

**November 2010****Florida is Latest State to Seek Waiver from Controversial Piece of Health Care Reforms**

Florida's insurance advisory board has unanimously adopted a resolution to seek a waiver from the medical loss ratio (MLR) requirements of the 2010 federal health care reforms. The board's actions all but guarantee the state will join Maine and Iowa in seeking the exemption that allows a transitional phase for implementation of the controversial MLR measure that many fear could cause disruption within state insurance markets.

The new MLR standards place requirements on the percentage of premiums spent on medically related expenses. The new guidelines dictate that 80 percent of health premiums in the individual and small group markets and 85 percent in the large group market must be spent on clinical services or activities that improve health care quality.

Expenses not deemed to be medically related would be considered administrative. If a health plan's administrative expenses exceed the threshold outlined in the legislation, the plan would be forced to provide rebates equal to the amount it exceeds the MLR limits. To avoid this scenario, health plans could be forced to take such actions as eliminating the role of agents in the sale of policies or cutting popular programs that benefit patients and improve the quality of health care.

The strict standards could lead some companies to exit the market altogether.

To date, two health insurers doing business in Texas, American National Insurance Company based in Galveston and National Health Insurance Company located in Dallas, have announced they will no longer offer policies in the individual market as a result of the reforms. A third company, Principal Financial, has announced it will exit the health insurance market altogether.

Under the reforms, the Health and Human Services Secretary has the authority to adjust the minimum MLR rate within a specific state if it is determined that the new requirement may destabilize its individual market. As Florida, Maine and Iowa have done, states have the option of requesting a waiver from the new standards to allow for an expanded phase-in period and to protect their respective markets.

New York Leaders Seek to End Purchase Of Sugar-Sweetened Drinks with Food Stamps

New York City Mayor Michael Bloomberg and Gov. David Paterson want to stop food-stamp users from buying sugar-sweetened drinks with food stamps. The two called sugar-sweetened beverages the largest single contributor to the nation's obesity epidemic and said half of the nearly \$147 billion spent nationally to treat obesity-related health conditions comes from Medicare and Medicaid.

Under their proposal, New York City food-stamp recipients would continue to receive the same amount of government-funded benefits but would not be able to use food stamps to buy sugar-sweetened beverages for two years. Food-stamp users are already prohibited from using their benefits to purchase some unhealthy items like alcohol and cigarettes.

According to data from the USDA, six percent of nutrition assistance benefits nationwide are used to purchase sugar-sweetened beverages. The proposal would not affect total benefits received, but by cutting out sugary drinks it would increase the amount of money available for more nutritious foods and beverages.

Birthdays**November**

4 – Rep. Lois Kolkhorst
6 – Rep. Robert Miklos
8 – Rep. Mark Shelton
9 – Rep. Tracy King
11 – Sen. Eliot Shapleigh
13 – Rep. Patricia Harless
15 – Rep. Tim Kleinschmidt
15 – Rep. Tara Rios Ybarra
16 – Rep. Jessica Farrar
20 – Sen. Jeff Wentworth
25 – Sen. Glenn Hegar
25 – Sen. Robert Nichols
26 – Rep. Jim McReynolds
29 – Rep. Edmund Kuempel

National Report on Budget Savings Supports Texas Health Officials' Recommendations

Federal and state governments could save taxpayers about \$3.5 trillion over the next 25 years by expanding the use of coordinated care programs in Medicare and Medicaid, according to new analysis by UnitedHealth Group's Center for Health Reform & Modernization. The report has been provided to the bipartisan National Commission on Fiscal Responsibility and Reform, known as the Deficit Commission.

One of the report's strategies is consistent with recommendations by Texas health officials who are suggesting the state can achieve approximately \$600 million in savings and new state revenue over its 2012-2013 biennium by expanding the use of Medicaid managed care.

The report, "U.S. Deficit Reduction: The Medicare and Medicaid Modernization Opportunity," builds on the emerging consensus that the current fee-for-service payment system, which comprises more than three-quarters of Medicare and Medicaid spending, is one of the primary drivers of fragmented care and rising health care costs.

Fee-for-service payments occur when health care providers are reimbursed for each service, such as a physician's office visit, test, or procedure, regardless of health outcomes. Care is often fragmented with minimal communication and coordination among different health care professionals. The report analyzes three broad approaches:

1. Enroll fee-for-service Medicaid-eligible Americans in coordinated care programs to improve access to care and health outcomes. Over 25 years, savings are estimated at \$580 billion.
2. Expand the use of coordinated care for dual-eligible Medicare and Medicaid beneficiaries to support people with chronic conditions that require intensive support and high-cost services. Over 25 years, savings are estimated at \$1.62 trillion.
3. Provide seniors in traditional Medicare with value-added, comprehensive care management services through the type of programs and approaches used by America's largest and most innovative "self-insured" employers. Over 25 years these savings could be worth \$1.9 trillion.

Nursing Transformation Could Aid Health Reform

With millions more patients accessing medical care under federal reform, nurses should be prepared to play a greater role in the delivery of care, says a new report from the Institute of Medicine. The report, sponsored by the Robert Wood Johnson Foundation, says nurses must get ready for significant changes in their roles, responsibilities and education in order to help lead in the health care system's redesign. Currently more than 3 million strong, nurses are the single largest segment of the health care workforce, and they spend a greater share of their time directly engaged with patients.

The report recommends that the nursing profession:

- Institute residency training for nurses
- Increase the percentage of nurses with bachelor's degrees to 80 percent by 2020
- Double the number of nurses who pursue doctorates

Scope of practice limitations that prevent nurses from practicing at the full extent of their education and training should be removed by states, federal agencies and health care organizations, the report suggests. This applies especially to advanced practice registered nurses, who should be tapped to help meet the needs of the new patients expected to tap into primary and preventive services through the Affordable Care Act.

Texas Association of Health Plans
1001 Congress Avenue, Suite 300
Austin, Tx 78701
(512) 476-2091 phone
(512) 476-2870 fax

TAHP
Texas Association of Health Plans

www.tahp.org