



## Uncertainty grips health reform

519,000 Hoosiers poised for coverage, but at what cost to state, hospitals?

By **BRITTANY BROWNRIGG**

FRANKLIN - It has been almost five months since President Obama signed into law the Affordable Care Act. Since then, a furious debate has taken place in congressional races across Indiana and the nation with Republicans calling for repeal and some Democrats defending the historic reforms.

Polling in July by Rasmussen Reports in Indiana revealed that 59 percent favored repealing the health reforms.

Nationally in a Rasmussen Poll released on Monday, 53 percent of U.S. voters now say they at least "somewhat favor" repeal of the new national health care law, matching the lowest level of opposition since the bill was passed by



President Obama ponders a question at a health care rally prior to passage last March. Since then, there has been a furious political debate in Indiana over the reforms while the state and an array of medical institutions have grappled with the complex and cloudy reforms.

Continued on page 5

## Hoosiers & presidents

By **BRIAN A. HOWEY**

BEECH GROVE - There are two - 2 - potential presidential candidates from Indiana. Both of them were in the news this past week for that reason.

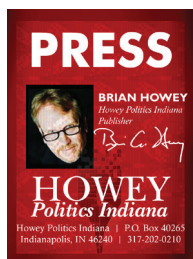
We all know that Matthew Tully says Gov. Daniels is running. Politico detailed the series of meetings at the Governor's Mansion between Daniels, policy wonks, and donors as Eric Holcomb took notes. This is a man who is acting very much like a presidential candidate in the early planning stages.

And there is U.S. Rep. Mike Pence, whose office circulated an ABC News



**"This is 'it's the economy stupid' on steroids."**

**- Karl Berron of the Indiana Realtors on the defining mid-term election issue**





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blog story out of Iowa where the Tea Party chairman there hoped he would run.

Both Pence and Daniels made the U.S. News & World Report two-tiered list of potential GOP candidates, with Daniels on the first level along with Mississippi Gov. Haley Barbour, Sarah Palin, Mitt Romney, Mike Huckabee, Newt Gingrich, Sen. John Thune, New Jersey Gov. Chris Christie and former Minnesota Gov. Tim Pawlenty.

**Listed in the "8 Long Shots"** are Pence, Rep. Ron Paul, Sen. Jim DeMint, South Carolina gubernatorial nominee Nikki Haley, Jeb Bush, Rick Santorum, John Bolton and Louisiana Gov. Bobby Jindahl. Pence is described as a "hero to fiscal conservatives."

While the Politico story of Holcomb orchestrating Mansion confabs is important because it shows the Daniels process is moving into a new stretch, it is the U.S. News story that provides more of a foundation for what is tugging at Daniels and Pence.

After reading the book "Game Change" by John Heilemann and Mark Halperin, what really stands out beyond the meltdowns of Palin, John Edwards and Hillary Clinton is how threadbare the GOP shelf was in 2008. John McCain almost wallowed into the nomination with virtually no discipline, little money, a laissez-faire strategy and little issue curiosity.

**And at the defining** moment of the McCain campaign, when he forced President Bush to call a September White House conference to deal with the Wall Street meltdown, the Arizona senator was more interested in talking with his wife about dinner plans just before the meeting that Sen. Obama would dominate than boning up. The priceless quote was when McCain suggested the meltdown was like that of a Home Depot bankruptcy, and Secretary Paulson had to tell him, no, it really wasn't like that at

all.

The fact is, the GOP field was weak, extraordinarily so. McCain won because opponents Mike Huckabee, Mitt Romney, Fred Thompson and Rudy Giuliani ran lazy-to-ridiculous campaigns.

Now revisit the emerging 2012



U.S. Rep. Pence called for an "end to earmarks as we know them" on Wednesday. (Politico)

field. Anyone who reads the "Sarahcudda" chapter in "Game Change" cannot seriously believe the former Alaska governor is remotely qualified to be president. Mitch Daniels knows this.

With the exception of Sen. Thune and Jeb Bush, all of these candidates have serious flaws or a lackluster campaign track record. Every time Newt opens his mouth (or his ex-wife does) the less credible he seems. Gov. Christie is promising but busy in New Jersey. Romney is deeply flawed. Barbour would be a terrible matchup with Obama. Pawlenty is, well, yawn. Thune's problem is he's not very famous.

### The critical rap against

Our Man Mitch is he's short and balding. Unless GQ glitz has replaced substance and competence, the tape measure and 'do can be dealt with. The reality is that when it comes to running a campaign and working retail politics, Daniels is on par with Obama. I keep saying this: Obama and Daniels have many similarities and strengths





as candidates and executives.

Daniels insisted Wednesday that he had scheduled the dinners only to prevent an endless stream of those seeking to lure him into the race.

"These are folks who wanted to come by and I didn't want to see them one by one by one," Daniels said. "I'm happy to listen to people and hear their suggestions." But Daniels quickly added, "There's nothing new to say about it. I have spent seven years trying to be straight with you folks. Most of the conversations have been about the problems facing the country. No one was pitched. No one has asked a thing. No one has donated a dollar."

Now, let's look at the second tier list. Pence is attractive because he's a great communicator and has a message of fiscal discipline in opposing unfunded programs like No Child Left Behind and the Medicare prescription drug plan. He brings the stature of House leadership. On Capitol Hill Wednesday, Pence pushed for an "end to earmarks as we know them." Pence added, "The American people are tired of spending as usual in Washington, D.C., and we need to close the favor factory and fundamentally reform the way we spend people's money," Pence said. This lines up exactly with where the Tea Party movement is.

**Jindahl is promising but too green.** Jeb Bush? His track record as Florida governor was impressive, but you get into dynastic and brand problems. But there's another fascinating angle that intersects within the Bush dynasty.

The reason there is no obvious heir-apparent at this point is that the Bush organizational money is on the sidelines and is awaiting a wink and a nod from Daniels. Romney is nowhere close to building the aura of inevitability that W had in 1998-99 heading into 2000.

There is speculation that the governor is really awaiting the imprimatur of the First Lady, who wasn't too keen on him running for governor. Daniels has invoked the "Cheri Daniels" term limits. The First Lady told the Indianapolis Star last summer she gave it a "20 percent" odds of her hubby running in 2012. The governor's staff was high-fiving over just the 20 percent prospect. Let's talk when Cheri Daniels crosses the 50/50 threshold.

**Daniels shows signs of having** the same reservations over the quality of the field without him that others have. He told the Washington Post's Dan Balz last February,

"From now to a year-plus from now, that's all I'm going to do," he said of his current job. As for the GOP field, Daniels leaves the door ajar on basic credibility: "And if these people are still around, and still not fully satisfied with the field, and if I don't see anybody who's raising what I think of as the survival issues for the country, I guess I'd listen, if it's not too late, which it might well be."

Right. Gotcha.

HPI asked him how he would evaluate the caliber of the emerging Republican field. "We don't know who the field is so I can't answer that," Daniels said, adding, "I've tried to recruit four other people to run for president. I've tried to be candid when people ask about an opportunity, issues and steps forward that would make a stronger America and a stronger Indiana. I hope to have some constructive suggestions. That's a whole different thing than being a candidate."

If a Palin or a Paul began to fill that void, therein lurks a scenario where Daniels might see the historical beacon calling him to service. Empires fall when bad mistakes (and there's been too many over the past decade) are compounded by worse mistakes. The governor does not suffer fools lightly. Can you imagine his reaction to Palin poised to getting the nomination? He kept a Jeffersonville parking lot buffer between him and Palin in the waning days of the '08 campaign.

Pence is staring at a scenario that has a little bit of Barack Obama and a little bit of Dennis Kucinich.

Normally presidential candidates don't emerge from the U.S. House. But Pence would have a window between the Iowa caucuses and the Feb. 20 (or so) Indiana ballot filing date to mount a presidential campaign, catch fire either in Iowa or New Hampshire, and hope he can audaciously do what Barack Obama did, which is catch lightning in a bottle and make a historic run in a dangerously flawed field.

