



Health Reform Bulletin

Week of December 17, 2012

Market-changing health insurance exchanges inched closer to reality last week when the Department of Health and Human Services (HHS) announced [conditional federal approval](#) for eight state-run exchanges and the District of Columbia's exchange. The approved state exchanges will be located in Colorado, Connecticut, Kentucky, Massachusetts, Maryland, New York, Oregon and Washington. In addition, 10 other states have sent applications for state-based exchanges to HHS, including California, Hawaii, Idaho, Minnesota, Mississippi, Nevada, New Mexico, Rhode Island, Vermont and Utah. Under the Affordable Care Act (ACA), states have the option of setting up a state-based insurance exchange, participating in a partnership exchange or letting the federal government run the exchange. Ten Republican senators wrote to HHS last week asking that the process be slowed further to give the public more time to examine and comment on new exchange rules.

There will be no Health Reform Weekly during the holidays. Look for the next edition of the newsletter during the week of January 7.

Federal

President Obama and House Speaker John Boehner met again last week to discuss tax and budget issues surrounding the “fiscal cliff” Issue. Following the meeting, both the White House and the Speaker’s office said the lines of communication remain open, but there was no real indication of progress being made. Only two weeks remain before the January 1

deadline when the Bush-era tax cuts are scheduled to expire and across-the-board sequestration cuts will be imposed. The federal government’s debt ceiling also is an important issue in the current negotiations, although there is no immediate deadline for action on this issue. Another important priority is a Medicare physician payment “fix,” which potentially could be resolved outside of the fiscal cliff discussions. Both the House and Senate will be in session this week, ready to begin the legislative process if an agreement is reached.

States

CALIFORNIA: A federal appeals court has ruled that California can reduce Medi-Cal (Medicaid) payments to health care providers by 10 percent. Critics say the ruling might drive providers out of Medi-Cal, making them unavailable to low-income individuals whose coverage is subsidized through the state’s health exchange. Others say the ruling will help reduce the state's budget deficit.

CONNECTICUT: The state’s health insurance exchange has issued its qualified health plan (QHP) solicitation to health insurance issuers and stand-alone dental plans to offer QHPs through the exchange beginning on the October 1, 2013 start date for open enrollment, for a January 1, 2014 effective date. The solicitation contains numerous federal and state requirements, including on pricing, network adequacy, regulatory filing timelines, essential health benefits, product design, marketing, number and mix of plans, reporting, service area and essential community providers. The deadline to respond to the solicitation is



no later than March 29, 2013. A notice of intent to submit QHPs is due January 4, 2013.

DISTRICT OF COLUMBIA: The exchange board of directors voted unanimously to name Mila Kofman the executive director of the district's health insurance exchange. Kofman served as Maine's Superintendent of Insurance from 2008 to 2011. Her duties as executive director will begin January 2, 2013.

IDAHO: Governor Butch Otter has announced his support for a state-based exchange, saying that the state should not allow the federal government to usurp its right to determine how health care reform will be implemented. The governor outlined his continuing concerns with the ACA and maintained that the state will do a better job of ensuring its citizens can make informed choices about their health care.

MARYLAND: Maryland received conditional certification of its state-based exchange from HHS for operations in 2014. Exchange implementation continues to proceed quickly. The state expects to be ready for open enrollment in October 2013 and estimates 150,000 state residents will enroll via the exchange in the first year.

NEVADA: Governor Brian Sandoval has announced his decision to move forward with Medicaid expansion. The expansion will increase the state's current Medicaid eligibility level from 87 percent of the Federal Poverty Level (FPL) to 138 percent, extending coverage to an additional 78,000 of Nevada's uninsured. Sandoval also noted that he is monitoring the federal fiscal cliff negotiations and could potentially change his mind on the expansion depending on the outcome.

NEW HAMPSHIRE: Though no formal decision has been announced, the state continues to plan with a state-federal partnership exchange in mind. State

officials have indicated they do not believe a change in state law is necessary to pursue a partnership exchange, and the Department of Insurance expects to work closely with the Joint Healthcare Reform Oversight Committee of the Legislature and Governor to pursue the option most appropriate for New Hampshire. It is unclear what the filing process for plans will be under a federally facilitated exchange, but qualified health plan filings can be submitted starting March 29. The DOI also filed legislation to implement ACA market reforms by conforming state law to the ACA. The Department is seeking comments on the proposed legislation through December 24.

NEW JERSEY: Governor Chris Christie sent a letter last week to HHS Secretary Kathleen Sebelius designating the state's essential health benefits benchmark plan as the Horizon HMO Access HSA Compatible. The state's FamilyCare (Children's Health Insurance Program) dental package will supplement the benchmark for pediatric oral care, and the Federal Employees Dental and Vision Insurance Program (FEDVIP) will supplement pediatric vision care. The governor indicated his selection was the result of extensive consultation with the medical community, insurers and advocates for children.

NEW MEXICO: Governor Susana Martinez confirmed to HHS late last week that the state will develop a state-based health insurance exchange. In her letter to HHS Secretary Kathleen Sebelius, Governor Martinez also reported that New Mexico intends to administer a risk adjustment and reinsurance program during the first year of the exchange. However, the state cannot commit to that decision until it can review in detail the federal risk adjustment methodology. The governor also informed HHS that the state intends to use the federal service for Advance Premium Tax Credit/Cost-Sharing Reduction eligibility determinations. The exchange would be established and



operated by the Health Insurance Alliance, a quasi-governmental non-profit agency. Efforts have begun to draft amendments to the Health Insurance Alliance statute providing for the establishment of the exchange within the umbrella of the Alliance.

NEW YORK: The state's health insurance exchange received conditional HHS approval on December 14, less than a week after HHS awarded conditional approval to six other states. The exchange leadership continues to convene stakeholders on implementation issues. A meeting was held recently to help stakeholders understand the technical aspects related to enrollment and eligibility processes for Medicaid, Child Health Insurance, and other public programs. A Level Two funding grant request seeking \$190 million over two years has been submitted. Also, the state is finalizing its submission timelines with invitations to health plans scheduled for no later than mid-January. Standard plan designs in each of the metal tiers are expected to be finalized before the end of 2012.

TENNESSEE: Citing the lack of controls in the ACA, Governor Bill Haslam announced last week that the state will not implement a state-based health insurance exchange. The Governor did leave open the option of running a state-based exchange in the future.

UTAH: As a follow-up to the National Governors Association Executive Committee meeting with President Obama, Governor Gary Herbert sent a letter to the administration requesting that HHS be instructed to certify Utah's exchange as ACA compliant. The letter asks that the state's exchange model be declared compliant with minimum federal standards and that previously submitted Medicaid waiver requests be approved. The Governor requested a response by December 14, the deadline by which states were supposed to declare whether they will implement a state-based exchange. Also, Governor Herbert released

his fiscal 2014 budget, which includes \$19.4 million in Medicaid funding but does not include an expansion of this coverage.

VIRGINIA: Governor Bob McDonnell submitted a letter to HHS Secretary Kathleen Sebelius late last week declaring that Virginia will not pursue a state-based health benefits exchange for 2014. States have until Feb. 15, 2013 to signal their intent to participate in a hybrid model or default to a federally facilitated exchange. The governor said in his letter that Virginia has not had clear direction or timely answers from Washington about the fiscal impact to the state of an exchange and that the state cannot determine if it would have the control and flexibility needed to efficiently and effectively run its own state exchange.

Courtesy of Aetna Health Reform Weekly

