Health Care’s Perfect Storm
Because now they are enrolled in SCHIP and Medicaid programs. So they’re covered for the doctor visits and prescriptions they need. **But 8.5 million kids still have no health insurance**, though most are eligible for coverage. Let’s get them enrolled, too.

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The Beaumont Foundation of America is an extraordinary example of how the civil justice system can work to make a difference in the lives of Americans. The Foundation’s core purpose is to grant state-of-the art, Internet-enabled, wireless computer hardware to Americans who do not have access to the vast educational benefits of the Internet, and to collaborate with existing successful organizations to provide the technical support to utilize it. Grants from the Foundation will be available across America.

The Beaumont Foundation of America was created with funds generated by the settlement of a class action lawsuit. The Foundation believes the unique circumstances under which it was created can serve as a model for similar class action settlements and give rise to a new form of American philanthropy.

The Beaumont Foundation of America seeks collaboration with successful philanthropies that share its mission of providing access to information for everyone, everywhere, anytime.

The Beaumont Foundation of America is granting computer hardware to qualifying non-profits, faith-based and community organizations, libraries, schools and individuals in need. Grant applications for 2003 are now being accepted through March. For more information, including future grant application opportunities, log on to www.bmtfoundation.com or call us at 866.505.COMP.
Several factors converge to create a perfect storm for rising health care costs. Cover by Susie Bush

state trends

Health care’s perfect storm
Several factors converge to create double-digit health care cost growth.
by Trudi Matthews

International

Building partnerships with South Africa
States forge ties with South Africa to promote trade and address social problems.
by Chris Whatley

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Activities and events by CSG, its affiliates and other associations are highlighted.
State budgets are getting a double dose of health care inflation. Not only are states plagued by soaring increases in Medicaid spending, they are facing double-digit increases in premiums for health insurance coverage of state employees.

Medicaid spending grew 11.7 percent in fiscal 2002, nearly twice the rate of total state spending, and now amounts to 20 percent of all state expenditures, according to a National Association of State Budget Officers' analysis of state budgets.

A contributing factor to growing Medicaid expenditures, and health care costs in general, is the treatment of chronic illnesses such as heart disease, diabetes and asthma.

Chronic illness treatment accounts for 75 percent of all health care spending. But among Medicaid beneficiaries, 96 percent of expenses for non-elderly adult beneficiaries are for chronic illness treatment and disease management, according to a report by the Center for Health Care Strategies.

Despite attempts at cost containment, states are expected to face Medicaid spending growth next fiscal year, according to the National Association of State Budget Officers.

To help states find ways to rein in health care costs, The Council of State Governments’ new president, Gov. Mike Huckabee of Arkansas, says this year he plans to put the spotlight on chronic illness and disease management.

At the 2002 CSG State Trends and Leadership Forum in Richmond last December, Huckabee pointed out that 125 million Americans, nearly half the nation’s population, suffer from an illness that requires months and sometimes years of treatment.

Educating state officials about the barriers to treatment and identifying programs that effectively control the cost of Medicaid are among Huckabee and CSG’s initiatives this year.

One of the projects Huckabee supports is a national summit in April that will bring together health care experts, academicians and state leaders to produce a State Official’s Guide On Chronic Illness and Disease Management.

Other areas of the economy are touched by health care prices. In this month’s issue of State Government News, the complex issue of health care is explored from different perspectives.

The underlying causes of double-digit increases in health care costs are examined in an article by Trudi Matthews, chief health policy analyst for CSG, who reports that several strategic trends have emerged as states struggle to contain costs.

Rising health care costs affect state budgets in many areas. States are health insurance purchasers, and state governments are not immune to the escalating cost of premiums for their employees and retirees. Leslie Scott, association manager of the National Association of State Personnel Executives, reports that health insurance premium costs are expected to rise between 12 and 15 percent this year. NASPE, a CSG affiliate, is conducting a survey of states’ attempts to contain health care costs. Results, which are expected to be ready in March, will be used to develop model health care plans and identify best practices.

States are also looking ahead and implementing prevention measures to help children establish healthy eating habits early.

The fastest growing obesity rate in the country is among children between the ages of six and 11. Charlotte Cornell Postlewaite, chief education policy analyst for CSG, writes about how states and schools are promoting nutrition and exercise to keep kids healthy.

Health care costs are also a factor in homeland security. Peggy C. Wilds, health policy analyst with CSG, reports that states are using federal funds earmarked for terrorism response planning and infrastructure to vaccinate health care workers and emergency responders. And while smallpox receives most of the media attention, the Centers for Disease Control and Prevention has compiled a hit list of other biological agents that can be used in a bioterrorism attack.

— Jack Penchoff is State Government News’ senior editor
The council of state governments

**Trends, tools and leadership**

*CSG forum sets tone for governing in 2003*

**BY SUSAN SAYLOR YEARY**

Governors, state legislators, senior federal and state government officials, academicians and representatives of many Fortune 500 corporations from across the nation convened in early December at the Greater Richmond Convention Center in Richmond, Va., for CSG’s Annual State Trends and Leadership Forum.

The theme of the meeting, “Preparing States for Tomorrow, Today,” highlighted CSG’s trends mission, which provides foresight capability to leaders from all branches of state government. During the four-day meeting, participants shared a unique opportunity to focus on the key issues shaping state policy and governance in 2003.

“This meeting is a tremendous opportunity to study pressing, complex issues and trends, and to gain the information and insight leaders need to meet future challenges,” said then-Gov. Parris N. Glendening of Maryland, 2002 CSG president.

Glendening delivered the keynote address on December 6 at the opening plenary. In his speech he called on state leaders to stand together. “The states will face significant challenges, both fiscal challenges and policy challenges, as the 21st century progresses. One of the best strategies for overcoming these challenges is to work together, share ideas, and maintain a united front. That is why The Council for State Governments is such a valuable organization.”

Virginia Senate President Pro Tempore John Chichester, 2002 CSG chair, opened the session and welcomed the 800 attendees. Virginia Gov. Mark Warner, Virginia Lt. Gov. Timothy M. Kaine and Virginia Delegate William J. Howell also spoke to the group.

Warner addressed the fiscal crises states are contending with and challenged the federal government to act responsibly in regard to unfunded mandates. “We must demand a fair and equitable relationship with our friends in Washington,” he said. He called for Washington to deliver the financial aid promised to implement federally mandated programs. He cited recent “grim” newspaper headlines that illustrate the budgetary woes of states hard hit by a recession and the added financial responsibility of federally legislated programs like homeland security.

Noted author Ted Halstead delivered a new centrist viewpoint as he conducted the second plenary on political trends, titled “New Perspectives on the American Electorate.” Halstead is founder and president of the New America Foundation, one of the nation’s new public policy institutes. He is a frequent writer for the *New York Times, Washington Post, Atlantic Monthly* and *Los Angeles Times.* He co-authored, along with Michael Lind, the acclaimed book on American politics, *The Radical Center.*

“At some point in the early 21st century,” said Halstead, “the modern equivalents of Abraham Lincoln and Franklin Delano Roosevelt will once again remodel the inherited institutions of our republic.”

Responding to Halstead’s comments during the discussion were Arkansas Gov. Mike Huckabee, CSG president-elect; Delaware Gov. Ruth Ann Minner; Minnesota Sen. John Hottinger, CSG vice chairman; and Nevada Assemblyman Lynn Hettrick, CSG-
WEST chairman. Gene Gibbons of Stateline.org served as moderator.

The discussion examined the viability of Halstead’s academic assertions that political parties have become polarized to the point of dogma and no longer reflect the opinions of the majority of Americans. His ideas call for dramatic reformation of our policies and electoral procedures.

How governments manage development was the theme of the third and final plenary, led by Glendening. This will determine the quality of their environments, their long-term growth rates and the future quality of life for their citizens, he said. Creative partnerships and coalitions are needed for states to effectively implement sustainable development strategies.

In Maryland, Glendening’s administration worked to assemble a toolbox of incentives and programs that can serve as a model for other communities, states and nations. He presented his Smart Growth package as part of an examination of development issues titled “The Future of Smart Growth: Partners in Implementation.”

Lee Todd, president of the University of Kentucky, and Scott Spencer of the Annie E. Casey Foundation joined Glendening in discussing how states can build strong relationships among foundations, universities, communities and state officials to effectively improve the quality of life for their residents.

Workshops offer insight

Other sessions throughout the meeting offered CSG members the opportunity to delve more deeply into issues on the forefront of state government. Workshops supplied tools for developing programs at home. Topics included international exchanges between states and foreign governments; governmental efficiency in a tough budgetary climate; health care issues, including Medicaid; major demographic trends in the United States; e-governance; innovative state and private approaches to restoring corporate credibility; water quality and quantity; issues surrounding the controversial national driver’s license; electric-industry restructuring and the states’ role in homeland security.

The State International Development Organizations met for three days to discuss international trade issues and share best practices. One speaker was Tony Lorusso, director of export promotion for the Minnesota Trade Office, who shared tips from former Gov. Jesse Ventura’s trade mission to China. Lorusso described strategies for organizing and implementing successful trade missions, including recruiting.

During the International Forum, panelists discussed the challenges and opportunities of developing international connectivity at the state level.

Those in attendance learned that international trade activity is increasing at the state level. The challenge for states is to develop a central clearinghouse or a coordinator responsible for linking the international activities of all different agencies and branches within state government.

Members of the Health Capacity Task Force discussed some of the underlying problems in the nation’s health care system and how those problems might
be addressed.

Some suggested changes include: more freedom for patients to choose their own insurance plans; greater competition among insurance carriers; and providing incentives for consumers to curb rising health care costs.

During a workshop, “Remedies for the Medicaid Crisis,” experts agreed that there is no single answer.

State strategies to curb the double-digit increases in state Medicaid budgets include prescription drug cost containment, reducing or freezing provider payment rates, reducing or restricting program eligibility, reducing benefits and increasing beneficiary co-payments.

Field study sharpens skills

At this year’s meeting, task force and committee members had the opportunity to participate in a field study. The Agriculture and Rural Policy Task Force and the Environmental Task Force combined efforts to study the Chesapeake Bay Ecosystem at the York River State Park. Task force members, riding in research boats and canoes, collected water samples and studied the geologic history of the area.

The trip was so successful, the group is planning others, according to Rep. Douglas Jones, Agriculture and Rural Policy Task Force Chair.

Resolutions passed, officers installed

The Governing Board/Executive Committee convened during the meeting to review resolutions and action items and to approve the slate of officers for 2003.

The members also approved the rescission of the fiscal year 2004 dues increase of 3.5 percent in recognition of the economic challenges faced by member states. They also approved a 3.5 percent dues increase for fiscal year 2005, contingent on future economic conditions, and based on the 1995 estimated census.

Members voted unanimously to approve the slate of officers submitted by the Nominating Committee. The new officers are:

- President: Gov. Mike Huckabee, Arkansas;
- President-Elect: Gov. Ruth Ann Minner, Delaware;
- Chairman: Rep. Dan Bosley, Massachusetts;
- Chairman-Elect: Sen. John Hottinger, Minnesota;
- Vice Chairman: Assemblyman Lynn Hettrick, Nevada.

Seventeen resolutions drafted by CSG Task Forces and Committees were adopted. Those committees and task forces and the resolutions they adopted are:

**Agriculture Policy Task Force**
- Resolution on Rural Development

**Health Capacity Task Force**
- Resolution on Health Literacy
- Resolution on Medicare and Urban Development
- Resolution on Prescription Drug Coverage Under Medicare

**Public Safety and Justice Task Force**
- Resolution on the Interstate Compact for Juveniles
- Resolution Honoring Connecticut State Representative John S. Martinez

**Environmental Task Force**
- Resolution on CSG’s Center for Environmental Innovation

**Intergovernmental Affairs Committee**
- Resolution on the Streamlined Sales Tax Project
- Resolution on the Reauthorization of TEA-21
- Resolution Regarding the Treatment of 529 Qualified Tuition Programs
- Resolution Supporting Legislation to Assist State and Local Governments to Finance Vital Public Services
- Resolution on Taxation of Public Employee Pension Plans
- Resolution on the Repeal of the Mortgage Revenue Bond Ten-Year Rule
- Resolution Supporting the American Community Survey
- Resolution on Animal Antibiotic Use

**International Committee**
- Resolution on Appreciation for Richard B. Sheppard, USAEP

**The Council of State Governments**
- Resolution Endorsing U.S. Leadership in the Global Fight Against HIV

More details about the resolutions can be found on the CSG Web site, [http://www.csg.org](http://www.csg.org) in the policy section.