**We've written in recent** weeks about the many options Pence has. With most people assuming that Evan Bayh is coming back to run for governor, Pence will certainly look at the White House/U.S. House track. If Mrs. Daniels passes on her husband's potential run and Pence can put together an ambitious national campaign, well, as they say in real estate, it's a buyer's market. ❖



**Gov. Mitch Daniels talks to the press in Beech Grove on Thursday morning that could be called his first presser of the 2012 campaign ... if he decides to run. (HPI Photo by Brian A. Howey)**



## Why Mitch Daniels won't run for president

By **CHRIS SAUTTER**

WASHINGTON - "Inside the Beltway" Gov. Mitch Daniels is the hottest potential 2012 Republican candidate for President, or so New York Times reporter John Harwood told me recently. Indeed Daniels has been enjoying a bit of a presidential boom-let.



Chris Sautter  
Column

Politico reported Tuesday that Daniels has been hosting private dinners at the Governor's mansion for national Republican insiders and contributors over the past several months.

This past summer, The Weekly Standard ran a glowing profile piece touting Daniel's tenure as a popular tight fist executive.

The National Review and various other publications have weighed in with praise. The recent spate of articles along with a series of opinion editorials penned by Daniels for The Wall Street Journal are fueling speculation that the publicly coy Daniels will be a candidate for president.

At the same time he had been winning plaudits, however, Daniels was also drawing fire from social conservatives including even fellow Hoosier Republican Rep. Mike Pence for suggesting in the Weekly Standard that factions in the Republican Party should call a truce on social issues in order to focus on fiscal problems facing the country. "If the country goes broke," Daniels explained, "it would ruin the American Dream for everyone."

Daniels' remarks and the resulting push back are a reminder that he is an establishment Republican at a time when radicals are pushing the party further to the right. But he is an establishment Republican with a singularly powerful message of proven fiscal responsibility. Daniels' increasingly public vision is drawing favorable reaction from conservative intellectuals, even as he is turning off the more populist wing of the party.

**What makes Daniels unique** among potential Republican presidential candidates is he is a political theoretician who has had the opportunity to put his ideas into practice as governor. As a candidate for president or as someone who could end up on the Republican nominee's short list for vice president in 2012, Daniels' public record, especially his record as governor, and personal life would be examined like never before. While the Indiana press corps has been mostly uncritical, even gushing at times,

and the conservative press has been loyal, Daniels' move into the national spotlight will undoubtedly attract more aggressive coverage.

Gov. Daniels' biggest hurdle in facing national media scrutiny is explaining Indiana's economic woes during his two-terms. Daniels is fond of calling the Hoosier state "an island of prosperity," claiming Indiana is faring far better than its neighbors.

**But Indiana's unemployment** hovers above the national average, and the state has lost more manufacturing jobs during the Daniels years than during the three previous Democratic administrations combined. Under serious scrutiny, Indiana's "island of prosperity" is not likely to appear like much of an economic model for the rest of the country.

Daniels' biggest roadblock to the presidency, however, is more practical than his mixed record as governor. There are two lanes on the road to a presidential nomination—inside and outside. With the growing success of the Tea Party, the outside lane to the Republican presidential nomination will be dominated by candidates like Sarah Palin whose views are far to the right of Daniels'. And, to get to the head of the inside lane, Daniels would have to leap frog over Mitt Romney and Minnesota Governor Tim Pawlenty, to mention only two potential rivals.

The Republican Party way more than the Democrats tends to elevate candidates who have been around the track. Thus, Ronald Reagan became the nominee in 1980 after losing to Gerald Ford in 1976; Bob Dole was nominated 1996 after losing to George H.W. Bush in 1988; and, John McCain became the Republican standard bearer in 2008 after losing to George W. Bush in 2000.

History suggests Romney is in the best position to win the Republican nomination in 2012.

**Daniels is as politically astute** as anyone in the Republican field, if not more so. He understands his best chance to make it on the national ticket in 2012 is as the vice presidential nominee. Perhaps, he runs and wins a spot on the ticket as Bush did with Reagan in 1980. If he did, it would be because during the campaign he better than any other candidate articulates the need for a return to strict conservative fiscal policies in Washington.

More likely is that Daniels walks up to the edge but holds back from running for president to avoid being soiled by the process. Then he makes his case to the eventual nominee to be added to the ticket.

If Daniels is on a short list for vice president, he will have many "inside the Beltway" conservative intellectuals and old-line Reagan and Bush administration veterans in his corner supporting him. ❖



## Health reforms, from page 1

Congress in March.

Proponents say that 519,000 Hoosiers will now have access to health care, instead of relying on expensive hospital emergency room treatment. But the state of Indiana sees a "worst case scenario" hit to taxpayers up to \$3.6 billion in the next decade, according to a study by Milliman Inc. that was commissioned by the state and presented to the State Budget Committee early this summer. In addition, a number of Indiana hospitals in small towns and rural areas face an uncertain fate.

Yet, Indiana hospitals spent over \$517 million in charity care in 2009, according to the Indiana Hospital Association. This amount is up 17 percent from 2008. Wishard Hospital in Indianapolis alone spent \$223 million last year on caring for people without a third-party payer source.

Without the health reforms, the amount of charity giving by hospitals is projected to cost the federal government and consumers \$5.5 billion over the coming decade, and close to \$3 billion at Wishard alone.

Gov. Mitch Daniels has been an ardent opponent of the reforms predating his open flirtation with a potential 2012 challenge to President Obama.

"If I thought this was good for the health care system of America, I'd be for it," Daniels told HPI last April. "But in the case of health care, I just can't say that. It takes all the worst features of the current health system and makes them worse. Don't take it from me. Every independent analysis done recently comes up the same way. It's going to raise health care premiums. It's going to raise taxes. It will be exposed that it doesn't pay for itself. It doesn't come within a trillion or two dollars of that. The bill's going to get handed to the next generation.

"And here inside the state is a massive unfunded mandate," Daniels continued, saying a "big whopping bill is coming to taxpayers."

Today hospitals are still questioning just how much this law will cost them and how it will impact the way they operate. Kevin Woodhouse, a partner specializing in health care issues at Ice Miller, explained, "Integration will affect hospitals differently. That is unusual in the health care arena. Your numbers may fluctuate from year to year but there was some level of comfort that the next year wasn't going to be that different from the previous."



FSSA Commissioner Anne Murphy is seeking details of the health reforms from the federal Medicare and Medicaid office.

Woodhouse could see various tax increases being put into place in order to help pay for the new reforms at the federal level. "The wild card in my mind is on the state level," Woodhouse said. "Part of the cost will be paid by the federal government, but only part of it. There will be increased cost over the next 10 years under the health reform bill. There is no one way to avoid that."

"When you look at the numbers that Milliman has put together they are looking at broader costs for the state," Woodhouse said when comparing the state sanctioned study with the amount hospitals write off to charity. "I would not want to say that they are an apples to apples or dollar for dollar comparison. They are looking at really different issues. Milliman looks at the issue of health reform for the state.

When they look at the issue they factor in different variables" such as pharmacy rebates, physician fee schedule increases, as well as administrative costs.

### The state awaits details

The State of Indiana is awaiting details.

In an Aug. 23 letter to Gov. Mitch Daniels, FSSA Secretary Anne Murphy and acting Insurance Commissioner Stephen A. Robertson stated, "The budget impact is potentially significant, and the state will have to identify a way to pay for the new ACA costs. Because of the budget impact and various deadlines imposed upon states by ACA, many changes must be addressed during the 2011 legislative session in order to become effective on Jan. 1, 2014."





Murphy and Robertson added, "ACA may be a federal act, but much of the responsibility and cost of implementation falls to the states. Many of the requirements amount to unfunded mandates to states at a time when they can be least afforded. We still await the necessary federal guidance to move forward with our implementation. However, with interagency cooperation and state guidance, we are prepared to fulfill our responsibilities to the citizens of Indiana."

### **Wishard and questions**

Emergency rooms across the nation help care for the uninsured everyday and the overall idea of the law is to provide more Americans with health insurance. But will the cost of the new reforms offset the current cost of caring for the uninsured? This question has yet to be answered.

Only 6 percent of Wishard's patients have commercial health insurance. "With over \$200 million worth of uncompensated care going through our system, the supplemental dollars that we receive are significantly less than that directly for health care related services," said Daniel Sellers, chief financial officer and treasurer for Health and Hospital Corporation. "We have to always figure out how to be the lowest cost provider possible (and) with our cost structure as it is right now, we're able to make ends meet on (the) Medicare rate."

