state’s rural economy

In Kansas, as is the case in many states, the data on job growth are clear: Most new jobs in a local economy are produced by the community’s existing small businesses, rather than by startups or relocations.

Between 1993 and 2008, for example, well over half of the net new jobs in Kansas could be attributed to an expansion of the workforce by existing businesses. These numbers help explain the greater emphasis being placed in Kansas on the concept of “economic gardening”: an alternative to traditional state growth policies that focuses less on business recruitment, but might lack the resources to reach their growth potential.

A pilot project recently launched in Kansas is targeting assistance for these businesses in the state’s rural communities. These businesses are typically past the startup stage and ripe for more expansion, but might lack the resources to reach their growth potential.

About 35 small rural businesses will be involved in this pilot project, which is made possible in part by a grant from the U.S. Department of Agriculture.

Businesses that have already been accepted into this economic-gardening pilot project come from communities as small as 200 residents; most are from the frequent-shipping programs that simplify and speed up border crossings by pre-clearing cargo or allowing access to dedicated traffic lanes.

Still, reaching a final agreement will require some delicate and tricky negotiations. Edward Alden, a senior fellow at the Council on Foreign Relations, wrote in a December 2010 article that any final agreement will likely include:

- common standards for screening incoming cargo before it leaves a foreign port for either country,
- more cooperation among law enforcement agencies, and
- an upgrade in border infrastructure.

One of the most important elements of any agreement, and likely the most controversial element, will be the adoption of an integrated entry-exit system that tracks travelers from third countries.

Factors in Midwest’s job gains and losses, 1999-2008

<table>
<thead>
<tr>
<th>State</th>
<th>Net job growth</th>
<th>Opening</th>
<th>Relocation</th>
<th>Expansion</th>
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<tbody>
<tr>
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<td>-0.02%</td>
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</tr>
<tr>
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<td>+0.18%</td>
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<tr>
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<tr>
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<tr>
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<td>-0.05%</td>
<td>+8.8%</td>
</tr>
</tbody>
</table>

- Net jobs gained/lost due to opening of new establishments.
- Net jobs gained/lost due to relocation.
- Net jobs gained/lost due to expansion/contraction of existing establishments.

Source: YourEconomy.org

Agriculture & Natural Resources

Midwest-Canada Relations

U.S., Canada in talks over new ‘continental approach’ to security

Canada and the United States are pursuing a perimeter security agreement that proponents say would allow goods and people to move more freely along the land border between the two countries and reduce costs for businesses.

The idea of a “continental approach” to security has been discussed for years, but the likelihood of a pact being reached seems stronger now than ever before. It would require a greater harmonization of the two countries’ security programs and policies.

“The fact that public officials are starting to talk about a perimeter security agreement in such a public and prominent way is very encouraging,” says Sarah Hubbard, the former senior vice president of government relations at the Detroit Regional Chamber and now a principal with Acuitas, a Michigan-based consulting and government relations firm.

The perimeter security agreement has finally begun to gain traction, she says, because barriers along the U.S.-Canada border have become “too much to bear.”

“They are becoming a true impediment to trade between our two countries,” Hubbard believes. Concerns include longer border delays, increased transaction costs for businesses and enhanced inspections that have slowed shipments. As a result, some companies have abandoned the just-in-time delivery process that was a mainstay of border trade, particularly in auto assembly. Companies instead have been stockpiling inventory to prevent delays in production, according to The Globe and Mail.

Hubbard says the agreement would be especially helpful to small and medium-sized companies that do cross-border business. Because of their lack of size, these businesses cannot readily access the information that only large firms have typically been able to access.

Economic gardening also stresses the need to build up the local infrastructure, whether it be local roads and the “information highway,” quality-of-life amenities, or training opportunities for second-stage businesses.

The pilot project typifies the importance that state legislators have placed on helping entrepreneurs. In 2004, with passage of the Economic Growth Act, the Legislature established the Kansas Center for Entrepreneurship.

“The center felt that implementing a pilot project was the best way to research the concept of economic gardening,” says Steve Radley, the director of NetworkKansas.

“We will be following the success of these companies over the next few years to determine the success of the project before expanding it in the state.”

Legislators will be keeping an eye on the progress as well.

The pilot project “is a good example of the actions that the [2004] legislation was designed to encourage,” says Republican Sen. Mark Taddiken.

The Edward Lowe Foundation, a proponent of the economic gardening model and the group that developed the YourEconomy.org website, is involved in the Kansas project as well.

Brief written by Carolyn Orr, CSG Midwest staff liaison for the Midwestern Legislative Conference Agriculture & Natural Resources Committee. She can be reached at corr@agandruralleaders.org.
For states, tough choices on level of support for local governments

When state governments feel the pinch of tough budgetary and economic conditions, their local units of government inevitably do as well. For one, local governments count on some of the same revenue sources (sales taxes and federal funding, for example) and operate under many of the same economic conditions as states. A second factor is that cities, counties, schools and other local governments rely heavily on funding from the states themselves. In recent years, fiscal problems have led many states to freeze or reduce state local aid. According to the latest “The Fiscal Survey of States,” a publication of the National Association of State Budget Officers, Illinois, Kansas, Minnesota, Nebraska and Wisconsin were among the states where aid to local governments was decreased in fiscal years 2010 and 2011 in order to close budget gaps.

Those cuts have sometimes been severe. In Minnesota, for example, budget officials told NASBO that aid to cities and counties was reduced by 35 percent in FY 2011. There are proposals emerging again as states begin to craft their new annual or biennial budgets. In Nebraska, for example, LB 383 would eliminate aid for the state’s counties, cities and natural resource districts — resulting in savings of $22 million for the state. In Michigan, there is talk of changing or reducing the state’s revenue-sharing system.

As hard hit as many local governments have been by the economic downturn, they have been shielded in part due to their heavy reliance on property taxes, a more stable revenue stream when compared to income and sales taxes. (In 2008, 28.3 percent of total general revenue for local governments came from property taxes, according to the U.S. Census Bureau.)

However, at least in some parts of the Midwest, declining property values are expected to result in a smaller tax base for cities, counties and schools. That, combined with a loss of state aid, could require local officials to choose between increases in property taxes and reductions in local services.

