

Health Law and Policy Update:

March 2, 2012

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Headlines of the week

High court in Maine upholds premium rate-review authority

The Maine Supreme Court on Tuesday unanimously upheld that state's insurance regulator's authority to reject unreasonable increases in health insurance premiums.

[The ruling](#) followed an attempt by Anthem Health Plans to increase rates for individual health insurance policies by 9.7 percent, which then-Superintendent of Insurance Mila Kofman rejected, CNBC reported. Kofman approved a 5.2 percent rate hike, including 1 percent profit. Now a professor at the Georgetown University Health Policy Institute, Kofman cited authority to review rate decisions granted under the Patient Protection and Affordable Care Act.

"In 2014, when people are going to be required to do their fair share and purchase insurance, and government will do its fair share and help people afford it, ... if regulators' hands are tied, if they can't review fully the premiums being proposed and the increases to be balanced to make sure consumers are getting a fair shake, our whole faith in the private market may be severely undermined," she said.

Hospital Payment Assistance Act passes out of Appropriations Committee and heads to Senate floor

SB12-134, the Hospital Payment Assistance Act, passed unanimously out of the Senate Appropriations Committee on Friday morning. SB12-134, sponsored by Senator Irene Aguilar and heavily supported by CCLP, gives working families important information about hospital discount policies and charity care and a chance to responsibly pay their medical bills. The committee confirmed that the bill had no state fiscal impact and advanced it to the Senate floor for second reading. SB12-134 is expected to be taken up by the Senate next week.

Follow developments with the bill between editions of Health Law and Policy Update at CCLP's [Hospital Payment Assistance Program action center](#).

What's new

Insurance companies' spending on health care rose in 2010, new report says

Health insurance carriers spent about 81 percent of premiums in Colorado directly on medical services in 2010 compared to about 77 percent in 2009, the Colorado Division of Insurance said in a Feb. 23 [news release](#). About 2 percent of premiums went to carrier profits in 2010, down from 8 percent a year earlier. Administrative expenses and commissions ate up about 17 percent of premiums in 2010, versus 14 percent in 2009.

The report also said the number of insured Coloradans increased to 4.3 million in 2010, compared to 4.1 million in 2009. A smaller share of Coloradans in 2010, or 58 percent, had employer-based coverage compared to 2009, when 61 percent had such coverage.

While about 450 health insurance carriers do business in the state, the 10 biggest companies have a combined market share of about 68 percent of the market, the report said.

The state's full [Health Cost Report](#) is produced annually and examines the financial health of insurance companies, trends in premiums and related issues.

The share of premiums spent on medical care and quality improvement is known as the [medical loss ratio](#), a subject that has sparked much debate during implementation of the Patient Protection and Affordable Care Act. The Kaiser Family Foundation on Wednesday issued a [fact sheet](#) explaining how the medical loss ratio provision under the health reform law will affect health insurers and consumers.

Mergers with Catholic hospitals highlight need to protect access to care

State regulators should monitor mergers between Catholic and secular hospitals to ensure women's access to medical care isn't restricted, The New York Times said in [an editorial](#) published Wednesday. Catholic hospitals are governed by Ethical and Religious Directives of the U.S. Conference of Catholic Bishops, which impose restrictions against abortions, contraception, sterilization and other medical services.

Catholic hospitals "are free to deliver care in accord with their religious principles, but states and communities have an obligation to make sure that reproductive care remains available," the Times said. "This should be a central goal for government officials who have a role in approving such consolidations."

The Colorado Center on Law and Policy has monitored several hospital transactions that could result in medical care being restricted according to religious doctrine. Those transactions include [a deal](#) shifting management control of the Exempla hospital system and, more recently, [a bid](#) by Centura Health to establish closer cooperation among its Penrose St. Francis Health Services and city-owned Memorial Health System in Colorado Springs.

Colorado Exchange Board Briefs Committees in General Assembly

On March 1, members of the Colorado Health Benefit Exchange (COHBE) Board of Directors briefed a joint meeting of the Senate Health & Human Services Committee and the House Health and Environment Committee in the General Assembly. This briefing provided an overview of the [COHBE annual progress report](#), which was submitted to the general assembly in mid-January. Gretchen Hammer, chair of the board, described the four key areas of activity in which the board is engaged. The first of these areas is stakeholder engagement, including public participation at regular board meetings, weekly presentations to members of the public, and outreach with the various Native American Tribes. The second area is ensuring that the Exchange has adequate federal funding for implementation. The third area of the board's work is related to its current Request for Proposal (RFP) process, which will select vendors to commence developing the information technology and service framework of the exchange. The final key activity is the ongoing policy decision-making process. The board will be making recommendations on key issues that will define how the exchange will be structured and function.

The briefing to the joint committees also allowed legislators the opportunity to ask questions of the board members, which centered mostly on matters of funding the exchange and how the upcoming U.S. Supreme Court's decision on the constitutionality of the Affordable Care Act might affect the Colorado Exchange. The board members stressed that pursuant to Senate Bill 11-200 (the legislation that created the Colorado exchange), efforts will continue to implement the exchange regardless of the Supreme Court's decision. A number of the questions asked by legislators related to issues that the board has not taken action on yet, including the process for certifying plans in the exchange, establishment of a navigator program, and the roll of insurance agents and brokers in the exchange. The board will be making recommendations on these and many other crucial issues through its ongoing policy decision-making process. It will be imperative that consumers and consumer advocates are engaged with this ongoing process as these decisions will directly affect how the exchange will serve its customers. CCLP will continue to provide updates on this process in the coming months.