Hospitals currently know they will be facing major reforms including implementing a new health information technology system as well as changes in reimbursement rates. The law also specifies how hospitals will handle the costs for uninsured patients and how hospitals will maintain their non-profit status as it applies.

In an Aug. 30 letter from Commissioner Murphy to Director Cindy Mann, Centers for Medicare and Medicaid Services in Baltimore, Murphy stated, "Our analysis indicates there are approximately 23,100 individuals in Indiana that are receiving (Supplemental Security Income), but are not receiving Indiana Medicaid. Under ACA, these individuals by virtue of their SSI eligibility are below 138 percent FPL and will be eligible for Medicaid in 2014. Indiana requests clarification as to whether these 23,100 individuals not currently on Medicaid will be considered as newly eligible under the Medicaid expansion mandate."

Murphy said the state has estimated that providing

coverage to these 23,100 individuals could cost the state \$534.0 million by 2020 without the enhanced match rate. "The state has no current capacity to take on these additional costs," Murphy said.

Additionally, Indiana has similar questions concerning coverage of the current spend down population that falls below 138 percent of the federal poverty level. Indiana currently has 37,069 non-dual individuals that fall below 138 percent and above 75 percent of the FPL. Murphy told Mann that this portion of the population "has significant financial implications" for the state. "Our analysts estimate that without the enhanced match for these populations the state costs will be an additional \$670 million by 2020," Murphy said. "On the issues of designating these specific populations as newly eligible or not, the state requests a swift and favorable response."

### **Kaiser says it's a good deal for Indiana**

In a Kaiser Family Foundation report – "Health

Coverage in Indiana: How Will Health Reform Help" – released in March, the foundation stated, "President Obama signed into law a historic package of health reforms that will dramatically improve the state of health care in Indiana and across America. The new health reform law will guarantee that everyone - businesses large and small, seniors, children, those who currently have insurance, and those who don't - have access to

health coverage they can afford. The new law will address many of the problems in Indiana's health care system so that residents will be able to obtain and keep high-quality, affordable coverage that meets their needs."

It noted that in 2007 and 2008, 58.1 percent of Hoosiers received employer-based health insurance (compared to 52.3 percent nationally), 3.5 percent individual, 12.7 percent from Medicaid, 13.4 percent Medicare, .5 percent from other public programs, and 11.9 percent were uninsured (15.4 percent nationally).

Kaiser noted, "Under health reform, 519,000 Indiana residents will gain coverage by 2019. The path to coverage will depend on each resident's situation: some will enroll in coverage through their employers, while others will obtain coverage through a new marketplace, called an exchange, in which insurers must play by new rules





to make sure that consumers receive quality coverage. Many other Hoosiers will gain coverage through Medicaid, as health reform expands the program to cover all low-income, uninsured residents, including adults without dependent children and those who do not have a disability. People who earn too little to purchase coverage will finally be able to obtain the care they need. And covering more residents will help reduce insurance premiums for Hoosiers who already have coverage."

Kaiser identified "immediate benefits for Indiana" that include tax credits for 84,400 small businesses; closing the Medicare Part D "donut hole" for 81,800 beneficiaries; and giving 103,000 early retirees a \$5 billion temporary re-insurance program for those who lose benefits from former employers.

Additionally, on or after Sept. 23 insurance companies will no longer be able to place lifetime limits on coverage impacting 3.8 million Hoosiers; it will protect 279,000 people who would be dropped from coverage upon illness; eliminating pre-existing conditions to bar people from insurance access; extend coverage to young adults up to age 26 which Kaiser estimates will include 21,000 Hoosiers; and \$92.6 million federal dollars are available to Indiana starting July 1 to provide coverage for uninsured residents with pre-existing medical conditions through a new transitional high-risk pool program, funded entirely by the federal government.

New health information technology systems will be introduced to hospitals providing information electronically. With this new system, information will be readily available and transferable between hospitals making care more efficient.

Non-profit hospitals will also be required to put together a report called a "Community Health Needs Assessment" every three years. This report will allow these hospitals to maintain their non-profit status if certain requirements are met through information given in the report.

Also within the new law, hospitals will now be prohibited from charging individuals without health insurance more than insured individuals. According to Susan Rider, president of the Indianapolis Association of Health Underwriters, hospitals will now be required to bill in a "bundled payment" fashion. This means that instead of hospitals getting paid for each individual test done, they are given money for each diagnosis made. The goal of the new system is to cut down on unnecessary spending.

## Hospitals into the unknown

How hospitals are reimbursed will also be a major factor in how they operate after the new reforms are put in place. Hospitals are currently reimbursed through federal Medicare and Medicaid. Once all of the reforms are put into place the reimbursement rates will change. This is where hospitals begin to go into the unknown. The law has not yet been clarified as to what the exchange rates will be in the future, which makes preparing financially for this change impossible.

Wishard, the largest indigent care provider in Indiana, is still unsure just how to plan for the rate changes.

"When close to 40 percent of the persons who are patients with us are uninsured, over 50 percent of the folks who are seeking care in the primary care setting don't have

insurance, we are used to that dynamic," said Wishard CFO Sellers. "We want to understand what this is going to bring and we need to understand what the final product is that people might be moving into, but we don't even know what those are yet so it is very hard to develop any real modeling or even thinking about this from a financial standpoint at least to a detail level."

Dr. Lisa Harris, Wishard's chief executive officer and medical director, believes that Wishard is prepared to face the reforms and that, in some instances, the hospital has already put the new rules in place.

Wishard has an electronic medical records system that they have been using for 35 years.

"Many hospitals have health information systems now and electronic medical records, but we are in the category of fewer than 5 percent where the physicians actually use the electronic medical records system to enter all of their orders," Harris said. "That has improved the efficiency, effectiveness, outcomes, quality and safety of care and is a large contributor to how we are able to provide so much care when we have very few patients who are commercially insured and a large proportion who have no payer source."

Over 1.2 million outpatients received care at Wishard last year, which makes it the third largest safety net hospital system in the country when judged by outpatient visits. With a large majority of those people being uninsured, Wishard already relies on the bundled payment system to keep costs down.

"We have already figured out how to create an integrated system that allows us to manage patients most effectively," Harris said. "We have evolved that model out



**Wishard Hospital has had electronic records for more than three decades and has also dealt with unknown budgets. (HPI Photo by Steve Dickerson)**



of necessity over decades of caring for patients who often do not have resources or any payer source to pay for their care.”

Matthew Gutwein, president and chief executive officer of Health and Hospital Corporation, explained that the new law sets up hospitals to have an integrated system with many services provided together.

“The legislation plans to start paying on what they call instance of care instead of on a perprocedure basis,” Gutwein said. “Instead of each individual physician or each caretaker (receiving payment separately) they receive one payment. It will require other hospitals to develop an integrated system with something they are calling accountable care organizations where you have a primary care doctor and various specialists and therapists. All of the pieces that it takes to treat a patient need to be under one roof and then they will pay you one single sum for that. We already have that. That is exactly what we are already doing right now. We are already a fully integrated system.”

### **Fear for smaller hospitals**

While Wishard has already implemented major reforms and also serves a large portion of Indiana’s uninsured, there are fears for the smaller hospitals across the state that will have to spend more money to put these reforms in place. Professionals in the health care business like Susan Rider believe that the costs could be an issue for the smaller hospitals. If these Indiana facilities cannot finance the changes needed to meet the new requirements, hospitals could face the choice to either close their doors or be bought out by larger hospitals, a trend that has seen Clarion and St. Vincent’s expand to smaller towns like Salem.

The problem with trying to predict costs that will come out of the health care law is that no one knows exactly how many people will decide to jump on board. According to Rider, if someone chooses to decline the new system’s offers they will be forced to pay either a flat dollar amount or a percentage of their income, which will be limited to three times the cost for a family.

In 2014, an individual could refuse coverage and only have to pay \$95 for the year or one percent of their income. In 2015, the amount goes up to \$395 or two percent of their income. In 2016, an individual would have to pay \$695 or 2.5 percent of their income. In the years following 2016 the numbers are indexed for inflation.

