

Health Law and Policy Update:

March 23, 2012

This week's updates

- [Today is the second anniversary of the Affordable Care Act](#)
- [Hospital Payment Assistance Program passes Senate](#)
- [Argument in health reform challenge begins Monday at U.S. Supreme Court](#)
- [Report card underlines connections between low income and poor health](#)
- [Report: Colorado health systems perform better than most peers](#)
- [Premium increases in nine states deemed unreasonable](#)
- [Transparency will help improve value for consumers and employers](#)
- [Health care law to have 'mixed' effects on immigrants](#)
- [47 million live in places where access to dental care is difficult](#)
- [Americans share how health reform has helped](#)
- [Spanish version of health care site offered](#)

Today is the second anniversary of the Affordable Care Act

President Barack Obama signed the Patient Protection and Affordable Care Act into law on March 23, 2010. The law has already made health care insurance more available to Coloradans. **Because of the law, health insurance companies must spend most of your premiums on medical services and face stricter limits on what's allowed for administrative costs.** Starting in 2011, the law required insurance companies to spend at least 85 percent of the premium dollars they collect on medical care and quality improvement in the large-group market. The requirement is 80 percent for insurance companies that sell plans to individuals and families in the small-group market. The standards that require a set portion of premiums an insurance company can spend on health care, rather than administrative costs, marketing and profits are collectively known as medical loss ratio (MLR) requirements. Health insurance companies that do not meet the standards must provide rebates to consumers. The standards help to ensure Coloradans get high-value health coverage for their premium dollars.

Before the medical loss ratio requirements became law, there was a hodgepodge of rules across the nation regarding whether insurers must report MLRs or meet minimum MLR requirements. The Colorado Division of Insurance now requires insurers to meet minimum MLR requirements: 65 percent for insurers selling plans in the individual market, 70 percent in the small-group market, and 75 percent in the large-group market. The requirements are significantly less than what the health reform law requires. During the past five years, Colorado's 10 largest health insurers by enrollment have reported an average MLR of about 83 percent. In 2010, five of the 10 largest health insurers in Colorado had MLRs of less than 80 percent, meaning they would not have been compliant with the MLR requirements under the Affordable Care Act. Because of the MLR requirements in the health reform law, insurers must evaluate rates and consider lowering premiums or provide consumers with rebates. The requirements provide unprecedented accountability for health insurance companies while ensuring Coloradans get meaningful value for their premium dollars.

A Feb. 16 [report](#) from the Colorado Division of Insurance explores health insurance costs in the states, including medical loss ratios. The federal Center for Consumer Information & Insurance Oversight offers a [fact sheet](#) covering federal rules governing medical loss ratios.

During March, Health Law and Policy Update will feature key facts about health reform to inform advocates and the public about the law. Other facts highlighted so far:

- [Insurance companies are no longer allowed to deny insurance to children with pre-existing conditions.](#)
- [Young adults who are having difficulty finding or affording health coverage can stay on their parents' health insurance policy until age 26.](#)

Headlines of the week

Hospital Payment Assistance Program passes Senate

The Colorado Senate on Tuesday passed the Hospital Payment Assistance Program, which would give uninsured patients the opportunity to understand and responsibly pay their hospital bills without the fear of being sent to collections or going into bankruptcy. Senate Bill 12-134 is sponsored by Sen. Irene Aguilar, D-Denver, and supported by the Colorado Center on Law and Policy.

Aguilar's leadership helped unite consumers and Colorado hospitals behind the bill, which passed the Senate by a vote of 28 to 6. The measure now moves to the House Committee on Health and Environment, where it is being sponsored by Rep. Cindy Acree, R-Aurora.

Find news coverage from the [Colorado Springs Gazette](#), the [Denver Business Journal](#) and [Colorado Public News](#). Learn more about the Hospital Payment Assistance Program on CCLP's [Policy Matters blog](#).

