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Health Reform Bulletin

EMPLOYEE BENEFITS

Week of October 15, 2012

The owner of several well-recognized restaurant chains disclosed last week that it was putting more workers on part-time status as part of a test program aimed at limiting costs under the Affordable Care Act (ACA). Darden Restaurants is shifting to a greater percentage of part-timers in four test markets across the country. As of 2014, employers with 50 or more workers could face penalties if they don't offer basic coverage to their full-time workers and dependents. Some public policy analysts have long predicted that this requirement could result in a trend toward fewer full-time workers as employers attempt to slow their rising health care costs.

Darden, as well as Sears Holdings Corp., also made news this summer when it was reported that they are planning a shift from traditional health care coverage to defined contribution health plans, giving workers a fixed sum of money and allowing them to shop for their medical coverage. The advent of health insurance exchanges in 2014 under the ACA may be nudging more employers in the direction of defined contribution plans. Under such plans, employees assume more risk for rapidly rising health care costs. The pace of these trends is still not clear, but what is certain is that the health benefits marketplace is changing.

States

CALIFORNIA: Continuing to push toward implementation of a state-based exchange before the January 1, 2014 federal deadline, the California Health Benefit Exchange has announced that it will release its blueprint and outreach plan by early November. Webinars will be scheduled to discuss the proposals. Also, the exchange is seeking nominations for new stakeholder groups to address: 1) plan management and delivery system reform; 2) marketing, outreach, and enrollment assistance; and 3) the Small Business Health Options Program (SHOP) Exchange.

DISTRICT OF COLUMBIA: Last week, the District of Columbia Health Benefit Exchange Authority Executive Board approved recommendations that would require all individual and small group health products to be sold through the District's newly created exchange. The recommendation was approved unanimously. The board also approved recommendations to merge the individual and small group risk pools in the exchange and opt into the federal risk adjustment and reinsurance programs created by the ACA. The board chose to delay the proposed small group size expansion from 50 to 100 until 2016. The recommendations will require legislative action by the District of Columbia Council, which is currently wrapping up the 2011-2012 session.

ILLINOIS: While there are five entities in Illinois competing for a federal loan to set up a Consumer Oriented and Operated Plan (CO-OP) as prescribed under the ACA, Governor Pat Quinn, Senators Dick Durbin and Mark Kirk, and several Congressional members wrote letters last week supporting one applicant, SimpleHx. Only one CO-OP is typically awarded per state. SimpleHx is a CO-OP proposed by individuals who met last year while pursuing their MBAs at Northwestern University and is backed by the Small Business Advisory Council. One of the frontrunners competing against SimpleHx is the Metropolitan Chicago Healthcare Council, a Chicago hospital trade association that includes both the Chicagoland and the Illinois Chamber of Commerce on its CO-OP board. The Illinois CO-OP is likely to receive an estimated $100 million to $200 million and will initially cover 20, 000-25,000 people. CO-OPs must sell coverage on the state's exchange, and at least two-thirds of the policies issued must be offered in individual and small group markets.

MINNESOTA: Conflict continues in Minnesota between lawmakers and Governor Mark Dayton over establishing a state-run exchange. After the legislature failed to pass an exchange bill in the 2011 and 2012 legislative sessions, the governor expressed his intention to set up a state-run exchange without legislative authorization. **The most recent rift was exposed when the Legislative Advisory Commission (LAC) rejected a request from the governor and Management and Budget Commissioner Jim Schowalter to spend a recently awarded $42.5 million federal exchange implementation grant.** In their letter to the governor, lawmakers who serve on the LAC expressed concern over the long-term costs of using part of the grant to hire 54 full-time employees. The letter also refers to an agreement not to implement an exchange until after the November elections, an agreement the spending proposal appears to violate. The letter goes on to say that plans for a state-run exchange should not proceed until the state legislature has approved it or until the public has had a chance to weigh in.

NEBRASKA: Governor Dave Heineman has announced that the state's Essential Health Benefit (EHB) benchmark plan will be a "high-deductible health savings option." Emphasizing the need for affordability, the governor stated that the Nebraska Essential Health Benefits Plan would be the plan with the most minimal coverage available out of hundreds of health insurance plans from which Nebraskans can choose. The governor's choice came as a surprise to many since it was not among the plans from which the Centers for Medicare and Medicaid Services provided as potential benchmark plans. In addition, the option was not among those presented for discussion during a series of public meetings held throughout the state. Insurance Director Bruce Ramge had recommended the EHB benchmark be the most popular small group plan. However, Governor Heineman noted that the HSA/HDHP option would cost about 28 percent less than the most popular small group plan and would still cover all the services required under federal law. The package has a $4,000 annual deductible for individuals and $8,000 for families (with in-network providers).

NEW MEXICO: The Division of Insurance will be notifying the Center for Consumer Information and Insurance Oversight (CCIIO) that the Lovelace Classic small group PPO plan has been chosen the Essential Health Benefits benchmark plan for New Mexico. Although the EHB work group had recommended that DOI Superintendent John Franchini select a plan offered to state employees, that plan was ultimately rejected because it failed to include coverage for autism spectrum disorders, a benefit mandated for small group coverage but not for state employees.

TEXAS: Recent news reports indicate that a group of Texas counties is retreating from comments made this summer indicating that the most populous counties would pursue Medicaid expansion despite Governor Rick Perry's opposition. The counties never developed specific plans for expansion, and implementation would have required both state and federal approval.

Courtesy of Aetna Health Reform Weekly