

THE OPPOSITIONAL POLITICS OF HEALTH REFORM IN OKLAHOMA

by David Blatt, Director of the Oklahoma Policy Institute

As in most states controlled by a Republican Governor and legislature, Oklahoma's elected leaders are staunchly opposed to implementing the Affordable Care Act. They refuse to extend Medicaid to additional low-income adults, and will not develop a state-run health insurance exchange. Many hospital leaders and health care groups hope to change the state's position, but it will take time – as well as a surge of additional U.S. states accepting the core Affordable Care reforms – before Oklahoma is likely to shed its hostile stance. In the meantime, many needy residents will be left without vital health benefits they could enjoy.

The Oklahoma Health Landscape

Oklahoma is one of the unhealthiest states, ranking 43rd in overall health status for its residents, according to the latest United Health Foundation ratings published in 2012. Infant mortality is high, and so are rates of chronic life-threatening conditions like diabetes and heart disease. Lack of health coverage contributes to poor health outcomes. One in six Oklahomans, including nearly half of all working-age adults with incomes below the poverty line, lack health insurance.

Republicans who oppose a strong government role in providing health insurance won control of the Oklahoma House of Representatives in 2002 and the Senate in 2008. The GOP sweep was completed in 2010, when Mary Fallin was elected Governor. By an overwhelming margin, Oklahomans voted in 2010 for a State Question rejecting the federal government's right to impose a mandate for everyone to have health insurance. This may not trump federal law, but it does reveal strong hostility to what Oklahomans see as a central part of Affordable Care.

Across-the-Board Refusal

In June 2012, the U.S. Supreme Court ruled that each state is free to decide whether or not to accept Affordable Care funds to expand Medicaid to cover adults with incomes below 138 percent of the federal poverty level. At first, Governor Fallin said she would study the issue, but just weeks after President Obama's re-election, she announced that Oklahoma would not expand Medicaid. She cited "unsustainable costs" in a program she claims is "broken." As she refused billions in federal funds, the Governor promised to develop an "Oklahoma Plan" relaying only on state resources to reduce the number of uninsured and improve health standards.

Governor Fallin simultaneously announced that Oklahoma would not develop a state-run health insurance exchange. This decision came as no surprise, because planning for an exchange had ceased in early 2011 after vocal Tea Party opposition prodded the Governor to reject a \$54 million Early Innovator Grant from the federal government. As things now stand, federal authorities will construct and run an exchange for Oklahoma, although the state's Attorney General is trying to hobble this effort by pursuing a legal challenge to Affordable Care provisions that offer tax credits to help people purchase insurance on the exchange.

Oklahoma's defiance extends to insurance regulation. In March 2013, Insurance Commissioner John Doak informed federal authorities that his department will not enforce the consumer protection provisions of the Affordable Care law. This leaves the federal government in charge of ensuring that insurance plans sold in Oklahoma meet standards in the new law.

Total refusal to cooperate with Washington DC may soon bring an end to a longstanding program called Insure Oklahoma, which uses state and federal Medicaid funds to subsidize employer-based coverage for some 30,000 low-income workers. The federal government has notified Oklahoma that it can extend the program only if it is altered to conform with the Affordable Care law. But Oklahoma will not make the necessary adjustments and the legislature has refused the Governor's proposal to use state funds to extend benefits for some Insure Oklahoma participants. Barring an unexpected compromise, these workers will lose benefits.

Where Things Stand

Governor Fallin's decision to reject Medicaid expansion is seen by some as a tactic to head off a primary challenge from the right in 2014. Local and national conservative groups certainly applaud the decision, as does Dr. Tom Coburn, an Oklahoma Republican U.S. Senator whose voice carries influence on health care.

Nevertheless, many in Oklahoma would like to find a way to institute the Medicaid expansion.

- Concerned by mounting costs for treating the uninsured, the state's hospital association and both urban and rural local hospitals have been the most vocal proponents.
- In both of the state's major cities, Tulsa and Oklahoma City, the Chambers of Commerce call for acceptance of federal funds to expand Medicaid, as do community health centers, additional providers, faith-based organizations, and community activists. A coalition called Partners for Health has formed to urge expansion through radio ads and a newly launched website.
- In the legislature, Democrats in the minority favor Medicaid expansion. Two Republicans with extensive health policy expertise crafted a bill that would have accepted federal Medicaid dollars to subsidize the purchase of commercial insurance, as has been proposed in Arkansas. But their proposal failed to gain traction, as most Republicans remain adamantly opposed.

It now appears that some 180,000 poor Oklahomans will be left entirely without options as Affordable Care expands health insurance coverage during 2014 to their counterparts in many other states. A national consulting firm will soon lay out options for the Governor's "Oklahoma Plan," but it appears unlikely that additional federal funds will be accepted by state leaders.

Meanwhile, the U.S. Department of Health and Human Services is moving ahead with developing a federally-facilitated exchange to begin operating in Oklahoma in October. An estimated 330,000 people will become eligible for tax credits to help them pay premiums for private plans purchased through the exchange. But of course, these people have to hear about their new options and figure out how to apply. With state officials determined to obstruct ObamaCare, getting the good news out to potential Oklahoma beneficiaries will not be easy.