



## Health Reform Bulletin

Week of January 22, 2013

*As preparations continue for some of the Affordable Care Act's (ACA) more significant changes, media attention is focusing to a greater extent on the devil in the details of the provisions that go into effect in 2014. A [Politico story](#) last week examined insurers' concerns that the individual mandate is not strong enough to adequately offset the cost of covering so many more Americans. [The Hill](#) is reporting that 21 hospital associations across the country are looking to the administration to fix an ACA provision they say will hurt Medicare reimbursements in a number of states outside of Massachusetts. In other health care reform developments, the Department of Health and Human Services (HHS) has awarded \$1.5 billion in new ACA state-based [exchange grants](#) for states such as California and Kentucky]. HHS also re-launched its health care reform website [Healthcare.gov](#), which rebrands exchanges as "health insurance marketplaces."*

### Federal

**Following the inauguration of President Barack Obama Monday, both the Senate and the House were scheduled to be back in session this week to begin an important stretch of the 2013 legislative session.** The next several months will include budget debates surrounding the sequestration cuts, the debt ceiling, and completion of the annual appropriations process. House Majority Leader Eric

Cantor (R-VA) has announced that the House will vote this week on a short-term extension of the debt limit.

### States

**ARIZONA: Governor Jan Brewer used her state-of-the-state address to announce recently her support for Medicaid expansion. Her decision will result in an estimated 300,000 additional enrollees to the state's Medicaid system and bring \$7.9 billion in new federal funding to the state.** However, Brewer's support comes with contingencies: 1) the legislature must approve the expansion, 2) the added enrollment will be decreased if Congress reduces the match in the future, and 3) a provider tax must be assessed on hospitals to ensure that no general funds are used. The greatest hurdle is likely in the legislature where health care is not a major part of the Republican leadership's agenda. The provider tax should not be an issue, as hospitals have been meeting with Governor Brewer to encourage the expansion.

**CALIFORNIA: The state's health insurance exchange has delivered its first ever [Covered California Annual Report](#) to the governor and legislature.** Statutorily required, the annual report provides background on California's health care challenges and information on the exchange board's leadership and vision, essential health benefits and



qualified health plans, help for small business owners, target audiences, assisters and agents, enrollment and funding, among other aspects of the state's new marketplace for health insurance.

**DELAWARE:** After being sworn in for his second-term, Governor Jack Markell delivered a state-of-the-state address to the General Assembly that was focused primarily on the state's education system successes and opportunities for further improvements. He briefly mentioned the need for continued innovation in health care to reduce costs. The governor specifically noted the state's leading technology infrastructure, known as the Delaware Health Information Network (DHIN), and called for building upon its successes to develop new payment models and improve health outcomes.

**MICHIGAN:** Governor Rick Snyder has issued an order creating the new Department of Insurance and Financial Services "to emphasize consumer protection and help create a climate that allows insurance and financial services industries to thrive." The order splits off the new department from the current Department of Licensing and Regulatory Affairs. In announcing the move in his state-of-the-state address, the governor confirmed that the current commissioner of the Office of Financial and Insurance Regulation, Kevin Clinton, will be director of the new department when it takes effect in 60 days, subject to approval by the House and Senate.

**OHIO:** A report prepared by a partnership of organizations that includes the Urban Institute and Ohio State University shows that expansion

of Medicaid could result in net savings to the state budget of \$1.4 billion through 2022. The study identifies current state spending on health care for individuals who would be eligible for expanded Medicaid coverage under the ACA. Federal subsidies for the expansion would result in the state reducing its use of general revenue funds for those services. Additionally, the study points out that using Medicaid Managed Care for the expanded population would result in additional tax revenue paid by Medicaid plans contracting with the state. More than an estimated 400,000 residents would qualify if Ohio's Medicaid eligibility is increased to 138 percent of the federal poverty limit.

**WASHINGTON:** The state's Health Benefit Exchange Board reported to the legislature on a range of issues that includes a \$9 million funding request for the first 18 months of the navigator program. The board also noted that the exchange has spent 66 percent of the \$22.9 million Level I grant, and is beginning to spend the \$127.8 million Level II grant. Other issues reported on include: sustainability, quality assurance monitoring, the possibility of using the general agent model for the SHOP business entity, and a marketing strategy aimed at helping consumers meet deadlines for enrollment.

*Courtesy of Aetna Health Reform Weekly*

