

Special Audio Report Transcript

Headline: Newly Enacted State Legislation Looks Toward Implementation of Federal Health Reform Law

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TEXT:

I'm Kelly Wilkinson with a look at new health-related laws passed in California, and what's ahead as the state gets ready to conform to new federal health care standards. This is a special report for *California Healthline*, a daily news service from the California HealthCare Foundation.

By the close of last year, lawmakers passed a wide range of health-related laws. Among them, a requirement that insurers cover behavioral treatment for autism ... a ban on the sale of certain cough syrups to children younger than age 18 ... and a mandate that children use car booster seats until they're eight years old.

Other new health-related laws lay the groundwork for California to conform to the federal health reform law. Take maternity coverage. Anthony Wright is executive director of Health Access, a consumer advocacy group for health care. He says there's been a radical shift in insurers dropping maternity coverage as a basic benefit for individual health plans.

(Wright): "Somebody looking for coverage on the individual market would find that eight years ago, 80% of the products being offered included maternity coverage. That has now gone down to something like 15%."

Because of a new state law, individual and small group health insurance policies in California are now required to offer maternity coverage.

(Wright): "The maternity coverage was something that was going to be required as a basic benefit in 2014 under the federal standard. It was good for California to put in place that standard earlier, so that gave time for our market to adjust and for insurers to bring their standards up to par."

Wright says other new laws in California allow state regulators to use their enforcement authority to oversee federal standards under the reform law.

(Wright): "The good news about the federal law is that it puts a federal cop on the beat in an area where it has traditionally been left totally to the states. And so we now have some standards that apply across states, which is good because people shouldn't be having radically different consumer protections if they live in one state versus another state or if they move."

Another state law that aligns California with the federal health care overhaul targets what's called the medical loss ratio. Nationally, insurers that offer individual and small group coverage are required to spend at least 80% of their premium revenue on medical care.

John Arensmeyer is founder and CEO of Small Business Majority. He says the medical loss ratio law will make it easier for small businesses to afford insurance.

(Arensmeyer): "The medical care is something that the insurance companies don't have direct control over, but they do have control over whatever costs they're putting on top of that."

Rising health care costs are a huge burden for small businesses -- Arensmeyer says on average, costs for small businesses are 18% higher than for large businesses because small firms lack negotiating power.

The federal health reform law establishes competitive health insurance exchanges -- where individuals and small businesses can shop for and buy health insurance. That starts in 2014. Arensmeyer says that will be a big focus for small businesses this year.

(Arensmeyer): "That is gonna establish a competitive marketplace where small businesses can purchase insurance, where there's actual competition bringing down costs and we feel that that is going to be a very significant component of getting health care costs down as we move forward."

California was the first state in the nation to enact legislation creating a health benefit exchange. Diana Dooley is secretary of California's Health and Human Services Agency and chair of the board for the state's health benefit exchange. She says more legislation is on the horizon.

(Dooley): "There will be additional legislation in 2012 about eligibility and enrollment. How people find out about it, how it is marketed, how people will enroll ... So working out how people will find out about their options is a part of what the exchange will be designing. Some of that will need legislation."

At the same time that California is moving ahead on health care reform, the state is making deep cuts to close its budget deficit. Especially hard-hit are programs for residents who are low-income, elderly or disabled.

(Dooley): "The cuts are very deep and they're very consequential. And there are people throughout California that are not getting services they need because of the budget cuts."

Dooley says Gov. Jerry Brown's (D) proposal to increase revenue to the state means that California will see a balance of cuts and reinvestments for the foreseeable future.

This has been a special report for *California Healthline*, a daily news service from the California HealthCare Foundation. If you have feedback or other issues you'd like to have addressed, please email us at CHL@CHCF.org.

I'm Kelly Wilkinson, thanks for listening.