— Susan Saylor Yeary is The Council of State Governments’ associate director for membership, marketing and communications.
he Council of State Governments’ Suggested State Legislation Program has highlighted innovative state legislation for more than 60 years. The CSG Committee on Suggested State Legislation convened for the first time in the 2004 SSL Cycle in Richmond, Virginia on December 8, 2002, in conjunction with the 2002 CSG annual State Trends and Leadership Forum. The SSL Committee considered 103 items on its Richmond docket and selected 11 for Part I of the 2004 SSL volume. Members will be able to access Part I via CSG’s STARS database by the end of February.

The 11 measures approved by the committee were:

**Defrauding Administration Of A Drug Test**

New Jersey Assembly Bill 2098 is aimed at criminalizing products that mask the results of a drug test. It makes defrauding a drug test by using an instrument, tool, device or substance a crime of the third degree. This bill became law in 2002.

**Dismissal Of Certain Emergency Workers**

Kentucky HB 388, enacted in 2002, prohibits employers from firing employees who are volunteer firefighters, rescue squad members, emergency medical technicians, peace officers or members of an emergency management agency and are late to or absent from work because they respond to an emergency.

**Emergency Evacuation Plan For People With Disabilities**

Illinois Public Act 92-0705 of 2002 directs that by January 1, 2004, every high-rise building owner must establish and maintain an emergency evacuation plan for disabled occupants of the building who have notified the owner of their need for assistance. "High rise" means any building 80 feet or taller in height.

**Improving Air Quality**

Arizona Chapter 371 of 2001 implements recommendations from a Brown Cloud Summit to reduce air pollution and improve air quality in the state. The act:
- addresses mandatory engine idling restrictions for engines that propel a heavy-duty diesel vehicle with a gross vehicle weight rating of 14,000 or more pounds;
- establishes a five-year voluntary program among power suppliers and the construction industry to identify viable sources of electric power to reduce the use of generators;
- provides general guidelines for opacity cut-points, citations and alternative standards;
- directs the state Department of Environmental Quality to administer a pilot program for the emissions testing of diesel vehicles with a GVWR of greater than 10,000 pounds;
- directs the DEQ to collect pilot program data including the feasibility of a civil penalty system; and
- permits public and private sector entities to use low-sulfur diesel fuel in vehicles retrofitted with oxidation catalysts and particulate filters in certain areas.

**Multiple Pollutant Reduction**

New Hampshire Chapter 130 of 2002 establishes caps for emissions of sulfur dioxide, oxides of nitrogen, and carbon dioxide by existing fossil-fuel burning steam electric power plants. It permits banking and trading emissions reductions to achieve compliance with the caps. Compliance is not required of plants that install qualifying repowering technology or eligible replacement units.
Predatory Lending Note

As of 2002, 11 states have introduced or enacted legislation to combat the problem of predatory lending practices. According to the Association for Community Reform, predatory lending generally involves charging higher interest rates than a borrower’s credit warrants; making loans without regard to the borrower’s ability to pay; and making loans for more than 100 percent of the property’s value.

States that have enacted legislation to combat the problem are Alabama, California, Colorado, Connecticut, Florida, Georgia, Iowa, New York, North Carolina, Pennsylvania and Virginia.

Preservation Interim Loan Programs

California Chapter 721 of 2002 establishes a Preservation Opportunity Program, an Interim Repositioning Program, and a Preservation Opportunity Fund to help preserve and maintain assisted housing developments and affordable housing stock. It does this primarily by making it possible for preservation purchasers to quickly access financing to gain control of at-risk development before it is converted to a market rate property.

Prohibiting The Sale And Distribution Of Most Mercury-Added Novelties

Indiana House Bill 11901 enacted in 2001:
• prohibits the sale and distribution after July 1, 2003 of most mercury-added novelties intended mainly for personal or household enjoyment or adornment such as a plastic maze containing a rolling mercury ball;
• limits the circumstances under which a mercury fever thermometer may be sold or supplied to an individual after July 1, 2003;
• restricts a public or private school from using or purchasing a mercury commodity, mercury compounds, or mercury-added instructional equipment and materials after July 1, 2003;
• provides that a person may sell or provide a mercury commodity to another person after July 1, 2003, only if the person meets certain conditions;
• requires the state department of Environmental Management And Solid Waste Management Districts to implement mercury education programs; and
• permits local units of government to implement such programs.

Prohibiting The Use Of State Funds And Facilities To Assist, Promote Or Deter Union Organizing

New York A11784-A, which became law in 2002, prohibits using state funds and facilities to assist, promote or deter union organizing. The measure empowers the state attorney general to apply for a restraining order to prohibit such behavior and the courts to impose civil penalties for such behavior.

State Wetland Regulation Extension

A recent U.S. Supreme Court decision, Solid Waste Agency of Northern Cook County v. Army Corps of Engineers, 69 U.S.L.W. 4048 (2001), limits the types of bodies of water for which the discharge permits are required from the U.S. Army Corps Of Engineers. The court held that non-navigable, isolated, intrastate waters that serve as habitat for migratory birds cannot be interpreted by ACE to be navigable waters and, therefore, no ACE discharge permits are required to discharge dredged or fill material into these bodies of water.

For discharges into non-federal wetlands that no longer are subject to the ACE permitting process, Wisconsin Act 6 of 2001 incorporates into state law the content of some of the federal provisions governing the issuance of ACE discharge permits. These provisions are in addition to any other requirements under current state law that regulates discharges into wetlands.

Sustainable Forest Incentive

This item is excerpted from an omnibus tax bill that Minnesota enacted in 2001 (Chapter 290C). The legislation substantially reduces the tax burden on managed forestland by creating a financial incentive for landowners that practice long-term sustainable management. To qualify, landowners must commit to keeping a minimum of 20 contiguous acres forested for eight years. They must also have a forest management plan approved by someone designated as a state department of natural resources “approved plan writer.” Landowners receive an annual incentive payment from the department of revenue based on the number of acres enrolled in the program and a formula. Referred to as the Sustainable Forest Incentive Act, the provisions in this item are effective in 2002 for taxes paid in 2003.

2003 Suggested State Legislation Volume

The 2003 SSL volume is now available from CSG in both printed and electronic formats. The 2003 edition contains legislative drafts concerning issues such as antiterrorism, biometric technology, financial literacy and self-directed in-home care. Call 1-800-800-1910. Members may access the publication through the STARS database at http://www.csg.org

Correction

Sen. Brad Little of Idaho was incorrectly identified in the January issue of State Government News. Little’s photo was incorrectly labeled as a picture of Rep. Dan Doyle of Oregon.
The devolution conflict

BY PARRIS N. GLENDENING

This year I completed 30 years in public service – from my election as a Hyattsville City Council member, to the Prince George’s County Council, to county executive, and finally as governor. In addition, for 27 years I taught Government and Politics and the University of Maryland, College Park. This included courses in state and local government as well as federalism and intergovernmental relations. I have seen significant evolution in the federal-state relationship.

Even with the changes that have taken place, it is hard to find a single function of government that truly is solely a national or solely a state/local responsibility. The image that comes to mind is not a layer cake, but rather a marble cake, with shared responsibilities rather than clearly delineated levels.

Early in my political career, I recall a strong, active federal presence. That was an era of national policy initiatives: the Civil Rights movement; the War on Poverty; education assistance, especially targeted at equalization; the welfare entitlement; and environmental initiatives. Each of these initiatives was considered a national priority and was treated as such. States were given mandates and funding.

We worked within those parameters to address those issues.

As the years passed, we moved to a more decentralized approach. This devolution peaked in the 1990s – the “Decade of the States.” States began taking the lead on key issues, such as education, the environment, crime and economic development. States were reinvigorated as “laboratories of democracy.” Ideas were developed and launched at the state level. They were monitored, improved and expanded. They would be adopted by other states and refined and adjusted to fit unique needs.

There was a great diffusion of innovation. For example, the HOPE Scholarship program was started in Georgia by then-Gov. Zell Miller. It was a straightforward idea: do well in school and agree to work in the state after graduation and the state will pay your tuition. Several states, including Maryland, adopted this program.

In some cases, innovative state policies were adopted at the federal level: Our national welfare reform movement began in Wisconsin under Gov. Tommy Thompson. Maryland’s Smart Growth/Anti-Sprawl Environmental Program is another example of this type of flow. Maryland set as policy that the state will not use tax dollars to subsidize sprawl. We have seen other states following this lead with similar, and in some cases almost identical, programs. In Utah, Gov. Leavitt and the Legislature adopted a number of our provisions.

Today, many in power at the federal level still preach the gospel of federalism, but in practice it is not quite carried out. There are three simultaneous actions being taken at once; actions that are inherently in conflict.

We see the states given responsibility, which is clearly an element of federalism. But requirements are tacked onto legislation, which is antithetical to federalism. Finally, we see states given inadequate funding to meet these responsibilities, while our ability to raise revenues is curtailed by federal action, which makes it difficult to implement the federalism model. For example, the federal government pledged $3.5 billion to help defray the costs states bore after September 11th. Maryland alone spent $25 million. No state has yet to see a dime of this federal money.

Or consider welfare reform. Here is an initiative that is considered perhaps the greatest success of federalism in the past 10 years. You would think a former governor now serv-
mately make sprawl and congestion worse. Instead, the federal government should dramatically increase its investments in public transit. Right now, federal transportation funding favors highways over transit by 80 percent to 20 percent. We need a much better balance, or at least give the states greater flexibility on moving toward that balance.

I stress this is not a partisan issue. Prior national administrations also fell far short on addressing pressing environmental crises.

It is as if two tectonic plates are bumping up against each other with the stated preference for the devolution of power – moving decision making to the states – in conflict with the practice of policies standardized at the federal level with prescriptive measures and specific mandates. In the long run this is an unworkable situation, sure to create tension, conflict and failure. Addressing these challenges is a major concern.

We need to watch every piece of federal legislation for the impact of these trends. As state leaders we have the obligation to speak out and do what is right for our citizens. We need to ensure that we are able to act independently, creatively and effectively.

The states will face significant challenges, both fiscal challenges and policy challenges, as the 21st century progresses. One of the best strategies for overcoming these challenges is to work together, share ideas, and maintain a united front. That is why The Council of State Governments is such a valuable organization. I encourage all of you to stay active and involved with CSG. By working together toward our common goals, we can ensure a prosperous future for all our citizens.

— Parris N. Glendening was governor of Maryland for eight years, leaving office in January. He also served as president of The Council of State Governments in 2002. The preceding remarks were excerpted from the keynote address Glendening delivered Dec. 6, at CSG’s 2002 Annual State Trends and Leadership Forum.
This calendar lists meetings as designated by CSG’s Annual Meeting Committees. For details of a meeting, call the number listed. “CSG” denotes affiliate organizations of CSG. Visit www.csg.org, for updates and more extensive listings.

Other meetings have value to state officials. Purchase a meeting listing by calling 1 (800) 800-1910 or by emailing sales@csg.org. Announce your meetings to thousands in the state government market through an advertisement, a Web listing, or a banner ad in In The News, CSG’s weekly electronic newsletter. Get your free subscription to In The News at www.csg.org.

