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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 May 12, 2008

As many state legislatures wrap up their sessions, it has become clear that one of the most common legislative themes across the country is increasing the age to which insurance plans must offer coverage to adult dependent children of insureds. More than two dozen states have passed such a requirement in the past two years. Most of these states are extending coverage up to age 25 or 26. But in the case of New Jersey, coverage must be offered up to age 30 for dependent children. As a [Business Insurance](#) story pointed out last week, the cost of expanded coverage for this young population is not expected to be significant. But these new laws do represent additional administrative burdens for employers, especially those operating in multiple states. Since this legislative approach can help chip away at the number of uninsured without impacting state budgets, this trend is likely to continue.

Federal

There were no significant health-care-related developments to report from Washington, D.C. last week.

States

COLORADO: In the waning hours of the legislative session, state legislators passed a bill that will reform Colorado's existing premium rate-filing process. Going forward, health insurers will need to file expected rate increases with the Department of Insurance 60 days prior to their implementation; the commissioner will have 60 days to approve or deny the rate increase. In addition, the bill contains a provision that specifies the "achievement of benefit ratio" of 85 percent for large group, 80 percent for small group and 65 percent for individual policies may expedite the review of the approval process. Opinions vary widely on

whether the bill has created a process of prior approval of premium rates. The author and the Insurance Commissioner believe it does, but the actual language in the bill is conflicting and open to interpretation. The legislation also would require the Insurance Commissioner to annually report aggregated financial information that includes benefit ratios, utilization trends and a number of administrative expenses.

CONNECTICUT: With bills flying back and forth during the last few hours of the legislative session, a few health-related measures were acted on, including a proposed \$14 million increase in a vaccine-purchase fund, which was defeated, and a paid-leave bill, which the House scuttled. A Senate version of an identification-theft bill failed, but a House version passed. It would require personal information be made unreadable prior to disposal or destruction. The proposed legislation also would require the privacy protection policy be posted on the Internet. In addition, a municipal/small business pooling bill was amended to be voluntary; it goes to Gov. M. Jodi Rell, who is said to be "cool" to the idea. Also, a bill regulating leased networks was adopted after workers' compensation plans were exempted.

KANSAS: The legislature passed a major health-reform bill last week that would increase access to private insurance. The bill awaits the signature of Gov. Kathleen Sebelius. Among the provisions, the bill would require insurers providing group policies to offer a premium-only cafeteria plan option. It also would expand the number of children eligible for SCHIP, and it would expand the continuation of the coverage period from six to 18 months. Other provisions include establishment of an outreach program within the Kansas Health Policy Authority to enroll eligible beneficiaries in Medicaid and SCHIP, and the creation of a task force to study physician workforce issues and accreditation at the Wichita Center for Graduate Medical Education. Also, the bill would provide dental coverage and smoking cessation programs for pregnant Medicaid beneficiaries; it would also expand Medicaid eligibility to 200 percent of the federal poverty level for pregnant women.

MAINE: A campaign for a "people's veto" of new "sin" taxes, enacted to pay for the Dirigo Health Plan, continues to roll forward. Once the Secretary of State's office approves specific ballot-question language, advocates will have until July 17 to gather the required 55,000 signatures to force the issue onto the November ballot. With Pepsi, Coca-Cola and Anheuser-Busch funding the effort, it is likely that the signature-drive will succeed. But at an estimated cost of \$4 per signature, ratifying each signature is time-consuming and expensive, and it's uncertain whether enough funds exist to

support that process. Meanwhile, lawmakers who support Dirigo and the new taxes are meeting to put together their own campaign to undermine the veto effort.

NEW YORK: A bill that would impact the insurance industry and its customers has been introduced by the Division of Insurance and the Department of Health, with some 30 different issues addressed. Among the proposals are provisions that would limit plans' right to recovery of overpayment, amend the calculation of medical-loss ratio, expand provider credentialing, and authorize the Insurance Division to regulate network adequacy standards, similar to the kind of authority held by the Department of Health. The bill also would redefine experimental treatment for the purposes of external appeal, and prohibit providers from charging an "unconscionably excessive rate as determined by the commissioner" for out-of-network services. However, its chances for passage as a whole package are limited. Instead, it probably will be used as a negotiating tool to help bill supporters pass some of their issues in stand-alone bills.

Resources

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