Argument in health reform challenge begins Monday at U.S. Supreme Court

The U.S. Supreme Court will begin hearing arguments Monday on the legal challenges to the Patient Protection and Affordable Care Act. A ruling is expected in June. The justices will consider four issues for six hours during three days:

- Whether the anti-injunction act means the court cannot take up the case until someone has to pay a penalty for failing to purchase health insurance, sometime after 2014. Argument will be heard 10 a.m. Monday, March 26.
- Whether the minimum coverage provision of the law that requires most people to purchase health insurance or pay a penalty beginning in 2014 is constitutional. Argument will be heard 10 a.m. Tuesday, March 27.
- Whether some parts of the act can be upheld even if other parts are ruled unconstitutional, known as severability. Argument will be heard 10 a.m. Wednesday, March 28.
- Whether the expansion of Medicaid in the law is a valid exercise of Congress' spending authority. Argument will be heard 1 p.m. Wednesday, March 28.

While the arguments are not being televised, the court will make same-day transcripts available on through links on its [website](#). The [scheduling order](#), and [petitions and briefs](#) are also on the court's

website.

Report card underlines connections between low income and poor health

Colorado is holding its own overall among the states but making little progress in improving residents' health status, according to a sixth-annual [Health Report Card](#) the Colorado Health Foundation issued Thursday.

The report card's grades rest on 38 indicators of health, which include such factors as vaccination rates, early prenatal care, obesity levels, activity levels and health insurance coverage. It organizes its findings around five life stages. One Colorado grade improved slightly (healthy children went from D+ to C-), one went down a bit (health aging moved from A- to B) and the other three (healthy beginnings, healthy adolescents and healthy adults) stayed flat at C, B- and B respectively. The findings were prepared in conjunction with the Colorado Health Institute.

Especially in connection with health indicators for children and adolescents, the report card cites poverty as a factor in Colorado's inadequate grades. According to the report card, more than 18 percent of Colorado children age 12 and younger, and more than 14 percent of Colorado adolescents lived in families with incomes at or below the federal poverty level during 2008-2010.

Perhaps even more troubling, Colorado has the nation's second-fastest growth in child poverty (children younger than 18) measured between 2000 and 2010, according to the [State of Working Colorado 2012](#), a publication issued Thursday by the Colorado Fiscal Policy Institute, a project of the Colorado Center on Law and Policy.

Report: Colorado health systems perform better than most peers

All of Colorado's communities except Greeley were in the top half of communities ranked nationwide for health system performance, according to a [report](#) issued last week by The Commonwealth Fund.

The report measured the performance of the systems using 43 indicators including costs, prevention and treatment, access to services, and measures of health such as smoking rates and infant mortality. Boulder ranked 38th of the 306 areas, while Denver was ranked 98th, Fort Collins 99th and Colorado Springs 129th. The Greeley area, ranked 159th, was the only part of Colorado to place in the bottom half of areas nationwide.

Compared to their overall performance, local areas in Colorado performed worse on indicators focusing exclusively on access, which measures the share of children and adults with health insurance, the share of at-risk adults who have visited a doctor recently and other factors. Denver was ranked No. 162 of the 306 areas for access, partly because about 90 percent of children in the area are insured, versus the median of 94 percent for all areas in the study.

Boulder and Grand Junction were two of the top three areas nationwide for having the lowest potentially preventable deaths per 100,000 people, a measure of healthy living. Boulder also was in the top three for having the lowest percentage of obese adults, and Grand Junction was among the top three with the lowest potentially avoidable emergency room visits for enrollees in Medicare.

Local areas of Colorado and other states can be compared by using The Commonwealth Fund's [interactive map](#).

Premium increases in nine states deemed unreasonable

Federal regulators have deemed health insurance premium increased in nine states "unreasonable," the Department of Health and Human Services (HHS) said Thursday. The designation was made under [rate review authority](#) granted by the Patient Protection and Affordable Care Act.