### FEBRUARY 2003

- **February 1-4** — CSG/National Association of State Telecommunications Directors Southern Region Winter Meeting — Austin, TX — Inter-Continental Stephen’s Assn. Austin Hotel. Contact Karen Britton at (859) 244-8187 or kbritton@csg.org
- **February 11-16** — CSG/National Lieutenant Governors Association State-Federal Meeting — Washington D.C. — Willard Inter-Continental. Contact Stephen A. Hamilton at (859) 244-8174 or ahamilton@corp.org
- **February 14-16** — CSG/National Conference of State Legislatures/Rural Policy Research Institute Legislative Agricultural Chairs Summit — Dallas, TX — Omni Dallas Park West. Contact Carolyn Orr at ccorr@csg.org
- **February 21-23** — CSG/National Association of State Election Directors — Washington, D.C. — Capital Hilton. Contact Melinda Glazer at (202) 624-5460 or mglazer@csg.org
- **February 22-25** — National Governors Association Winter Meeting — Washington, D.C. Contact Susan Dotchin at (202) 624-5327

### MARCH 2003

- **March 2-4** — CSG/National Association of Government Labor Officials — Washington, D.C. — Hotel TBA. Contact Melinda Glazer at (202) 624-5460 or mglazer@csg.org
- **March 2-5** — CSG/National Association of State Treasurers Legislative Conference — Washington D.C. — Willard Inter-Continental Hotel. Contact Adnne Hamilton at (859) 244-8174 or adhamilton@corp.org or visit www.nastnet.com
- **March 11-13** — CSG/National Youth Court Center/Developmental Services Group — Drug and Courts Topical Training Seminar — San Diego, CA. Contact the Developmental Services Group Inc. at (877) GO-JABIG

### APRIL 2003

### MAY 2003

- **May 3-7** — CSG/National Association of State Telecommunications Directors Eastern Region Meeting — Charleston, WV. Contact Karen Britton at (859) 244-8117 or kbritton@csg.org
- **May 15-18** — CSG Spring Conference and Task Force Meetings — U.S. Virgin Islands — Marriott Frenchman’s Reef. Contact Wanda Hines at (859) 244-8113 or whines@csg.org

### JUNE 2003

- **June 1-4** — CSG/National Association of State Telecommunications Directors Western Region Meeting — Coeur d’Alene, ID. — Coeur d’Alene Resort. Contact Karen B. Hines at (859) 244-8117 or kbritton@csg.org
- **June 17-19** — CSG/Congress Midwest/Midwestern Radioactive Materials Transportation Committee Meeting — Lincoln, NE. Contact Lissy Satter at (920) 803-9976 or tsatter@csis.org
- **June 21-25** — CSG/National Association of State Facilities Administrators Annual Conference & Tradeshow — Overland Park, KS — Sheraton Overland Park Hotel. Contact Marcia Stone at (859) 244-8181 or mstone@csg.org

### JULY 2003

- **July 11-15** — CSG/Midwestern Legislative Conference Ninth Annual Bowhay Institute for Legislative Leadership Development — Madison, WI — Fluno Center for Executive Education. Contact Laura Tornaka at (630) 810-0210 or ltornaka@csg.org
- **July 15-20** — CSG/National Lieutenant Governors Association Annual Meeting — Little Rock, AR — Peabody Hotel. Visit www.nlgusa.org or contact Julia Hurst at jhurst@csg.org or (859) 244-8111
- **July 21-27** — National Conference of State Legislatures Annual Meeting — San Francisco, CA. — Hotel TBA
- **July 29-August 1** — CSG/Congress WEST Annual Meeting — Honolulu, HI — Hilton Hawaiian Village. Contact Cheryl Duvachelle at (916) 553-4423 or cdvach@csis.org

### AUGUST 2003

- **August 9-13** — CSG/Southern Legislative Conference Annual Meeting — Fort Worth, TX — The Renaissance Worthington Hotel and The Radisson Plaza Hotel. Contact Nai Vienthongsuk at (404) 266-1271 or nai@csg.org or visit www.sclatlanta.org
- **August 16-19** — National Governors Association Annual Meeting — Indianapolis. IN. Contact Susan Dotchin at (202) 624-5327
- **August 17-19** — CSG/Eastern Regional Conference Annual Meeting — San Juan, PR — Caribe Hilton. Contact Pam Stanley at (212) 912-0128 or pmcelme@csgwest.org or visit www.csgwest.org
- **August 24-27** — CSG/Midwestern Legislative Conference 58th Annual Meeting — Milwaukee, WI — Hyatt Regency Milwaukee. Contact Mike McCabe at (630) 810-0210 or mmacbe@csg.org

### SEPTEMBER 2003

- **September 6-10** — CSG/National Emergency Management Association Annual Conference — Seattle, WA — Elliot Grand Hyatt. Visit www.nemaweb.org
- **September 6-11** — CSG/National Association of State Telecommunications Directors Annual Conference and Trade Show — St. Louis, MO — Hyatt Regency St. Louis at Union Station. Contact Karen Britton at (859) 244-8117 or kbritton@csg.org
- **September 13-18** — CSG Henry Toll Fellowship Program — Lexington, KY. Contact Allison Spurrier at (859) 244-8249 or aspurrier@csg.org for applications
- **September 21-23** — CSG Southern Governors’ Association Annual Meeting — Charleston, WV — Hotel TBA. Contact Liz Purdy at (202) 624-5897 or zg@ssao.org

### OCTOBER 2003

- **October 14-17** — CSG/Congress WEST Western Legislative Academy — Colorado Springs, CO — Doubletree Hotel. Contact Cheryl Duvachelle at (916) 553-4423 or cdvach@csis.org
- **October 18** — CSG/Congress WEST Executive Committee Meeting — Colorado Springs, CO — Doubletree Hotel. Contact Cheryl Duvachelle at (916) 553-4423 or cdvach@csis.org
- **October 23-26** — CSG Annual State Trends and Leadership Forum — Pittsburgh, PA — Hilton Pittsburgh. Visit www.csg.org or contact Wanda Hines at (859) 244-8113 or whines@csg.org

### NOVEMBER 2003

- **November 7-11** — CSG/LSC Fall Legislative Issues Conference — Point Clear, AL — Marriott Grand Hotel Resort and Golf Club. Contact Nai Vienthongsuk at (404) 266-1271 or nai@csg.org or visit www.sclatlanta.org

### DECEMBER 2003

- **December 14** — CSG Midwestern Legislative Conference — Chicago, IL — Hotel TBA. Contact Susan Dotchin at (202) 624-5327

### JUNE 2004

- **June 17-20** — Minnesota Governors Association Winter Meeting — St. Paul, MN — Hotel TBA. Contact Nai Vienthongsuk at (404) 266-1271 or nai@csg.org or visit www.sclatlanta.org

### AUGUST 2004

- **August 14-18** — CSG/Southern Legislative Conference Annual Meeting — Little Rock, AR — Hotel TBA. Contact Nai Vienthongsuk at (404) 266-1271 or nai@csg.org or visit www.sclatlanta.org

### SEPTEMBER 2004

- **September 25-29** — CSG Annual State Trends and Leadership Forum — Anchorage, AK — Hotel TBA. Contact Nai Vienthongsuk at (404) 266-1271 or nai@csg.org or visit www.sclatlanta.org

### FEBRUARY 2005

- **February 26-March 1** — National Governors Association Winter Meeting — Washington, D.C. — Hotel TBA. Contact Susan Dotchin at (202) 624-5327

### JULY 2005

- **July 25-29** — CSG National Legislative Academy — Colorado Springs, CO — Doubletree Hotel. Contact Cheryl Duvachelle at (916) 553-4423 or cdvach@csis.org

### AUGUST 2005

- **August 14-21** — CSG National Legislative Academy — Seattle, WA — Hotel TBA
While congressional leaders were deliberating legislation to create a new Department of Homeland Security last November, representatives of the nation’s principal emergency responder associations initiated a dialogue on all-hazards emergency preparedness and homeland security.

Representatives from state and local law enforcement, public works, emergency management, fire, public health, public safety communications, emergency medical services and National Guard associations were invited to the National Emergency Preparedness and Response Partnership Summit held in Washington, D.C. Nov. 12 and 13, and hosted by the National Emergency Management Association.

The two-day meeting was held to establish a working relationship among the lead state and local emergency responder organizations, identify areas of mutual interest, and learn more about each association’s policies and positions on homeland security and emergency preparedness and response.

Common priorities and concerns

Each organization, through a brief survey, was asked to identify its top priorities for all-hazards emergency preparedness and response. Through this exercise, common priorities and concerns emerged and were the prevailing topics of discussion during the summit.

Homeland security funding

State and local emergency response agencies are suffering from a severe lack of funding not only to maintain current initiatives but also to support new priorities such as terrorism preparedness and planning. A recent survey of state emergency management directors conducted by NEMA revealed that less than one third of states have received additional state funding for homeland security efforts. Among those states, however, little of the money is earmarked for activities and purchases beyond those with a high visibility factor such as equipment purchases, terrorism exercises, and extra security patrols at capitol buildings.

With the bleak budget outlook for fiscal year 2003 and beyond, state and local agencies will struggle to accommodate any cost-share requirements for homeland security funding. Several of the organizations in attendance voiced concern that existing public safety programs would suffer if they had to compete with new homeland security programs and urged the future leadership of the Department of Homeland Security to explore development of a comprehensive funding strategy that:

- Phases in cost shares over several years;
- Addresses the importance of existing and new programmatic funding streams and the need for both to be a part of the homeland security strategy;
- Does not cut existing, proven programs for the sake of new ones; and
- Provides for funding to be coordinated through a single point of contact in each state using a standardized approach.

National Guard and the military

The summit participants recognized the potential of the National Guard to provide much needed personnel and resources to support state homeland security priorities. Without a clearly defined role and without funds to support preparedness and training activities, however, reserve and active duty military personnel may not be prepared to serve beyond their federal homeland
security responsibilities.

Several recommendations, by the adjutants general in particular, included expanding the mission of the National Guard to include international combat and domestic security; authorizing and funding the Guard to train and exercise with state and local governments; and allowing the National Guard to maintain a Title 32 status, which allows for federal funding when Guard troops are operating within a state’s jurisdiction under the authority of the governor.

With the establishment of the U.S. Northern Command, the new U.S.-based military command that is responsible for the defense and security of North America, federal troops could be deployed to respond to terrorist attacks anywhere in the United States. While additional manpower and resources are welcomed, NORTHCOM raises a host of issues regarding coordination and command of these troops while operating in state jurisdictions. To ensure the appropriate use of the military within the letter of the law, forum members discussed moving oversight responsibilities of federal troops to a lead federal civilian agency and moving operational authority under the supervision of the state’s adjutant general or governor when deployed within state borders.

In addition, members urged Congress and the U.S. Department of Defense to complete the establishment of Civil Support Teams in all states. These specially trained teams of National Guard personnel are available to support state and local authorities in a disaster or attack involving weapons of mass destruction. Currently, only 32 states have Civil Support Teams.

National Incident Management System

The National Strategy for Homeland Security, available at [http://www.whitehouse.gov/homeland](http://www.whitehouse.gov/homeland) cites the need for a National Incident Management System as a priority for national security. The use of a standardized incident command structure and management approach that is consistent across all federal, state and local agencies creates an efficient flow of resources and information regardless of the type and frequency of the disaster. By speaking the same language and using the same system, emergency responders can more effectively protect lives, property and the environment during times of disaster.

One suggestion for planning a standardized national system is to include all disciplines and organizations involved in disaster prevention/mitigation, preparedness, response and recovery. Such a comprehensive plan will require a bottom-up approach with local government recognized as the front line of defense and response to disasters and emergencies, including homeland security. Many organizations and agencies have adopted and use various incident management systems, however, not all response disciplines are familiar with the incident command system.

The group determined that a uniform incident command system could help address duplication and overlap in local, state and federal plans and provide a framework for addressing coordination and standardization of training, equipment interoperability and national response standards, all of which are identified in the national strategy.

Public safety spectrum and interoperable communications

When it comes to achieving interoperable communications, there are two issues to consider: radio spectrum and interoperable equipment.

Adequate radio spectrum is necessary to achieve undisrupted communications among public safety personnel and to implement new communications tools such as wide-area mobile data systems that give first responders access to critical on-scene data. If spectrum is not available to accommodate a surge of communication during the response to a terrorism event, users are forced onto other channels, hindering the seamless communication needed to quickly dispatch personnel and equipment.

According to a homeland security white paper released by the Association of Public-Safety Communications Officials International in December 2002, Congress ordered the remaining spectrum be put on the auction block, the public sector has little hope of successfully bidding against the broadcasting industry for such a valuable commodity.

During the summit, representatives from police, fire and emergency management services noted that the technology is available to achieve interoperable communications equipment, but like spectrum, it is cost prohibitive for state and local governments. Several associations, including those from public safety communications, recommended that a standardized national interoperability model be developed as a guideline for technology development and as a requirement for federal funding to state and local governments. Through a joint effort of federal, state and local governments and with support from the U.S.

“The success of our nation’s strategy to combat terrorism, as well as to prepare for the response to a disaster of any sort, demands collaborative and collective efforts from all of our nation’s emergency response partners. This unprecedented forum of all our leading public safety entities provided a critical first step towards the cohesive national coordination efforts that our citizens demand and deserve.”

— Glen Woodbury, Washington state emergency management director and NEMA president
Telecommunications Industry Association, APCO International has developed recommendations and detailed technical specifications for digital radio systems that can be used as the basis for interoperable systems and equipment. Through user-group feedback and standards-building activities such as this, the public safety and emergency response communities are driving the change in technology to achieve affordable products and services that meet the needs of state and local government.

**Training**

While there are many training programs for state and local emergency responders, little coordination or standardization exists among those programs and those offered by various federal agencies. This leads to inconsistencies in the preparedness of state and local personnel. The forum discussed development of a comprehensive and academic review of all existing homeland security-training programs, across all disciplines, to identify overlaps, gaps and best practices. It is hoped that the Department of Homeland Security will develop a single, national agenda for all training programs with input by the appropriate state and local organizations and provide a delivery method for the curriculum in the form of a national training academy.

**Mutual Aid**

Mutual aid at the local, state and regional level provides access to additional response and recovery capabilities at times when local and state resources are overwhelmed. The National Strategy for Homeland Security encourages establishment of statewide mutual aid agreements and hints that future federal funding may be contingent upon having such agreements in place. Currently, 47 states, two territories and the District of Columbia are members of the Emergency Management Assistance Compact, a proven interstate mutual aid system. And, more than half the states have successful, well-utilized local mutual aid agreements that could serve as models for other states and local jurisdictions.