Governors make clear what is job No. 1 in their states: job growth

In their first major attempt to shape public opinion and legislative policy agendas in 2011, the region’s governors used their State of the State addresses in January to build support for a series of new initiatives that they say will spur job and economic growth.

Calls for tax reform, government restructuring and greater investment in university-based economic development were among the common themes of the speeches. Here is a look at some of the specific proposals put forth by the governors. (As of late January, State of the State addresses had not yet been given in Illinois, Minnesota and Ohio.)

Proposed changes in tax policy

Terry Branstad, the newly elected Republican governor in Iowa, pressed for policy changes by urging lawmakers to look at what is occurring politically and economically outside of his state’s borders.

“New governors across the nation are aggressively moving to reduce tax and regulatory burdens to spur new job growth,” he said, “and I want to position Iowa as the leader.”

Branstad called for a cut in the state’s sales rate on businesses (from 12 percent to 6 percent) as well as for a reduction in commercial property taxes. To help pay for the measures, he would raise the tax on the state’s casinos.

Business-tax reform is also the centerpiece of the agendas of the newly elected governors in Kansas and Michigan.

Kansas Republican Gov. Sam Brownback has proposed “eliminating corporate tax subsidies enjoyed by only a few.” Money from that change in state tax policy, Brownback said, should then be redirected to the larger business community, in the form of a higher allowable tax deduction for costs related to investment.

He also called on lawmakers to establish Rural Opportunity Zones. Under this program, the state would provide a state income tax waiver to out-of-state residents who relocate to a Kansas county that has experienced a severe population decline over the last 10 years.

Republican Gov. Rick Snyder, meanwhile, is pushing to replace the Michigan Business Tax with a flat corporate income tax rate of 6 percent. That would result in significantly less revenue for the state in fiscal year 2012; Snyder was expected to provide details on how to make up that difference in February with the release of his proposed budget.

Restructuring, replacing state agencies

Even before he delivered the State of the State address for Wisconsin, Republican Scott Walker was able to get some of his economic development-related priorities through the Legislature: tort reform, expansion of the state’s economic development tax credits, and a relocation tax credit that aims to attract out-of-state businesses by giving them a two-year exemption from income and franchise taxes.

Walker has also proposed transforming the state’s Department of Commerce into a new public-private partnership known as the Wisconsin Economic Development Corporation. The idea is to divvy up the regulatory duties of the Department of Commerce among existing state agencies and to have the newly formed public-private entity focus solely on job growth.

Branstad has proposed a similar approach for Iowa.

In South Dakota, Republican Gov. Dennis Daugaard proposed in his State of the State to elevate the head of the state’s Office of Economic Development to a cabinet-level position, and in Kansas, Brownback announced the formation of a new economic advisory council made up of business leaders in the state.

Education connection

Along with job creation, education was another focus of the governors’ State of the State addresses in January. And much like President Barack Obama did in this year’s State of the Union speech, the governors often tied those two policy priorities together.

“When we are courting a new business, right behind new business, right behind the cost of energy, the cost of new jobs, new businesses, reasonable regulation and transportation facilities comes schools,” Republican Gov. Mitch Daniels said in pressuring for a series of K-12 education reforms.

States, too, are increasingly asking their public universities to increase their role in business development, as evidenced by some of the governors’ new proposals. Here are some examples.

• Brownback’s economic plan includes creation of a three-year, $105 million University Economic Growth Initiative; the proposal would target funding for research at higher-education institutions in areas related to the state’s key economic sectors (aviation and animal health, for example).

• North Dakota Republican Gov. Jack Dalrymple called for development of a Centers of Research Excellence program, which would provide funding for university-based research being conducted in partnership with the private sector.

• Nebraska Republican Gov. Dave Heineman’s Business Innovation Act would, in part, provide competitive grants for private sector research at the state’s higher-education institutions. He also wants the state to provide the funding needed to increase the number of community college and university students who are able to intern at Nebraska businesses. (Job training funds would be redirected to pay for the Nebraska Internship Program.)

Source: U.S. Census Bureau

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<tbody>
<tr>
<td>State</td>
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<td>Indiana</td>
<td>Iowa</td>
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<tr>
<td>Midwest</td>
<td>7.3%</td>
<td>9.9%</td>
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Sources of general revenue for local governments in Midwest (2008)*

<table>
<thead>
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<th>State</th>
<th>Revenue from state and federal governments</th>
<th>Own-source revenue</th>
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</thead>
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<td>Iowa</td>
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<td>Kansas</td>
<td>34.7%</td>
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</tr>
<tr>
<td>Ohio</td>
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<td>60.0%</td>
</tr>
<tr>
<td>South Dakota</td>
<td>31.8%</td>
<td>68.2%</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>45.3%</td>
<td>56.7%</td>
</tr>
</tbody>
</table>

* Local governments include counties, municipalities, townships, special districts and school districts.
The once-a-decade task of redistricting is now in full swing in the Midwest, a region that will lose six seats in the U.S. Congress as the result of reapportionment and that, like the rest of the country, continues to see shifts in population from rural to metropolitan areas.

Some congressional and legislative districts will be lost, while others will grow or shrink in terms of geographic size.

As legislators go about the work of redrawing political maps, one fundamental rule guiding their decisions will be to keep the populations of political districts as equal as possible.

But there are different standards in place for how much population variance is allowed: Very little variation is allowed for congressional districts, while states are given more leeway when drawing legislative districts.

In 1964, the U.S. Supreme Court set a standard that still holds to this day: Congressional districts within a state should be as equal “as practicable.”

The smallest of deviations can be challenged in court and must be justified by the state. For example, a U.S. Supreme Court ruling in the 1980s determined that a congressional redistricting plan in New Jersey was unconstitutional even though the population deviation was less than 1 percent. The court ruled that the state had not made a “good-faith effort” to maintain population equality.

The court has given states more flexibility when it comes to population variation among state legislative districts. Over the years, a series of court rulings led to the following general standard: Population deviations of less than 10 percent are generally acceptable and have “prima facie” constitutional validity. A challenger of these under-10-percent redistricting plans has the burden of proof in court. In turn, plans with population deviations of more than 10 percent are looked at more carefully by the courts, and the state must justify the variations.

However, this is just a general benchmark. For example, in one of the more important court judgments, the court determined that a congressional redistricting plan in New Jersey was unconstitutional even though the population deviation was less than 1 percent.

