



AFFORDABLE CARE ACT MASSACHUSETTS IMPLEMENTATION UPDATE

January 8, 2013

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These Updates, published by the Executive Office of Health and Human Services (EOHHS) in consultation with the other state agencies involved in ACA implementation, will bring you news related to the implementation of provisions of the ACA here in Massachusetts.

Grants and Demonstrations

The ACA provides funding opportunities to transform how health care is delivered, expand access to care and support healthcare workforce training.

Grant Announcements

Connecting Kids to Coverage Outreach and Enrollment Grants, ACA §10203.

Announced January 7, 2013. Funding is available to support outreach activities intended to help families understand health coverage opportunities, including Medicaid and CHIP, under the ACA. Applicants will implement activities that target increasing enrollment and retention and educating consumers and have been shown to be successful in the past. Interested groups should select one of the following areas to base their grant application on: engaging schools in outreach, enrollment and retention; bridging health coverage disparities by targeting children that typically have lower than average coverage rates; targeting strategies to streamline enrollment for those already participating in other public benefit programs such as SNAP and WIC; developing application assistance for Medicaid/CHIP enrollment in local communities; conducting programs for families to understand the new application and enrollment system under the ACA for children eligible for Medicaid and CHIP. \$32M in 40 awards is available.

Applications are due February 21, 2013.

The announcement can be viewed at: [Grants.Gov](#)

Guidance

1/3/13 HHS/CCIIO issued guidance to provide a framework for states considering a State Partnership Health Insurance Exchange under ACA §1311. Under the State Partnership Exchange model, Exchanges are operated in partnership with the federal government. This is an option provided to states that want to manage part of the Exchange in 2014, allowing states to make key decisions, serve as the primary points of contact for issuers and consumers and tailor the marketplace to local needs and market conditions.

To operate a State Partnership Exchange in 2014, a state must submit the [Exchange Blueprint](#) and be approved or conditionally approved by HHS by February 15, 2013 for the functions and activities the state will perform.

Read the Exchange final rule (published in the Federal Register on March 27, 2012) at: <http://www.gpo.gov/fdsys/pkg/FR-2012-03-27/pdf/2012-6125.pdf>

Read the State Partnership Exchange Guidance (issued on January 3, 2013) at: <http://cciio.cms.gov/resources/files/partnership-guidance-01-03-2013.pdf>

Prior guidance can be viewed at www.healthcare.gov

News

1/7/13 HHS announced that, according to annual statistics from CMS' Office of the Actuary, healthcare spending grew at near-record lows in 2011. According to the annual Report of National Health Expenditures, the year 2011 marked the third consecutive year that healthcare spending grew at a rate of 3.9%. In fact, healthcare spending in 2011 grew at its lowest rate in the 52 years that CMS has tracked the figure.

In a blog entry that was posted to [healthcare.gov](http://www.healthcare.gov), HHS Secretary Kathleen Sebelius credited several provisions of the ACA with beginning to help to control costs and spending. For instance, growth in total private health insurance premiums remained low in 2011 at 3.8%. Secretary Sebelius credited the ACA's Medical Loss Ratio provisions under §10101 which require insurers to spend a minimum of 80% of premium dollars on health care or provide rebates to their customers. Insurers made the first round of rebates to consumers in the summer of 2012.

Secretary Sebelius also cited the ACA's rate review provisions, which to date have helped to save Americans an estimated \$1 billion on their premium bills. The rate review program under §1003 requires that insurers seeking rate increases of 10% or more for non-grandfathered plans in the individual and small group markets publicly and clearly disclose the proposed increases and the justification for them. Such increases are reviewed by either state or federal experts (in states that do not have a rate review program deemed effective by HHS) to determine whether they are unreasonable. Although the ACA does not grant HHS the authority to block a proposed rate increase, companies whose rates have been determined unreasonable must either reduce their rate hikes or post a justification on their website within 10 days of the rate review determination. CMS determined that both the individual and small-group markets in Massachusetts meet standards under §1003 and that the Commonwealth does have an effective rate review process.