"Thanks to the Affordable Care Act consumers are no longer in the dark about their health insurance premiums," HHS Secretary Kathleen Sebelius said in a [news release](#). "Now, insurance companies are required to justify rate increases of 10 percent or higher. It's time for these companies to immediately rescind these unreasonable rate hikes, issue refunds to consumers or publicly explain their refusal to do so."

Two insurance companies proposed unreasonable rate increases, up to 24 percent, in states including Arizona, Idaho, Louisiana, Missouri, Montana, Nebraska, Virginia, Wisconsin and Wyoming. The announcement came with a [report](#) examining how premium rate review granted in health reform is playing out in the states. Among the findings:

- States like Texas, Kentucky, Nevada and Indiana are reporting fewer requests for rate increases over 10 percent.
- States like California, New York, Oregon, and many others, have proactively lowered rate increases for their residents.
- The rate review program has made insurance companies explain their increases, and more than 180 have been posted publicly and are open for consumer comment on the federal government's [health care website](#).

Advancing the debate

Transparency will help improve value for consumers and employers

Among provisions of the Patient Protection and Affordable Care Act that could contain costs, a rule issued in February requires health plans to issue a uniform summary of coverage for all enrollees and applicants, the Kaiser Family Foundation reports in a new [blog post](#). The provision is the most popular part of the health reform law, a [Kaiser poll](#) found. More transparency will help consumers and employers compare and select plans that offer the best value. The blog post details the uniform summary of coverage rule and other key transparency provisions of the law.

"With so much attention devoted to the ACA's controversial requirement that individuals be insured and debates at the state level of whether to set up health insurance exchanges, the variety of provisions that would promote health insurance transparency have perhaps been somewhat lost in the shuffle," the post said.

Health care law to have 'mixed' effects on immigrants

Immigrants will see "mixed impact" from the Patient Protection and Affordable Care Act, an [article](#) in The American Prospect says. Legal immigrants will benefit from insurance subsidies, whereas undocumented immigrants will be ineligible. More states may adopt a simpler process for verifying citizenship for the Children's Health Insurance Program and Medicaid benefits, because that same process will be used in health insurance exchanges created by the act. Some undocumented workers also will benefit from the act because of expanded funding for community health centers, which will help all immigrants receive

services, whether they have insurance or not. The act could make immigration reform more costly and less likely, according to the 2010 article, because millions of people granted amnesty from reform would be eligible for insurance subsidies created by the act.

47 million live in places where access to dental care is difficult

A [report](#) on gaps in dental care nationwide led last week's [The Progress Report](#) from The Colorado Health Foundation. The dental care report, issued in February by U.S. Sen. Bernie Sanders, I-Vermont, for a Senate subcommittee he chairs, says 47 million people live in places where access to dental care is difficult. In 2009, about 17 million children in low-income families received no dental care. The Denver Post in February [reported](#) on dental care in Colorado, The Progress Report noted, and The New York Times earlier this month [looked at](#) increases in preschoolers with cavities and the use of anesthesia in a front-page story.

What's new

Americans share how health reform has helped

People across the country are sharing stories about how they've been helped by the Patient Protection and Affordable Care Act as part of an educational initiative the federal government announced March 16. The program is known as MyCare.

"When I travel across the country, I hear stories of hard-working people struggling with the health care system, being denied care when they need it most, making choices between paying the mortgage or filling their prescription drugs, and dealing with the anxiety of problems that no family should have to face," Health and Human Services Secretary Kathleen Sebelius said in a [news release](#). "The law eases this stress and helps put the power back into the hands of consumers instead of insurance companies."

Spanish version of health care site offered

A [Spanish-language version](#) of the [healthcare.gov](#) website is offered by the U.S. Department of Health and Human Services. Both the Spanish and English versions help consumers find insurance options and explain the features of the Patient Protection and Affordable Care Act. Sections of both sites also direct consumers to government websites that allow users to compare the quality of hospitals, nursing homes and other health care providers.