STATELINE MIDWEST FEBRUARY 2011

A senator, a house of representatives, majority and minority caucuses and partisanship leadership structures — these are some of the common features of state legislatures across the country. From coast to coast and in almost every state, bicameral legislatures are the American norm, with one noteworthy exception here in the Midwest.

The state of Nebraska long ago chose a different model, a single-chamber legislature that remains unlike any other in the United States. But it wasn’t always so.

In choosing a single-chamber legislature, the citizens of Nebraska actually voted to eliminate the state’s then-68-year-old house of representatives, a remarkable example of government downsizing that has never been matched elsewhere.

A reflection of the Progressive Movement that fueled a wave of government reforms early last century, Nebraska’s decision to establish a unicameral legislature was anything but sudden. Almost 20 years after the idea first surfaced, and after several previous attempts to implement it failed, Nebraskans voted in 1934 to amend the state Constitution and establish the nation’s first unicameral legislature.

The historic change was driven in part by the relentless advocacy of U.S. Sen. George Norris, a Progressive Republican who believed that states were ill-served by the usual bicameral legislative model. Another factor was growing concern over the rising cost of government in the midst of the Great Depression. A single chamber, proponents argued, would be more efficient and less expensive than the familiar two-house legislature.

Norris and others also believed that a one-house legislature would be more transparent, that its members would be more accountable to voters for their actions, and that it would cure a significant flaw in bicameral systems by eliminating the need for conference committees, which too often acted in secret and without sufficient checks on their power.

Critics of the unicameral option argued, among other things, that a two-house system ensures more careful deliberation of proposed legislation and that the single-chamber model would sacrifice desirable checks and balances within the legislative process. Those arguments, though, were countered by proponents who said a mix of internal legislative procedures, such as a requirement that a proposal be considered and approved multiple times before final passage, and checks from the other branches of government were sufficient.

A legislative branch like no other

Nebraska Unicameral remains a unique part of nation’s political system

The Unicameral’s first session was shorter and almost 50 percent less expensive than the final session of the state’s old bicameral legislature. Lawmakers also considered half as many bills in 1937 as they did two years earlier, but they actually approved a few more by the time the session ended.

Today, the Nebraska Unicameral includes 49 members, which makes it the nation’s smallest state legislature. But that isn’t all that makes it unique. As a result of the same reform that marked the end of bicameralism in Nebraska, the Unicameral became the nation’s only nonpartisan legislature as well. This, too, was a reflection of Norris’ advocacy; he believed that national party politics were a detriment to the workings of state-level legislatures.

This article was written by Mike McCabe, director of the CSG Midwest Office. Only in the Midwest is an ongoing series of short articles that highlight a unique aspect of states and state governments in the Midwest. If you have an idea for a future article, please contact Mike at mmccabe@csig.org.
The first method isn’t currently available because in order to receive enhanced federal Medicaid funding, states must agree to a “maintenance of effort” provision. In other words, they cannot change eligibility criteria in order to trim Medicaid rolls.

But states can reduce the amount they pay to medical providers who participate in the program.

“The most prevalent cost-containment strategy being used by states in the past few years has been a reduction in provider rates,” Smith says. “It’s the one strategy that will ensure cost savings.”

According to the Kaiser Family Foundation, 37 states reduced reimbursement rates in FY 11, including Illinois, Indiana, Michigan, Minnesota, Ohio, South Dakota and Wisconsin.

Smith points out that all of the “easy” decisions — and even some of the difficult choices — already have been made by states.

So what options do states have to further reduce costs in their Medicaid programs?

Smith says that the next steps being taken by states are geared toward getting the most out of every dollar spent on Medicaid through options such as streamlining administration, improving quality of care, reforming how providers are paid and better managing patient care.

“States are looking at what they can do to get better value and what they can do to improve quality,” Smith says.

Improving program administration

One criticism of health plans is often the amount of money spent on non-medical purposes, such as administration. In fact, under new federal rules, private insurance companies are now required to spend at least 80 to 85 percent of premium dollars on health care and quality improvement.

According to Smith, Medicaid is already much more efficient than that, with a “medical loss ratio” (the percentage spent on non-medical costs) of just 7 to 8 percent.

Still, he says states are working to make administering the program more efficient — and one of the ways to accomplish this goal is through the use of technology.

For example, Wisconsin is considered a model in this region for its online application system (access.wisconsin.gov) that allows users to apply for a number of different services — such as health coverage, food stamps, child care and other assistance. (The state was the recipient of a CSG Innovations Award in 2010 for its reforms.) State officials say the system has improved data accuracy and decreased the staff time required to process applications.

The Medicaid reform legislation approved last month in Illinois has a provision aimed at helping state agencies coordinate applications and eligibility review. Under the law, state agencies such as the secretary of state’s office and Department of Revenue will share information with the Department of Healthcare and Family Services on eligibility factors such as residency and income.

One of the other measures included in the law will allow more administrative and financial flexibility in the state’s long-term-care system, with a goal of relying more on home- and community-based care and less on institutional care. The former is less expensive for the state, and studies also show a greater level of satisfaction among patients and families when services can be delivered at home or in the community.

Another goal of the Illinois law is to reduce fraud and the unnecessary spending it causes. For example, public health programs will now require proof of residency in order to participate. Sen. Steans, who helped lead the legislative effort, says this provision was put in place after policymakers heard anecdotal evidence of out-of-state residents receiving benefits. The state will also have additional authority to prosecute cases of fraud in the Medicaid program. Prior to the new law, the state could only prosecute those families when services can be delivered at home or in the community.

The Medicaid reform legislation approved last month in Illinois has a provision aimed at helping state agencies coordinate applications and eligibility review. Under the law, state agencies such as the secretary of state’s office and Department of Revenue will share information with the Department of Healthcare and Family Services on eligibility factors such as residency and income.

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The state now has the ability to launch civil cases in response to allegations of fraud, Steans says.

“We are trying to make sure we are really cleaning up the way this program is being run and providing services to people who are truly eligible,” Steans says.

In addition, the program will now more carefully scrutinize income eligibility for the program; for example, an entire months worth of reported income will now be required (the program previously required one pay stub). Eligibility for the All Kids program will be limited to families earning less than 300 percent of the federal poverty level. About 3,000 children are expected to be otherwise eligible for the program under the new law, Steans says; those families will be given a year to find other health coverage.

