

## Health Reform Bulletin

Week of April 22, 2013

*The Department of Health and Human Services (HHS) last week granted the state of Massachusetts a three-year phase-in of the Affordable Care Act's (ACA) new rating rules, a significant ruling designed to assure stability in the marketplace as the state is forced to transition away from its own more generous use of rating factors. Critics of the ACA rating rules (allowing only four rating factors) have argued the imposition of the new rules abruptly in 2014 could mean much higher premium costs for some consumers. So far, a phase-in of rating rules is unique to Massachusetts. Still, [media reports](#) indicate that the temporary relief from rating rules is not sitting well with a number of business representatives who sought a complete waiver from the rules for Massachusetts. The state has served as a model for the ACA with its own individual mandate that has helped reduce the number of uninsured in the state.*

### Federal

**The House Small Business Committee heard concerns from those representing small businesses at hearing last week on “The Health Care Law: Implementation and Small Businesses.”** Douglas Holtz-Eakin, president of the American Action Forum, testified to the impact that ACA mandates, taxes, and fees will have on health care costs for small employers. He expressed particular concern over the impact of the age rating restrictions and the essential health benefits (EHB) requirements. Holtz-Eakin also confirmed that the health insurance tax will contribute to higher costs, in response to a committee question. Other witnesses testified on behalf of the National Federation of Independent Business (NFIB), the Plumbing-Heating-Cooling Contractors National Association, and the Main Street Alliance. The NFIB witness described the ACA as “the most disruptive instrument to the American workplace in my lifetime,” while the Main Street Alliance witness testified that her company benefited from the ACA’s small business tax credits and MLR rebate.



### EMPLOYEE BENEFITS

### States

**ARKANSAS: A proposal to use Medicaid money to buy private insurance for the poor was adopted in the state Senate last week. Already approved by the House, the measure now goes to the Democratic governor who is expected to sign it.** Governor Mike Beebe received informal approval in February from the federal government to use ACA money for Medicaid expansion to instead buy private coverage. While many Republican-led states have resisted signing on to the Medicaid expansion since the U.S. Supreme Court last year decided states can opt out, the Arkansas approach may inspire some other Republican led states to do likewise.

**CALIFORNIA: Legislation that would require health plans to file any large employer group rate increase in excess of the Consumer Price Index for state analysis and review will be heard in the Senate Health Committee this week.** While the ACA requires states to establish rate review programs, the federal government adopted rules that exempted large group filings from mandatory state review. Aetna has indicated its opposition to the proposal to the committee. Given that large group rates are unique to each purchaser, the bill could require more than 1,700 large case rate filings for state review annually.

**CONNECTICUT: Access Health CT has announced HealthPass as its Small Business Health Options (SHOP) vendor to provide the front-end administrative platform functions.** HealthPass New York currently runs an independent commercial health insurance exchange for small businesses and sole proprietors in the New York City metropolitan area. With a 36-month contract, HealthPass will be opening an office in Stamford, CT.

**IDAHO: Governor Butch Otter has announced the 19 members of the state’s Health Insurance Exchange board, authorized by recently enacted exchange rules and regulations legislation.** The board includes representatives of consumer interests, health insurance carriers, companies selling



health insurance products, small employers, and health care providers. Legislative leadership also appointed Senator Jim Rice (R), and Representatives Kelley Pack (D) and John Rusche (D), a retired physician, to the board. The Directors of the Departments of Insurance and Health and Welfare will also serve as non-voting ex-officio board members.

**INDIANA: With just a week left in the current legislative session, a proposed comprehensive expansion of managed care for Medicaid recipients seems unlikely.** Early in the legislative session, key lawmakers were poised to mandate an expansion of Medicaid managed care to aged, blind, disabled and expansion populations. When the House Republican budget was introduced and passed out of the House, it included an aggressive expansion of managed care to help control program costs. The administration, however, is opposed to an aggressive timeline for expansion, and does not want a legislative mandate on any action it may take. Instead, fiscal leaders are likely to direct the administration to prepare a specific, detailed report on the impact of managed care expansion. The administration was asked to report on this topic last session, but some lawmakers felt the report was inadequate.

**MAINE: Back from a spring break, the legislature is expected to continue work on Medicaid expansion legislation. While the legislature appears largely supportive of Medicaid expansion, the LePage Administration continues to oppose expansion without reimbursement guarantees from the federal government.** Medicaid expansion will get wrapped into the legislature's broader budget negotiations. Separately, the Insurance Committee will conduct work sessions on ACA conformance legislation, including suspension of the state's reinsurance program assessment for the duration of the federal reinsurance program and establishment of an individual market open enrollment period to align with the ACA. After public hearings conducted in mid-April, both bills appear to have broad support.

**NEW YORK: Exchange implementation is in high gear. With qualified health plan proposals due to the exchange on April 15, the state revised its guidance and increased the number and mix across metal tiers of non-standard plans that carriers can offer on both the individual and SHOP exchange.** For carriers wishing to revise their initial

submission and increase the number of exchange offerings, the deadline for non-standard rate and product filings has been extended to May 15. Separately, the Healthy New York Small Group product mandate remains, and this product filing is due May 15 along with all other off-exchange small group product filings.

**RHODE ISLAND: Rhode Island's first Health Insurance Commissioner, Chris Koller, has announced he is leaving to become president of the New York City-based Milbank Memorial Fund,** a national health policy foundation. Koller has served in his current position since 2005, when the Office of Health Insurance Commissioner (OHIC) was created. During his tenure, OHIC has actively pursued various health care reform initiatives.

**UTAH: The Department of Insurance last week hosted an ACA implementation meeting for carriers in preparation for the small employer exchange.** Although the DOI stated that individuals will be enrolled in a federally facilitated exchange with the state handling plan management, there is still no official announcement on how the individual exchange will be administered.

*Courtesy of Aetna Health Reform Weekly*

