

# Health Reform Bulletin

**Week of August 13, 2012**

*A new survey from Mercer Consulting has found that more than 60 percent of employers expect that the Affordable Care Act (ACA) will mean higher costs for them. Many of the 1,203 employers surveyed by Mercer said they are rethinking their health care strategies because they expect rising premiums under the law. About 20 percent expect an increase of 5 percent or more<sup>4</sup> in 2014. Overall, 6 percent said they are likely to stop offering health insurance after health insurance exchanges begin operating in 2014. Among retail and hospitality employers, the number climbs to 9 percent. A Washington Post blogger last week expressed similar skepticism, detailing a number of factors that appear likely to drive costs up.*

## States

**ARIZONA: Tom Betlach, Director of the Arizona Health Care Cost Containment System (Medicaid), made a presentation to the Health Insurance Exchange workgroup identifying the issues that need to be addressed in providing Native American tribal members access to health care coverage.** The Issues include contracting with Indian Health Services facilities; the restriction that these facilities serve only tribal members; network adequacy standards; and the ability to process claims electronically. Assistant Director of Insurance Alexandra Shafer met with the Inter-Tribal Council and advised that they were skeptical about the value and viability of an exchange for their constituents. Going forward, Betlach will identify key contacts among the tribes for further discussion.

**CONNECTICUT: The Connecticut Health Insurance Exchange is accepting public comments on its proposed essential health benefit benchmarks until September 6.** The board will vote on the recommendations at its next meeting in September. The CEO of the Exchange, Kevin Counihan, has been discussing exchange details while making numerous appearances before stakeholder organizations throughout the state in his first several weeks on the job.

**INDIANA: Last week Governor Mitch Daniels invited the state's three gubernatorial candidates to weigh in on decisions the state must make in the coming months regarding implementation of the ACA.** In a letter, the governor asked Rupert Boneham, John Gregg, and Congressman Mike Pence to state their preferences for a state vs federal health insurance exchange and determining an essential health benefits package. Decisions on both are required this year. "Because the costs and consequences of our decision in these two matters will be borne by the next administration, I do not believe it would be right for me to make these choices," the governor said in the letter. The candidates' preferences will be relayed after the November elections. The state's actuary has estimated that an expansion of Medicaid in Indiana would cost about \$2 billion between 2012 and 2020. The cost to operate a health care exchange has been projected at between \$50 million and \$65 million per year. In addition, last week the Department of Insurance got input from insurance carriers with respect to key market exchange issues.

**MAINE:** The state has formally asked the federal Department of Health and Human Services (HHS) for approval to reduce Medicaid enrollment by roughly 21,000 people, enacting cuts included in this year's supplemental budget package. Projected to save approximately \$20 million, the cuts would eliminate coverage for 19- and 20-year-olds, tighten income eligibility requirements for low-income parents and scale back Medicaid access for elderly residents who also qualify for Medicare benefits. Governor Paul LePage warned that a lawsuit may ensue if HHS does not approve the cuts. Disagreement over whether the Supreme Court's ruling on the expansion of Medicaid has invalidated the ACA's maintenance of effort provisions has sparked public debate on this contentious issue.

**NEW JERSEY:** Governor Chris Christie conditionally vetoed legislation requiring for-profit hospitals to disclose financial information similar to that currently required of not-for-profit hospitals, and for the information to be made publicly available.

Known as the "New Jersey Hospital Disclosure and Public Resource Protection Act," the bill passed the legislature with bipartisan support and with external support from health plans, consumer groups, and unions. In his veto message, the governor requested the legislature consider amending the bill to require the Commissioner of Health to review hospital financial reporting requirements and report to him in six months with her findings and recommendations. The bill now will return to the Senate for consideration and action in accordance with the governor's recommendation or for potential pursuit of an override vote. To override the governor's veto, both chambers must approve the measure by at least a two-thirds majority vote.

**OREGON:** The state released an actuarial analysis last week detailing the anticipated impact of the ACA on the individual and small group markets. The analysis predicts that premiums will rise between 27 percent and 55 percent in the individual market. Small group premium changes are estimated between a 5 percent decrease and a 16 percent increase. The report also analyzes the role that other factors, such as essential health benefits, market mergers, and market reforms, play in the overall estimates.

**WASHINGTON:** The state's exchange board is considering requiring that plans participating in the exchange agree to utilize a quality measurement tool known as eValue8 system. The eValue8 system is a standardized questionnaire that rates carriers by focusing on tools, systems, and processes that support improvement in quality and cost effectiveness of care. The four clinical modules used in eValue8 are based on HEDIS results. Additionally, many factors are based on NCQA, and URAC standards. The exchange staff is recommending the system because it uses evidence-based tools and measures some of the things outlined in exchange legislation. The eValue8 system requires a lot of information and many hours for completion. Also, the tool is structured for large employer groups and is not tailored for the type of information that individuals and small employers care most about.

*Courtesy of Aetna Health Reform Weekly*