



**Louisiana Business  
Group on Health**

**Health Care Reform Update**

**Week of May 23, 2011**

**Health Care Policy News-** The House was in recess last week but the Senate remained in session, a previously rare occurrence, but likely to become more common this year. There has been a lull in legislative activity this week and last but considerable partisan conflict continued over the deficit reduction package, as well as an internal Republican battle over a House-passed budget proposal that calls for a restructuring and privatizing Medicare. The deficit debate became a more serious issues with the recent an expected announcement that the federal government has reached its debt limit. Furthermore, ongoing Senate negotiations on a deficit plan were interrupted by the withdrawal of Senator [Tom Coburn](#), (R-OK), from the negotiating “gang of six” senators. Evidently, Senator Coburn insisted on additional cuts in Medicare spending. Supposedly, the inevitable debt and deficit plan probably will take the form of a new Senate budget proposal, which offers a speedier procedural path to passage in that chamber. A new Senate budget and debt plan would also require action in the House (view CQ [report](#)).

Discussions on Medicare spending cuts, a continuous theme in budget and deficit talks, began in earnest last month with the passage of a House budget blueprint ([H Con Res 34](#)) authored by House Budget Chairman [Paul D. Ryan](#) of Wisconsin. The Ryan budget calls for the conversion of Medicare into a premium support program that would lower future federal Medicare spending. Democrats and some Republicans in the House and Senate are assaulting Rep. Ryan’s Medicare plan. The Medicare plan is a new lighting rod in the health debate.

**Premium Increase Review Rules:** During the legislative lull, the administration continued rulemaking on the health overhaul law. Last Thursday, the Obama administration unveiled final rules on the review process of any future health insurance premium increases: <http://edocket.access.gpo.gov/2010/pdf/2010-32143.pdf> (CQ Health Beat, May 20, 2011; ABC BenefitsByte, May 20, 2011)

**IRS Releases 2012 Indexed Amounts for HSAs, HDHPs:** On May 24, the U.S. Treasury Department and Internal Revenue Service (IRS) released [Revenue Procedure 2011-32](#), which lists the 2012 indexed amounts, adjusted for inflation, for health savings accounts and high-deductible health plans (HDHPs). (In some cases, this resulted in no change from the prior year.) The following table lists the 2011 amounts and the new 2012 amounts: The Revenue Procedure is effective for calendar year 2012. (Source: CQ HealthBeat)

	Calendar Year 2011		Calendar Year 2012	
	Self-only	Family	Self-only	Family
<b>Annual Contribution Limit</b>	\$3,050	\$6,150	\$3,100	\$6,250
<b>HDHP Minimum Deductible</b>	\$1,200	\$2,400	\$1,200	\$2,400
<b>HDHP Out-of-Pocket Limit (includes deductibles, co-payments and other amounts but not premiums)</b>	\$5,950	\$11,900	\$6,050	\$12,100

**Indiana, Washington and Rhode Island Lead the Way on Exchanges:** Indiana and Washington were among three states the federal government via HHS rewarded with money Monday for being in the forefront of setting up health insurance exchanges. This, even though both are among 26 states trying to kill the law in court.

On Monday, HHS announced a significant step forward in the development of the exchanges grant awards totaling nearly \$35 million to Indiana, Washington and Rhode Island, which is not challenging the health law. Indiana will receive \$6.8 million, Rhode Island \$5.2 million and Washington \$22.9 million. Exchanges are health benefit marketplaces for individuals and small businesses. The health care law ([PL 111-148](#), [PL 111-152](#)) requires them to be up and running by 2014. States that want their own exchanges must get them approved by the Health and Human Services Department (HHS) by Jan. 1, 2013, or the federal government will step in. Some conservatives who dislike the law still argue that states should design their own exchanges so they can make sure they reflect their own histories and politics.

These three states will receive “exchange establishment grants,” which means HHS thinks they’ve made some progress toward planning their exchanges and now are at the point where they are can get additional federal funding. This is the first of six rounds of exchange establishment grants.

The three states’ progress is in contrast to many other states that are still wrestling with how to set up their exchanges, or are divided by fights over governance or other issues. In some, Republican objections to implementation of any portion of the health care law have slowed action in legislatures. Mandatory funding for the exchanges has been a target as well for House Republicans who want to repeal sections of the health care law. The House earlier this month voted 238-183 to pass a measure ([HR 1213](#)) to defund exchanges. The bill is expected to have little future in the Democratic Senate, and the Obama administration has issued a veto threat. (Source: CQ HealthBeat, May 23, 2011)

### Quick Resources

**Alliance For Health Reform:** The latest version of the Sourcebook for Journalists on health care issues. This is a helpful resource for anyone needing a quick tutorial on a current health care policy-related issue. The sourcebook is sponsored by the Robert Wood Johnson Foundation and produced by the Alliance For Health Reform. <http://www.allhealth.org/sourcebookTOC.asp?SBID=5>

**Consumer Operated and Oriented Plan (CO-OP) program resources:** CO-Ops were included in the PPACA legislation to foster the creation of non-profit, member-run health insurance companies in all 50 states and the District of Columbia to offer qualified health plans. (Appropriate \$6 billion to finance the program and award loans and grants to establish CO-OPs by July 1, 2013)

The CO-OP Advisory Board's Report, which is 72 pages, with pages 22 & 23 focused on the implementation timeline and loan/grant processes :

[http://cciio.cms.gov/resources/files/coop\\_faca\\_finalreport\\_04152011.pdf](http://cciio.cms.gov/resources/files/coop_faca_finalreport_04152011.pdf)

The Center for Consumer Information and Insurance Oversight (CIIO) provides a good CO-OP webpage which may be a helpful, thorough resource to the membership:

<http://cciio.cms.gov/programs/coop/index.html>

The Commonwealth Fund provides interesting information/testimony on CO-OPs around the importance of their linkage to an integrated delivery system.

<http://www.commonwealthfund.org/Content/Newsletters/The-Commonwealth-Fund-Connection/2011/Jan/Jan-21-2011.aspx>

**New NEBGH Issue Brief: A One-Year Health Reform Status Update:** A newly released NEBGH Health Policy Brief serves to chronicle the health reform-related events that have transpired in the year since the legislation was approved by Congress.

[http://nebg.org/blog/wp-content/uploads/2011/04/PPACA-One-Year-Anniversary-NEBGH-03\\_111.pdf](http://nebg.org/blog/wp-content/uploads/2011/04/PPACA-One-Year-Anniversary-NEBGH-03_111.pdf)

**RWJ State of the States “Laying the Foundation for Health Reform”:** Just released this month, *State of the States* examines state efforts to meet the requirements and responsibilities outlined by PPACA in order to build a new system maximizing residents’ coverage and access to care, improving how private insurance markets function, holding insurers accountable, and reforming the health care. State of the States is developed by the State Coverage Initiative program, which is a national program of the Robert Wood Johnson Foundation and administered by AcademyHealth. To access the report, please go to:

<http://www.rwjf.org/coverage/product.jsp?id=71835>

**For a comprehensive list of state Exchange information, please visit the National Academy of State Health Policy's state reform page** <http://statereforum.org/implementation-priorities/implementation-priority-1>

This site provides links to each state's legislation, executive orders, etc. related to exchanges and is constantly updated.

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