New rules will also require yearly renewal. Prior to the law’s passage, recipients were automatically re-enrolled in the program through “passive renewal,” Steans says. The new protocol will help make sure people are still eligible for the program before they are cleared to receive benefits.

Iowa is another state in this region working to root out fraud in the Medicaid system. Last year, the state hired a private firm to examine the program and find inaccuracies or fraudulent activities. The project is expected to save at least $20 million per year in fraudulent payments.

Use of managed care

Another trend in state health care systems is the increased use of managed-care plans. Managed care is an arrangement in which states hire a private insurance company to oversee the various aspects of health care in programs.

“Managed care has come to be the go-to delivery system for Medicaid,” says Smith.

Frequently the state can fund per enrollee, and the health plan is responsible for handling costs associated with that patient’s care.

One of the reasons managed care has become so popular is its predictability in terms of cost. States know upfront how much it will contribute to each enrollee’s care, and the risk of additional cost is passed on to the insurer.

In addition, the health plan takes on the responsibility for improving quality and keeping costs down.

“If managed care is incenting providers properly, it should be able to continuously bring down costs,” says Minnesota Democratic Sen. Linda Berglin, a longtime leader in health policy and ranking minority member of the Health and Human Services Committee.

The use of managed care has ramped up in the last decade; between 1999 and 2008, the number of Medicaid beneficiaries in managed care doubled (from 17.8 million to 33.4 million). Currently, about 70 percent of all Medicaid recipients are enrolled in a managed-care plan, according to the Kaiser Family Foundation.

That percentage, however, is much lower in Illinois. According to Steans, just 5 percent of the state’s 2.8 million beneficiaries are enrolled in managed care.

Under the bill signed into law earlier this year, half of all Medicaid beneficiaries will be enrolled in managed care by 2015.

Managed-care plans often assign a patient to a “medical home,” or a primary-care provider that can monitor all of a patient’s needs, such as health conditions, medications and needed screenings.

Minnesota’s 2008 health care reform legislation included a provision aimed at expanding the state’s use of medical homes. Under the program, which began in July, health care providers can apply to become certified health care homes. As of December, 47 providers had become state-certified health care homes and were serving about 80,000...
enrollees of Minnesota’s public health care programs (roughly 10 percent of all enrollees).

In exchange for acting as a health care home for beneficiaries with chronic illnesses, providers receive monthly payments based on the complexity of the patient’s needs — up to $40 per month. In addition, payments are increased by 15 percent for “supplemental complexity factors,” if, for example, the patient has a persistent mental illness or his or her primary language is not English.

Studies show that when patients have medical homes, they are more likely to get preventive screenings and better manage chronic illnesses, which can decrease the need for costly medical care in the future.

Changing how care is paid for

The use of medical-home payments is just one way Minnesota has changed how health care is paid for. The state, in fact, has been a national leader in the area of payment reform. Lawmakers there decided that relying on managed care alone was not enough. In order to further rein in costs, the state uses quality (instead of price) to rank plans. Each plan is rated on related indicators of quality. Providers are also now permitted to charge one fee for all of the services required to treat one episode or illness. Proponents of this payment model say it will rein in costs by encouraging doctors to provide the best care at the lowest price — instead of the traditional “fee for service” model that compensates providers for each patient visit, test and procedure.

And Minnesota’s groundbreaking “peer group” initiative will soon help consumers access information about how providers stack up in terms of quality and cost. “It will be online and used by companies, health care plans and the public programs to help determine where people are getting their care and where the best, low-cost care could be provided,” she says. She adds that the data, which will be publicly available later this year, will help health care homes recommend the most cost-effective specialists to their patients.

Quality is also a major factor in how Michigan chooses the health plan it hires to cover its Medicaid patients. Smith says that the state decides upfront how much it will pay for the plan each year, and uses quality (instead of price) to rank plans. Each year, the state chooses a health care area in need of improvement — such as prenatal care or child health — and awards contracts to plans that fare the best on related indicators of quality.

Indiana, too, has reformed the way health services are paid for by asking consumers to pay a greater role in the cost of their care. The Healthy Indiana program was launched in 2008 to serve low-income, working adults who are uninsured.

Participants receive free preventive care and are given $1,100 annually in health savings accounts to pay for additional care. Enrollees are asked to pay into the accounts based on their ability to pay. If consumers need more than $1,100 of medical care in a year, a traditional insurance benefit kicks in.

As long as participants complete recommended preventive care, any unused money in their individual POWER accounts can be rolled over to offset the next year’s contributions.

Proponents of these types of consumer-based plans say they give enrollees a reward for healthy behaviors that keep them out of the doctor’s office — and when they do need care, there is an incentive to find the best care at the lowest price.

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Congratulations on your election, and welcome to membership in The Council of State Governments — America’s only nonpartisan association for all state leaders.

We hope you will find your membership in CSG a rewarding experience.

As a state legislator, you are already a member of CSG. We encourage you to take advantage of the many services CSG offers to state officials.

Five ways to make the most of your membership in CSG

Network with colleagues from throughout the region at one of our regional or national meetings. The 2011 CSG Growth and Prosperity Summit will take place March 26-30 in Uncasville, Conn. Please mark your calendar to join us for the Midwestern Legislative Conference Annual Meeting July 17-20 in Indianapolis. For more information, visit CSG’s conference calendar at www.csg.org/events.

Hone your leadership skills by participating in the Bowhay Institute for Legislative Leadership Development (BILLD), the only leadership development program designed specifically for Midwestern state legislators. More information, including the application, is available at www.csgmidwest.org.

Take advantage of our online resources. Visit our online Knowledge Center (knowledgecenter.csg.org), a comprehensive collection of state-by-state data, policy briefs, articles and information on trends in state government. In addition, CSG Midwest sends out a number of electronic newsletters on topics of interest to state policymakers in this region. To subscribe, visit www.csgmidwest.org.

Read our publications to learn how other states are working to address issues. Each month, you will receive a copy of Stateline Midwest, a collection of policy research and news from this region. In addition, you will receive Capitol Ideas, our bimonthly national magazine that explores key topics being considered by state policymakers nationwide.

