



## **NAHU State and Local Legislative Chair Report February 2009**

### **Comprehensive Health Reform Efforts**

- President Obama has included a \$634 billion health care “reserve fund” in his proposed budget released on February 26.
- It has been called by one high-ranking administration official “a down payment on President Barack Obama's effort to reform health care.”
- The fund has no specifics on reform attached to it, as the administration is planning on working out the details with the Congress.
- President Obama also mentioned health care cost containment quite a bit during his Presidential address to the nation on February 24, as well as his goal to achieve comprehensive federal reform this year.
- There will be a White House health summit on March 4 and we have been told that Janet Trautwein will be invited.
- Congress is continuing to work on health reform.
- Senator Daschle’s withdrawal has given the Congress even more control over the timing and scope of reform.
- Senators Baucus and Kennedy are continuing to work on their overall reform packages and insist they will not be delayed.
- NAHU active on both Senator’s groups of select stakeholders. We are the only agent group invited to these meetings.
- Senator Baucus has announced that the Senate Finance Committee will be considering a comprehensive health reform measure by the spring of 2009.
- Senate Republicans are working on this issue too, and holding their own internal strategy meetings as well as looking for ways to cooperate on a bipartisan basis.
- Leaders in the House of Representatives continue to insist that health reform will be delayed until 2010.
- Representative Stark, Chair of the House Ways and Means Health Subcommittee stated recently that he expects his committee will begin considering a bill around Halloween 2009.

### **Potential Comprehensive Reform Bill Topics**

- Individual mandate extremely likely
  - Enforcement, phase-in, exemptions under discussion
- Individual and Small Group Market Changes extremely likely
  - Guarantee Issue
  - Restrictions on underwriting, preexisting conditions, premium standardization
  - Minimum loss ratio specifications very possible

- Potential National Connector or Exchange
  - Connector as a purchasing pool like MA?
  - Virtual connector/Travelocity Model
  - Public Plan option to compete with the private market?
  - Connector as a mechanism to administer subsidies?
- Employer Mandate
  - Economic impact key
  - Possible change to the tax treatment of health insurance?
- Focus on Health Care Cost Containment
  - Wellness, prevention, Health IT, comparative effectiveness, source of alternative funding
- Large-Group Market/ERISA least likely to change

### **Individual Market Reform Recommendations**

- Of all the health insurance market changes that a comprehensive health reform effort may address, NAHU expects that the individual health insurance market will receive the most scrutiny.
- We also think this market has the greatest need for reform.
- Our goal as an association is to ensure that all people, regardless of their health status and pre-existing medical conditions, have the ability to purchase affordable private individual coverage.
- NAHU released a set of 10 new individual market policy recommendations February 16.
  - Require guarantee access to individual coverage and also create state-level financial back-stops for catastrophic risks to keep coverage affordable.
  - Give pre-existing condition credit for prior individual market coverage to ensure true health insurance portability.
  - Standardize state requirements regarding the consideration of pre-existing conditions.
  - Improve federal group-to-individual coverage portability provisions so that people can transition directly from employer coverage to individual coverage without hurdles.
  - Stabilize individual market rates by requiring more standardization as to how individual market carriers determine pricing.
  - Increase consumer protections regarding individual market coverage rescissions.
  - Make it easier for employers to help people purchase individual health insurance.
  - Provide federal financial assistance to keep individual health insurance coverage affordable, including enhanced deductibility, subsidies for low-income individuals and federal financial support for qualified state financial back-stop programs.
  - Ensure that all Americans have health insurance coverage.
  - Allow state implementation of enhanced consumer protections

### **High Risk Pool Funding in the Omnibus Appropriations Bill**

- HR 1105, the omnibus appropriations bill for FY 2009 was released on February 23.
- NAHU has not taken a position on the overall legislation, which would fund all government programs for the coming year and includes many new non-health related spending measures.
- However, we are very pleased that state high risk pools received the full \$75 million in funding as authorized by the State High Risk Pool Funding Extension Act of 2006
- This is a great win, as the state high risk pools have never been fully federally funded. This year's appropriation is \$25 million more than was included in last year's bill and in the continuing resolution. We expect this bill to be heard on the floor of both the House and Senate in the next few days.
- NAHU regularly communicated to both House and Senate appropriators the need to fully fund the high risk pools which help the medically uninsurable obtain private coverage and help stabilize individual and small group premiums for those with traditional coverage. The appropriation also includes funds to help the 15 states that currently do not have high-risk pools create them.
- We have a current federal Operation Shout in place to thank members of Congress for recognizing the importance of state high risk pools by including the funding in the appropriation, as well as encouraging Senators and Members of the House to support keeping this risk-pool funding in the legislation.

### **SCHIP Premium Assistance**

- Reauthorization of State Children's Health Insurance Program (SCHIP) was signed into law by President Obama on February 4
- Passed the House and Senate with bipartisan majorities
- Since it was clear that Congress was going to permit states to expand SCHIP programs, so NAHU goal was to ensure expansion was done in conjunction with the private market.
- Premium Assistance contained in new legislation
  - Allows children who have access to employer-sponsored plans (as most in the higher income bracket do) can stay in the private market
  - Allows states to create and/or improve premium assistance programs for employer-sponsored coverage.
- NAHU has developed model legislation and other tools for our state chapters to use so that we can work on getting new premium assistance programs created in the states.
- We also will develop suggestions to improve upon existing programs.
- We are currently working with the CMS office that will write the regulations on this legislation.
- Also are planning to use our broad-based coalition of supporters of premium assistance on the federal level to advocate for premium assistance programs in the states.

- States looking at PA programs/existing program changes right away include FL, GA, NJ, PA, WI and OH.

### **Stimulus Bill COBRA Provisions**

- COBRA/State Continuation Coverage Subsidy--\$24.7 Billion
  - Subsidy of 65% of premium for first 9 months of coverage
  - Applies to individuals who involuntarily lost their jobs on or after September 1, 2008
  - Subsidy is administered through the employer and Department of Treasury through a payroll tax credit
  - Establishes a subsidy income cap so that individuals with annual incomes above \$145,000 (single) or \$290,000 (couples) would not be eligible. The subsidy begins to phase out at \$125,000 (single) or \$250,000 (couples).
  - Does not expand COBRA eligibility window beyond current 18-36 months
  - Allows a special election period so that employees may chose a less expensive plan option
  - Subsidy can also be used to purchase state continuation coverage
  - Effective March 1
  - 65% subsidy for employees who were involuntarily displaced between 9/1/2008 and 12/31/2009, even if they didn't originally select COBRA.
  - New notice requirements for all employees let go on or after 9/1/2008, regardless of whether or not they elected COBRA initially.
  - Employers advance the 65% of premium to the insurer and are credited/reimbursed for the amount advanced under FICA filings.
  - DOL and Treasury are working on reporting process for this tax reimbursement as well as model notices
  - IRS released some guidance on February 26 that is available on the NAHu site.
  - All notices will be finalized by March 17 and then employers have 30 days to comply.
  - Former employees are not eligible for the subsidy if they have other group coverage, are Medicaid-eligible or exceed income limits.
- NAHU COBRA webinar was sold out—over 1000 participants
  - Members can listen to a recording for free on the NAHU site
  - Trying to schedule a second webinar now
  - Will also have one on HIPAA provisions in the bill in March