

# Federal and State Legislation

Materials prepared for Employee Benefits Planning Association  
April 2008 Education Session

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## Agenda

- Federal Legislation
  - Senator Wyden- The Healthy Americans Act
  - Mental Health Parity
  - Medicare, Medicaid, and SCHIP Extension Act of 2007
- Washington Legislation
  - Health Insurance Partnership
  - Commissioner Kreidler- Guaranteed Benefit Plan
  - Senator Keiser- Washington Health Partnership
  - Citizens' Workgroup on Health Care Reform
  - Administrative Simplification

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## Federal Legislation

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## Senator Wyden – The Healthy Americans Act

Introduced 2007

- Establishes an individual coverage mandate
- Eliminates employer sponsored insurance
- Transfers healthcare premiums into employees' wages
- Creates the employer shared responsibility payments (tax)
- Provides for an individual healthcare standard deduction
- Individuals purchase insurance plans through state purchasing organizations, "Health Help Agencies"

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## Mental Health Parity

In conference

- Extends parity in coverage of mental health benefits to be equal in cost and scope to medical and surgical benefits

### HR 1424

- Requires carriers to cover all mental illness and substance abuse disorders listed in DSM IV manual
- Allows states to establish separate rights and remedies for future litigation concerning insurance compliance with provisions
- Mandates out of network coverage of mental health services if out of network coverage is provided for medical/surgical benefits
- Requires carriers to disclose criteria used for medical necessity determinations
- Places restrictions on physician-owned specialty hospitals: bans Medicare and Medicaid payments to hospitals with 40% or more physician ownership

### S 558

- Allows group plan to define scope of mental health benefits and disorders covered
- Maintains current law protections under ERISA
- No requirement that group plans or carriers provide out of network coverage

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## Medicare, Medicaid, and SCHIP Extension Act of 2007

Enacted, Signed  
Dec 29, 2007

- Provides a 0.5 percent Medicare payment increase for physicians through June 30, 2008
- Extends physician quality reporting system and provides for 1.5 percent increase in allowed charges if data is reported on specific quality measures
- Extends funding for SCHIP through March 31, 2009
- Requires group health plans to report to Department of Health and Human Services information to identify individuals for whom Medicare is the secondary payer
- Extends transitional medical assistance eligibility for Medicaid beneficiaries through June 30, 2008

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# Washington Legislation

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## Health Insurance Partnership (HIP) Passed, Governor expected to sign

- Enacted in 2007 and revised in 2008
- Focus is on small employers who do not offer coverage to their employees due to cost
- Governed by seven member HIP Board
- Special provisions that apply to HIP and not small group market
- Sell same products currently offered in small group market
- State subsidies for low income employees to share cost
- Individual choice of plans
- Coverage for HIP participants effective March 1, 2009
- Studies to expand HIP for individual and small group markets and eventually high risk pool, Basic Health Plan, PEBB, and public school employees

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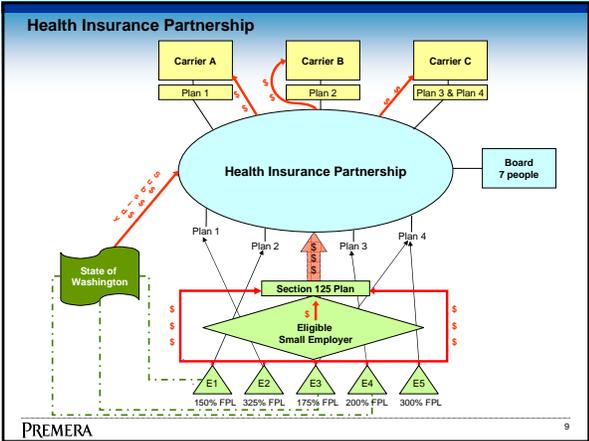
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## Commissioner Kreidler – Guaranteed Benefit Plan

Introduced 2008

- State-run insurance plan
- Automatic enrollment for all state residents
- Provides coverage for catastrophic benefits after \$10,000 of allowed charges and key preventive care
- One community-rated pool
- No pre-existing condition limits or exclusions
- State board sets rates and contracts with carriers
- Shared payroll assessments
  - 3-5% payroll tax on employers according to size
  - 1% tax on employees based on Medicare wages

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## Senator Keiser- Washington Health Partnership

Introduced 2008

- State run health care program within the Health Care Authority
- Modeled on proposal in Wisconsin (not enacted)
- Establishes a uniform benefits package based on state employees' plan
- Carriers contract with state to provide benefits
- Lowest bid available to all state residents at no charge
- Must demonstrate 88% of revenue goes to providers or investments that improve quality or lower cost
- Estimated assessments
  - 2-4% employee assessment on Social Security wages
  - 9-10% self-employed assessment on Social Security wages
  - 9-12% employer assessment on aggregate Social Security wages

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## Citizens' Workgroup on Health Care Reform

Passed, Governor  
expected to sign

- Legislative study to examine state health care reform proposals to improve access to quality, affordable health care
  - Reduced mandate plan to address specific groups with low rates of coverage (young adults and small businesses)- Rep. Hinkle
  - Massachusetts health care reform
  - Comprehensive standardized benefit plan based on Wisconsin proposal- Senator Keiser
  - Single payer proposal
  - Validation of actuarial analysis of Commissioner Kreidler's catastrophic benefit plan
  - Report due Dec 15, 2008
- Establish nine member group appointed by Governor after Jan 30, 2009
- Conduct a bipartisan and public process via town hall meetings
- Review Blue Ribbon Commission recommendations
- Final report due Nov 1, 2009

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## Administrative Simplification

- Study requested by 2007 Blue Ribbon Commission and conducted by Office of Insurance Commissioner
- Called for greater standardization and state participation in Washington Healthcare Forum
  - Model is Utah Health Information Network
- Premera and Washington Healthcare Forum testified in a Joint Legislative Committee hearing on administrative cost reductions, Lean efficiency improvements, and provider collaboration
- Insurance Commissioner is convening a workgroup to develop strategies to streamline administrative requirements
  - Report due Dec 1, 2008 identifying five highest priority goals to achieve efficiencies and an implementation plan

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## Question and Answer



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