Health Care Reform in Iowa – The Rest of the Story

Representative Linda Upmeyer
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Not Everyone is a Fan of Health Care Reform

- 61 Percent of Americans believe the Health Care Reform Law will increase their health care costs — *(Rasmussen Reports, July 19, 2010)*;
- 21 States Challenging Constitutionality of new law;
- 56 percent want Health Care Reform repealed by Congress *(Rasmussen Reports, July 19, 2010).*
What Iowans tell me

Health Care Reform will raise my health insurance costs - CBO agrees
Health Care Reform will cut Medicare benefits - CMS Actuary agrees
Health Care Reform will increase taxes - U.S. Department of Justice agrees
The federal Deficit will increase – Senate Budget Committee agrees
The Massachusetts Experience

- 2006 Health Reform Law
- Focused on Coverage, Not Costs
- Massachusetts Connector

**2010**

- Emergency Rooms – Still Busy
- New Enrollees – No Primary Provider
- Insurance Rates – Still Rising
- Employers – Dropping Coverage
The Massachusetts Experience

**Soulutions**

- **Governor Deval Patrick:**
  - impose rate caps on health insurers; overturned by state insurance regulator, cap would make plans insolvent

- **Massachusetts Legislature:**
  - Hospitals lose $100 Million in state funding to offset rate increases for small businesses
  - Association Health Plans for small businesses – sound familiar?
Utah – A different vision

- Educating consumers
  - Information Exchange
- Health Insurance alternatives
  - Health Savings Accounts
- Cost Containment
  - Sliding Scale
Iowa Concerns – High Risk Pool

- Iowa already has a high risk pool – HIPIowa, which covers 3000 Iowans.
- Reform law mandates states to create new risk pool.
- Risk Pool II would have lower premiums and co-pays than what HIPIowa participants pay.
- Risk Pool II has funding only for 1000 participants, GAO says 34,000 Iowans eligible.
- So what happens to those who want in the pool, but can’t get in?
Iowa Concerns – Impact on Insurance Industry

**Medical Loss Ratio (MLR)**

*All health insurers required to spend 80% of revenue on services to plan participants*

- Impact on competition
- State Waiver
  - First Applicant – Maine
- **Will Iowa need a MLR Waiver too?**
Iowa Concerns – Impact on Insurance Industry

Health Insurance Exchange

• Which Model – Massachusetts or Utah?
  – Massachusetts – Gov’t Insurance Agency
  – Utah – Informational Resource

• Impact on Main Street

  Will the state become a direct competitor with your local insurance agent?
Iowa Concerns - Who does the Insurance Commissioner report to?

• Health Care Reform puts HHS in charge of insurance regulations.
• Insurance Commissioner now faced with major requirements to Washington.
• **Who takes priority – the state of Iowa or HHS?**
Iowa Concerns - Medicaid

Second Biggest Program in State Gov’t

- 372,556 Iowans Covered
- Enrollment Up 27,164 over 2009
- Reimbursement Rates Cut in 2009
- State Will Need **$547 Million** in NEW money to maintain current levels in FY 2012

(Source: Legislative Services Agency)
Iowa Concerns – Future of Medicaid

• Health Care Reform raises eligibility, but will the Feds continue to pay for increase?
• Health Care Reform raises for some providers, but for how long?
• Will the state have to provide the same increases for other providers?
• Will providers stay in the program?
What Iowans Want

- Cost Containment
- Best Practices – Quality Care
- Transparency