



## Health Reform Bulletin

### Week of January 7, 2013

*In recent weeks, activities supporting [new health insurance exchanges](#) set to launch in 2014 under the Affordable Care Act (ACA) have continued to roll along. Last week, Health and Human Services (HHS) announced that seven additional states have been conditionally approved to operate state-based exchanges and that Arkansas has been conditionally approved to operate a state partnership exchange. To date, 17 states and the District of Columbia have received conditional approval to run state-based exchanges and two states have received conditional approval to run state partnership exchanges. The seven latest states to receive conditional approval include California, Hawaii, Idaho, Nevada, New Mexico, Vermont and Utah. HHS also released [new guidance](#) on state partnership exchanges, for which applications must be submitted by February 15, 2013. In addition, states planning to transition from a state partnership exchange to a state-based exchange in 2015 must submit blueprints to HHS by November 18, 2013.*

#### Federal

**The 113th Congress convened late last week, but the real news out of Washington came earlier in the week when Congress approved, and President Obama has since signed, a last-minute deal to temporarily avert a well-publicized potential plunge over the “fiscal cliff.”** The deal includes agreement on revenue changes that will

prevent the expiration of tax cuts for individuals making less than \$400,000 and couples making less than \$450,000, effectively raising taxes for wealthier Americans. However, the deal did not include the federal budget cuts needed to permanently prevent sequestration, the significant automatic budgets cuts that were set to go into effect on January 2, 2013. Instead, Congress gave itself two more months to come to agreement on the cuts.

**The fiscal cliff deal includes provisions that will have an impact on Medicare and other health care programs.** For example, the agreement cuts most of the remaining \$1.9 billion set aside under the Affordable Care Act (ACA) to fund the creation of Consumer Oriented and Operated Plans (CO-OPs), which were meant to compete against traditional plans on the new health insurance exchanges beginning in 2014. The \$1.9 billion already loaned to 24 non-profits in different states was not touched. Also, the Community Living Assistance Services and Support program, or CLASS Act, created by the ACA as a federal long-term care program was officially repealed. For Medicare, the deal means that a 26.5 percent pay cut for doctors who see Medicare patients has been averted for the year with a short-term funding patch. However, Medicare reimbursements to hospitals will be cut, and Medicare Advantage risk adjustment payments will be reduced.



## States

**ARIZONA: The Department of Insurance has been advised by the Center for Consumer Information and Insurance Oversight (CCIIO) that Arizona's process for [reviewing threshold rates](#) in the individual market became effective January 1, 2013.** The DOI bulletin outlining the process and requirements was issued on December 21. Implementation of the process culminates nearly two years of work by the DOI and a stakeholder workgroup.

**CALIFORNIA: Legislators returned to work last week to some new committee line-up changes. The Assembly Health Committee, chaired by Dr. Richard Pan, now has five freshmen among the 19 committee members. The important Appropriations Committee saw a bigger make-over with nine freshmen members.** New members will experience their first budget cycle this week when the Governor releases his fiscal plan on January 10. While very few early details have been released, a hold-the-line type of budget in terms of spending is expected. However, the Democrats' new 2/3 majority is determined to restore some of the spending cuts that have been made in recent years.

**ILLINOIS: The federal government granted the Metropolitan Chicago Healthcare Council (MCHC) \$160 million in federal CO-OP funding less than two weeks before program funding was eliminated by Congress.** The MCHC is an association of hospitals in the Chicago area. The "Land of Lincoln Health" plan is the first and only federally approved CO-OP plan scheduled to be

offered to individuals and small businesses in Illinois through the state's health benefits exchange beginning in 2014. Lincoln Health will be applying to the state Department of Insurance to become a mutual insurer. Consumer Oriented and Operated Plans are private, member-run, nonprofit organizations that sell health insurance coverage subject to the same rules as other health insurers.

**UTAH: Governor Gary Herbert has appointed former state representative Todd Kiser as the next Commissioner of Insurance.** Kiser has a property and casualty background and formerly chaired the state legislature's Business and Labor Committee. He will begin his term in mid-January.

*Courtesy of Aetna Health Reform Weekly*

