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Health Reform Weekly

A weekly compilation from Aetna of health care-related developments in Washington, D.C. and state legislatures across the country

Week of June 16, 2008

Aetna Chairman and CEO Ronald A. Williams testified along with three other panelists before the Senate Finance Committee last week to address the challenges facing the health care system and [offer a comprehensive solution](#) to help improve the quality, accessibility and affordability of health care. Speaking before a packed house, Williams urged Congress to build on what currently works -- more than 250 million Americans already have coverage through the employer-based system -- and to focus its energies on targeted solutions. He also shared with the Committee Aetna's comprehensive plan, [To Your Health! Aetna's Proposal for Health Care System Transformation](#). Williams answered a number of questions from the Committee, sharing his insights about the marketplace and the need for a joint private and government effort to fix the problem.

Federal

Senate Democrats last week were unable to limit the debate and move forward with Senator Max Baucus's Medicare bill, which would eliminate the pending 10.6 percent cut in physician Medicare reimbursements scheduled for July 1, 2008. They needed 60 votes to move the bill forward; the final vote was 54 to 39. It is now critical that Senator Baucus, Chairman of the Committee, and Senator Chuck Grassley, the ranking Republican on the Committee, meet soon to hammer out their few differences so that they can send a bill to the President. Aetna continues to lobby against any unfairness in the bill, whether in the form of taking too much from Medicare Advantage or not balancing the bill with cuts or requirements in other sectors.

States

CALIFORNIA: Legislation to establish a state Health Care Cost and Quality Transparency Committee cleared a major hurdle when it was approved by the Assembly last week. The bill calls for developing and recommending a statewide cost and quality transparency plan designed to provide public information on the health care system. The collection of data from hospitals, physicians, medical groups, health plans and insurers would be phased in and would require an unspecified assessment on all data sources. Aetna generally supports the legislation but is seeking amendments to ensure that insurers are represented on the 16-member Committee and that potential assessments or fees are capped at a reasonable level. While the Governor has not commented specifically on this bill, he has discussed the need for more transparency in health care and is likely to sign this bill should it reach his desk.

KENTUCKY: Kentucky Voices for Health (KVH), a coalition of advocacy organizations, announced its health reform agenda last week. KVH is proposing: an increase in the tobacco tax, KCHIP expansion to children of families up to 250 percent of the federal poverty level, subsidies for adults over 50 with incomes below 200 percent of the FPL to purchase high-risk insurance plans, Medicaid expansion for parents and working families at or below 100 percent of FPL, and allowing individuals and small groups to form purchasing pools or buy into the state employees' health plan. Health insurers and providers have been invited to meet with the coalition to discuss common ground and concerns. Aetna will participate.

MICHIGAN: The Legislature would like to finish the state budget, individual market reform, water and energy bills in time for a summer break beginning July 3, but they already are making plans to meet on Wednesdays through July and August. House leaders are drafting compromise individual market legislation that is expected to be taken up on the House floor this week and likely will not include a high-risk pool. Rate bands and a medical loss ratio of 65 are expected in the new bills. A new report by the Michigan Campaign Finance Network, a nonprofit research group, says Blue Cross Blue Shield of Michigan spent more than \$2.2 million dollars over the past two years on political ads, lobbying and PAC contributions. Oakland County filed an amended complaint in its litigation against BCBSM claiming that "hidden access fees" on self-funded hospital charges cost the County almost \$10 million since 2001.

NEW JERSEY: The State Senate last week passed a bill that would require health plans to pay claims based on assignment of benefits. This bill would require health insurers providing coverage, including out-of-network benefits, to recognize

assignments of benefits made by members by remitting payments for services provided by out-of-network providers directly to these providers. Under these circumstances, a payment made by an insurer to a member rather than to his or her out-of-network provider would have the potential to trigger a violation of the Health Care Quality Act, also known as the prompt-pay law. The House has yet to consider the bill. Aetna opposes the measure on the basis of cost and potential fraud.

PENNSYLVANIA: Senate Republicans announced a package of health care bills last week, HealthNET PA. The plan would extend the MCare abatement using \$125 million of the \$225 million generated annually for the Health Care Provider Retention Account while using the remaining \$100 million for HealthNET PA. Other elements include expanding dependent coverage to age 29, offering of mini-COBRA, and other cost containment measures. The \$500 million currently in the Health Care Provider Retention Account would be used to eliminate the MCare unfunded liability when it comes due. This plan was offered in direct competition to Governor Ed Rendell's PA Access Basic Care health reform proposal.

TEXAS: Aetna President Mark Bertolini met for the second time with Lt Gov. David Dewhurst last week to discuss health care reform initiatives and potential solutions to the uninsured problem in Texas. The conversation focused on potential solutions such as mandating student health insurance, expansion of Medicaid/SCHIP programs, and a possible coverage requirement for individuals with an annual income greater than 500 percent of the federal poverty level. They also discussed the need for legislative support of efforts to enforce evidence-based medicine standards for providers. Aetna plans to have follow-up meetings with the Lt. Governor's staff.

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