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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 30, 2008**

*Senator Barack Obama is preparing for the next phase in his campaign for the presidency by [meeting with prominent national business leaders](#) to talk about the economy. Last week, Aetna Chairman and CEO Ron Williams was invited to participate in a very exclusive meeting of 10 CEOs from across all sectors of the American economy with Obama. At this meeting, Williams was able to represent Aetna's views on critical issues facing the economy and the health care system. Later in the week, Obama unveiled new details of his [health care proposal](#), which would keep the private insurance system but expand it by subsidizing premiums for people who can't afford insurance. Government, businesses and consumers would share the costs.*

## **Federal**

No health-related news to report since last week's special edition.

## **States**

**CALIFORNIA: A bill that would establish an 85 percent medical cost ratio (MCR) for all health insurers and health plans was heard in the Assembly Health Committee last week.** Amendments were accepted to allow averaging across all business lines, including affiliates, and to exclude ASO business in the requirements. Additional amendments are still under consideration, including a delayed effective date and use of a rolling average to achieve MCR compliance. Legislation that Aetna is sponsoring to prohibit any contract with a hospital or provider from containing a provision that precludes insurers from sharing cost and quality data to its own members passed out of a second policy committee. The bill is supported by an unusual group of stakeholders -- Aetna, labor organizations, the National Federation

of Independent Businesses and AARP. Hospital and medical associations are against it.

**DISTRICT OF COLUMBIA: An HMO premium tax designed to help fund the Healthy D.C. program, which would expand coverage to an estimated 45,000 residents beginning July 1, 2009, is moving forward.** The tax was to be retroactive to January 1, 2008 as originally proposed, but in the wake of opposition to the tax and its retroactive implementation it has been amended to be effective January 1, 2009, a positive development.

**NEW JERSEY: Last week a health care access reform plan passed the Senate and Assembly.** Aetna is supportive of most of the provisions, including a children's mandate and modified community rating. But Aetna objected to an increase in MCR, from 75 percent to 80 percent, effective January 1, 2009. Governor Jon Corzine is expected to sign the legislation. **In a related development, Horizon Blue Cross/Blue Shield of New Jersey (HBCBS) CEO William Marino announced on June 25 that the insurer was preparing an application for state approval to convert the company into a for-profit entity.** This announcement marks the third time since 1997 that Horizon has considered a conversion. Earlier this year, state officials signaled that the conversion could be a critical funding component in implementing universal health insurance. If converted, Horizon would pay an estimated \$1 billion to \$3 billion over the next five years to reimburse the state for the tax breaks it received as a nonprofit organization. The conversion process could take 15 months or longer with the company facing a number of reviews.

**NEW YORK: The legislative session was quickly brought to a close last week with many issues left unaddressed.** A new demonstration program for 2-year, limited benefit plans designed for 19 to 26-year-olds passed both houses. A bill allowing premium discounts for wellness programs also passed. Both bills are expected to be signed by the Governor. Bills that failed to pass include the Governor's PBM disclosure proposal, the Department of Insurance's provider contracting proposal, the post-traumatic stress disorder coverage mandate, the chiropractic parity mandate and the legislature's 80 percent small group MCR, prior approval of rates and the 21-day electronic claims prompt-pay bill. The legislature may come back for a special session later this summer, but the agenda is likely to be limited to a property tax cap. In an unexpected turn of events, New York State Senate President Pro Tem Joe Bruno<sup>®</sup> announced his intent to retire after 32 years in public office. The Senate voted to replace him later that same day with Senator Dean

Skelos®.

**PENNSYLVANIA: The administration is floating another proposal on small group rating that it is hoping to have done before the budget.** The proposal includes: rating restrictions at 2-1 for age only; no consideration of health status; and prior approval of rates for all. Senator Don White remains strongly opposed, but the administration is trying to go around him and tie this proposal with, for example, the Mcare abatement.

### **Resources**

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