During the summit, participants suggested that all disciplines develop statewide mutual aid agreements and procedures for the deployment of personnel, equipment and resources that address issues of liability, workers compensation and reimbursement. Having mutual aid agreements in place before a disaster can streamline the response and prevent the self-dispatching of personnel and volunteers to the scene, a crippling problem at the site of the World Trade Center collapse and previous large-scale natural disasters.

**Discussions will continue**

Participants agreed that the exchange of information during the summit was critically needed and that the issues they identified must be addressed for the success of all-hazards emergency preparedness, homeland security and overall public safety. Representatives from each organization agreed to maintain communication on these issues and tentatively scheduled a follow up meeting for March.

—Amy C. Hughes is a policy analyst at the National Emergency Management Association, an affiliate of The Council of State Governments.
Updated compact makes offender tracking and accountability a reality when moving between states

BY JOHN J. MOUNTJOY

Since 1937, the Interstate Compact for the Supervision of Parolees and Probationers has provided the sole statutory authority for regulating the transfer of adult parole and probation supervision across state boundaries. All 50 states are members of this interstate agreement, as are the District of Columbia, Puerto Rico and the U.S. Virgin Islands.

At 66 years old, the compact authority and structure are seriously outdated. With more than 4.5 million offenders on probation and parole, overseen by 3,285 different local probation and parole offices, and operated by more than 860 separate agencies, the compact is in need of significant revision.

In 1998, the National Institute of Corrections Advisory Board, following several public hearings, directed its staff to begin pursuing a revision of the compact. Through the development of an advisory group, NIC facilitated a discussion among state officials and corrections policy experts, arriving at a list of recommendations for improvement and overhaul to the existing interstate compact. In partnership with The Council of State Governments, NIC developed and facilitated a drafting team of state officials to design a revised interstate compact. The revised compact would include a modern administrative structure, provide for rule-making and rule-changing over time, require the development of a modern data collection and information sharing systems among the states, and would be adequately funded to carry out its tasks.

The revised compact specifically calls for the development of an interstate commission to establish uniform procedures to manage the movement between states of adults placed under community supervision and released to the community under the jurisdiction of courts, paroling authorities, corrections or other criminal justice agencies.

The commission will promulgate rules to achieve the purpose of this compact; ensure an opportunity for input and timely notice to victims and to jurisdictions where defined offenders are authorized to travel or to relocate across state lines.

The commission will also establish a system of uniform data collection, provide access to information on active cases by authorized criminal justice officials, and coordinate regular reporting of compact activities to heads of state councils, state executive, judicial, and legislative branches and criminal justice administrators.

The interstate commission’s first meeting took place November 18-20, 2002 in Scottsdale, Arizona. Representatives from 45 states attended the inaugural meeting at which the newly formed commission conducted preliminary business adopting: bylaws, a budget, and state assessments. The panel also elected officers and drafted an agreement with CSG for secretariat services.

The commission and its committees will be working over the next six months to develop and finalize the workings of the body.

For more information on the commission or the new adult compact, contact John Mountjoy at jmountjoy@csg.org

— John J. Mountjoy is The Council of State Governments’ associate director for national policy.
Several factors converge to create double-digit health care costs

BY TRUDI MATTHEWS

The best-selling book and popular movie, *The Perfect Storm*, chronicles the development of one of the worst Nor’easter storms in recorded history. This singular storm that hit in October 1991 was the result of three major storm systems converging at the same time and place in a way that defied the laws of probability.

Some health care analysts have described the state of the health care marketplace as its own “perfect storm.” To many, it seems that the factors driving health care costs have all converged simultaneously to create a tempest that combines the destructive forces of double-digit health care inflation with limited state, federal and private resources, leaving policymakers with no quick or easy solutions for riding out the storm.

Gauging the storm’s severity

Several recently released reports paint a grim picture of health care cost growth. Health care spending in 2001 grew nationally by 10 percent, moving into the double digits for the first time in more than a decade, according to a study by Bradley Strunk, Paul Ginsburg and Jon Gabel published in the September issue of the journal *Health Affairs*. This is the fifth straight year of growth at a rate higher than the previous year.

The picture is worse still when looking at employer-sponsored health insurance premiums. Health insurance premium increases averaged 12.7 percent in 2001, according to a report by the Kaiser Family Foundation and the Health Research and Educational Trust. A Mercer Human Resources Consulting survey of employers found that health care costs per employee increased 14.7 percent in 2002.

These figures were after employers took cost-cutting measures, such as scaling back benefits and increasing employee cost sharing. Actual premium growth would have been much higher if employers had stuck to the same health plan benefits as in previous years. “Overall the level of costs are unacceptably high in all markets but especially in the small group market,” said Janie Miller, secretary of Kentucky’s Department of Insurance. “Compounded by the economy and investment markets, employers just can’t absorb these increases.”

State governments are feeling the impact of health care spending growth on several levels. Increased health care costs in state Medicaid programs are decimating state budgets because Medicaid represents approximately 20 percent of the average state budget. Since state government is also the largest employer in most states, rising health insurance premiums mean that employee benefits are becoming more expensive, cutting further into state budgets.

In addition, states must also worry about the stability of their private insurance market. As employers and employees feel the pinch from rising health care costs, states may experience a decrease in employers offering health care benefits as well as a drop in the number of people enrolling in employer-sponsored insurance. This could result in increases in public health care enrollment, the number of uninsured and the amount of uncompensated care for health care providers.

Although analysts believe that health care costs reached their peak in 2001, those costs are still expected to grow faster than the economy for many years. Owing to American’s love of new medical technology, an aging population, higher medical malpractice premiums and the retreat from managed care, there is no end in sight for the current wave of health care inflation.

Even if the economic picture improves dramatically in the coming months, state revenues may not improve immediately. “There is a lag between the national economic picture and state revenues of about 12 to 18 months,” said Len Nichols, vice president of the Center for Studying Health Systems Change speaking at a recent CSG meeting. “So policy-makers can expect that 2003 will be worse than 2002.”

Explaining health care cost growth

A number of factors have come together to create the current gloomy outlook in health care. The fastest growing portion of the health care pie is now hospital out-
patient costs, which grew by 16.3 percent in 2001, according to the research performed by Strunk, Ginsburg and Gabel. In second place is prescription drug spending at 13.8 percent, followed by hospital inpatient costs at 7.1 percent and physician costs at 6.7 percent.

Hospital costs overall have become the leading driver of health care costs in the United States, with increases in inpatient and outpatient costs accounting for more than 50 percent of the increase in national health care expenditures in 2001. Although prescription drug prices receive much media attention, the growth in hospital spending is more significant than the rise in prescription drug prices because hospital costs make up about one-third of all health care spending. Prescription drugs represent about 10 percent.

Underlying the growth in hospital costs are increases in use of services and the higher prices for those services.

With the retreat from tightly controlled managed care, patients and providers now face fewer restraints on their use of health care services. All over the country, emergency rooms are overcrowded, patients are diverted, patient care is delayed, physicians are working longer hours, and there are shortages of nurses and staffed hospital beds. All those factors are evidence of a health care system operating with little excess capacity, Nichols said. Thus, increased demand and constrained supplies are driving costs up.

Hospitals and other providers are also taking tougher stances in negotiations with health plans and demanding higher reimbursement rates. Cuts in Medicare reimbursement rates under the Balanced Budget Act of 1997 have resulted in providers making up this lost revenue from other sources. “The pendulum has swung in the other direction. Over the last three to four years, hospital consolidation and decreases in the number of hospital beds has made it less important for hospitals to compete for market share,” said Lew Devendorf, practice leader for Mercer Human Resources Consulting’s South Unit. “There is a less competitive marketplace among hospitals.”

Another big contributor to rising health care costs is prescription drug costs, which have risen by double digits each year since 1995. Most of the increase in spending for prescription drugs can be attributed to increased use of drugs over other interventions and the use of newer, higher cost drugs rather than older, cheaper therapies.

Cost increases for prescription drugs, however, have slowed in the past few years. In 2001, more than half of large employers had instituted tiered co-payments, according to the Mercer survey. “Tiered co-payments for prescription drugs are helping to control the growth in drug spending,” said Devendorf.

Health care costs force decisions

Medicaid spending grew by 12.8 percent in 2002, according to figures from the Kaiser Commission on Medicaid and the Uninsured. Costs are expected to increase by 9 percent next year, according to Len Nichols of the Center for Studying Health Systems Change. This tremendous growth has placed enormous pressure on stagnant state budgets and forced some hard choices.

Because of Medicaid’s unique structure and enrollment, the sources of cost growth differ slightly from the national picture and from the private insurance market. Of the $15.7 billion increase in federal Medicaid expenditures in 2001-2002, $9 billion – nearly 60 percent – came from elderly and disabled enrollees, according to the Kaiser Commission. This is true even though elderly and disabled enrollees make up less than a third of most states’ Medicaid enrollment.

States used a number of different strategies to control costs in 2002. Thirty-two states increased restrictions on prescription drugs, 22 states cut provider payments, nine states reduced benefits, eight states reduced eligibility, and four increased enrollee co-payments, according to the Kaiser Commission. These efforts will likely be expanded in 2003 as states continue to experience revenue shortfalls and higher Medicaid growth rates.

An April 2002 PricewaterhouseCoopers analysis broke down the contributing factors to growth in health care costs accordingly:

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drugs, medical devices and new medical technology</td>
<td>22%</td>
</tr>
<tr>
<td>Rising provider expenses</td>
<td>18%</td>
</tr>
<tr>
<td>General price inflation</td>
<td>18%</td>
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<tr>
<td>Government mandates and regulation</td>
<td>15%</td>
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<tr>
<td>Increased consumer demand</td>
<td>15%</td>
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<tr>
<td>Litigation and risk management</td>
<td>7%</td>
</tr>
<tr>
<td>Fraud, abuse, and other miscellaneous</td>
<td>5%</td>
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</tbody>
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Insight into health insurance premium hikes

In the past few years, health insurance premiums have also risen dramatically, outpacing actual health care costs by several percentage points.

Although underlying health care costs explain much of the increase in health insurance premiums, the insurance actuarial cycle and market changes also have affected premium growth. For much of the 1990s, insurers kept premium increases...
National summit on chronic illness in April

An estimated 125 million Americans – almost half the population – are estimated to have at least one chronic illness that requires ongoing treatment over many months or years. Chronic illnesses are the leading causes of death and disability in the United States. They are responsible for about 75 percent of the nation’s health care expenditures. Recognizing the role that chronic illness plays in health care costs, states and private sector companies are experimenting with disease management, case management and other programs that may improve the quality of care and control costs for chronic illness.

In an effort to assist states leaders, CSG plans to hold a national summit in Washington D.C. April 11-13 and produce a State Official’s Guide On Chronic Illness and Disease Management. Gov. Mike Huckabee of Arkansas, CSG’s president, said spotlighting chronic illness will be among his and CSG’s top initiatives in 2003.

CSG has received support for the project from the Agency for Healthcare Research and Quality, the Robert Wood Johnson Foundation, Pfizer, the American Heart Association, Schering-Plough and the National Pharmaceutical Council.

For more information on CSG’s chronic illness initiative, contact Trudi Matthews at (859) 244-8157 or tmatthews@csg.org.

Strategies for weathering the storm

As health care costs have risen dramatically, different strategies for cost containment have emerged. Overall, the new word in cost containment is greater consumer involvement so that patients are aware of their medical costs. “We have separated the decision-maker in health care from the consequences of cost,” said Miller. “We need to educate consumers and reconnect decisions to use health care with the cost of care.”

In the employer-sponsored insurance market, rather than trying to place limits on access to certain services and moving toward more tightly managed care, employers are increasing co-payments, deductibles and premiums and scaling back some benefits to control costs. “The bottom line is that employers have to shift more of the responsibility to employees,” said Devendorf.

Insurers and employers also are increasingly using innovative benefit designs and cost-sharing strategies to control costs. Three- and four-tier drug co-payments for generic, preferred brand, and non-preferred drugs have become commonplace.

Some employers and insurers are also moving to tiered payments for providers. Rather than use referrals to control access to specialists, plans have enrollees pay a higher co-payment for using a specialist’s care.

In addition, new types of consumer-driven health plans, called by various names such as defined contribution plans, personal care account plans, or health care savings accounts, are springing up all over the country. Typically, these health plans involve the employer placing a defined amount of money into an account for an employee to use to purchase health care services. Once the employer allotment is used, the employee is responsible for the costs of care up to a certain amount, usually in the range of $1,000 to $2,500. Beyond that amount, catastrophic insurance coverage kicks in to cover any remaining amounts over the employer’s contribution and the employee’s deductible.