There is a possibility that individuals could opt out of coverage and pay the small fine. Because the new law eliminates pre-existing conditions those individuals that chose not to have coverage could simply jump on a plan if

they found they needed care.

If more individuals choose to opt out of the coverage than chose to join in, hospitals could be in trouble. Reimbursement rates for Medicare and Medicaid will change and this change will only financially work out for hospitals if more people decide to join in on the coverage.

In spite of the unknown, Sellers feels confident that the people who remain uninsured even after the law is fully enforced will be taken care of and that the reforms will be financially worth it for Wishard.

“If every person who is uninsured right now became Medicaid eligible and earned a Medicaid rate, that would be a higher level of reimbursement than I get from supplemental dollars from uninsured programs,” Sellers said.

Harris as well as Gutwein agree with Sellers that the reforms will be worth the costs even if not everyone eligible for health care picks it up. Gutwein said that because Wishard cares for so many uninsured Hoosiers they are used to planning for an unknown future.

“At any given year we are not quite ever sure what the various funding mechanisms are and so we are comfortable with that kind of fluidity,” Gutwein said. “We are comfortable with that kind of uncertainty. The fact that we are not

100 percent sure or even 80 percent sure what the various funding sources are going to be in 2015, 2016, 2017 is not unusual for us, because we are never quite sure what it is going to be ... I guess it causes us no more concern than is routine, which is what we do every day, manage that level of uncertainty.”

### **Gov. Daniels begs to differ**

“We’re not going to get our money’s worth,” Daniels said. “If we were getting a health care system based on consumers, if there was a new approach over time that would slow down the growth of health care, it would be worth it. It would be worth it at some price. We’re not. We’re going to get a worse health care system and it’s going to cost more money.”

Only time will tell just how effective the Affordable Care Act will be and just how Indiana hospitals, taxpayers and consumers will handle this epic financial transition. ❖

**Brittany Brownrigg served as summer intern for Howey Politics Indiana. Brownrigg is a junior at Franklin College. The Littleton, Colo., native is a member of the Franklin College women’s golf team and is sports editor of The Franklin.online.**



**Health and Hospital Corporation’s Matt Gutwein.**





## GOP must push the wave in certain direction

By **MARK SCHOEFF JR.**

WASHINGTON - For an election that could bring momentous changes to Capitol Hill, the fall campaign strangely resembles the first week of the NFL season – lots of grind-it-out play and a lack of compelling narrative.

There's no doubt the atmosphere is favoring Republicans. Voters are disenchanted with what they have seen so far in the Obama administration, which has fitfully and inconsistently addressed the issue that has caused them the most concern – the lackluster economy.



"People are telling me they're very nervous about the direction Washington, D.C., is taking," said Larry Bucshon, the Republican candidate for the open 8th CD seat being vacated by Democratic Rep. Brad Ellsworth. "People are flat out mad at the current administration based on the persistently high unemployment rate and the sagging economy."

The situation is causing prospects for congressional Democrats to plummet. A new New York Times/CBS poll shows that 63 percent disapprove of the job they're doing.

The problem for Republicans is that they are not being embraced. The New York Times/CBS poll indicates that disapproval of Hill Republicans is even bigger than it is Democrats – 73 percent.

This highlights the danger that Republicans face. So far, they have been content to ride the wave that seems to be shaping up in this election. But they have done little so far to shape its direction or determine exactly how it will hit the beach.

**For the most part, anger** among the electorate has been good for the minority party. The anti-incumbent feeling, the yearning for change, is benefitting Republicans because they're not in charge.

But sometimes the desire to wipe the slate clean – embodied most prominently by the rise of the Tea Party – has taken important Republicans off the board. As the primary season concluded this week, Rep. Mike Castle, R-Delaware, was defeated by a Tea Party-backed candidate, Christine O'Donnell, who was rejected by the Delaware GOP establishment.

The Tea Party is serving notice that when it lashes out against big government it doesn't care if it brings down Democrats or Republicans. Its inchoate anger can claim victims on both sides of the aisle.

Perhaps Rep. Castle, who was expected to cruise to

victory in the general election and pick up a key seat in the GOP's quest for a Senate majority, would have been in better position to defend himself if voters understood better where the GOP intended to lead the country.

Without a defined agenda, opponents can fill in the blanks – whether it's the Tea Party or the Democrats. So far, Republicans have missed an opportunity to inspire voters, who are worried about the future and upset with everyone in Washington.

**House leaders indicate** that they will rollout a governing plan later this month. When they do, they ought to go beyond dishing out GOP comfort food – a warmed over program of lower taxes and smaller government. Those goals are worthy but there's a hunger for something more.

Republicans need to present a bold plan to address the yawning federal deficit and debt. They should offer something that will challenge the public and show how less government can be better government.

The need to be a party of ideas is highlighted by the New York Times/CBS poll. On issues ranging from helping the middle class, creating jobs, reforming immigration and helping small business, Democrats have the lead.

But Democrats also are carrying heavy baggage from the past two years. For instance, their health care overhaul did not capture the imagination of voters. In a press conference at the end of August at the National Press Club, Rep. Chris Van Hollen, D-Md. and chairman of the Democratic Congressional Committee, did not mention health care until it came up in a question-and-answer session.

If Democrats are ignoring their signature legislative achievement, it creates an opportunity for the GOP to cast itself as the party of ideas. So far, however, they haven't. The lack of an overarching plan to nationalize races could give the Democrats an opening to wage local campaigns that turn a tsunami into high surf.

The current debate on Capitol Hill over extending Bush administration tax cuts is more business-as-usual out of Washington rather than an opportunity for either party to seize the issue high ground. Republicans want to continue the breaks for all income levels; Democrats are pushing for a middle-class-only renewal. Both parties are assuming their traditional postures.

**Nonetheless, the general** atmosphere is so favorable to Republicans that a new candidate like Bucshon is not concerned that the GOP has not yet offered an issues manifesto.

"The Republican Party has had plans for governing all along," Bucshon said. "The problem is that House Speaker Nancy Pelosi doesn't allow an up or down vote."

That makes it all the more important for Republicans to fill the issues vacuum. ❖



## 5 elements line up in Battle for the House

**BY BRIAN A. HOWEY**

FRANKLIN - Since last Thursday, five critical elements in the Battle for the Indiana House have surfaced to create context.

Thursday, the Indiana Fiscal Policy Institute released its report that predicted Indiana lawmakers will be facing sharp budget cuts or tax increases.



On Friday, House Speaker B. Patrick Bauer unveiled his House Democratic agenda that centered on job creation, protecting education funding and, of course, no new taxes.

Over the weekend, Secretary of State Todd Rokita launched an expected grenade, assailing the Indiana State Teachers Association for making \$637,000 in political contributions to House candidates while the union owes \$23 million to Indiana school corporations over its defunct health insurance program. The ISTA now faces securities fraud allegations. "It's very irresponsible, when they owe more than \$20 million to school districts, to put politics before their members," Rokita said of ISTA to the Indianapolis Star. "Politics is exactly what IPACE exists for, and instead ISTA's first duty ought to be to make their members whole."

IPACE insisted that the contributions were made from its political action committee, a position Indiana Democratic Chairman Dan Parker spoke to HPI last summer.

Then on Wednesday, Gov. Mitch Daniels was named honorary chairman of the Hoosiers for Property Tax Reform Alliance. Voting "'Yes' on (Question) One means that we will have finally certainty and permanence," Daniels said at a front lawn press conference in Beech Grove. "My role is purely honorary. Central to the message which started as a genuine grassroots movement will finish in that exact manner. Please notice that the property tax relief is at its core about the people." And Daniels emphasized that the referendum process is a "critical difference" for the caps, with local governments seek-

ing approval for new spending projects. Daniels noted that about 50 percent of those projects have been approved via referendum.

In the House vote on SJR-1 in March 2008, Democrats like State Reps. Terri Austin, Ryan Dvorak, Clyde Kersey, Peggy Welch, Matt Pierce and Trent Van Haften voted against the caps.

Polling on behalf of the Indiana Realtors last winter revealed about 65 percent of likely voters will vote for the property tax caps.

Later on Wednesday, the House Republicans unveiled their agenda with its "2011 Strengthen Indiana Plan."

