



The 2010 Legislative Session In Review

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Themes & Issues in 2010

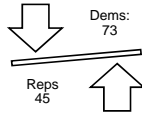
- State Implementation of Federal Health Reform Legislation
 - Exchange, Mandates, Rate Review, Transparency
- State Budget & Budget Ballot Measure
- Medi-Cal Federal Section 1115 Waiver
 - Managed-Care expansion
- Health Information Technology
 - CalPSAB, CaleConnect, SB 270

In General...

- 2010 was a big election year with lots of political skirmishing over health care
- Several bills were carried that enhanced particular candidates' campaigns
- Everyone kept an eye on the erosion of the Democratic majority in the Congress while at home we prepared to shift to a Democratic Administration

2011 Changes in Sacramento

- Alignment between a Democratic Legislature and Governor – yes or no?
- Democrats' power in the Legislature increased by Proposition 20 passage – simple majority budget vote
- New Agency heads, etc.



Health Reform Implementation

- **Coverage Exchanges (SB 900 & AB 1602)**
 - Independent 5-Member Board will run the Exchange
 - Must be self-supporting & solvent
 - Will select which plans and benefit designs are sold within
 - Standards will effect plans and benefit designs outside the Exchange
- **Insurance Premium Rate Review (SB 1163)**
 - Trumped “rate regulation” bills (AB 2578 & AB 591)
 - Requires plans and insurers to file 60 days ahead
 - Supportive data must be supplied – lots of unknowns...

Health Reform Implementation

- **Preventive Services (AB 2345)**
 - Requires health care service plan contracts and health insurance policies issued, amended, renewed, or delivered on or after September 23, 2010, to comply with the provisions of PPACA regarding coverage of preventive services without enrollee copays or cost-sharing
- **Rescission of Coverage Standards (AB 2470)**
 - Limited to cases of clear fraud/ intentional misrepresentation
 - Cancellations & Non-Renewals now limited to non-payment of premium, lack of residency in service area, cessation of coverage offering by plan, plan withdrawal with offering of alternative coverage, violation of group K provisions

Health Reform Implementation

Children's Coverage (AB 2244)

- Bans pre-ex conditions on kids aged 19 or under under small group or non-grandfathered indiv. plans
- Rates set at 2x standard risk rate, but plan can rate a child on health status outside of open enrollment period
- Impacts when plans will offer coverage

Dependent Coverage (SB 1088)

- Coverage must be offered to children aged 26 or younger
- Regardless of marital status
- Whether or not they have their own children
- Regardless of state of residency, should it differ
- Regardless of income status or income level

A Word on "Transparency"

- Cost and quality transparency is a feature of health reform, but it did not fully penetrate in this session
- Health plans faced the 85% medical loss ratio
- Providers faced the disclosure of underlying contract rates from payers, their charged rates and individual quality performance metrics
- The most ambitious attempts at cost and quality transparency failed this year, but its coming...

State Budget (SB 853 and AB 1613)

Health Budget Bills:

Proposition 25:

- Changes 2/3 vote requirement to simple majority for budget vote
- Maintains 2/3 of the Legislature vote requirement for taxes and fees
- Limits the future role of the Republican party in most Legislative votes

Medi-Cal Section 1115 Waiver

- SB 208/ AB 1602 and Waiver Terms & Conditions:
 - **Expanded Coverage** of up to 500,000 uninsured individuals
 - **Increased Funding for Uncompensated Care** bolstering the safety net
 - **Enrollment of seniors and persons with disabilities in managed care**
 - **Public Hospital System payment transition**

Medi-Cal Managed Care Expansion

- Seniors and Persons with Disabilities
 - Move into managed care starting June, 2010
 - Contract, performance, quality and network adequacy standards
- New care delivery models for CCS and Medi-Cal eligible children
- Dual Eligible population
 - DHCS to seek federal approval for a demonstration project
- Plan rates – risk-adjusted payment provisions

Health Information Technology

- SB 270 – unintentional misdirection of patient information is not an unauthorized disclosure and provides five-day requirement to provide notice of breach to patients
- Formation of CalConnect – state strategic plan for health information exchange
- CalPSAB patient consent “entity-level” opt-in guideline adopted in October, 2010
- State efforts to incent HIT adoption & meaningful use

Hospital Fee

Quality Assurance Fee (AB 1653)

- Supersedes prior AB 1383 from 2009 which CMS did not approve fully
- Provides means to draw-down three billion dollars in federal matching funding
- Fee for service has been conditionally approved, currently awaiting managed care final approvals.

Miscellaneous Legislation

DMHC Regulatory Activities

- Financial Solvency Standards Board
 - ACO Pilots
 - Non-contracted provider payments
 - IPA solvency issues
- Implementation of the Timely Access Regulation

What's Ahead for 2011?

- Cost and Quality Transparency legislation
 - Formation of the Exchange Board and structure
 - Accountable Care Organizations
 - Corporate Practice of Medicine
 - Safety Net solvency issues
 - State implementation of further PPACA provisions
 - And on, and on...
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Thank You!

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