Call us for research assistance. Our goal is to help provide you with the information you need to reach your goals. We regularly answer research questions on a wide variety of topics. For assistance, call us at 630.925.1922.
Michigan Sen. Dave Hildenbrand
Newly elected assistant majority leader in middle of efforts to put state on different fiscal, economic course

by Tim Anderson (tanderson@csg.org)

ave Hildenbrand attended college only miles from Michigan’s state Capitol, but at the time, state politics was the furthest thing from his mind.

As he says now, the extent of his political involvement was voting, “just because I knew it was what you were supposed to do.”

Hildenbrand went to Michigan State University to pursue a career in agriculture, working on a dairy farm to pay his way through school and graduating with a degree in public resource management.

But his perspective on politics, and his life, changed after a meeting at the state Capitol with Dick Posthumus, then the Republican majority leader in the Senate.

“I had never before been to a state Capitol, and I remember being awestruck by the whole thing,” he says about a building that would eventually become his home away from home.

Posthumus was looking for someone to work for him as a district representative, and was aware of the recent college graduate because the two were from the same town — Hildenbrand had gone to school with some of Posthumus’ children.

“It just felt right,” Hildenbrand says about that initial meeting, which was his first real exposure to politics and the Michigan Legislature.

“So I did a 180. I stopped pursuing an agriculture career and began working in the Legislature.”

After several years working as staff, including a stint as deputy chief of staff in the lieutenant governor’s office under Posthumus, Hildenbrand ran for office himself.

He credits term limits for helping open up an opportunity for a newcomer like himself to win a seat in the state House, and they are what has led Hildenbrand to his newest political challenge.

This year, he began his first year in the state Senate, where he is also serving in a top leadership post after his peers in the Republican Senate caucus selected him as their “second in command”: assistant majority leader.

“There is a lot of excitement in the Capitol right now,” Hildenbrand says. “We’ve got a new governor that brings a good business and fiscal background to the problems facing our state. And I think we’re on the same page in terms of what needs to be done.”

For the first time in Hildenbrand’s career as a legislator, state government is not divided: Republicans control both chambers and the governor’s office.

With that control, Hildenbrand says, comes both opportunities and responsibilities. The state is facing a budget deficit in fiscal year 2012 of more than $1 billion, as well as continued problems and uncertainty with its economy.

Addressing those two issues will be the top priorities for the Legislature in the months ahead, and Hildenbrand will be in the middle of helping shape many of the policy and budget solutions, as evidenced by his lead role in the proposed elimination of Michigan’s existing tax on businesses.

In an interview with CSG Midwest, Hildenbrand discussed this repeal as well as some of the other economic and budget challenges that the Legislature faces in what marks a new chapter in his career and in the history of Michigan state government.

“‘We have to be more creative and smarter about how we deliver services, and it’s going to mean looking for more consolidations and efficiencies and reducing some programs.’”

Q: What is going to define the work of the Legislature over the next year?
A: How we strengthen our economy and secure good-paying jobs for our residents. From a tax and regulatory standpoint, in state government we have to focus on what we can do to create the kind of environment that makes businesses want to stay here and grow here.

We have to face the reality that our state revenues have declined and that we are going to have to be spending less. That means we have to be more creative and smarter about how we deliver services, and it’s going to mean looking for more consolidations and efficiencies and reducing some programs.

Q: You are sponsoring SB 1, which proposes a repeal of the Michigan Business Tax, or MBT. Why is the repeal such a priority for the governor and the Legislature?
A: Making it the first Senate bill [of the new session] was symbolic and was meant to show the importance of changing our business tax structure. There are a couple of problems with our MBT.

For one, it is fairly complicated because of how it was put together. There are a lot of carve-outs and tax credits that make it difficult for people to understand. Second, it is a pretty high-burden tax.

It’s got a .8 percent tax on gross receipts, and on top of that, it has a corporate income tax at almost 5 percent. And on top of that, we have a surcharge of 22 percent that businesses have to pay. That kind of complicated, high-burden tax is inconsistent with what we’re trying to do in Michigan, which is to make it a bright spot on the map where businesses want to stay and grow.

Q: How do you go about replacing the MBT and the revenues that have come with it?
A: We’re going to have to do a number of things together, because when we get rid of the MBT, our revenues are going to reduce by $2.2 billion. The governor wants to incorporate a flat, across-the-board corporate income tax of 6 percent, which would replace about one-third of the revenue of the MBT. I think his plan is a good starting point of discussions here. But that’s going to mean the need for reforms and reductions in state government. There are still a lot of unanswered questions. But it’s clear from what has happened in our economy and to our state’s fiscal situation that we need a change.

Q: Gov. Rick Snyder talked in his State of the State address about taking a closer look at state funding of local governments and the state’s revenue-sharing system. Is that another area where the Legislature will look to cut back or try to find savings?
A: Most of us are not comfortable with forcing our local communities to consolidate, and so what we want to do is incentivize it. There are some communities, especially in parts of the Grand Rapids area that I represent, where consolidation and the sharing of services have already occurred. We know it can be done, but at the state level, we have to find the right mix of incentives so our local governments become more proactive in doing it.

Q: Are you also sponsored a constitutional amendment to reform the budget process. Why has that become a priority for you?
A: Our budget year begins on Oct. 1, and a lot of times we’ve been working on the budget well into September. I am proposing that we have to get the budget done by July 1, or we forfeit our [legislative] pay until it is done. … We can’t continue dragging these budget talks through the summer and fall. Schools have been starting their new year without knowing how much money their getting from as because our school-aid budget hasn’t been settled. As members of the Legislature, a lot of times we find ourselves waiting for a handful of leaders to finish negotiations on a few items.

Without a deadline, we’re all kind of held hostage as negotiations on those few items drag out. I consider the deadline and forfeiture of pay a good-government reform for our state. I wish it could be done statutorily, but I think it is worth taking the extra steps needed for a constitutional amendment.
Ohio goes big on renewable energy

Ohio is competing in a global marketplace for jobs and economic development in the renewable and advanced energy industries. In recent years, several states have passed renewable-energy standards, adapted their tax codes, initiated building and zoning rules, and altered development incentives to attract these growing industries.

Ohio had been aggressive on many of these fronts, but was significantly out of step with neighboring states with regard to its tax code. The state addressed this situation with Senate Bill 232, which was signed into law last June.