However, according to the CMS findings, spending did increase in a few key areas. Medicare spending was approximately 6% higher in 2011 than 2010, due largely to a one-time pay bump for nursing homes. Spending on private health insurance rose by 3.8% as more people gained healthcare coverage. In 2011, spending on hospital care showed a 4.3% decrease and Medicaid spending showed a 2.5% decrease.

Read Secretary Sebelius' blog entry about the data at:

<http://www.healthcare.gov/blog/2013/01/health-care-spending010713.html>

Read the findings published in a report in Health Affairs at:

<http://content.healthaffairs.org/content/32/1/87.full>

1/3/13 HHS issued its second conditional approval of a State Partnership Health Insurance Exchange to Arkansas. HHS also granted conditional approval for the operation of State-Based Health Insurance Exchanges in California, Hawaii, Idaho, Nevada, New Mexico, Vermont and Utah. Conditional approval reflects the progress that states have made and the expectation that enrollment in the Exchange will begin in October 2013 and that coverage through the Exchange for consumers and small businesses will begin in 2014.

To date, 20 states including the District of Columbia have been conditionally approved to partially or fully run their Exchanges. This announcement follows conditional approvals previously granted to Colorado, Connecticut, the District of Columbia, Kentucky, Massachusetts, Maryland, Minnesota, New York, Oregon, Rhode Island and Washington to operate State-based Exchanges and to Delaware to operate a State Partnership Exchange. The remaining states have until February 15, 2013 to apply for a State Partnership Exchange. Applications for State-Based Exchanges were due on December 14, 2012, and all but one state that have submitted applications (Mississippi) have been approved.

The ACA established **Affordable Insurance Exchanges** (§1311(b)) to provide individuals and small business employees with access to health insurance coverage beginning January 1, 2014. State costs associated with running State-Based Exchange and testing Exchange operations may be funded by grants under §1311(a). States have the option of running either a State-Based Exchange or a State-Federal Partnership Exchange. If a state does not choose either option, a Federally-Facilitated Exchange will operate in that state (§1321).

According to [guidance](#) issued on March 16, 2012, HHS required states to submit an [Exchange Blueprint](#) for Approval for states choosing to do either a **State-Based or State Partnership Insurance Exchange**. The deadline for a Blueprint Application for the operation of a State-Based Exchange was December 14, 2012, an extension from the original deadline of November 16, 2012 in response to letters from Governors who requested more time. States that want to pursue an Exchange in partnership with the federal government will need to submit both a Declaration Letter and Blueprint Application by February 15, 2013.

The State Partnership Exchange model is an option provided to states that want to manage part of the Exchange in 2014. A Partnership Exchange allows states to make key decisions and tailor the marketplace to local needs and market conditions.

Learn more about this announcement at:

<http://www.hhs.gov/news/press/2013pres/01/20130103a.html>

To learn more about Exchange conditional approvals, visit:

<http://cciio.cms.gov/resources/factsheets/state-marketplaces.html>

To view Exchange letters from states, visit:

<http://www.healthcare.gov/law/resources/letters/index.html>

For more information on Exchanges, visit:

<http://www.healthcare.gov/exchanges>

Upcoming Events

Quarterly Affordable Care Act Implementation Stakeholder Meeting

Friday, January 18, 2013

1:00 PM- 2:00 PM

1 Ashburton Place, 21st Floor

Boston, MA

Integrating Medicare and Medicaid for Dual Eligible Individuals Open Meeting

January 22, 2013

10:00 AM - 12:00 PM

One Ashburton Place, 21st Floor, Conference Rooms 1, 2, and 3

Boston, MA

Bookmark the **Massachusetts National Health Care Reform website** at: http://mass.gov/national_health_reform to read updates on ACA implementation in Massachusetts.

Remember to check <http://mass.gov/masshealth/duals> for information on the **"Integrating Medicare and Medicaid for Dual Eligible Individuals"** initiative.