The advantage of consumer-directed plans is that they encourage enrollees to be more cost-conscious and aware of their medical spending. These plans also help keep health care costs lower and keep relatively healthy people enrolled in insurance programs. Detractors argue that they place enrollees at too great a financial risk and may cause healthier employees to leave traditional plans, thus undercutting one of the main goals of insurance – managing risk across a diverse group of individuals.

Despite the debate about consumer-driven health plans, employers see this new product as an important tool in the

Resources on health care crisis


“We project that enrollment in personal care account plans will double every six months over the next few years,” said Barbara Alvey, a principal in Mercer’s Louisville office. “By the first quarter of 2003, 100 to 150 large employers will offer these types of plans.”

Disease management and intensive case management programs that are directed to high cost enrollees are examples of the new focus on consumerism. The prevailing wisdom is that the 20 percent of enrollees with high cost, chronic health care conditions are responsible for 80 percent of costs. If health plans can help chronically ill patients manage their illnesses better over time, costs will be lower over time.

Another strategy gaining wider acceptance is the use of health maintenance and wellness programs. There is a need to change the culture of health care in this country and look at personal responsibility and the escalation of preventable chronic illness, according to Nichols. Purchasers of all kinds – employers, state and federal governments – recognize that in the long-term a healthier employee population means lower costs. “We need to emphasize healthy lifestyles,” said Miller. “Kentucky has made major gains, but we have a long way to go.

Emphasis on quality-of-care initiatives is also gaining momentum. Research has documented extensive variations in quality among health care providers. Having patients use health care providers that deliver the highest quality care will save money in the long term. “We have to tell some providers no,” said Nichols. “Some hospitals and doctors are not the best at providing certain services.”

Used effectively by coalitions of employers around the country, quality initiatives try to ensure that employers get the most bang for their buck through the use of evidence-based medicine, centers of excellence, patient-safety initiatives and incentives to improve quality. “We know that there is a two- to five-time deviation in the efficiency of physician practices after leveling the field for quality,” said Devendorf. “With the right kind of data analysis, employers can use tiered networks to encourage employees to use the most efficient, highest quality providers.”

State responses

As states attempt to deal with the effects of this new wave of health care cost growth, a number of issues have emerged.

State leaders are looking at the competitiveness of their insurance markets. Evidence of this is increased scrutiny of insurance mandates. Throughout the 1990s states passed laws mandating insurers cover various types of services. During a time of low medical inflation, slightly higher premiums seemed a small tradeoff for protecting patients. There are now 16 states with laws that require review of insurance mandates for benefits and costs, 11 of them passed only in the last two years, according to American Medical News.

Other widely accepted patient protection measures are also being reexamined, such as any-willing-provider laws, which require health plans to contract with any provider willing to accept their fees and contractual requirements. Some states’ any-willing-provider laws make it difficult for health plans to create tiered networks based on health care quality, Alvey said.

If the rising tide of health care inflation seems overwhelming to states now, analysts argue that the storm on the horizon will be much worse. “Fifty percent of the working population is baby boomers. The aging of America and the sheer number of baby boomers will contribute heavily to health care cost growth in the future,” Devendorf said. “We have a category five hurricane waiting in the wings.”

— Trudi Matthews is The Council of State Governments’ chief health policy analyst.
The smallpox vaccine and beyond

Smallpox is not the only biological threat

BY PEGGY C. WILDS

The war against the smallpox virus, a potential biological weapon, officially began last December 13th when the federal government began vaccinating military personnel against the deadly virus. President Bush said that as commander in chief he would be vaccinated and ordered nearly half a million people in the armed forces inoculated. He encouraged as many as 10 million health care workers and emergency responders to quickly follow his example.

The vaccine will be made available to the general public, but is not recommended. Bush’s decision to make the vaccine available to all 286 million Americans alarmed some health and bioterrorism experts who fear it will result in unnecessary medical complications and could divert resources from urgent national security needs. “The smallpox vaccine is decades old and is not harmless,” said Dr. John O’Bannon III, a practicing neurologist and member of the House of Delegates in Virginia “We wouldn’t approve it in today’s climate.”

Others fear that the heightened focus on smallpox could undermine the need for public health systems to protect the public from all potential biological, chemical and radiological weapons of terrorism. Mary Selecky, secretary of health for the state of Washington, believes that protecting the public is fundamentally about a solid foundation for the public health system, not just about smallpox. “The foundation is built on protection, prevention, and intervention for all communicable diseases,” she said.

The disease and the vaccine

Smallpox is a deadly disease caused by a virus. Symptoms of the disease are prolonged fever, vomiting, and eruptions of pus on the skin that leave pockmarks. It is spread most often by infected persons releasing saliva from their mouths into the air. A susceptible person in close contact with the ill then inhales the droplets. Contamination is also possible through bed linens and clothing. Smallpox kills about three out of 10 people who contract it. The last case of it in the United States was in 1949, and routine vaccination ended in 1972. Thus, about 45 percent of the public is totally unprotected.

The vaccine is made with a live virus called vaccinia, and that raises concerns about side effects that can be severe. Based on pre-1970s data, health experts estimate that 15 out of every million people vaccinated for the first time will face life-threatening complications, and one or two will die. Most deadly is encephalitis, or brain swelling, which can cause paralysis, permanent neurological damage and death. Persons at greatest risk for complications from the vaccination are those with weak immune systems caused by HIV, cancer therapy and transplants, and who have certain skin conditions such as eczema.

Some say that the risk of the vaccine is higher than the risk of having a case of smallpox. “Everyone must be fully informed before consenting to be vaccinated,” said O’Bannon.

Then there is the problem of liability. According to a Washington Post article, the Service Employers International Union, the nation’s largest union of health care workers, has attacked an 11th-hour provision in the Homeland Security Act that would not require the federal government to compensate injured workers for vaccine-related complications.

Mary Selecky, Washington state secretary of health

Dr. John O’Bannon III, Virginia House Delegate
Security Act that grants liability protection to vaccine makers and people who administer it but offers no direct compensation for persons who suffer complications from the vaccine.

Beyond smallpox

The events of Sept. 11, the anthrax attacks, and other terrorist activities have brought the United States to a heightened level of awareness with an increased emphasis on public health. The public must have a solid working knowledge of the national, state, and local plans for responding to a bioterroristic event.

By last December, 49 states and four cities had submitted a plan to the Centers for Disease Control and Prevention that detailed how public health and hospital workers would be vaccinated to prepare for a smallpox attack. At that time there was no new information regarding the level of threat. The CDC reports, however, that the use of the smallpox virus as a weapon of bioterror is a valid possibility, although no one knows when and if it will happen.

Smallpox is not the only bioterror agent that poses a threat to public health.

Richard Greenberg, a professor in the division of infectious diseases at the University of Kentucky and head of clinical smallpox trials there for the U.S. military, said that while smallpox is known as the “king of bioterrorism,” “Major havoc could be created by other agents that are deadly threats. Some experts are more concerned about anthrax than smallpox.”

The CDC has compiled a hit list of Class A biological agents that not only includes smallpox but also anthrax, botulism toxin, plague, smallpox, tularemia, and viral hemorrhagic fevers such as Ebola. Anthrax, plague and tularemia are caused by bacteria that can be destroyed by antibiotics. However, overuse and misuse of these antibiotics have lead to mutated bugs that resist those that were effective against them just a few years ago. Smallpox and viral hemorrhagic fevers are caused by viruses that antibiotics cannot kill. Only vaccines and a limited number of antiviral drugs are weapons against viruses.

Who pays?

Bush’s war on smallpox may have added more funding pressures on states as they prepare to respond to bioterrorism. The U.S. Department of Health and Human Services made available more than $1.1 million dollars in grants to states to build a public health system capable of responding to bioterror events. But none of that money was earmarked for distributing the smallpox vaccine, according to State Sen. Richard Moore of Massachusetts, chairman of the legislature’s joint committee on health care.

“My understanding is that the federal government has not made any additional funds available for implementation of the smallpox vaccine plan,” he said. “Instead, they have said that states should use funds previously distributed for terrorism response planning and infrastructure and redirect that money to the smallpox program.”

While the federal government has promised funds to help states battle bioterrorism, O’Bannon said, “I have not yet seen sufficient funds from the federal government, and I am guardedly optimistic about securing the funds. Yet the state of Virginia is prepared to do what we have to do.” Assemblyman Samuel Thompson from New Jersey agrees. “In New Jersey we will do whatever is necessary to combat bioterrorism or any type of terrorism,” said Thompson. “Despite our projected $4 billion deficit, we will find solutions.”

What can policy-makers do?

Mary Selecky, secretary of health for the state of Washington, believes public health systems in the United States are more informed and better prepared than before Sept. 11. “We’ve learned a lot, but it’s not enough,” she said. She suggests that state policy-makers can strengthen public health systems by:

• focusing on public health, not just smallpox;
• learning more about existing public health laws and revising them for today’s needs;
• knowing how the public health system works and investing more in it as needed; and
• ensuring that state and local health officials have the authority to deal with bioterrorism and communicable diseases.

Conclusion

While the government and the public wring their hands over the smallpox scare, this is not the first time the country has faced a public health threat from hostile forces. “It may be like when we were building the fallout shelters in the 1960s,” said State Sen. Tom Buford of Kentucky. “Logistically, too, we’re into a bigger problem than we ever dreamed about and are probably more vulnerable than we would ever want to think about.”

— Peggy C. Wilds is a health policy analyst with The Council of State Governments.
Preventing childhood obesity

States and schools promote nutrition, exercise to keep kids healthy

BY CHARLOTTE CORNELL POSTLEWAITE

ith children between the ages of six and 11 experiencing the fastest growing obesity rate in the country, schools and education policy-makers are feeling pressure to help reverse this trend.

This fact is not surprising, since students spend a significant part of their lives in school or after-school programs. However, according to the Centers for Disease Control and Prevention’s 2000 School Health Policies and Programs Study, many foods available at schools are high in fat, sodium and added sugars. A large number of schools have vending machines or snack bars where students can purchase food or beverages, and 68.4 percent of these schools allow students to purchase from such venues during the lunch period.

However, some schools are limiting students’ access to certain snacks and have gained legislative support. For example, California Senate Bill 19, signed into law in October 2001 and taking effect January 1, 2004, establishes nutritional standards for foods sold at elementary schools, limits the availability of carbonated beverages in middle schools, and increases the reimbursements a school receives for free and reduced-price meals.

Schools will be required to follow the United States Department of Agriculture Enhanced Food Based Meal Pattern, the USDA Nutrient Standard Meal Planning, California’s SHAPE Menu Patterns, or the USDA Traditional Meal Pattern to qualify. Los Angeles Unified District Schools will ban the sale of carbonated beverages on all school campuses beginning in 2004. Meanwhile, the debate over nutritional standards continues in other parts of the country.

In Indiana, State Rep. Bill Friend plans to reintroduce legislation that failed last year. Friend’s bill would ban some foods in school vending machines, replacing them with milk, water, fruit juices, yogurt, fruits and nuts.

Friend spearheaded an earlier successful piece of legislation, HB 1663 or the “Calcium Initiative,” which now requires schools to purchase calcium-fortified products like orange juice instead of non-fortified products. “Part of the total education package of our children includes a need to monitor what children eat in school and put better products in the schools,” Friend said.

Friend acknowledged the financial benefits of vending machine sales in schools, noting that principals gain commissions for their schools from the sales, and that beverage and candy contracts bring dollars to district budgets. “They pay for scoreboards and uniforms and other costly school items,” he said. “I just wonder if we are selling out a generation’s health to pay for these extracurricular items.”

How long have vending machines been part of the school landscape?

“It’s hard to say,” said Howell Wechsler, health scientist with the CDC’s Adolescent and School Health Division. He said the U.S. Department of
Agriculture surveyed school food service directors in the mid-1980s and found that less than 3 percent of schools allowed high-sugar beverages in their cafeterias. By the mid-1990s, more than 11 percent of schools allowed high-sugar beverages.

It would be unreasonable to try to tell students they should not be allowed to drink a soft drink or eat a candy bar, Wechsler said, adding that the nation’s youth must learn moderation and sensible eating habits. And, he said, schools are sending out conflicting messages. “Most parents wouldn’t allow their kids to bring a candy bar to the dinner table, yet most vending machines are open during lunch at school. There’s a reason we put the cookie jar up high,” he added.

However, concerns about obesity go beyond candy and soft drinks. “There are multiple factors,” Wechsler said. Austin Primiano, assistant government affairs representative for the Grocery Manufacturers Association, agrees. He said the GMA supports a return to more physical activity in the schools, at least 30 minutes of physical activity for all students in all grades every school day. Primiano points to Illinois as the only state in the nation that requires daily physical education for students in grades K-12. However, with federal legislation that requires more academic testing, finding 30 extra minutes during the school day is harder than most people realize.