SB 232 temporarily altered Ohio’s tax code for alternative energy projects, making Ohio more economically competitive with surrounding states and creating and retaining much-needed jobs.

In 2008, the Ohio General Assembly passed one of the most aggressive alternative-energy portfolio standards (AEPs) in the nation, requiring that 12.5 percent of Ohio’s electricity be generated from renewable sources, such as wind and solar power, and 12.5 percent from advanced energy sources, such as clean coal and nuclear power.

Despite progress, taxes an obstacle

These requirements laid the foundation for a robust energy market in Ohio, and fostered a growing manufacturing sector involving renewable-energy supply chains. Yet, despite passage of the AEPs, developers encountered a significant obstacle when assessing the tax responsibility for projects such as wind farms or solar installations.

In the early 2000s, Ohio had phased out tangible personal property taxes for all Ohio businesses except public utilities. By definition, wind and solar projects were “public utilities” despite the fact that they looked and acted very little like large, traditional utility companies with set service territories. The end result was that Ohio’s tax burden for renewable-energy projects was four to 10 times higher than that of surrounding states. The question was “How?”

A new idea needed

I n an uncertain economy where unemployment lines had, and continue to, become far too long, Ohio needed a unique idea to push job creation in a new field. The goal for SB 232 was to create jobs by streamlining the tax code for companies willing to build new generating facilities in Ohio.

SB 232 allows companies seeking to build both renewable and advanced energy generation facilities in Ohio to make an annual payment in lieu of taxes (PILOT) based on the amount of energy the facility generates instead of paying tangible personal property taxes. The PILOT taxing structure is only available to renewable energy projects that are operational by 2013 and advanced energy projects that are operational by 2017. Instead of the onerous tangible personal property tax, which can be up to $40,000 per MW, generators would pay an annual fee of up to $9,000 per MW for the life of the facility.

The PILOT concept has been absent from our state’s economy. The state is the fourth-largest manufacturer in the Midwest, and development of new photovoltaic materials, casting ball bearings for wind turbines to research and creating and retaining much-needed jobs.

On the other hand, Ohio is in an exceptional position to build a market for advanced energies.

Ohio rewrites tax code in attempt to spark advanced energy development

The state is the fourth-largest manufacturer in the renewable-energy industry’s supply chain. From casting ball bearings for wind turbines to research and development of new photovoltaic materials, Ohio is on the cutting edge of one of the fastest-growing industrial sectors in the world. But those materials and knowledge are leaving the state for projects elsewhere in the Midwest and abroad.

Jobs and local economic development opportunities come with the construction of wind farms, and Ohio was clearly missing out. The solution seemed simple — make it economical to build renewable-energy projects in Ohio by restructuring the code so Ohio’s tax burden would be in line with other states. The question was “How?”

The state burden had state lagging region in crucial field — and jobs

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by Ohio Sen. Chris Widener (SD10@senate.state.oh.us)

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BILLD a unique chance for region’s legislators to hone leadership skills

Midwestern legislators in their first four years of service are encouraged to apply for the Bowhay Institute for Legislative Leadership Development (BILLD), the only leadership development program designed specifically for lawmakers from this region.

Now in its 17th year, BILLD is a five-day institute held each summer by the Midwestern Legislative Conference. It provides opportunities for professional development and networking with colleagues from around the region. The 2011 program will be held Aug. 12-16 in Madison, Wis. Applications for the program are due March 28 and are available at www.csgmidwest.org.

Fellowships are awarded through a competitive, nonpartisan application process. The fellowship covers the cost of tuition, lodging and meals. Each participant also is eligible for a nominal travel stipend, which helps cover the cost of travel to and from Madison.

This spring, 37 Midwestern lawmakers will be selected to participate in this year’s program by the BILLD Steering Committee, a bipartisan panel of legislators from this region. The committee is led by co-chairs Illinois Rep. Elaine Nekritz and Michigan Rep. Mark Meadows. Ohio Rep. Cliff Hite serves as vice chair.

“Our states are facing unprecedented challenges,” Nekritz says. “BILLD develops the leadership skills necessary for newer legislators to play a significant role in developing the solutions.”

Applications available for 2011 program

CSG Midwestern staff and members of the BILLD Steering Committee are hard at work planning for this summer’s program, which will be held in partnership with the University of Wisconsin-Madison’s Robert M. La Follette School of Public Affairs. This collaboration allows the institute to tap into the expertise of top scholars in a variety of policy areas.

BILLD fellows also receive training from professional development experts and current and former legislative leaders from across the region.

The institute features three core areas: leadership training seminars, professional development workshops and policy analysis. This year’s curriculum will provide training in areas such as leadership styles, consensus building, time management, and communications.

“This is an incredible chance to participate in the development of a leader and be bold in government.”

Ohio Rep. Cliff Hite
BILLD Steering Committee vice chair

FAQs about the BILLD program

Who should apply for a BILLD fellowship?
BILLD is the only leadership training program designed exclusively for newer state legislators in the Midwest—primarily those in their first four years of legislative service. This year, the program will be held Aug. 12-16.

Why should I apply?
The BILLD program gives you the opportunity to become part of the next generation of legislative leaders. During the institute, you will:
• develop the skills you need to become an effective legislative leader,
• better understand key public policies through workshops led by experts in a variety of fields, and
• meet with the best and brightest emerging leaders in the Midwest.

How much does the program cost?
Each fellowship covers the cost of tuition, lodging and meals related to attending the institute. Each fellow also is eligible to receive a nominal travel stipend, which helps cover the cost of traveling to Madison, Wis.

How can I apply for the program?
Applications can be completed online or via paper form (available at www.csgmidwest.org). The application deadline is March 28.

In addition to an essay and a resume, applications require two letters of recommendation from legislative colleagues or alumni of the BILLD program (including members of the Steering Committee).

Radioactive waste shipments, fees focus of CSG panel

CSG’s Midwestern Radioactive Materials Transportation Committee held its fall meeting in Milwaukee on Dec. 7 and 8.

The committee brings together gubernatorial and legislative appointees from the Midwest to discuss plans and policies for shipments of radioactive waste through the region. CSG Midwest receives funding to support the committee through a cooperative agreement with the U.S. Department of Energy.

