



Health Care Reform Bulletin

March 18, 2011

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Moving Forward With Healthcare Reform

This month marks the first anniversary of the wide-reaching Healthcare Reform laws that we have focused on in these bulletins. Although many have been frustrated by the new challenges, here at IMA we are committed to maintaining our level of expertise on Healthcare Reform's ever-changing landscape, so that we can consistently bring you accurate and helpful information.

Upcoming Decisions for States

Over the next year, much of Healthcare Reform's attention will shift to important issues at the state level. The following are just a few of the areas in which states will soon need to make decisions:

- **State Innovation Waivers:** These waivers (which may become available in 2014 instead of 2017 as originally expected) allow states to establish their own alternatives to certain federal Healthcare Reform measures if they provide coverage that covers at least as many people as federal Healthcare Reform, and so long as their solution costs less than federal Healthcare Reform. The federal government released proposed regulations last week about the waiver application process, which you can learn more about here.
- **Medical Loss Ratio Waivers:** Last fall's IFR dealing with the medical loss ratio indicated that states could apply for a waiver if implementation of the ratio would destabilize the insurance market in their state. Maine, a state with only 3 major issuers, is the first state to apply for this waiver; depending on the outcome of its application other states may soon follow.



Upcoming Decisions for States cont'd

- Health Insurance Exchanges: The biggest focus will be on the development of health insurance exchanges. States must first determine whether they will create their own exchange or send their citizens to the federal exchange. Then, most of this year's work will revolve around establishing governance and structure of the state exchanges. Many state legislatures are already in the process of passing legislation establishing their exchanges. States that have established their exchanges and seated their governing boards by this summer will be eligible for the next round of federal funding. We'll also continue to see developments in health information technology infrastructure, especially from Early Innovator grant recipients Kansas, Maryland, New York, Oklahoma, Oregon and Wisconsin.

Accountability and Transparency

Last week the Centers for Medicare & Medicaid Services (CMS) released proposed consumer disclosure notices intended to increase accountability and transparency when health insurance carriers propose increased rates. The notices follow up on proposed rules released in December that require review and approval when carriers seek to increase product rates by "unreasonable" amounts. For the first year, "unreasonable" is defined as more than 10%. Issuers of non-grandfathered policies in the individual and small group market will be required to submit these disclosure notices when they propose product rate increases over 10%, and the notices will be posted online. Keep in mind that because the rate review and consumer disclosure notices are still in the "proposed rules" stage, an effective date will not be set until the rules are finalized, likely this summer. For more information from CMS visit:

<http://www.cms.gov/apps/media/press/release.asp?Counter=3905&intNumPerPage=10&checkDate=&checkKey=&srchType=1&numDays=3500&srchOpt=0&srchData=&keywordType=All&chkNewsType=1,+2,+3,+4,+5&intPage=&showAll=&pYear=&year=&desc=&cboOrder=date>.