

**January 2011****Courts Differ on Legality of Individual Mandate**

Nearly two dozen lawsuits have been filed in federal courts throughout the country challenging the constitutionality of the individual mandate of the 2010 federal health care reforms. Included are suits backed by the attorneys general of twenty states, including Texas.

While two federal district courts have upheld the law, a recent ruling from a federal district court in Virginia held that the individual mandate was an unconstitutional exercise of congressional power. Though other lawsuits are pending in other states, all parties agree that the matter will ultimately be decided by the United States Supreme Court.

In addition to requiring all persons to purchase health insurance, the reforms require health insurers to provide coverage to all individuals regardless of pre-existing medical conditions. The reforms also prohibit insurers from raising premiums based on a person's current health status or medical expenditures. The individual mandate, considered a key component of the reforms, was designed to ensure that the expected increases in overall medical costs resulting from guaranteed coverage could be spread over a large pool of insured persons, thus keeping premiums low for everyone.

The Virginia ruling striking down the individual mandate left intact the other portions of the law. But most agree the less controversial provisions of the reforms guaranteeing health coverage to everyone would not be financially tenable without the larger risk pool that would result from the mandate. In fact, the Congressional Budget Office estimated that the new coverage requirements of the health care legislation would cause premiums in the individual market to increase by 27 to 30 percent, with this increase mitigated by the presence of the individual mandate. A recent report by MIT economist Jonathan Gruber estimates that the impact of eliminating the individual mandate while retaining the coverage reforms would result in premiums increasing by 27 percent.

Study Highlights Role of Hospital Pricing in Driving Up Health Care Costs

A recent study by America's Health Insurance Plans (AHIP) of hospital data in California and Oregon, the only states that systematically report transaction prices for hospital services paid by private insurers over a relatively long period of time, found hospital prices have increased rapidly in the previous decade. In California, hospital costs increased 150 percent from 2000 to 2009. Oregon's hospital costs increased an average of more than 10 percent a year, every year during the decade.

AHIP notes that the policy discussion on health care costs has focused on insurance premiums, while ignoring the root causes that drive up the cost of coverage, including soaring medical prices, new benefit mandates and changes to health plans' risk pools.

Health insurance premium increases are based on changes in the total cost of covering a group of people, which can include increased prices, a higher volume of services, and changes in care patterns.

Hospital prices are affected by changes in uncompensated care provided to uninsured patients and by changes in reimbursement rates paid by public insurance programs, such as Medicare and Medicaid. Some hospitals may be able to cost-shift by increasing prices for privately insured patients if payment rates from public programs were reduced or their number of uninsured patients rose. For example, a study prepared for the Oregon Office of Health Policy and Research estimated that six to nine percent of the cost of private health insurance in the state may be related to issues of uncompensated care.

Birthdays**January**

1 – Rep. Jim Pitts
1 – Rep. Senfronia Thompson
3 – Rep. Marc Veasey
6 – Rep. Joe Heflin
6 – Rep. Armando Martinez
8 – Rep. Joe Crabb
9 – Rep. Joe Moody
11 – Rep. Ralph Sheffield
19 – Rep. Diane Patrick
20 – Sen. Eddie Lucio
20 – Rep. Jim Keffer
22 – Rep. Diana Maldonado

Leading Health Care Organizations Announce Collaborative Effort to Improve Care, Lower Costs

Six of the nation's leading health care systems have announced a first-of-its-kind collaboration to improve health care quality while reducing costs.

Dartmouth-Hitchcock, Cleveland Clinic, Denver Health, Geisinger Health System, Intermountain Healthcare, and Mayo Clinic will join The Dartmouth Institute for Health Policy and Clinical Practice to share data on outcomes, quality, and costs across a range of common and costly conditions and treatments. The group will determine best practices for delivering care for these conditions and will rapidly disseminate actionable recommendations to providers and health systems across the United States. In addition to achieving better quality and outcomes, the Collaborative intends to improve the efficiency of standard clinical care delivery to reduce the per capita cost in these conditions and to keep costs in pace with the consumer price index.

The Collaborative will initially focus on eight treatments for which costs have been increasing rapidly in recent years and for which there are wide variations in quality and outcomes across the country. The conditions and treatments will be: knee replacement, diabetes, heart failure, asthma, weight loss surgery, labor and delivery, spine surgery, and depression, which together amount to hundreds of billions of dollars in direct medical costs each year.

The six health care systems, with a combined patient population of more than 10 million people, will share data on outcomes and clinical protocols for the selected conditions and treatments to arrive at optimal care models that can then be implemented by many other health care systems.

The Collaborative will first analyze total knee replacement, a procedure that is performed more than 300,000 times a year in the U.S., with a cost that ranges on average from \$16,000 to \$24,000 per surgery.

Evidence Favoring Smoking Ban Builds

Evidence continues to mount in the case against second-hand smoke. Separate studies released Christmas week show just how dangerous second-hand smoke is for children.

Children who breathe second-hand smoke are more likely to have mental health problems, especially hyperactivity, according to a study published in the Archives of Pediatrics and Adolescent Medicine. Meanwhile, the U.S. Surgeon General's report on tobacco says more than half of U.S. children ages 3-11 are exposed to second-hand smoke. Second-hand smoke has already been shown to negatively affect a child's height and weight development.

The new reports come on the heels of a World Health Organization study in November that showed second-hand smoke causes 600,000 deaths a year worldwide.

Researchers led by Mark Hamer of University College London studied 901 nonsmoking British children between the ages of four to eight, measuring levels of a byproduct of cigarette fumes in the children's saliva to gauge smoke exposure and having parents fill out a questionnaire about the children's emotional, behavioral and social problems. The more second-hand smoke a child took in, on average, the poorer their mental health -- particularly for hyperactivity and conduct disorder, or so-called "bad" behavior, the study said.

The following 27 states have enacted statewide bans on smoking in all enclosed public places, including bars and restaurants: Arizona, California, Colorado, Connecticut, Delaware, Hawaii, Illinois, Iowa, Kansas, Maine, Maryland, Massachusetts, Michigan, Minnesota, Montana, Nebraska, New Jersey, New Mexico, New York, Ohio, Oregon, Rhode Island, South Dakota, Utah, Vermont, Washington, and Wisconsin. The states do exempt a variety of places from their respective smoking bans and most allow hotels and motels to designate a certain percentage of smoking rooms.

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