The meeting featured a discussion of state fees that apply to shipments of radioactive waste and material. Seven states in the region charge shipments fees, which range from $1,000 to almost $5,000 per shipment, depending on the type of waste being shipped.

The committee invited shippers to come to the meeting and share their perspectives on how state fees affect their activities.

The discussion resulted in some suggestions for ways to improve the states’ collection of shipment fees while making it easier for shippers to comply with state statutes and rules. In 2011, the committee’s Fee States Caucus will help states implement some of the suggested improvements. For more information about states’ radioactive waste shipment fees, visit www.csgmidwest.org.

At the fall meeting, committee members elected Tim Runyon of the Illinois Emergency Management Agency to co-chair the committee in 2011-2012. Paul Schmidt from Wisconsin’s Department of Health Services will lead the committee as senior co-chair in 2011.

The committee’s next meeting will be held in conjunction with the second annual meeting of DOE’s National Transportation Stakeholders Forum in Denver in May.

For more information about the CSG Midwestern Radioactive Materials Transportation Committee, contact Lisa Janairo at ljanairo@csg.org.

The Council of State Governments was founded in 1933 as a national, nonpartisan organization to assist and advance state government. The headquarters office, in Lexingtong, 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 Midwestern Office supports several groups of state officials, including the Midwestern Legislative Conference, an association of all legislatures 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.
MLC committee to hold webinars on economic development

A group of policy experts and state legislators from the Midwest is holding a series of web-based conferences on how states in this region can work together to achieve economic growth.

These “webinars” are helping launch a new project of the Midwestern Legislative Conference Economic Development Committee. The project, “Building a Competitive Midwest Through Regional Collaboration,” is bringing together lawmakers and policy experts to explore what states can do individually and collectively to advance economic development in the region. Nebraska Sen. Heath Mello is serving as chair of the committee’s advisory group on the project.

The webinars will examine the value of collaboration in economic development and how the region’s states can benefit from working together. Five different areas of potential collaboration will be examined.

The six free web-based teleconferences are open to state officials, policy experts and other interested parties. Each webinar will be recorded and made available on the CSG Midwest website (www.csgmidwest.org).

To register or to receive reminders via e-mail, contact Laura A. Tomaka at ltomaka@csg.org or 630.925.1922.

Creating a Midwestern Growth Zone
Feb. 23
Why does it make sense for the region to collaborate on economic development efforts to achieve greater growth?

Early-Stage Capital Building
Week of March 7
How can states help grow and harness capital resources for investment in new firms and innovation?

Energy-Driven Economic Development
Week of March 21
How can the region develop and support clean-energy manufacturing, transmission, infrastructure and “green jobs”?

Education Reform/Improvement
Week of April 11
How can states improve educational attainment and workforce readiness to support key growth industries?

Exports/International Trade
Week of May 2
How can the region better market products, industries and services in the global market?

Marketing and Branding the Midwest
Week of May 23
How can the region use effective messaging, advertising and other techniques in order to market its economic and demographic assets?

MLC Annual Meeting to feature engaging speakers, variety of policy sessions

This summer, policymakers from around the region will gather to share ideas on how to address the most pressing challenges being faced by states.

As part of the Midwestern Legislative Conference Annual Meeting, attendees will also hear from top policy experts on topics ranging from education to state budgets. The event will be held July 17-20 in Indianapolis. Registration is now open and can be completed at www.csgmidwest.org.

The MLC’s 66th Annual Meeting will be hosted by the organization’s chair, Indiana Rep. Scott Reske, and his colleagues in the Indiana General Assembly. This year’s keynote address will be given by Ron Brownstein, a journalist, historian and observer of American politics. He is political director for Atlantic Media Company and “one of America’s best political journalists,” according to The Economist.

Brownstein has twice been a finalist for the Pulitzer Prize and is the author of six books. In his opening speech, he will explore the challenges facing our nation and its political leaders.

The meeting will also feature another top expert in American politics: Mara Liasson, national political correspondent for NPR. Liasson provides extensive coverage of politics and policy from Washington, D.C., and reports on political trends beyond the Beltway. She also provides key coverage of candidates and issues in presidential and congressional elections.

The closing presentation will be delivered by financial and business historian John Steele Gordon. Gordon’s work regularly appears in publications such as Forbes, The Wall Street Journal, The New York Times and the National Review. He also lends his expertise on financial matters as a contributor to radio and television programs such as NPR’s “Marketplace” and PBS’ “The News Hour with Jim Lehrer.”

Gordon has written a number of books; a revised edition of his “Hamilton’s Blessing: The Extraordinary Life and Times of Our National Debt” was published last year.

This year’s meeting will also feature small-group discussions on topics such as health care, economic development, agriculture, the Great Lakes and energy policy.

In addition, evening events will offer opportunities for legislators to network with colleagues from around the region. The opening reception will be held at Lucas Oil Stadium, home of the Indianapolis Colts and site of next year’s Super Bowl.

The family-friendly event will offer activities for guests of all ages, including Family Night at the Indianapolis Motor Speedway. Daytime events for adult guests will include a walking tour of downtown Indianapolis and a trip to the Indianapolis Museum of Art. There will also be activities designed specifically for children and teens, such as trips to the Indianapolis Children’s Museum, the NCAA Hall of Champions and the Indianapolis Zoo.

MLC committee to hold webinars on economic development

A group of policy experts and state legislators from the Midwest is holding a series of web-based conferences on how states in this region can work together to achieve economic growth.

These “webinars” are helping launch a new project of the Midwestern Legislative Conference Economic Development Committee. The project, “Building a Competitive Midwest Through Regional Collaboration,” is bringing together lawmakers and policy experts to explore what states can do individually and collectively to advance economic development in the region. Nebraska Sen. Heath Mello is serving as chair of the committee’s advisory group on the project.

The webinars will examine the value of collaboration in economic development and how the region’s states can benefit from working together. Five different areas of potential collaboration will be examined.

The six free web-based teleconferences are open to state officials, policy experts and other interested parties. Each webinar will be recorded and made available on the CSG Midwest website (www.csgmidwest.org).

To register or to receive reminders via e-mail, contact Laura A. Tomaka at ltomaka@csg.org or 630.925.1922.

Creating a Midwestern Growth Zone
Feb. 23
Why does it make sense for the region to collaborate on economic development efforts to achieve greater growth?

