

# Health Reform Bulletin

Week of March 18, 2013

*When last year's U.S. Supreme Court decision upholding the bulk of the Affordable Care Act (ACA) failed to quash efforts to derail the law, experts predicted the presidential election would do so. Either a Republican president would sign its repeal or President Obama's re-election would make continuing repeal efforts entirely futile. Repeal efforts, however, appear to be alive and well. Just last week House Republicans unveiled a budget plan that promises to cut the deficit in 10 years while [repealing the ACA](#). In the states, the House of Representatives in Oklahoma last week approved a bill that declares the ACA "null and void" and would prohibit efforts to enforce the law. The bill would place the state at odds with federal law and is consequently ineffectual. But these actions point to continuing political battles over the ACA, guaranteeing that legislative time will continue to be spent in pursuit of repeal.*

## Federal

**The House Budget Committee voted last week to adopt the budget resolution drafted by Budget Committee Chairman Paul Ryan (R-WI).** This measure was approved on a straight party line vote, with support from Republicans and opposition from Democrats. The full House will consider the Ryan budget this week. The Ryan budget calls for \$4.633 trillion in deficit reduction over the next 10 years. Spending reductions would include \$1.783 trillion from repeal of the ACA, \$129 billion from changes to Medicare, and \$810 billion from changes to Medicaid and other health care programs. This budget includes Medicare proposals calling for a premium support system beginning in 2024, and Medicaid proposals calling for a block grant system that would provide enhanced flexibility to the states

**The Senate Budget Committee approved, also along party lines, a budget drafted by Chairman Patty Murray (D-WA).** The Murray budget calls for \$975 billion in new

**revenue and \$975 billion in spending cuts over 10 years.**

The Senate budget also includes \$100 billion in new spending in the short term on job creation and infrastructure initiatives. In a markup session held late last week, considerable discussion arose between Senate Republicans and Democrats over the budget's deficit reduction projections – pegged at \$1.85 trillion over 10 years. Ranking Republican Member Jeff Sessions (R-AL) suggested that the budget would achieve only \$700 billion in deficit reduction over 10 years. The spending cuts in the Murray budget include \$275 billion in health care savings “by further realigning incentives throughout the system, cutting waste and fraud, and seeking greater engagement across the health care system.” The budget will be considered on the Senate floor this week.

## States

**ARIZONA: Governor Jan Brewer headed up a rally on the Capitol grounds last week to formally announce legislation to expand Medicaid.** Surrounded by legislators, business representatives and health industry representatives, she made the case for extending coverage to an additional 400,000 people by 2015. However, legislative leadership remains opposed. The speaker assigned the bill to the House Appropriations Committee, which is chaired by an opponent of expansion, rather than to the House Health Committee as anticipated.

**CALIFORNIA: Legislation stemming from the special session on ACA implementation would provide coverage for an estimated 670,000 individuals who continually move in and out of Medicaid because of fluctuating income levels that affect their eligibility.** The bill would allow California to request HHS approval to offer a "narrow bridge" plan on the exchange, providing affordable coverage through Medicaid managed care plans for individuals who recently lost their Medicaid coverage. Last week, lawmakers also amended the market reform bills to retain the 19 geographic rating regions



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established by California law in 2012. The original bill would have shrunk the state's current 19 rating regions to six regions in 2014 and 13 regions in subsequent years.

**CONNECTICUT: The Board of Access Health CT, the state's health benefits exchange, adopted the staff's recommendations for standard plan designs. Specifically, the board approved plans with a \$3,000 hospital deductible and \$400 prescription drug deductible, reduced from \$500.**

They also approved allowing two non-standard plans per tier, and they created an additional Bronze standard plan, which is a catastrophic plan. On the dental side, the board approved embedding pediatric dental into qualified health plans (QHP). They also approved two standard standalone dental plans (high & low). Finally, they created an optional dental wellness-only plan. A QHP solicitation is expected to be released the week of March 18 or 25. Carriers are expected to submit rate and product filings in April to the Insurance Department.

**NEW MEXICO: A bill to establish a state-based health insurance exchange passed the Senate last week and is now in the House Health, Government and Indian Affairs Committee.** With the legislature scheduled to adjourn on March 16, legislators and stakeholders are engaged in intense discussions to ensure that the state does not default to a federally facilitated exchange. The bill would establish a 13-member board of directors reflecting the state's ethnic, cultural and geographic diversity. The board would be required to develop a preliminary plan of operation within 60 days of the bill's effective date and will allow participation. The bill also would allow any carrier meeting the qualified health plan requirements to participate.

**OHIO: HHS has issued a letter acknowledging Ohio's intent to undertake activities to certify qualified health plans for sale to Ohioans on the exchange.** The letter indicates that HHS will rely on Ohio's recommendations for QHPs. However, the letter also states that HHS retains ultimate legal oversight to ensure QHPs meet all certification standards. Also, the state House has approved and forwarded to the Senate a bill for its consideration that would detail the role of "navigators" in the exchange and require the exchange to allow for sale any QHPs certified by the Director of the

Ohio Department of Insurance. The bill's language also states that the director may not impose additional requirements on a QHP beyond those established under the ACA. Finally, the bill would change cost sharing limitations for Health Insuring Corporations to ensure HICs can sell a bronze or catastrophic plan in Ohio. The Senate has already had several hearings on a similar bill pending in the Senate and is expected to act quickly.

**OKLAHOMA: The House of Representatives has passed a bill that declares the ACA unconstitutional and states that the federal law is invalid in Oklahoma.** The House voted 72-20 for the bill over the objection of Democrats who argued it was nothing more than a political statement. Republican leaders said a majority of Oklahomans oppose the ACA. Provisions were removed from the bill that would have made it a felony punishable by up to five years in prison to enforce the ACA. It now heads to the Senate for consideration.

**UTAH: The legislature adjourned March 14, and Governor Gary Herbert has until April 3 to sign, veto or allow a bill to be enacted without his signature. Legislation headed to the governor includes:** the Department of Insurance's clean-up bill that would create a state definition of the ACA, remove the requirement that a non-contracted PPO provider be reimbursed at no less than 75 percent of the contracted rate; establish a regulated stop-loss scheme for small employers who self-insure; require that the Commissioner consult with national organizations regarding the development of a standardized prior authorization for prescriptions form; mandate oral chemotherapy parity, and require notice of a biosimilar substitution, with a 2016 sunset. In other news, the legislature and Governor Herbert remain at odds over whether to expand Medicaid. The governor awaits the report of a task force currently assessing the issue.

*Courtesy of Aetna Health Reform Weekly*

