



## Health Reform Bulletin

### Week of April 1, 2013

*New evidence emerged last week that points to a likely outbreak of health insurance sticker shock when the bulk of the Affordable Care Act (ACA) goes into effect in 2014. The Society of Actuaries [released a report](#) that predicts medical claims costs — the biggest driver of health insurance premiums — will jump an average 32 percent for individual policies next year. The news was widely covered in the media, and the [Obama administration conceded](#) that costs could rise for a number of Americans because of changes implemented by the ACA. Some of the factors thought to be driving the likely price increases include rating rule changes, medical cost trend and new taxes and fees imposed on health care plans, medical device manufacturers and pharmaceutical companies.*

### States

**ARIZONA:** The Medicaid expansion debate took another turn last week as a “pro-life” advocacy group argued that the legislation should be amended to prohibit Planned Parenthood from receiving any public funds. If included, such language could cut both ways by potentially adding to Governor Jan Brewer’s Republican support while siphoning off some Democratic support. Brewer’s response was that her concern is for both the unborn and the 50,000 childless adults who stand to lose coverage when the state’s current waiver expires at the end of this year.

**CALIFORNIA:** A [report by Milliman](#), commissioned by Covered California, released last week found that individuals with incomes below 400 percent of the federal poverty level are likely to pay 47 to 84 percent less in monthly premiums for an individual policy next year compared to 2013. These consumers will benefit directly from the federal tax credits that will be available through Covered California. The study also concludes that those earning above 400 percent of the federal poverty level may see an average premium increase of 20 percent. Other studies have predicted much higher increases for individuals who are not eligible for subsidies. A similar study in Oregon suggests consumers will see average increases closer to 38 percent.

**CONNECTICUT:** The General Assembly is expected to pass gun control legislation that is also expected to include a series of mental health system reforms as well as changes to the state’s utilization review requirements for substance use and mental health services. Following passage of the so called “Newtown” bill, the legislature will turn its focus to addressing the biennium budget for fiscal years 2014 and 2015. It is widely expected that the legislature will make significant changes to the governor’s proposed budget, including reductions in the proposed hospital and municipality funding cuts.

**FLORIDA:** Legislation was filed last week that would allow the state Office of Insurance Regulation (OIR) to hand off review of any health insurance rate filings to HHS for the years 2014 and 2015. The OIR would retain review of form filings. Aetna is



reviewing [the proposal](#). The OIR has received approval from HHS for an exception to the federal geographic rating area requirements. Florida will be permitted to use a county-by-county rating system, consistent with the marketplace today.

**ILLINOIS: Included in the rush of bills to pass out of committee in the past couple of months is health insurance rate review legislation that reflects major differences of opinion.** One bill considered by the House Insurance Committee would have created a new entity to regulate health insurance rates and provide for prior approval of premium increases failed on a contentious vote of 10-14. Another bill that passed through Committee and made it to the House floor would have created the independent Office of Consumer Health Insurance Counsel. The bill provided that the new entity would assess the impact of insurance rates, rules, and forms on consumers and advocate positions advantageous to consumers. This bill also failed by a vote of 54-61.

**MAINE: Biennial budget hearings are in full swing with a coalition of consumer groups, advocates and the Maine Hospital Association joining forces to push for the adoption Medicaid expansion.** While there is bipartisan support among legislators for the expansion, the governor's administration continues to be reluctant to support Medicaid expansion without certain guarantees from the federal government. Meanwhile, the Bureau of Insurance has received approval from Health and Human Services (HHS) to use four rating areas, with boundaries that are different from those in place today.

**MICHIGAN: Having lost the battle to create a state-based insurance exchange, the administration is now concentrating on passing Medicaid expansion and reform legislation.** House and Senate members are looking at a proposal that would require recipients to

have some "skin in the game" by requiring copayments or monthly charges and setting certain benchmarks in care. The House and Senate will not include expansion dollars in the budget bills until an "affirmative action" is taken by the legislature.

**NEW YORK: The state legislature gave final approval last week to a new state budget that includes numerous exchange-related provisions. Among the changes included is the elimination of the Healthy New York individual product effective Dec. 31, 2013;** adoption of the ACA definitions of "employee" effective Jan. 1, 2016; establishment of rating rules for chambers of commerce associations; and repeal of New York's special rules for sole proprietors that moved them into the individual rating pool. Budget language prohibits insurance carriers from allowing small businesses to renew their health plans early for the sole purpose of avoiding ACA product rules. Simultaneously, the state's exchange extended the deadline for submission of exchange participation proposals from April 5 to April 15. In other exchange-related actions, state leadership released its final study on the role of [Health Savings Accounts in the Exchange](#); and hosted a webinar on the [evolving role for brokers and agents](#) in the exchange.

*Courtesy of Aetna Health Reform Weekly*