Early-Stage Capital Building
Week of March 7
How can states help grow and harness capital resources for investment in new firms and innovation?

Energy-Driven Economic Development
Week of March 21
How can the region develop and support clean-energy manufacturing, transmission, infrastructure and “green jobs”?

Education Reform/Improvement
Week of April 11
How can states improve educational attainment and workforce readiness to support key growth industries?

Exports/International Trade
Week of May 2
How can the region better market products, industries and services in the global market?

Marketing and Branding the Midwest
Week of May 23
How can the region use effective messaging, advertising and other techniques in order to market its economic and demographic assets?

MLC Annual Meeting to feature engaging speakers, variety of policy sessions

This summer, policymakers from around the region will gather to share ideas on how to address the most pressing challenges being faced by states.

As part of the Midwestern Legislative Conference Annual Meeting, attendees will also hear from top policy experts on topics ranging from education to state budgets. The event will be held July 17-20 in Indianapolis. Registration is now open and can be completed at www.csgmidwest.org.

The MLC’s 66th Annual Meeting will be hosted by the organization’s chair, Indiana Rep. Scott Reske, and his colleagues in the Indiana General Assembly. This year’s keynote address will be given by Ron Brownstein, a journalist, historian and observer of American politics. He is political director for Atlantic Media Company and “one of America’s best political journalists,” according to The Economist.

Brownstein has twice been a finalist for the Pulitzer Prize and is the author of six books. In his opening speech, he will explore the challenges facing our nation and its political leaders.

The meeting will also feature another top expert in American politics: Mara Liasson, national political correspondent for NPR. Liasson provides extensive coverage of politics and policy from Washington, D.C., and reports on political trends beyond the Beltway. She also provides key coverage of candidates and issues in presidential and congressional elections.

The closing presentation will be delivered by financial and business historian John Steele Gordon. Gordon’s work regularly appears in publications such as Forbes, The Wall Street Journal, The New York Times and the National Review. He also lends his expertise on financial matters as a contributor to radio and television programs such as NPR’s “Marketplace” and PBS’ “The News Hour with Jim Lehrer.”

Gordon has written a number of books; a revised edition of his “Hamilton’s Blessing: The Extraordinary Life and Times of Our National Debt” was published last year.

This year’s meeting will also feature small-group discussions on topics such as health care, economic development, agriculture, the Great Lakes and energy policy.

In addition, evening events will offer opportunities for legislators to network with colleagues from around the region. The opening reception will be held at Lucas Oil Stadium, home of the Indianapolis Colts and site of next year’s Super Bowl.

The family-friendly event will offer activities for guests of all ages, including Family Night at the Indianapolis Motor Speedway. Daytime events for adult guests will include a walking tour of downtown Indianapolis and a trip to the Indianapolis Museum of Art. There will also be activities designed specifically for children and teens, such as trips to the Indianapolis Children’s Museum, the NCAA Hall of Champions and the Indianapolis Zoo.
Income tax increases coming and going in Midwestern states

In early January, Illinois became the third Midwestern state in recent years to raise income taxes as a way to fix a budget shortfall. The flat rate in Illinois was increased from 3 percent to 5 percent. That new rate is scheduled to stay in place for the next four years; it will fall to 3.75 percent in 2015 and 3.25 percent in 2025. As part of SB 2505, the Illinois law makers raised the corporate tax rate and capped annual state spending growth at 2 percent for the next four years. According to The State Journal Register in Springfield, previous proposals to ease the burden of an income tax hike on lower-income earners were not included in the final legislation.

WISCONSIN SETS NEW RULES, CAPS ON DAMAGES IN CIVIL LIABILITY CASES

As the result of one of the first actions taken by Wisconsin’s newly elected legislature and governor, new rules governing the state’s civil justice system are now in place. SB 1 was passed in January during a special legislative session. The new law is being praised by proponents as a way to improve the state’s business climate and derided by critics for taking away important legal safeguards and remedies.

According to the Milwaukee Journal Sentinel, the law establishes higher standards for who qualifies as an expert witness and prevents lawsuits in which plaintiffs cannot prove who harmed them. The latter provision was a response to a state Supreme Court ruling in 2005 that applied the theory of “risk contribution” in a lead-paint liability case. In that decision, the court ruled a plaintiff’s case against various manufacturers of lead pigment could move forward — even though the plaintiff could not prove which specific manufacturer produced the lead pigment that he ingested as a child. SB 1 also limits punitive damages to $200,000 or double the amount of compensatory damages. In addition, noneconomic damages in medical malpractice cases involving nursing homes are now capped at $750,000. This same limit already was in place for cases involving other health care providers.

Changes in election law focus on photo ID, use of new voting centers

Changes in election laws emerged early as priorities in several Midwestern states during the first few weeks of the 2011 legislative year.

One trend has been a push to pass laws requiring voters to provide photo identification at the polls. At the beginning of 2011, only three Midwestern states – Indiana, Michigan and South Dakota — required photo ID by all voters, according to the Pew Center on the States.

The number of states with this requirement is likely to grow. Various news outlets were reporting in January that bills had been introduced in Iowa, Kansas, Minnesota, Nebraska and Wisconsin. According to the Milwaukee Journal Sentinel, part of the debate in Wisconsin has been over what types of photo ID voters would need. For example, should student IDs and passports be acceptable forms of identification?

Three years ago, the U.S. Supreme Court upheld Indiana’s photo-ID law. Lawmakers in that state have focused this year on another change: giving counties the option of replacing traditional precinct sites with voting centers. The idea is to make voting more convenient for people — by allowing them to use any centers within their home county — while also reducing labor and equipment costs.

One plate or two? States vary in what is required on vehicles

Most states in the Midwest require vehicle owners to display license plates in the front and the back of their passenger cars or trucks. Many of these two-plate requirements date back years or decades. But are they worth it? That question is being asked in at least two Midwestern states, where bills have been introduced to change existing vehicle codes.

Last year, a one-plate proposal in Nebraska failed to get through the Legislature. A bill in that state this year (LB 182) would exempt farm trucks and commercial vehicles from the two-plate requirement. One complaint among some agriculture producers in Nebraska is that their state license plates often get damaged and need to be replaced, resulting in an extra cost.