



## Health Reform Bulletin

Week of February 4, 2013

*Federal regulators released new regulations last week that address perhaps the most controversial provision of the Affordable Care Act (ACA) – the individual mandate. A government [fact sheet](#) explains rules for exemptions to the mandate, such as people with religious objections and those who don't make enough to pay federal taxes. Also, short gaps in coverage due to temporary unemployment between jobs won't trigger a fine. Those who choose not to purchase medical insurance in 2014 will be subject to a fine of \$95, a penalty that grows to \$695 by 2016. The fact sheet notes that the Congressional Budget Office has determined that fewer than 2 percent of Americans would be required to pay a penalty under the mandate.*

### Federal

**The Senate approved legislation last week that would temporarily suspend the federal government's debt limit through May 18, 2013.** This bill previously was approved by the House and will be sent to the White House for the President's signature. In addition to addressing the debt limit, the legislation also includes language providing that in the event the House or Senate fail to pass a budget resolution by April 15, the compensation for members of that chamber would be temporarily withheld until after a budget resolution is passed or until the last day of the 113th Congress.

### States

**CALIFORNIA:** The state legislature kicked off a special session on health care last week with sweeping proposals emerging to help California implement the ACA. Legislative leaders in both chambers sponsored bills that would dramatically expand Medi-Cal, the state's public insurance program for the poor. Under the proposals, individuals earning up to 138 percent of the federal poverty level — or \$15,415 a year — would be covered, potentially adding more than 1 million Californians to the rolls. The legislation would also streamline the Medi-Cal enrollment process. Governor Jerry Brown called the special session so that any health care bills adopted can take effect within 90 days rather than next year. State lawmakers are racing to pass rules for enrollment in a new state-run insurance exchange, through which individuals and small businesses can buy coverage starting in 2014. Enrollment begins in October. The governor, in his state-of-the-state speech a week earlier, noted that while supporting the federal law he fears the long-term costs are unknown, with the potential to undermine California's precariously balanced budget.

**CONNECTICUT:** Health care-related legislative activity in the 2013 legislative session is picking up. The Insurance Committee's agenda for its first public hearing last week included a bill that would require the state's health benefits exchange to negotiate premiums with qualified



**health plans subsequent to Department of Insurance review of their rate filings.** Kevin Counihan, CEO of the exchange, spoke in favor of using market competition to drive down premiums. Counihan was one of the principal managers of the “Connector” in Massachusetts as well as a private exchange in California. On February 6, Governor Dannel Malloy is expected to propose a two-year budget to close a deficit of more than \$2 billion. Anticipating that the legislature will look at reducing the use of various tax credits to raise revenue, the Connecticut Business & Industry Association hosted a public forum at the Legislative Office Building on the value of specific tax credits used by major Connecticut employers.

**NEW JERSEY: The legislature continues on a pharmacy-related track as the House passed a bill last week that makes it harder for insurers and pharmacy benefit managers to use common patient safety and cost-protection techniques.** The bill would require the State Health Benefits Plan (SHBP) and School Employees’ Health Benefits Plan (SEHBP) and insurers in the insured market to provide coverage for prescription drugs without applying practices commonly used to ensure patient safety and protect members from high-cost medications. Despite opposition from insurance carriers and pharmacy benefit managers, the bill passed the Assembly with bipartisan support and is headed to the Senate for consideration.

**NEW YORK: The state released an “Invitation to Participate” in its insurance exchange to health plans and dental carriers on January 31. Plans interested in participating in the exchange are requested to submit a non-binding letter of intent no later than February 15, 2013.** Guidelines and requirements were included with the invitation, including the “standard plan designs” required for each metal tier. Any insurer wishing to offer products on the exchange must meet the plan

design guidelines. New York’s essential health benefits are also described in a separate document meant to help guide plans as they design their products for on and off the exchange. All documents can be found on the New York Health Benefit Exchange [website](#).

*Courtesy of Aetna Health Reform Weekly*