Promising models: community partnerships

While most schools lag behind in both physical and nutritional education policy, some schools and communities are way ahead of the game.

In Naperville, Illinois, Phil Lawler, a physical education instructor, has introduced a heart-healthy, 40-minute aerobic workout for middle school students. Lawler’s program has captured the attention of hundreds of school systems nationwide and has been endorsed by P.E.4Life, a nonprofit organization founded by Jim Baugh of Wilson Sporting Goods to promote funding for daily physical education programs across the country. Lawler’s “New PE” provides steppers, stationary bikes, ropes, treadmills and other cardiovascular workouts that emphasize movement instead of team skills.

Lawler conducts seminars at Madison Junior High, the inaugural P.E.4Life Institute. One of Lawler’s disciples is Tim McCord, a middle school physical education teacher from Titusville, Pa.

McCord and school officials convinced the Titusville school board and The Coca Cola Company to underwrite $30,000 in high-tech cardiovascular exercise equipment after he attended one of Lawler’s seminars. According to Karen Jez, middle school principal, Blue Cross-Blue Shield also contributed a $6,000 Tri-Fit diagnostic machine to record heart rate, flexibility and a litany of other data for student health portfolios that travel with the students in grades six through 12. “We don’t have a longitudinal collection of data yet, because the program is still so new,” Jez said, “but we are able to identify kids with health concerns and put them on track for improvements.”

Representatives from hundreds of schools have visited Lawler and McCord, including members of one community coalition that Lawler thinks will become a national model for turning around the childhood obesity crisis. That Owensboro, Ky. coalition is the partnership of Owensboro Mercy Health System with the community’s three school systems.

“When OMHS CEO Gregg Carlson decided the hospital would embrace wellness and prevention as well as heal the sick, Mercy’s mission services decided to focus on kids,” said Debby Neel, vice president of OMHS’s HealthPark. Mercy implemented partnerships with the area school systems that eventually led to the Fit For Life Program. A $214,000 hospital commitment for exercise machines at five middle schools helped launch the first phase of the community-based initiative. Now, according to Lawler, other hospitals have heard of the school-hospital partnerships in Owensboro and want to learn more.
Not all hospital partnerships involve workout equipment, however. In West Virginia, Dr. William Neal developed the West Virginia University School of Medicine’s Coronary Artery Risk Detection In Appalachian Communities (CARDIAC) Project in 1998. Its goal is to reverse cardiovascular disease in that state’s children. Neal’s work initiated a school-based cardiovascular screening program that revealed a disproportionate high percentage of overweight and obese fifth grade students. With parental permission, researchers take a family history and an initial measurement of the student’s blood pressure, height and weight. Participants in the initial phase of the screening become eligible the next year for blood cholesterol screening at a local laboratory.

Dr. Viktorina Muratova, one of Neal’s colleagues, said that in the first years of the study in 27 of the state’s 55 counties, 48 percent of the fifth-graders were overweight. Twenty-five percent were obese, with high cholesterol and high blood pressure adding critical complications. Sixty-three percent of their parents also had abnormal cholesterol. “Many determinants contribute to obesity, but environment and lifestyle certainly are factors,” Muratova said.

**Innovative programs raise awareness**

As another means of educating West Virginia’s children about nutrition and fitness, Dr. Eloise Elliot of Concord College created a model in health education for fifth graders, using 1,000 children in the pilot, which is now in its second year. Her interactive Web site at [http://www.healthyhearts4kids.org](http://www.healthyhearts4kids.org) allows fifth and sixth graders to use this instructional module to learn how their decisions about physical activity, nutrition and tobacco influence their health. She is also the senior editor of PE Central ([http://www.pecentral.org](http://www.pecentral.org)) a physical education clearinghouse that provides information for K-12 health and physical education instructors. “The state department of education endorses our Web site, but it is not required,” Elliot said.

West Virginia’s physical education coordinator, Bane McCracken, would like the state to help broaden what “physical education” means. McCracken wants the Department of Parks and Tourism, the Legislature and the schools to partner to offer nontraditional recreation activities – such as mountain biking and backpacking – as a lifestyle and health option for all students. “You can forget tax cuts, economic development, improving infrastructure for the next generation if we don’t get a handle on this,” said McCracken. “Our next generation will bankrupt themselves with medical costs, and 25 to 50 percent of our kids will have heart attacks and obesity rates of 70-year-olds by the time they are 30.”

At Martin Luther King Jr. Middle School in Berkeley, Calif., gourmet chef Alice Waters, owner of Chez Panisse restaurant, believes nutrition education is an education of the senses, one that we have shut down and must reopen. She teaches nutrition in a hands-on, aesthetic classroom called the Edible School, where seven years ago an asphalt parking lot made way for a cultivated vegetable garden. There, students grow, harvest and cook a variety of foods.

“You can put very good food down in front of kids, really tasty and great. They may or may not want to eat,” Waters observed. “But if the kids are involved in the growing, the cooking and the serving of the food, they want to eat it all.” Waters believes that physical education alone is not enough to reverse the obesity trend. “Now we have to decide that food is also a priority,” she said. “We’re going to have to build a curriculum around the school lunch.”

The Healthy Schools Summit held last October in Washington, D.C. raised awareness about school nutrition and exercise policies across the nation, but neither exercise nor nutrition programs alone will cure childhood obesity. As CDC’s Howell Wechsler said, “It took us a long time to get into this mess, and it’s going to take a long time to figure out how to get out of it.”

— Charlotte Cornell Postlewaite is the chief education policy analyst at The Council of State Governments.

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**Resources on the Internet**

For more information and additional information, visit CSG’s Web site at [http://www.csg.org/CSG/Policy/education](http://www.csg.org/CSG/Policy/education) or visit:

- **The Council of Chief State School Officers**
  [http://www.ccsso.org/StarterKit.html](http://www.ccsso.org/StarterKit.html)
- **PE.4Life**
  [http://www.pe4life.com](http://www.pe4life.com)
- **PE Central**
  [http://www.pecentral.org](http://www.pecentral.org)
- **Healthy Hearts For Kids**
  [http://healthyhearts4kids.org](http://healthyhearts4kids.org)
- **Center for Disease Control and Prevention, School Health Programs and Policies Study 2000**
- **The Healthy Schools Summit**
- **The Edible Schoolyard**
  [http://www.edibleschoolyard.org](http://www.edibleschoolyard.org)
Employee health coverage crisis

States struggle to maintain health insurance coverage for government employees as costs continue to rise

BY LESLIE SCOTT

It’s a familiar story: the cost of health insurance has been rising at an alarming rate over the past few years. And state governments are not immune to the escalating costs of providing health insurance for their employees and retirees.

Surveys estimate that health care premium costs rose between 12 and 15 percent for 2003. An informal survey of states by the National Association of State Personnel Executives shows this to be true for state governments as well.

For states facing budget deficits of hundreds of millions or even billions of dollars, these increases spell trouble. “It’s getting to crisis level,” said Carl Felix, executive director of Kentucky’s Office of Public Employee Health Insurance.

Hardening of the market

A hardening of the market means insurance is less available, while the cost of coverage rises. State governments are certainly experiencing this problem.

In reaction to the current hard market conditions, insurers are increasing premiums, reducing their exposure to risk, and limiting policy options by imposing lower spending limits, higher deductibles and new coverage exclusions. In other words, insurance carriers are battling higher claims costs and a downturn in the stock market as they try to cover their costs and make a profit.

According to Felix, some health insurance carriers have decided, based on past experience, that they don’t want to offer insurance in certain markets—particularly if there is stiff competition with other insurers in those areas. For example, in 2002, state government employees in 71 of Kentucky’s 120 counties could choose from three insurance providers. In 2003, only 24 counties have three carriers as options—most have only one or two carriers.

Health maintenance organizations, in particular, have seen the steepest increases in premiums and declines in availability. HMOs, typically seen as the most cost effective options, have simply not been turning a profit for carriers, as costs for medical services and prescriptions have continued to rise. Rural areas have been most affected by this trend, even causing carriers to pull out of many areas, according to a report by the California Legislative Analyst’s Office.

Commitment to state employees

State governments are doing all they can to protect employees from rising costs, but they haven’t been able to fully shelter them from additional out-of-pocket expenses. Here is a brief look at how three states are handling the situation.

Indiana

In Indiana, health care benefits costs are increasing between 7 and 33 percent, depending on the plan the employee chooses. The state has traditionally picked up 93.5 percent of the premium cost for employees and their dependents, and it will continue to do so in 2003. While the state is still paying the same percentage of premium costs, actual premium costs paid by the state and employees have risen. In addition, co-payments in many of the plans have risen, and some covered benefits and services have been reduced to keep premium costs down. On top of no pay increases this year, this is hurting employees’ wallets.

About 36,000 employees and retirees participate in the state’s health care plans. Including dependents, the plans cover about 87,000 people.

“Traditionally, providing good benefits is one of the things state government has been able to do in lieu of providing market salaries,” said Sue Roberson, director of Indiana’s Department of Personnel.
“Now, we can no longer do that.”

The state will begin to pay each employee a health care adjustment of $1,092 over 24 pay periods beginning in July to help defray some of their out-of-pocket expenses for health care. Indiana also allows for no deductibles for employees who make less than $25,000 per year.

Roberson said the state has had to work with employee unions to explain the state’s commitment to providing health care without passing too much of the expense on to employees. She said the unions still see the current agreement as a concession, because out-of-pocket expenses are going up.

**Kentucky**

Kentucky spends more than $550 million annually to cover health care premiums for its employees and retirees. Its health plans cover 170,000 people, including current employees, retirees and their dependents.

Premium costs for plans the commonwealth provides for its employees and retirees rose between 8 and 9 percent from 2002 to 2003. Kentucky prepared for the rising costs by budgeting for an 11 percent increase for each year of the 2002-2003 biennium, Felix said.

Kentucky pays 100 percent of the premium for the least expensive policy – about $234 per month – for employees and some retirees. The state does not directly subsidize coverage for spouses or dependents.

State employees opting for spouse and dependent coverage will see out-of-pocket expenses for additional persons rise between 8 and 9 percent this year. Kentucky employees received 2.7 percent pay raises in 2002.

**Montana**

As approved by the 2001 Legislature, Montana increased the state’s contribution for health care benefits by 12.6 percent for 2002 to 2003. However, this still wasn’t enough to cover all the premium increases. While the employer contribution covers some of the cost of dependent coverage, employee out-of-pocket costs for dependent coverage went up by more than 43 percent.

In preparation for the next biennium, state personnel officials are asking the 2003 Legislature to continue increasing employer contributions to the health plan by 12 percent each year. Employee contributions for dependent coverage will continue to increase, but hopefully not as much as this year.

The bad news is that there is no money for pay raises in the coming biennium. “Whatever available money we have will go toward health care,” said John McEwen, director of Montana’s Division of Personnel.

McEwen said that while state employee unions aren’t happy with the state’s general lack of money, they are happy with the state’s commitment to providing health care for its employees.

**The future of health care for state employees**

“There’s no sunshine on the horizon,” said McEwen. “It’s really an issue of demographics and technology.”

State governments find themselves in a particularly precarious situation, because their workforces are generally older than those of the private sector. According to an October 2002 report by CSG and NASPE, nationwide, the average state government employee is 45 years old, and 30 percent of them will be eligible to retire by 2006.

When insurance company actuaries look at the age of the employees covered by state plans, they see an older population, said McEwen. In general, the older a person gets, the more medical services and prescriptions they need. And there are more medical services, procedures and prescription drugs available than ever before.

With retirees making up about 20 percent of participants in Indiana’s health care plan, Roberson said insurance carriers take notice. In recent research, her staff found that for every $1 paid toward a retiree’s health care premium, the insurance company spends $3.60 on health care claims.

Kentucky officials estimate that by 2022, health care premium costs for state employees will eat up all predicted increases in the state’s general fund revenue.

**Controlling costs**

State governments are investigating and implementing a number of programs and cost-cutting measures to control the increase in health care premium costs. These include wellness and health education programs, multistate purchasing alliances for health insurance and prescription drugs, contracting directly with hospitals, and forming partnerships with large private-sector employers.

NASPE and Buck Consultants are currently conducting a survey on states’ attempts to control health care costs. NASPE intends to develop model health care plans and identify best practices, based on data collected from the survey. Results should be available by early March. For more information, please call NASPE at (859) 244-8182.

— Leslie Scott is association manager of the National Association of State Personnel Executives, an affiliate of The Council of State Governments.

