Health Law and Policy Update:
November 2, 2012

This week's updates

What's New

Colorado's All Payer Claims Database goes live

A new data tool, the All Payer Claims Database (APCD), makes accessing health care cost and utilization information easier for all Coloradans. The APCD website was launched by the Center for Improving Value in Health Care (CIVHC) on November 1, 2012. The APCD collects health insurance claims from public and private payers with the goal of "giving patients, purchasers, providers, payers and policymakers important tools to make informed decisions that will improve the value and efficiency of our health care system." Prior to launching the APCD, people in Colorado, like many other states across the country, lacked the ability to compare prices for health care services across providers. While the system only displays high level data as of the launch, price comparison information will be made available to consumers within the next year. Currently available APCD data demonstrates the vast range of prices paid for identical services across the state, demonstrating the need for increased pricing transparency. For example, data from the 20 largest facilities (by volume) shows the cost of a knee MRI ranges from $297 to $1,261. The system currently includes data from Colorado's eight largest private insurers and Medicaid. Interactive information can now be seen at cohealthdata.org. We encourage readers to get online and test out this new resource!

Increased payments for primary care physicians

The U.S. Department of Health and Human Services released final rules this week that increase Medicaid payments to primary care physicians, which could help to increase access for Medicaid enrollees. The rule, implemented pursuant to the

Affordable care act, increases Medicaid payments to the rate Medicare pays its physicians for calendar years 2013 and 2014. Currently, the Medicaid rates states pay to participating physicians are generally lower than Medicare and private insurance rates. In Colorado, in 2008, Medicaid reimbursed providers 87 cents on the dollar compared with Medicare rates. The new rule defines the types of primary physicians who can receive the increased payments as those who specialize in family medicine, internal medicine, or pediatric medicine, and specifies which primary care services are eligible. Nurse Practitioners and Physicians Assistants are also eligible for the increased rates but only if they work under the supervision of an eligible physician. States will receive an enhanced Medicaid matching rate from the federal government to pay for the increased rates and the cost of the increase nationwide is estimated at $11 billion. The rule is drawing early criticism for leaving out some types of physicians such as OB/Gyns and because the rate increase is temporary. However, the bump in payments should help alleviate pressure for providers and create an incentive to accept more Medicaid patients at a time when many states are considering expanding their Medicaid programs.

For additional information and analysis on physician rates, see Trends in Medicaid Physician Fees.

U.S. government to issue nationwide health insurance plans

The Patient Protection and Affordable Care Act (PPACA) requires the federal government to develop and issue two multistate insurance plans that will be sold in all fifty states beginning January 1, 2014. One of the national plans must be offered by a non-profit entity. The national insurance plans will be sold in state health insurance exchanges and will compete with state-based insurance plans. A recent New York Times article describes how these national health insurance plans may have a number of noteworthy advantages. The national plans will be negotiated by the United States Office of Personnel Management (OPM), which oversees federal employee health benefits. According to the article, the OPM is considered to be quite successful at negotiating lower prices for federal employee health coverage. OPM's strong negotiating power could result in lower costs for the proposed national health insurance plans. Moreover, the national plans will establish a consistent benefit package available in all states.

The Times article cites Obama administration estimates that as many as 1.5 million individuals and small employers could enroll in the national plans in their first year. However, these estimates were conducted for budgeting purposes and it is unclear how many people will actually enroll in these plans. Enrollment will likely depend on a number of factors, including cost, covered benefits, and provider participation.

The federal government is expected to release regulations governing the creation of these national health insurance plans in the near future. In the meantime, a number of important questions remain unresolved, including whether the national plans will be required to cover state mandated benefits; whether they must comply with state-based consumer protection laws; and whether the national plans must pay state-based taxes or fees imposed on other carriers (such as Colorado's premium tax).

Governor's 2013-14 budget proposal released

Governor John Hickenlooper's proposal for the state budget would begin restoring some of the cuts from recent years that have harmed state services. But his spending plan for the year that begins July 1 does not address a couple of major issues, including the expansion of Medicaid under federal health reform, that will certainly face lawmakers as they begin deliberating over the 2013-14 budget later this month. Read CCLP's new issue brief, which highlights the key proposals in this year's budget proposal. You may also refer to the corresponding budget fact sheet from the Department of Health Care Policy and Financing (HCPF), which describes the department's budget priorities. Some of HCPF's priorities include updating the Medicaid Management Information System, providing a limited Medicaid dental benefit for adults, and increasing Medicaid provider rates by 1.5%.