It calls for opposing any tax hikes; establishing a comprehensive budget review website; allow merit pay for teachers, having educational dollars follow the student; increasing capital startup funds; backing the Congressional delegation's attempts to repeal the health care reforms; and coming up with an immigration plan. House Minority Leader Brian Bosma explained, "Now more than ever we need elected officials who are willing to tell the public what they intend to do if elected. Not some nebulous 'hope and change' mantra, but specifics on how budgets will be balanced, how taxes won't be increased, how families will be empowered, and how schools will be improved."

Bosma said his caucus would fight any proposal to increase taxes to help balance the state budget. But he



**Gov. Daniels (far left) listens to Paul Wyman of the Hoosier Property Tax Reform Alliance kick off the caps campaign in Beech Grove on Wednesday. "The state legislature has tried for decades to fix our property tax system, but the tax has always grown back. A vote yes on Question One is the final step to permanent protection for Hoosier property taxpayers." (HPI Photo by Brian A. Howey)**

stopped short in promising that Republicans would never consider any tax increases. Bauer pounced on that, saying "Indiana House Democrats have pledged not to raise your taxes. From today's events, it is clear House Republicans will be raising your taxes. We're just not sure which ones they will raise."

All of these elements will help frame the 25 or so House races that appear to be competitive.

From the GOP standpoint, these various elements are meant to define most of the House caucus which voted





against the property tax caps. And Rokita served as a surrogate to inject into the debate the soiled reputation of the ISTA and the role it plays in funding Indiana House races. With that issue cued up, watch for Republican challengers to link ISTA to Democratic campaigns in the final seven weeks of the campaigns.

Bauer attempted to inoculate his caucus from the idea of tax hikes. Democrats "will not ask for any tax increases to balance the state budget," Bauer said at the press conference in his Statehouse office. Daniels and House Republicans have repeatedly said that the biennial budget that House Democrats tried to pass and failed would have bankrupted the state just months into the two-year period.

Bauer ventured into the education issue without mentioning ISTA, saying, "Our commitment will be to pass a school funding formula before any other budget bills and to cap class sizes to ensure that dollars go to the classroom," Bauer said. "Additionally, we will propose reforms that use the input from teachers, administrators, parents and students to provide stronger accountability standards."

Gov. Daniels has made no secret he will attempt to revolutionize many aspects of education.

## 2nd CD: Walorski on abortion

Two Republican House candidates took a break from campaigning in their states - and a hiatus from talking about jobs and the economy - to promise Saturday that they would adamantly fight abortion if elected (Politico). Indiana state Rep. Jackie Walorski and Minnesota law professor Teresa Collett told a receptive crowd at the Faith and Freedom Coalition conference in Washington that they would put their anti-abortion views into practice if elected. "The reason I came today is to stand with you and celebrate the issues of life," Walorski said. "Thank God that Teresa and I and people like us around this country, are going to be swept into this Congress - not ashamed of being pro-life, not ashamed of being believers, and not ashamed of who we are, and not ashamed of saying we are redefining this country," she said to loud and sustained clapping. **Horse Race Status:** Leans Donnelly

## 9thCD: Hill finishes walk

U.S. Rep. Baron Hill finished his district walk last week. He walked hundreds of miles through Southern Indiana and met with hundreds of voters. He walked through all 20 counties in the district and nearly 50 towns. Hill released his tax returns today and challenged his opponents to do the same. The Indiana Republican Party will be promoting a new website today, targeting Democratic Rep. Hill with a page that looks an awful lot like the congressman's website - with a negative twist. Where Hill's site is branded: "Tough. Independent. Fights for Southern Indiana," the GOP version has the header: "Out of touch. Liberal. Fights for his party leaders." **Horse Race Status:** Tossup

## SD31: Merritt seeks card change

State Sen. Jim Merritt, facing a challenge from Marion County Sheriff Frank Anderson, announced he will seek changes in the state's new alcohol carding law which requires everyone - even people 80 and 90 years old - to change the law to require carding to those 40 and under. "Obviously the intent of this law is to keep alcohol out of the hands of minors, and that is still our priority," Merritt said. "However, the current requirement for all customers to show ID, regardless of their age, appears to be a bit excessive. I have received numerous complaints, many from senior citizens, who have been

refused at the counter because they didn't have a photo ID. I believe this change is a reasonable approach to this problem." We, too, have heard many people who think this is one of the dumbest laws on the books. Merritt has himself a nice issue to run on. **Horse Race Status:** Tossup

## HD21: Wesco endorsed

Two of Indiana's leading pro-business organizations have announced their endorsement of the Timothy Wesco. The National Federation of Independent Business and IBIRG both announced supporting Wesco. "Your support for job creation and economic development policies is very important to our state's future," wrote Jeff Brantley, the Vice President of political affairs at IBIRG, in a letter to Wesco. **Horse Race Status:** Likely Wesco



Republican Duane Beals has three billboards up in South Bend as he tries to unseat Speaker B. Patrick Bauer. HPI has that race "Safe" Bauer.





## Democrats Republicans

52 48

### Republican Pickup

HD46: (Open, Tincher) Bionca Gambill (D) vs. Bob Heaton (R)  
HD30: Rep. Ron Herrell (D) vs. Mike Karickhoff (R)

### Tossup

HD17: Rep. Nancy Dembowski (D) vs. Frances Elert HD19: Dan Klein (R) v. Rep. Shelli VanDenBurgh  
HD31: Rep. Joe Pearson (D) vs. Kevin Mahan (R) HD37: Rep. Scott Reske (D) vs. Kyle Hupfer (R)  
HD44: Rep. Nancy Michael (D) vs. Jim Baird (R) HD68: Rep. Bob Bischoff (D) vs. Jud McMillin(R)  
HD72: Shane Gibson (D) vs. Rep. Ed Clere (R) HD76: Sen. Bob Dieg (D) vs. Wendy McNamara (R)  
HD77: Rep. Gail Riecken (D) vs. Cheryl Musgrave (R) HD89: Rep. John Barnes (D) vs. Cindy Kirchhofer (R)  
HD73: (Open, Oxley) Ryan Bowers (D) v. Steve Davisson (R)

### Leans D

HD36: State Rep. Terri Austin (D) vs. Kim Builta (R) HD62: Rep. Sandra Blanton (D) v. Matt Ubelhoer (R)  
**HD66: Rep. Terry Goodin (D) vs. Jim Lucas (R)** HD70: Rep. Paul Robertson (D) vs. Rhonda Rhoads  
HD75: (Open, Avery) Mike Goebel (D) vs. Ron Bacon

### Leans R

HD4: Judge Thomas Webber vs. State Rep. Ed Soliday HD15: Timothy Downs (D) vs. Rep. Don Lehe(R)  
HD26: Paul Roales (D) vs. Rep. Randy Truitt (R) HD51: Cody Ross (D) vs. Rep. Dick Dodge (R)  
HD92: Brett Voorhies (D) vs. Rep. Phil Hinkle (R)

### Likely D

HD42: Rep. Dale Grubb (D) vs. Clerk Sharon Negele HD43: Rep. Clyde Kersey (D) vs. Al Morrison  
(HD74: Rep. Russ Stilwell (D) vs. Susan Ellspermann HD86: Rep. Ed DeLaney (D) vs. Kurt Webber  
HD97: Rep. Mary Ann Sullivan (D) vs. Wes Robinson

### Likely R

HD21: (Open, Walorski) Dwight Fish (D) vs. Timothy Wesco (R)

### Safe

**Democrats:** Fry, Lawson, Harris, C. Brown, Bauer, Cheatham, Niezgodski, Dvorak, Pelath, Stevenson, Rear-  
don, Dobis, V. Smith, Bardon, Klinker, Tyler, Moseley, Pflum, Pierce, Welch, Battles, Stemler, GiaQuinta,  
Moses, Pryor, Bartlett, Porter, Crawford, Summers, Day.