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**Resources on the Internet**

- **Buck Consultants**
  [http://www.buckconsultants.com](http://www.buckconsultants.com)

- **California Legislative Analyst’s Office, The $2 Billion Question: Providing Health Insurance for State Employees and Retirees**

- **Indiana Department of Personnel Health Benefits**
  [http://www.in.gov/jobs/openenrollment](http://www.in.gov/jobs/openenrollment)

- **Kaiser Family Foundation**
  [http://www.kff.org](http://www.kff.org)

- **Kentucky Office of Public Employee Health Insurance**
  [http://personnel.ky.gov/empben.htm](http://personnel.ky.gov/empben.htm)

- **Montana Division of Personnel Health Benefits**
Public health priority: diabetes

BY FRANCINE BURKE HADDAD

Public health is a population-based practice, matching resources to the needs of communities. It is all about numbers.

Consider this number: 17 million. That is how many American adults have diabetes. Nearly 6 million don’t know they have it and will not be diagnosed until they are already coping with a diabetes complication. In addition, 16 million adult Americans have pre-diabetes; that is, they have higher than normal blood glucose levels, but not high enough to be classified as diabetes.

And the number of people with diabetes is increasing at an alarming rate in every community. In the United States, the rate of diabetes increased 50 percent from 1990 to 2000. If this trend continues, 10 percent of American adults will have diabetes by the year 2010.

The incidence of diabetes in youth is increasing as well – particularly when examining the emergence of the relatively new phenomenon of type 2 diabetes in youth. It is estimated that up to 45 percent of patients with type 2 diabetes are children under the age of 18.

The Centers for Disease Control and Prevention already calls diabetes an epidemic. In light of this increased incidence, now is the time for the public at large and policy-makers to recognize that diabetes is a serious disease with significant social and financial costs, and it needs to be taken seriously.

What is diabetes?

Diabetes is the failure of the islet cells of the pancreas to produce insulin (a hormone), as is the case in type 1 diabetes, or the body’s inability to properly utilize the insulin it does make, which is a basic definition for type 2 diabetes. Insulin allows glucose (sugar) to enter the cells, where it is converted into energy. Over time, with no insulin to unlock the door to the cells, glucose and fats build in the blood, damaging organs and tissues.

Diabetes is the leading cause of blindness, kidney failure and non-traumatic amputation. It dramatically increases the risk of heart disease and stroke, impotence, miscarriages, birth defects and death due to complications of ordinary illness such as the flu. Short-term complications of diabetes that can lead to emergency room visits and hospitalization include severe hypoglycemia (low blood sugar) and hyperglycemia (high blood sugar), which can lead to coma and death.

According to some estimates, diabetes contributes to the death of more than 200,000 Americans each year. However, this number is believed to grossly under-report the true problem, because it is based on current reporting practices in which up to 60 percent of decedents with diabetes do not have the disease mentioned on their death certificates.

Diabetes attacks people of all ages, ethnicities and socioeconomic levels. While it is true that the disease disproportionately impacts minority populations, no community is safe from diabetes.

Financial impact

The frightening statistics mentioned above have an economic corollary that is equally startling. Diabetes costs the United States nearly $100 billion dollars per year in direct medical costs and indirect costs due to disability, work loss and premature mortality. This staggering figure does not take into account people who are undiagnosed because their costs cannot be determined. One fourth of the Medicare budget goes to caring for people with diabetes.

People with poorly managed diabetes often do not feel well enough to go to work, leading to an absenteeism rate five times that of people who do not have diabetes. Over 75,000 workers are reported permanently disabled due to diabetes. People with diabetes who cannot work become a burden on the state as they become categorized into the needy population and rely on Medicaid for necessary care. At this point, such care typically includes treatment of costly complications.

Prevention is key

The CDC funds Diabetes Control and Prevention programs in all states – only 16 of which are funded at com-
prehensive levels. The remaining 34 states offer more limited core capacity-building programs.

New York offers an example of one state’s success with a comprehensive program. Between 1997 and 2001, programs sponsored or supported by the New York DCP program increased participants’ rate of self-monitoring blood glucose levels at least one time per day by 12 percent. In two years, the rate of people with diabetes who took aspirin for cardiovascular health increased by 16 percent. In addition, diabetes hospitalizations decreased by 35 percent, and the rate of foot and leg amputation decreased by 39 percent.

Investment in prevention activities, rather than focusing on medical care, has enormous and obvious cost benefits in diabetes populations. Proper management of diabetes can alleviate the costs in terms of dollars and quality of life to people affected by the disease and substantially reduce the fiscal burden to society.

Although diabetes itself may not always be prevented, complications of diabetes can be significantly delayed or prevented with tight diabetes control. Tight diabetes control means achieving as close to normal, or non-diabetic, blood glucose levels as possible. The Diabetes Control and Complications Trials proved conclusively that tight diabetes control reduces vision loss by 76 percent, kidney failure by 56 percent and nerve damage by 61 percent in people with type 1 diabetes. Similar results have been demonstrated in studies involving people with type 2 diabetes.

Diabetes is a complex disease requiring a team of health care professionals and the active participation of patients in their diabetes management. Unlike many other diseases, diabetes is unique in that it requires patients to be their own primary care giver, self-managing the disease 24 hours a day, seven days a week. To achieve optimum diabetes self-management goals and avoid complications, it is essential to educate people with diabetes about how to incorporate nutrition, medication and physical activity into their daily regimen.

Public health priority

If the increasing costs surrounding diabetes are to be contained, diabetes must be addressed as a public health priority at the state and federal levels of government. Public policy can serve as a tool to inform, educate and empower people about health issues, thus helping to ensure a strong and healthy workforce.

For instance, 46 states now have laws that require state regulated health insurance plans to cover diabetes supplies, equipment and education as part of basic benefit packages, thus giving people with diabetes access to the tools they need to stay well. Alabama, Idaho, Ohio and North Dakota are the only states that have not passed what is known in most states as the Diabetes Cost Reduction Act.

However, there is still room for improvement when it comes to making diabetes a public health priority. For example, The American Diabetes Association is working with states to improve state death records to accurately reflect the role that diabetes plays. When someone with diabetes passes away from a heart attack, for instance, the death certificate rarely indicates that the decedent even had diabetes, or that diabetes was a contributing or underlying cause of death, despite the fact that 65 percent of people with diabetes succumb to heart disease or stroke. In 2001, Kentucky legislators passed and the governor signed legislation adding diabetes to Kentucky’s death certificate. New Jersey is also adding diabetes to its death certificate.

Another concern is the rise of type 2 diabetes, particularly in youth. The ADA is involved in supporting legislation to promote opportunities for improved nutrition and physical activity of students in our nation’s schools. A number of states have been examining this problem and have begun initiating legislation to address the serious issues of overweight, obesity, diabetes and other health concerns plaguing our nation’s children.

Along with these initiatives, state policy-makers can initiate efforts to increase public awareness of diabetes, encourage prevention and control efforts, reach the undiagnosed through early detection, and improve access to care, equipment and supplies. If ever the adage “an ounce of prevention is worth a pound of cure” applies, it is when discussing diabetes and its complications.

The sheer prevalence of diabetes, as well as the health and economic burdens it places on society, demands it be addressed as a public health priority. Remember, public health is all about numbers. The numbers regarding diabetes speak for themselves. In these times of budget concerns and outright crisis in many states, it is wise to invest resources in diabetes prevention and management.

— Francine Burke Haddad is the national advocacy field director at the American Diabetes Association.
Building partnerships with South Africa

States are forging ties with South Africa to promote trade, address social problems

BY CHRIS WHATLEY

S

outh Africa is a country of contrasts. It is a place of enormous wealth and desperate poverty. It is the home of the world’s first heart transplant and the epicenter of the world’s worst HIV epidemic. Despite these dichotomies, the country has made impressive progress in overcoming the legacy of apartheid and improving the lives of its citizens.

In an effort to promote long-term partnerships between American states and their South African counterparts, a CSG delegation traveled to South Africa last September 14 to 23 to share lessons learned on economic development, education reform and combating HIV.

The 17-member delegation, led by Delaware Gov. Ruth Ann Minner, met with government officials and community leaders in the South African provinces of Gauteng, KwaZulu Natal and the Western Cape. The delegates held frank discussions with national and provincial leaders who are working to foster economic growth and create jobs while confronting HIV infection rates of more than 25 percent. They visited McCord Hospital in Durban to see how a dedicated group of health practitioners is working to address the epidemic despite limited resources. The group also met with local government officials, Zulu traditional leaders, and educators in the Ugu district of KwaZulu Natal to see firsthand how local leaders are working to improve education in rural communities.

While the mission exposed the delegates to the severe challenges confronting South Africa, it also allowed the group to see and experience the country’s enormous vitality. South Africa emerged from its turbulent transition to majority rule with a strong system of democratic government and a new constitution respected around the world for its commitment to civil liberties. Since 1994, the government has made important progress in extending basic services, including water, electricity and housing to millions of South Africans. The country has also begun an ambitious effort to foster long-term economic growth and has seen its trade expand rapidly with the United States and the rest of the globe.

However, the country still faces daunting problems, including persistent poverty and low levels of education. The HIV crisis compounds all of these challenges. A single breadwinner often supports a large extended family. When the breadwinner gets sick the whole family is left destitute. Teachers have been particularly hard hit by the epidemic, denying children opportunities for education and depriving communities of vital leaders.

States have strong interests in the success of South Africa’s democratic transition and economic revitalization. The country is the destination of more than one-half of U.S. exports to the African continent. Given these interests, state leaders from across the country have begun to build long-term partnerships with their South African counterparts designed both to promote trade and to foster cooperation on a wide range of important issues.

Six states maintain permanent trade offices in South Africa, including California, Florida, Illinois, Maryland,
CSG-South Africa Education Development Fund

The most poignant moment of the trip came during a visit to the Denver Zoar Primary School in the rural Ugu District of KwaZulu Natal Province. The delegates spent hours interacting with students and teachers and seeing first-hand how citizens of this rural community are struggling to improve the lives of their children. Although the school lacks books and some students walk to class each day without shoes, the school is blessed with a dedicated group of teachers and local leaders committed to improving education opportunities for its students.

However, the efforts of these leaders are set against a daunting backdrop of challenges, including the legacy of apartheid education policies that denied basic resources to black students and a growing HIV epidemic that is striking down parents and teachers in the prime of their working lives. Despite these challenges, local leaders are introducing new literacy programs and working to build a library for the school. These leaders recognize that improving basic education is an essential element of their ongoing efforts to promote economic growth, combat the scourge of AIDS, and improve the lives of children.

How you can help

CSG has been asked by the Ugu District Council and by local educators to assist in raising funds to help purchase books and other educational aids for the new library. Even a small donation can have a tremendous impact in South Africa, given the needs and the strong value of the U.S. dollar. Individuals or organizations wishing to contribute to the fund can make a tax-deductible donation to The Council of State Governments (Tax ID: 36-6000818). CSG will dedicate 100 percent of the proceeds to purchasing books and materials for the Denver Zoar School. CSG will work with the U.S. Embassy in South Africa and the Ugu District Council to ensure that the program is administered effectively. Checks should be made payable to CSG and sent to Chris Whatley, CSG-Washington Office, 444 North Capitol, NW, Suite 401, Washington, D.C., 20001.

Missouri and Ohio. In addition, The Council of Great Lakes Governors maintains a multistate trade promotion office representing Indiana, Michigan, New York, Pennsylvania and Wisconsin. These offices provide a platform for helping state businesses take advantage of the burgeoning trade between South Africa and the United States.

While trade promotion remains the primary motivation for state engagement in South Africa, states are also working to build broader partnerships with South Africans in order to help the country combat poverty and fight the scourge of HIV. Perhaps the best example of this type of partnership is the Massachusetts-Eastern Cape Health Care Task Force. The task force is an outgrowth of a state partnership agreement signed between Massachusetts and South Africa’s Eastern Cape Province in 1997. The task force conducts regular exchanges of government officials and health care practitioners between Massachusetts and South Africa. These exchanges have been particularly effective in sharing best practices and technical information on combating HIV and other chronic diseases.

Chaired by Dr. Howard Kohn, commissioner of the Massachusetts Department of Public Health, the task force includes a distinguished group of health care practitioners, legislators and community leaders. South Africa Partners, a Boston-based non-profit dedicated to promoting partnership with South Africa, serves as the secretariat for the task force.

CSG has drawn inspiration from the dedicated efforts of state leaders to promote partnership with South Africa. In an effort to build upon the success of its recent delegation, CSG has created a tax-deductible fund, entitled the CSG-South Africa Education Development Fund, to raise private resources to support education projects in the rural Ugu district. In addition, CSG is working with the U.S. State Department and other agencies to assist delegations of South Africans visiting the United States.

Building long-term partnerships between the United States and South Africa is a priority that has been embraced by state leaders around the country. CSG is honored to support these growing partnerships.

— Chris Whatley is director of international affairs at The Council of State Governments.

