



Rendell Creates Health Care Committees

Best case scenario is eight years of savings, \$650m

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Wednesday Gov. Ed Rendell signed an executive order creating two health care reform committees to handle the changes required by the new federal health care bill and reforms mandated by the state of Pennsylvania.

In his press conference, Mr. Rendell said he expected the implementation of the health care bill would save between \$280 and \$650 million over the next eight years, based on how many Pennsylvanians come out of the woodwork.

“As you add benefits, people who are receiving no government benefits at all because they just haven’t signed up for the program will come out of the woodwork and sign up,” said Mr. Rendell. “That could happen and the \$280 million in savings, the low end, is if everyone eligible for standard benefits under Medicaid signs up. But if rate of people coming in and signing up is the rate estimated by the Senate Finance Committee, we’ll have less costs and we’ll save the \$650 million in that time period.”

The first of the governor’s two committees, the Commonwealth Health Care Reform Implementation Committee, is intended to design Pennsylvania’s High Risk Pool, design a health benefit exchange, create inter-agency teams to assist their decision making process, engage with the Commonwealth Health Care Reform Implementation Advisory Committee and seek public input.

The second, the Commonwealth Health Care Reform Implementation Advisory Committee, is meant to receive a briefing on the above committee’s findings and recommendations, provide feedback, identify best practices and models, and review strategic plans related to the health care reform bill.

Committee members will not be compensated outside of per diems. Describing the task facing the committees, Mr. Rendell said “this is not an administrative nightmare, it’s an administrative challenge,” specifically because of the Medicaid expansion



included in the federal health care bill.

State Rep. Josh Shapiro (D – Montgomery) introduced a similar bill April 28 which would also create a Health Insurance Reform Implementation Authority.

Mr. Rendell also emphasized the implementation of the high-risk pool is a top priority, an insurance pool which would create a new insurance program for adults denied coverage due to a pre-existing condition, and the expanded authority of the state to begin regulate health care rate increases in 2014.

“Rate regulation is very important to keeping health care costs down,” said the governor. “This doesn’t take effect immediately, so that’s why I’m urging the Senate to pass the bill that the House passed last year which gives the insurance commissioner powers to regulate rate increases for health care.”

Mr. Rendell conceded creating health care reform committees was a task of the new governor, but said “there are certain things, like the formation of the high-risk pool, that can’t wait. There are certain things we are mandated to do by federal law and to do quickly. We want to give the next governor a blueprint so he can come in and hit the ground running.”

The governor also said that once the committees are at work he would bring in Dan Onorato, Democrat nominee for governor, and Tom Corbett, Republican nominee for governor, to go over the details.

Asked whether Pennsylvanians would have to finance unfunded mandates, Mr. Rendell said “There is additional costs [sic], but the additional costs are more than offset by the savings. For the next eight years pa taxpayers will save significant money. There will be additional costs, but the savings outweigh the costs so the taxpayers won’t pay more so this will give us some degree of budget relief.”

The cost of Pennsylvanians enrolling in state-funded health care programs ranges from \$1.276 to 1.643 billion, while the savings include a shift to home and community-based settings; the collection of higher drug rebates; less use of the Children’s Health Insurance Program (CHIP); and the expansion of Medicare Part D lowering Program of All Inclusive Care for the Elderly (PACE) costs.

Darwynn Deyo can be contacted by email at darwynn@paindependent.com

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