**Republicans:** Open-Borror (Morris), Open-Bell (Heuer), Open-Ruppel (Kubacki), Open-Clements (Van Nat-  
ter), Open-Duncan (Frye), Open-Murphy (Speedy), Yarde, Dermody, Messmer, Neese, Gutwein, Wolkins,  
Friend, McClain, J. Thompson, Richardson, Turner, Davis, Lutz, Torr, Steuerwald, T. Brown, Borders, Foley,  
Culver, Leonard, Cherry, Saunders, Knollman, Eberhart, Burton, M.Smith, Koch, Crouch, Lehman, Espich,  
Pond, Noe, Bosma, Behning, Frizzell. ❖



## Forget Daniels' hair, it's bad budget numbers

By **SHAW R. FRIEDMAN**

LaPORTE - As a longtime observer of this Governor, I've taken great interest as national political pundits start to present their analysis of our Governor and his prospects as a presidential candidate. Frankly, most of the analysis has been pretty superficial.

Commentators inevitably talk about the man's comb-over, as if the amount of hair on his head should be a disqualifying feature or they will opine on something as trite as his monotonal voice or his seemingly bland appearance. Worst yet are the prognosticators who quibble about



the Governor's height. One went so far as to joke about Daniels coming out on stage in an imagined presidential debate and going to shake the President's hand only to look right at Mr. Obama's belt buckle. Let's hope that the national press gets well beyond the trite punditry about the Governor's size, hair length or his tonal quality. Political analysts do their readers a disservice by focusing on the

banal and losing sight of what really matters about political figures such as Mitch Daniels.

Say what you will about the Governor's diminutive physical stature, but no one should ever question the man's steely resolve. Problem is he has been resolutely wrong throughout his history in government as his mistakes and miscalculations, oftentimes budgetary in nature, are what truly disqualify him for higher office.

Take the Bush/Daniels tax cuts for the very wealthy which are now back in the news as those tax cuts face expiration at the end of this year. It was our Governor, then serving as Bush's OMB Director who denied adamantly that the tax cuts for the wealthy would boost deficits. That despite a study by the non-partisan Congressional Budget Office which said the true cost of the Bush tax cuts came to a total of \$1.7 trillion over ten years.

**The on-line publication** Salon.com charged Daniels in 2002 with "fuzzy math" and worst yet "a little problem with the truth." Daniels' adherence to supply side orthodoxy had him believing that tax cuts awarded to the wealthy would result in myriad new jobs and tax revenues. Turned out that Daniels helped convert the largest budget surplus in our nation's history into the largest deficits ever. Because of his starry-eyed beliefs that the tax cuts would spur job growth, the Bush administration actually had the audacity to predict a budget deficit for fiscal year 2004 of just \$14 billion when the actual deficit for that year was

about a half trillion dollars. The rich as it turned out often don't invest their earnings and tax savings into the American economy. As former Labor Secretary Robert Reich writes, "They send them anywhere around the world where they'll summon the highest returns – sometimes here, but often it's the Cayman Islands, China or elsewhere."

Yet Daniels told Charlie Rose on August 16, 2002 that tax cuts for the wealthy would have "zero" contribution to the long term budget deficit. He spun reporters and talk show hosts with gauzy descriptions of why a \$1.7 trillion dollar tax cut over 10 years was "eminently affordable."

**Newsday columnist Marie Cocco** put it simply when she wrote "As White House budget director Mitch Daniels' singular achievement was the meltdown of regular federal surpluses into record federal deficits."

Add in his "fuzzy math" about tax cuts for the wealthy to his grievous miscalculations regarding the true costs of the Iraq War. Though Mitch Daniels never served a day in uniform, he had the audacity to tell the national press corps back in 2002 that Bush economic advisor Larry Lindsay's estimates of the war costs of \$100-200 billion were "very, very high." Our Governor, who had no clue what to expect in a war zone where clans and tribes had feuded for 5,000 years predicted in a phone interview from the comfort of his Geist mansion that the Iraq War would be "an affordable endeavor...that will not require sustained aid." Costs would "be in the range of \$50 to \$60 billion."

He was only off by a factor of 12 as Iraq War costs now top three quarters of a trillion dollars. That brand of breathtaking budget incompetence has continued in the Indiana Governor's office as he embarked on a series of privatization measures, the most infamous of which was his decision to outsource the administration of our state's Medicaid and food stamp system. Though the Daniels administration predicted cost savings and claimed the initiative would reduce fraud, the state of Indiana and IBM are now locked in competing lawsuits with \$1 billion in damages sought by the state against Big Blue as privatized social services became an abysmal failure with documents lost, benefits improperly denied and costs actually increased.

Mitch Daniels has been so wrong, so often, when it came to budgets and deficits that it is hard to believe he's taken seriously at the national level on the issue of fiscal management. Between the \$1.7 trillion in foregone revenue from the Bush tax cuts and the astoundingly high costs from the Iraq war, the Bush/Daniels administration bequeathed crushing deficits to the American people.

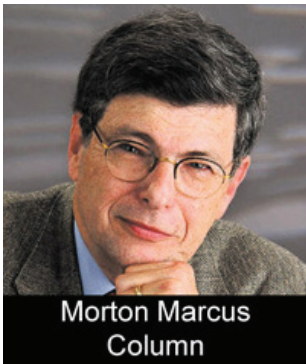
For Daniels to now be proclaimed in some conservative circles as a budgetary savior requires a monumental rewriting of history. Let's hope the national press corps starts giving a real hard-eyed look to our Governor's fiscal record as opposed to concentrating on the banal and trivial such as his voice, his height or the way his hair is parted. ❖



## Airport conversations reveal public concerns

By **MORTON J. MARCUS**

INDIANAPOLIS - The main waiting area at the 'new' Indianapolis airport is a comfortable space. Even though it is a huge cavern, there is a remarkable personal scale missing from most airports. The management wisely limits announcements to a minimum and provides no noticeable music. There are a variety of eating/drinking establishments and a surprising selection of quality retail shops.



Morton Marcus  
Column

As I wait for a friend to arrive on a delayed short hop from Chicago, I occupy myself over-hearing the cell phone

conversations of others. This is not snooping nor is it difficult since most cell phone users project their voices for the hard-of-hearing as far as Pittsburgh.

"No, Naomi, it's not true, no matter what you heard," says a well-modulated woman out of my line of sight. "I don't care what they are saying in Indy, Bloomfield is not about to privatize its parking meters around the square."

"Listen to me, Henry," implores a gentleman who is wearing a jacket and tie, unlike every other man in the waiting area. "It's the best he can do for Indiana. He wants to stimulate our economy, but there's not really much a governor can do. So he's running for president."

"I'm not joking, Henry. Mitch is putting himself out there for the Republican nomination in 2012 in order to bring money to Indiana. There will be investigating reporters, pollsters and publicists parading from Munster to Madison. They'll invest in pork tenderloins in Portland and Princeton. They'll seek a pattern in the state's economy over the past seven years that they can attribute to the governor."

"I know what I know," says a man sitting behind me. "Ever since Terre Haute was named the City of the Year, investors have been all over the town. I've heard the Chinese intend to buy Terre Haute. Existing private property will be retained, but governments will sell all their assets to a consortium from Shanghai."

Without waiting for that conversation to end, I take a walk-around, inspecting but rejecting the \$3.75 blueberry muffin offered by a local vendor. Refreshed by my

self-denial in the cause of thrift, I sit in ear-shot of a young blond.

"Yes, Mother," she intones with the semi-sarcasm of a recently emancipated teen. "No, Mother. I am trying to get back to Phoenix. [Pause] No, I will not spend the night with Aunt Magna in Shelbyville. [Pause] Yes, if necessary, I'll find a room at an airport hotel. [Pause] Bye, Mother. Please, don't call me until tomorrow; I can take care of myself."

**No sooner does she say these** words than the young woman turns to me and asks, "Is there a hotel here at the airport?"

"No," I say. "Not yet and I hope never."

"That's a shame; I could use one. Why never?" she queries.

"There are plenty of rooms at several different hotels just a few minutes from here," I answer. "They were very convenient to the old airport entrance. There's no reason to use the valuable land at the airport for new hotels that will drive out existing facilities nearby. Why not seek those enterprises that prosper near airports and add to the success of the airport itself? This is a grand opportunity for Indianapolis to demonstrate good land management."

She looks at me as if I'm an out-of-focus 3D movie. "Appropriate land use," I insist passionately, "is critical to our future as a metropolis. Central Indiana is at a critical point in its development and must carefully examine its allocation of land."