Maryland Delegate Anthony Brown learned first-hand about the challenges facing South African schools.
The 2002 CSG Associate Awards winners were honored at the CSG Annual State Trends and Leadership Forum in Richmond, Va., on December 7. The awards are given in recognition of private sector members, the CSG Associates, who have demonstrated exemplary partnerships with the states, the communities they serve and CSG. Nominations are submitted by state officials across the country and winners are selected by CSG leadership.

“CSG considers our CSG Associate members true partners in our mission to seek excellence in state governments. The companies and associations in the CSG Associates Program help CSG advance our research, broaden our perspectives and strike a balanced body of work the states need to progress in the century ahead,” said Dan Sprague, CSG executive director.

There are three categories in the Associates Awards series:

- The Public/Private Partnership Award recognizes programs that are successful partnerships between a CSG Associate organization and the states;
- The Corporate Citizenship Award recognizes an Associate organization that has contributed to its community or state through volunteerism or contributions;
- The CSG Partner in Excellence Award acknowledges a CSG Associate who has been an exemplary partner and active participant with CSG.

Public/Private Partnership Award

Agilent Technologies’ Agilent Community Outreach Program won CSG’s 2002 Public/Private Partnership Award. Agilent’s Community Outreach program supports a myriad of community involvement initiatives that reflect the company’s core values as an economic, intellectual and social asset to each community in which it operates.

Agilent’s generous donations and grants to community programs that are open to all who wish to participate reinforce the company’s goals of diversity and inclusiveness. Agilent also provides grants to numerous schools, from kindergarten through college. Agilent Afterschool is a hands-on series of science experiments for children that works to build an interest in science education. The Biotechnology Academy, a partnership between Agilent and Andrew Hill High School in East San Jose, Ca., targets students at risk for dropping out of school and provides mentoring and support. The academy has graduated 40 students, 39 of which were subsequently admitted to a college or university.

Agilent runs an annual United Way employee campaign, and provides matching funds up to $5,000. Company policy allows employees to use one hour per week of paid time-off to volunteer for any Agilent-sponsored community involvement activities.

“Girls for Change,” part of Agilent’s “Diversity Made Real” initiative, is a grass roots organization that allows girls to identify adverse issues in their communities and empowers them to develop solutions.

Corporate Citizenship Award

Johnson & Johnson received the 2002 Corporate Citizenship Award for “The Campaign for Nursing’s Future.” The program is a comprehensive communications and education initiative designed to raise awareness of the national nursing shortage and encourage high school, college and second-career seekers to consider nursing. The campaign is comprised of national advertising, network television, nursing recruitment materials, a Web site and national nursing scholarship fundraising events, all sponsored by Johnson & Johnson in association with nursing schools, hospital and professional nursing organizations. For more information, visit http://www.discovernursing.com.

CSG Partner in Excellence

Gov. Mike Huckabee of Arkansas, 2003 president of CSG, presents Agilent’s Bill Finch with the Public/Private Partnership Award.
At CSG’s Annual State Trends and Leadership Forum in December, the Environmental Task Force approved the launch of a new Center for Environmental Innovation. Scott Richards, CSG’s chief environmental policy analyst, presented the task force with a resolution describing the new national center’s mission and announcing its first two initiatives. Rep. Jan Judy of Arkansas sponsored the resolution, which was approved by CSG’s Governing Board on Dec. 9.

CSG-CEI’s mission will be to prepare state leaders to use the next generation of environmental management tools. The center will do this by encouraging information-sharing and consensus-building among state and federal government, business and industry, and nongovernmental organizations that engage in environmental advocacy.

The center’s first two steps toward accomplishing this mission will be creating a national advisory board representing the state, business and NGO sectors, and publishing a *State Official’s Guide to Environmental Management Systems*, to be released by May.

The center will implement recommendations developed during two years of planning and design work for the Policy Academy on Environmental Management Tools, a project coordinated by CSG. The Policy Academy sponsored a series of national dialogues that brought together experts in environmental management from business, government and the public-interest community to identify the most promising new tools and approaches for managing the environment and make recommendations about how to prepare decision-makers in each sector to use them.

2002 was Olin Corporation. For more than 16 years, Olin has shown exceptional commitment to CSG. Representatives from Olin serve or have served on CSG’s Strategic Planning Committee, Environmental Task Force, Associates Advisory Committee and on numerous policy brainstorming sessions. The company is a long-time supporter of one of CSG’s core programs, the Henry Toll Fellowship Program. Olin has provided support to CSG, offering assistance with marketing and development of many CSG projects and programs.

For example, Olin has worked with CSG and the Multistate Working Group to design and promote the Policy Academy on Environmental Management Tools, which promotes innovative approaches to environmental issues by the public and private sectors. Olin has been a part of this program since its inception, serving on the design team, participating in the inaugural event of the project’s pilot phase and identifying new funding sources for the project.

For more information, contact John Chiaramonte, director of government affairs, at (423) 510-9622.

**Honorable Mentions**

During the awards ceremony, two CSG Associates were recognized with honorable mentions for their work in the states. HCA-The Healthcare Company and Cornell Companies Inc. both received honorable mentions in the Corporate Citizenship category.

A public/private partnership between HCA and the U.S. Department of Labor, the HCA Cares Healthcare Scholarship program enables qualified, displaced individuals seeking work to enroll in some of the country’s top nursing and medical technology schools.

Cornell Companies created a community tribute to those who lost their lives on United flight 93 on September 11, 2001, by commissioning a sculpture and garden in Shanksville, Pa.
The 2002 Western Legislative Academy, held December 10-13 in Colorado Springs, brought together legislators from 13 Western states for intense professional development training. Every segment of this dynamic and highly interactive training hammered home two goals: improving personal legislative effectiveness and building stronger legislative institutions.

Legislative scholars Gary Moncrief and David Magleby explored the nature of changing legislatures in an era of term limits and government by ballot box. Using a case study based on a true story, Alan Rosenthal, author of such works as *Drawing the Line* and *Republic on Trial*, challenged legislators to look at their own real-world ethics.

One of the training’s highlights was the day spent at the U.S. Air Force Academy. Danny Miller, owner of New Heights Training and an Air Force Major, worked with lawmakers on personality profiling, team building and leadership. Participants enjoyed many of the same training exercises offered to Air Force officers and cadets.

Pam Vaccaro, president of Designs On Time in St. Louis, taught legislators creative ways to manage the multiple demands made on them as legislators, family members and working men and women. In another session, award-winning statehouse reporters and a lobbyist discussed how to develop positive and appropriate relationships with the “Capitol Gang.” New Mexico Senator Diane Snyder moderated this session, which featured David Postman, chief political reporter for *The Seattle Times*, and Deborah Pacyna, former broadcast journalist and communications director for California’s lieutenant governor.

Legislators spent a half-day fine-tuning one of the most important skills in the legislative process: negotiations. Fortune 500 trainer James Hennig taught this class on principled negotiations. FranklinCovey trainer Leigh Stevens shared secrets from *The 7 Habits of Highly Effective People* in a powerful workshop setting. Washington, D.C. media expert Arch Lustberg gave lawmakers “tough love” lessons in speech-making and media interviewing.

Former Arizona Senate President Randall Gnatt teamed up with former New Mexico Speaker Raymond Sanchez to answer questions on the “dos and don’ts of effective legislators.” And the grand finale of the Academy came as “Winston Churchill,” AKA University of Southern Colorado Professor James Humes, appeared in character and costume to teach the language of leadership.

Montana Representative Jim Keane was elected president of the Class of 2002.

The Council of State Governments-WEST (CSG-West) offers Academy training once a year to Western state legislators. Selection is competitive, and preference is given to legislators in their first four years of service. For applications and information about the 2003 Western Legislative Academy, call (916) 553-4423.
Water and migration topped the agenda for U.S.-Mexico state legislators meeting in Nuevo Laredo, Tamaulipas on November 21-22, 2002 at the fall forum of CSG’s Border Legislative Initiative. Legislators discussed the modern-day implications of the 1944 U.S.-Mexico Water Treaty. Several legislators argued that the treaty is outdated and doesn’t effectively address water conditions along the 2,000-mile border. This overpopulated region is expected to grow to more than 20 million people by 2020.

Legislators also considered Mexican migration trends along the border and in the United States. Before taking a policy position on the complex issue of migration, legislators sought additional information about a migration agreement between the administrations of Presidents Bush and Fox. Further complicating the issue is the new political climate, which emphasizes security.

Border legislators will reconvene in the spring of 2003 in Texas to develop joint strategies and policy positions on water and migration, which they then plan to present to their respective federal representatives.

The forum, hosted by the Tamaulipas Legislature, attracted legislators from all 10 U.S.-Mexico border states and was the first BLI forum in Mexico. Gov. Tomas Yarrington of Tamaulipas told lawmakers from both sides of the border that “the time has passed when the border was no one’s land, too far from Mexico City and too far from Washington, D.C.” Yarrington said the border region needs local voices to express mutual causes and realities to federal officials in both nations.

In other action, participating legislators commented on the Border 2012 Environmental Program, a 10-year strategy aimed at protecting public health and the environment along the border. Additionally, Sen. Jeff Wentworth of Texas became the new BLI chair, while Diputado Arturo Castro Lopez of Chihuahua was selected as vice chair. This is the first time a Mexican legislator has been chosen as an officer, thus marking the historical evolution of the BLI to a truly binational program.

The Border Legislative Initiative is an effort by CSG-WEST and its Southern regional partner, the Southern Legislative Conference, to establish ongoing policy dialogue among state legislators on both sides of the U.S.-Mexico border. The initiative is made possible by a grant from the U.S. Agency for International Development. For more information, contact CSG-WEST staff Edgar Ruiz at (916) 553-4423 or Douglas Jacobson at the SLC at (404) 266-1271.

Ontario hosts legislative exchange

The Legislative Assembly of Ontario hosted delegates from the Midwestern Legislative Conference in November as part of an ongoing exchange between elected officials from the states and two neighboring provinces.

While in Toronto, Iowa Rep. Libby Jacobs, Michigan Rep. Lauren Hager and Ohio Rep. Stephen Buehrer observed the assembly’s lively and familiar question period and also had the chance to “job shadow” host legislators. The MLC’s Midwest-Canada Relations Committee developed the exchange program to provide participants with a better understanding of the parliamentary/legislative processes on both sides of the border. The visits also allow lawmakers to learn more about how the states and provinces address shared policy concerns through specific legislation and programs.

The provinces of Ontario and Saskatchewan (both of which are MLC affiliates) and four Midwestern states have hosted exchanges. Other opportunities for those who participate in the exchanges include the chance to observe policy committee and party caucus meetings.
“It is one of the happy incidents of the Federal System that a single, courageous state may, if its citizens choose, serve as a laboratory and try novel social and economic experimentation without risk to the rest of the country.”

U.S. Supreme Court Justice Louis D. Brandeis

The Innovations Awards Program is the only comprehensive, national awards program that focuses exclusively on state programs and policies and selects winners based on evaluations by state government leaders.

APPLICATION DEADLINE: April 11, 2003

For more details or to obtain an application, please visit the Innovations Awards Program on the Web at www.csg.org or contact James Carroll, jcarroll@csg.org or (859) 244-8257.
Liberty and Access for All

As part of its pilot program, the Beaumont Foundation of America is currently working with Native American communities in North Dakota, South Dakota and New Mexico to provide access to technology and the rich resources available on the Internet. Next year the Foundation will expand to include additional Native American communities across the country.

The Beaumont Foundation of America will collaborate with tribal leaders to provide access to technology on reservations and in schools — joining the ongoing efforts of Native communities to bridge the Digital Divide by providing Internet-enabled, wireless technology.

The Beaumont Foundation of America was created with funds generated by the settlement of a class action lawsuit. It is an extraordinary example of how the civil justice system can work to make a difference in the lives of Americans.

The Beaumont Foundation of America is granting computer hardware to qualifying non-profits, faith-based and community organizations, libraries, schools and individuals in need. Grant applications for 2003 are now being accepted through March. For more information, including future grant application opportunities, log on to www.bmtfoundation.com or call us at 866.505.COMP.
Aimed at developing leaders from all three branches of state government, this prestigious program and intellectual boot camp assists leaders by providing information and perspectives not available in the course of everyday public service.

The program was named for Henry Wolcott Toll, CSG’s founding father and Colorado state senator. He was a tireless visionary, an innovative champion of state government, a courageous opponent of racism, and a spirited statesman – in other words, a leader.

This is a leadership development program that brings high-level speakers to stimulate personal assessment and growth, sessions that inspire new team-building skills and provide opportunities to re-evaluate your core beliefs about why you decided to become a state official in the first place.

The 2003 Toll Fellowship Program will be held on September 13-18, 2003, in Lexington, Kentucky. Applications are due March 28, 2003.

If you are interested in receiving an application or more information about the program, please contact Allison Spurrier at (859) 244-8249 or aspurrier@csg.org. You can also find information on our web site at www.csg.org.