

## Health Reform Bulletin

Week of April 8, 2013

*The Obama administration announced last week that it is postponing implementation of part of a key provision of the Affordable Care Act (ACA). The Small Business Health Options Program (SHOP), the new health insurance marketplace for small businesses, will launch as planned in 2014, but workers whose employers purchase coverage through federally facilitated SHOPS will not have a variety of plans to choose from until 2015. For 2014, the federally facilitated SHOP exchange will not offer an **employee choice** model. It will only offer an **employer choice** model. State-operated exchanges still have the option to implement an employee choice model on their SHOP exchanges. Several states have indicated they plan to do so. The SHOP exchange – regardless of who is offering it – is still scheduled to begin enrollments on October 1, 2013.*

### Federal

**The Senate and the House reconvene this week and are expected to focus primarily on budget issues, with President Obama expected to submit his fiscal year 2014 budget on April 10.** The President's budget is expected to call for \$1.8 trillion in deficit reduction over 10 years. One significant proposal will call for budget savings by changing the formula for calculating annual updates to Social Security benefits and other federal programs. **The President's budget also is expected to include Medicare proposals that the administration has proposed in past years,**

**including greater means-testing of Part B and Part D premiums.** Release of the President's budget, which follows the adoption of House and Senate budget resolutions two weeks ago, is intended to launch a new round of deficit reduction negotiations that will be linked to an increase in the federal debt limit.

### States

**The U.S. Centers for Medicare and Medicaid Services (CMS) disclosed last week that it would allow an unspecified number of states to provide low-income people with access to Medicaid money to buy health insurance from private plans as long as it doesn't cost the government more than the traditional Medicaid program. Arkansas and Ohio have asked federal officials to allow them to adjust how Medicaid dollars are used.** In a blog post last week, CMS said it remains "committed to working with states and providing them with the flexibility and resources they need to build new systems of health coverage. Premium assistance is simply one option." Arkansas Governor Mike Beebe received informal approval on Feb. 18, 2013 from U.S. Secretary of Health and Human Services Kathleen Sebelius for a proposal to use money for the Medicaid expansion to buy private coverage for low-income people in the state's new insurance exchange.

**ALASKA: The Division of Insurance will propose changes in a state regulation that requires health insurance companies selling private insurance policies to pay health care**

EMPLOYEE BENEFITS



**providers at the 80th percentile of customary and usual rates in a given area.** The proposed rulemaking could be published as early as this month, beginning the process for changing the rule. The rule essentially would require payments to health providers to be made near the highest of prices charged for a given procedure. The change could help drive up health care costs in Alaska. Aetna has raised concerns with regulators and legislators about the impact it would have across the fully insured market.

**ARIZONA: Budget negotiations will likely take this legislature right to the end of its 100 day-session, given the limited progress made to date.** While some consensus exists between the administration and legislative leadership on the need to increase spending for education and Child Protective Services, Medicaid expansion continues to pose the greatest challenge. In addition to philosophical and political concerns, expanding Medicaid or not will make a significant difference in the amount of revenue the state can expect in the next fiscal year beginning July 1. In other news, Gerrie Marks was confirmed as Director of the Insurance Department by the Senate Finance Committee.

**CONNECTICUT: The Insurance Department has approved an insurance license for HealthyCT, a Consumer-Operated and Oriented Plan (CO-OP) formed by the state medical society's Independent Physician Association.**

Supported by a \$76 million federal grant awarded under the ACA, HealthyCT will begin selling health plans to individuals and small businesses in 2014 on and off the state's health insurance exchange, access health CT. Carriers interested in participating on

access health CT must submit product and rate filings to the Insurance Department this month for review.

**MASSACHUSETTS: The state is considering undoing the merger of the individual and small group health insurance markets.** The merger was an element of the state's 2006 health care reform law, enacted under then Governor Mitt Romney. Division of Insurance Commissioner Joseph Murphy has written a letter to the Centers for Medicare and Medicaid Services indicating that the state is strongly considering delinking its merged market to prepare for implementation of the ACA. The letter also asks for a waiver that would delay the necessity of any immediate action.

**WASHINGTON: The Office of the Insurance Commissioner has filed more emergency rules for open and special enrollment periods for non-grandfathered individual and small group plans. These rules prohibit an insurer from limiting enrollment based on pre-existing conditions but permit issuers to confine open enrollment to specific periods each year for both the small group and individual markets.** Health plans participating within the individual or small group exchange must comply with the open enrollment periods established by the exchange. In addition, the rules provide for special enrollment periods and detail the triggering or qualifying events, such as relocation or loss of other health coverage. During special enrollment periods, an issuer must offer all the benefit packages available to similarly situated individuals who enroll when first eligible. Carriers must post information on their websites about the open and special enrollment periods.

*Courtesy of Aetna Health Reform Weekly*

