



THE NEEDS OF LOCAL MEDICAL MARKETS ARE BEST SERVED BY NATIONALLY UNIFORM HEALTH CARE STANDARDS

Some proponents of reform argue for a flexible state role in exercising governance and control over the health care system in the belief that states will be responsive to local needs.

Since health care is one of our biggest industries in interstate commerce, however, state-by-state regulation actually impedes rather than serves the needs of local markets:

- Medical markets inevitably cross state borders, especially where they incorporate one or more of the many border cities throughout the country, or where residents in rural areas must travel to neighboring states to obtain acute (and sometimes even primary) health care services.
- As medical care has become increasingly complex and specialized, giving rise to centers of excellence for the treatment of specific conditions, "local" medical markets now encompass not just multiple states but stretch across the country.
- State-by-state reforms will splinter natural local markets and subject them to inconsistent and incompatible rules. Consumer access to health care services in other states will be arbitrarily curtailed. Cost and quality competition will be undermined.

In contrast, nationally uniform standards allow medical markets to develop naturally under a consistent set of rules, fostering competition and efficiency.

Historically, states have actively discouraged the development of competitive local markets:

- States have enacted anti-managed care and any-willing-provider laws, have mandated benefits to protect special local interests, and have manipulated board certification to put integrated health care delivery systems at a competitive disadvantage. Inefficient providers have been routinely subsidized, sheltering them from the rigors of the marketplace and fostering overcapacity.
- Based on past experience, interference with the development of competitive, efficient and cost-effective markets is likely to continue, if not increase, if states are given significant flexibility to enact their own health care system reforms.

The needs of local markets would be better served by consistent nationally uniform standards that promote competition and efficiency.