



CREATING AN ENVIRONMENT THAT FOSTERS INNOVATION AND EXPERIMENTATION REQUIRES NATIONALLY UNIFORM STANDARDS

Some proponents of health care system reform contend that states serve as "laboratories of reform." In fact, employers, insurers and health care providers interacting in local medical markets are the real "laboratories" for improving health care quality and cost-effectiveness -- not government (at either the federal or state level).

True "laboratories of reform" flourish only in the stable environment of nationally uniform health care standards:

- The high overhead imposed on the health care system by 50 different sets of inconsistent and incompatible rules (as compared to nationally uniform standards that promote competition and efficiency in private markets) impedes creativity and innovation.
- In contrast, the administrative efficiency of nationally uniform standards frees valuable resources for other purposes, and the more consistent, stable and predictable environment makes experimentation less risky.

Encouraging states to pursue their own unique reforms, in the hopes that the best approaches will be imitated and disseminated among all states, is unlikely to achieve national health care system reform:

- This approach has failed when tried in other areas.
- States have very different resources available to them; thus there will be significantly varied "quality of product" from one state to another state.
- Similarly situated individuals residing in different states inevitably will be subjected to unfair disparity in treatment where significant discretion is left to each state.

For market-based comprehensive health care system reforms to succeed, purchasers, providers and taxpayers need assurance that the "rules of the game" will not change arbitrarily when they cross state lines.

This, in turn, will foster the confidence and security to develop innovative new health care products that better serve the needs of employees, enrollees and patients.