I don't know what triggers it, but she grabs her things and leaves suddenly. It's the story of my life. ❖

**Mr. Marcus is an independent economist, speaker, and writer formerly with IU's Kelley School of Business.**

**HOWEY**  
*Politics Indiana*

When Chris Cillizza of the *Washington Post* posed the question to readers across the nation - Who's the most influential political journalist in your state? - the answer in Indiana was this: Brian A. Howey of *Howey Politics Indiana*. Since 1994, *Howey Politics Indiana* has provided news, analysis and commentary from throughout Indiana and Washington D.C. Howey reaches the most influential insiders with his newsletters and the masses with his weekly newspaper column and [www.howeypolitics.com](http://www.howeypolitics.com).

*The Washington Post*  
SATURDAY, DECEMBER 26, 2007

**"The Best Indiana Political Reporter: *Howey Politics* Indiana editor Brian Howey."**

Photo: Howey with Richard Lugar and Sam Nunn in Russia.





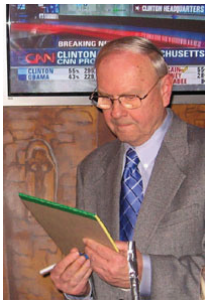
## Republicans poised to draw the new maps

By JACK COLWELL

SOUTH BEND - Republicans almost certainly will do all the redistricting in Indiana. For congressional districts. For the Indiana House. For the Indiana Senate.

And that's bad news for Democrats for a decade.

The districts drawn next year on the basis of the 2010 Census, with computerized packaging of voters in ways to elect as many Republicans as possible, will be used in elections right on through 2020.



As the New York Times pointed out last week in a front-page article, the main focus nationally is of course on whether Republicans will take control of

Congress, but "it is a lower-profile battle over state legislatures that could strengthen the Republican Party for a decade."

In most states, including Indiana, state legislatures do the redrawing of districts every 10 years.

While there are close battles in some states, as Democrats try to keep Republicans from taking control of more state legislative chambers amidst a Republican tide, the battle already is over in Indiana \_ at least for drawing congressional and Indiana Senate districts and, unless there is a monumental political turnaround, for the Indiana House as well.

Congressional districts? Present districts were drawn in 2001 by a Democratic-controlled commission activated by law when the Indiana General Assembly \_ with a Democratic-controlled House and Republican-controlled Senate \_ stalemated, as expected. The commission, with appointees by the governor, the House and the Senate, had a 2-1 Democratic makeup and drew districts designed to help elect Democrats. That's because there was a Democratic governor.

**Chris Chocola, who was** expected to be the Republican congressional nominee in what became Indiana's 2nd District in the new plan, found his residence was drawn into the 3rd District. Chocola ran anyway and won. Redistricting can't always do in the other side.

Now, Mitch Daniels, a Republican, is governor, and there will be for sure a Republican-controlled Indiana Senate. Any commission this time would have at two of the three members drawing districts Republican style.

Who wins for Congress on Nov 2, and by how much, will be important in Republican redistricting strategy.

If Joe Donnelly, the Democratic incumbent, wins in the 2nd District, Republican district designers would seek to destroy his 2012 re-election prospects by doing something like adding Kosciusko County Republican voters and taking away LaPorte County Democratic voters.

**Some Democrats even fear** that St. Joseph County would be split, with Donnelly's Granger residence shifted into the 3rd District. That seems unlikely, with Gov. Daniels insisting that districts in the new maps be more compact, following traditional boundaries rather than meandering all over the map to pull in or keep out key vote strength.

If Republican challenger Jackie Walorski wins in the 2nd, efforts still would be made to give the district more Republican areas so that she could keep winning re-election through 2020.

Republicans, however, wouldn't want to jeopardize chances of winning the 3rd District by shifting too many Republican voters into the 2nd. They will look at margins. If Donnelly wins impressively against a Republican tide, will they concentrate on defeating him or turn to other priorities? If he just barely wins, they will move every precinct they can to defeat him.

If Walorski wins, whether it's just barely or big would indicate how much redistricting help she needed for the future.

Indiana Senate?

With a politically-split legislature, agreement was reached for each chamber do its own gerrymandering. The Republican-controlled Senate did a highly effective job, enabling big Republican majorities to be maintained, as will happen again this November.

Indiana House?

**It was more difficult for Democrats** to gerrymander continued control there because of the more Republican flavor of Indiana voting. But Democrats, now with a slim margin, have won control at times when Republicans got more votes statewide in the state representative races.

This November, with that expected Republican tide in a Republican leaning state and with the governor deeply involved in recruiting and funding GOP candidates, it is highly unlikely that Democrats can retain a House majority. Republicans then could draw the House districts and negate any need for a commission for congressional districts by joining with Senate Republicans in that remap.

Result: Bad news for Democrats, not just on Nov. 2, but for a decade. ❖



**Rich James, Post-Tribune:** When Evan Bayh announced earlier this year that he wouldn't seek a third term in the Senate, speculation was rampant as to what was next for Bayh, who earlier spent eight years as Indiana's governor. Some told me I was nuts when I said back then that Bayh was simply setting the stage to again be governor. It is time for an "I told you so." When the smoke cleared from the annual Indiana Democratic Editorial Association gathering in French Lick a couple of weeks ago, there was little doubt that Bayh's running for governor. Howey Politics Indiana -- a state political publication -- said Bayh, with advisers in tow, was in and out of the three-day convention. Howey said a key sign was the lack of activity by those who have been weighing a run for governor. Lake County Sheriff Roy Dominguez, who spent a good year running around Indiana to build support for a bid for governor, didn't attend. And Evansville Mayor Jonathan Weinzapfel and Hammond Mayor Thomas McDermott Jr., who also have run hot and cold with the idea of running for governor, were there but didn't host hospitality rooms as they did last year. And several county chairmen told Howey they were advised to expect a Bayh candidacy, while longtime St. Joseph County Democrat Butch Morgan said he was told not to throw away Bayh for Governor literature. If Bayh is a go, no sane Democrat would challenge him for the nomination. ❖

**Matt Tully, Indianapolis Star:** If there is a worse candidate for U.S. Congress than Marvin Scott, I haven't found him. Incredibly un-credible, Scott is in the midst of yet another run for Congress. He's run for one seat or another for more than a decade, coming close once but always losing in the end. Thank goodness for that. Whether he's leading a campaign overrun by bigots or bringing on a campaign manager with an unapologetically checkered past, Scott seems to find new and ugly ways to embarrass himself in his bid to unseat Democratic Rep. Andre Carson. On Tuesday, Scott spent about 45 confusing and pathetic minutes defending his campaign before columnists and editors at The Indianapolis Star. During his visit, he attempted to link Carson with Muslim extremism simply because of an advertisement that ran in the back of a magazine that had written about Carson. It was a ridiculous and desperate ploy, one apparently aimed at trying to scare up votes from people who have a problem with Carson's Muslim faith. It was shameless. But it wasn't surprising. It came, after all, from a guy whose campaign tactics have been routinely questioned, even by members of his own party. Scott's visit came less than 24 hours after a local blog, Bilerico.com, reported that his campaign manager had been spewing hateful anti-gay slurs online. The campaign manager, former

radio show host Stan Solomon, apparently thinks epithets are amusing. He'd shared his moronic and ugly thoughts on Twitter several times in recent months and was infamous for making such statements in the past. Scott insisted he was appalled by Solomon's words and said Solomon had resigned from the campaign. ❖

**Eric Bradner, Evansville Courier & Press:** Democratic state treasurer candidate Pete Buttigieg is lambasting Republican incumbent Richard Mourdock's decision to spend \$2 million on a legal effort to recover \$6 million that Indiana pension funds lost in the Chrysler bankruptcy proceedings. He pointed to fees a New York law firm charged ranging from \$365 to \$1,050 per hour for its work, plus \$205 to \$295 per hour for paralegals and legal assistants. He also criticized costs such as \$23,000 for copies, \$7,000 in travel fees and \$47,000 for web-based searches. That money came largely from the state Teachers Retirement Fund, which covered about \$1.5 million. The Major Moves road construction fund and a state police retirement fund, which also invested in Chrysler's debt, covered the rest. "The treasurer made a bad investment, lost millions, and then threw good money after bad with an expensive lawsuit," said Buttigieg, a South Bend businessman and first-time office-seeker. "Richard Mourdock got carried away by his ideological passions." Mourdock, the former Vanderburgh County commissioner, shot back that long-standing rules governing bankruptcy proceedings were overturned when President Barack Obama's administration intervened to assist the automaker. "You're damn right I'm passionate about the Constitution. I'm passionate about fighting for our retirees," Mourdock told a Fort Wayne newspaper. ❖

**Lesley Stedman Weidenbener, Louisville Courier-Journal:** There's a financial reality facing Daniels and lawmakers as well, and it's a little scary. Funding for public schools makes up more than half the state budget. Add the cost of Medicaid, universities and prisons and you've eaten up the vast majority of the state budget. In fact, general government services -- things like state parks and tax administration and regulatory services -- cost the state less than \$400 million, according to the report. Even when you add in money for prisons and other public safety, the total comes to just \$1.2 billion. That means you could eliminate all those general government services -- which would never be approved -- and still not get rid of the projected budget gap. So lawmakers have to look for savings in education and entitlement programs like Medicaid, where they have limited discretion over spending. Or, they have to consider tax hikes. ❖





## AP poll more good news for GOP

WASHINGTON - Tilted toward the GOP from the start of the year, the political environment has grown even more favorable for Republicans and rockier for President Barack Obama and his Democrats over the long primary season that just ended with a bang. With November's matchups set and the general election campaign beginning in earnest Wednesday, an Associated Press-GfK poll found that more Americans say the country is headed in the wrong direction - 57 percent - than did before the nomination contests got under way in February. Also, more now disapprove of the job Obama is doing. "We're definitely



in a stronger position than we've been in really at any point this year," Sen. John Cornyn, who leads the effort to elect Senate Republicans, said in an interview. Said Senate Minority Leader Mitch McConnell: "Turnout and enthusiasm are off the charts." Indeed, Republicans expected turnout of 30,000 to 40,000 in Delaware on Tuesday. Some 57,582 people showed up to vote as tea party-backed Christine O'Donnell upset moderate Rep. Mike Castle for the Senate GOP nomination. By most accounts, the outcome diminished Republican chances of winning former Vice President Joe Biden's seat. But Republicans got their preferred candidate in New Hampshire as former state Attorney General Kelly Ayotte fended off tea party-supported Ovide Lamontagne by a razor-thin margin.

## 314 jobs coming to Zionsville

ZIONSVILLE- obi Wireless



Management and software company Bostech will bring combined 314 jobs and \$3.6 million in investments to Zionsville (Indianapolis Star). The information-technology companies have agreed to locate in the Northwest Technology Park in Zionsville. The jobs are expected to be created over the next 4 years. In January, Bluefish Wireless announced it would triple the size of its headquarters in the tech park at West 96th Street. and add 150 more employees, after the state and Boone County offered more than \$1 million in grants and tax credits. That helped the park attract new tech-minded tenants. Gov. Mitch Daniels told the press in Beech Grove that more jobs are coming after he attended to job announcements on Wednesday.

## Alting, Truitt to extend vote centers

LAFAYETTE - Lafayette-area lawmakers are planning a fight to ensure November's election is not the last using vote centers in Tippecanoe

County. Despite lobbying efforts into the final hours of the legislative session this past spring, lawmakers could not agree on language that would have extended the vote center program. Vote centers, which are centralized polling places in place of traditional precinct-based polls, are currently used in Tippecanoe, Cass and Wayne counties as part of a pilot program (Lafayette Journal & Courier). But that program is scheduled to expire this year. State Rep. Randy Truitt, R-West Lafayette, and state Sen. Ron Alting, R-Lafayette, plan to introduce bills in the House and Senate, respectively, to continue the use of vote centers in the three counties.

## Illinois lottery goes private

CHICAGO - Illinois Gov. Pat Quinn on Wednesday awarded a lucrative, first-of-its-kind contract to manage the Illinois Lottery to a private company with strong ties to the state, handing over daily control of the games for 10 years to some of the





most powerful players in the business. Northstar Lottery Group — a partnership between lottery giants GTECH, which holds the state contract for lottery machines, and Scientific Games, which provides Illinois' instant tickets — promised to generate \$4.8 billion in net income over the first five years of the contract. That is \$1.1 billion more than the state projected it could generate on its own, said state Revenue Director Brian Hamer, who made the recommendation to Quinn.

## **Buyer announces bill for Iraq vets**

WASHINGTON - U.S. Rep. Steve Buyer on Wednesday introduced a bill, H.R. 6127, to provide medical care to National Guard veterans who served in the Qarmat Ali region of Iraq during Operation Iraqi Freedom. The Qarmat Ali Veterans Health Care Eligibility Extension Act would provide for the continued provision of health care services to certain veterans who were exposed to sodium dichromate while serving as a member of the Armed Forces at or near the water injection plant at Qarmat Ali, Iraq. Buyer issued the following statement upon the introduction of the bill: "Recently, a number of Army National Guardsmen, including soldiers from my home state of Indiana as well as Oregon, West Virginia, South Carolina and individual augmentees from other states were notified by VA that they were possibly exposed to toxins during their service in Iraq. These brave men and women were tasked with guarding the Qarmat Ali water treatment facility and in doing so were exposed to a toxic chemical known as sodium dichromate. Health problems associated with such exposure include respiratory issues, skin lesions, burns, increased rates of lung cancer, and other ear, nose, throat, and skin disorders.

## **Skillman announces Newport jobs**

INDIANAPOLIS – Lt. Gov. Becky Skillman announced Wednesday an agreement that lays the foundation for reuse of the Newport Chemical Depot. Clean Coal Refining Corporation (CCRC) and the Newport Chemical Depot Reuse Authority (NCDRA) of Clinton, Ind., have agreed on a road map that allows CCRC to perform a feasibility study for the construction of a Direct Coal Liquefaction plant on a 1,500 acre section of the site's 7,000 plus acres. "This project deserves our support," said Lt. Governor Skillman. "If built, the project would mean a \$3 billion investment and jobs for 500 highly skilled Hoosiers."

## **Ayotte wins New Hampshire**

MANCHESTER - Former state Attorney General Kelly Ayotte has been declared the winner of the GOP primary for the open New Hampshire Senate seat (Politico). Ayotte, who was recruited by national Republicans to get into the race last year, defeated tea party favorite Ovide Lamontagne by a slim margin of 1,667 votes after a long night of vote tabulation. Her victory will come as a boost to the national Republican establishment after an otherwise miserable night for the GOP, which watched its preferred candidate in Delaware lose to insurgent conservative Christine O'Donnell – and essentially ruin the GOP's chances of winning that Democrat-controlled seat this November. Not only did national Republicans recruit Ayotte to get into the race, but public polls show she is in for a competitive contest against the Democratic nominee, Rep. Paul Hodes, who was uncontested in his primary last night.

## **Gaming employee quits under fire**

INDIANAPOLIS - he employee at the center of the Indiana Gaming Commission's mishandling of casino patron complaints has resigned, The Times has learned. Matthew Shouse, one of five employees in the agency's compliance division, resigned this week after being demoted for failing to answer and account for gambler's complaints, according to Gaming Commissioner Deputy Director Jennifer Reske.

## **State seeks Pastrick banking info**

EAST CHICAGO - A Tuesday hearing over whether former East Chicago Mayor Robert Pastrick should have to answer questions about his finances isn't the only attempt the state government has made recently to find out how much money he has (Post-Tribune). According to records filed in the U.S. District Court in Hammond, the state has sent questionnaires to several local banks asking for information about whether Pastrick, 82, who earlier this year was ordered to pay back \$108 million, has money with them. Unfortunately for the state, MainSource Bank, Centier Bank, Citizens Bank, PNC Bank and Harris Bank all answered that Pastrick did not have an account with them. The banks also said they did not have accounts for co-defendants James Harold Fife III and Frank Kollintzas, both former East Chicago officials. The answers were filed shortly before Tuesday's hearing, in which Judge Christopher Nuechterlein ruled that Pastrick had until Sept. 28 to answer the state's questions about money and assets he has. The state has asked for bank records, IRS tax returns, his will, property deeds and any stocks or bonds he holds.