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States Push Fees to Pay for Health Insurance Exchange Costs

On March 1, Representative Elizabeth McCann (D-CO) introduced H.B. 13-1245. The bill provides that in order to fund the Colorado Health Benefit Exchange (COHBE), the COHBE Board of Directors (Board) may charge health plans fees up to $1.80 per month per member to provide for the sustainability of the exchange, and offer tax credits for insurance companies making contributions to the COHBE. In addition, the COHBE Board met on March 11 and approved an administrative fee of 1.4% on products marketed and sold through the COHBE starting in 2014.

H.B. 228, introduced by House Speaker Michael Busch (D-MD) at the request of the Administration, passed the Maryland House on March 25 by a vote of 93-43, and the Maryland Senate on April 4 by a vote of 36-11. The bill would expand the state's Medicaid program under the Affordable Care Act, and establish a dedicated funding stream for the Maryland Health Benefit Exchange (MHBE) through an insurance premium tax paid by health insurers and for-profit health maintenance organizations (HMOs). If, in any fiscal year, the allocation is insufficient, the Governor may provide a deficiency appropriation. Any unspent funds revert to the general fund at the end of each fiscal year. H.B. 228 has been cross-filed with S.B. 274.

Four States Receive Approval for Marketplace Plan Management

The U.S. Department of Health and Human Services (HHS) issued a memo February 20, indicating that the agency would recognize states that had declined to pursue a state-based exchange or state partnership exchange but were still interested in conducting plan management functions on behalf of the federal Health Insurance Market. HHS asked interested states to submit letters attesting that they have the legal authority and operational capacity to conduct the plan management activities originally specified for partnership states (See section 4.0 of the Blueprint; PDF, pg. 31) in time for the 2013 qualified health plan (QHP) certification process. On March 8, HHS announced that Kansas, Montana, Nebraska, and Ohio received approval under this new arrangement – now known as "Marketplace Plan Management."

Indiana Pursues Alternative Medicaid Expansion Model

S.B. 551, sponsored by Senator Patricia Miller (R-IN), was approved 8-5 by the House Public Health Committee on April 1. The committee amended the bill by removing a provision related to block grants, a major part of the Senate version and supported by Governor Mike Pence (R-IN).

Both the House and Senate versions called for expanding Medicaid through the state's Healthy Indiana Plan (HIP), or something similar. HIP currently does not cover vision, dental, or maternity services. The House plan calls for using standard Medicaid funding from the federal government. However, Governor Pence wants the funding to instead come in federal block grants, which would give Indiana more control over how the Medicaid expansion — including the program's qualifications — would work. On February 13, Governor Pence sent a letter to U.S. Department of Health and Human Services Secretary Kathleen Sebelius asking to extend the HIP 1115 demonstration through 2016, and to expand Medicaid under the Affordable Care Act through HIP.

U.S. Department of Health and Human Services Issues Guidance Related to Premium Assistance in Medicaid

In response to growing state interest in providing private health insurance to those persons eligible to receive services under the Affordable Care Act Medicaid expansion provisions, the U.S. Department of Health and Human Services, Centers for Medicare & Medicaid Services (CMS), released a memorandum on March 29, defining and explaining the limitations on using premium assistance for private coverage in Medicaid. According to CMS, the Medicaid statute provides several options for states to pay premiums for adults and children to purchase coverage through private group health plans.
and, in some cases, individual plans. In most cases, the statute conditions such arrangements on a determination that they are cost effective. Cost effective generally means that Medicaid’s premium payment to private plans plus the cost of additional services and cost sharing assistance that would be required would be comparable to what it would otherwise pay for the same services. Similar provisions also apply in the Children’s Health Insurance Program (CHIP).

**Vermont Releases Preliminary Rate Filings for Vermont Health Connect**

Vermont is the first state to release its proposed health insurance rates under the *Affordable Care Act*. The purpose of the rate filing is to provide the rates and a description of the rate development for the products that insurance companies are proposing to offer on Vermont Health Connect. The Vermont Health Connect is the marketplace for individuals, families, and small businesses to compare and purchase qualified private health insurance plans; determine eligibility for, and enroll in, public health insurance plans; and access tax credits and financial assistance.

Thus far, Blue Cross and Blue Shield of Vermont (BCBSVT) and MVP Health Plan (MVPHP) have submitted preliminary rate filings. Click [here](#) to view a rate comparison chart. The plans submitted by BCBSVT and MVPHP include all of the essential health benefits, including pediatric oral care services.

**Colorado and the District of Columbia Consider Nondiscrimination Requirements in Health Coverage**

Colorado and the District of Columbia have issued sub-regulatory guidance (“bulletins”) to insurers. Bulletins typically express the state’s interpretation of existing law or general statements of policy, and insurers are likely to conform to guidance issued by the state agency empowered to regulate them.

In Colorado, **Bulletin B-4.49** provides that existing state law prohibits discrimination in health coverage based on an individual’s sexual orientation. The Colorado Division of Insurance went on to specify that state law “prohibit[s] the denial, cancellation, limitation, or refusal to issue or renew health coverage because of a person’s sexual orientation” and expressly prohibited insurers from:

- Imposing different premium rates or costs based on sexual orientation;
- Designating sexual orientation as a preexisting condition; or
- Denying, excluding, or otherwise limiting coverage for medically necessary services based on sexual orientation.

In the District of Columbia, **Bulletin 13-IB-01-30/15** prohibits discrimination based on gender identity or expression by insurance companies writing health insurance in the District of Columbia. According to a [press release](#) issued by the District, “Prior to this new directive being issued, numerous health insurance companies operating in the District had explicit policies that excluded transgender women and men from many of the same services that they provided to their non-transgender patients. In practical terms, this means that health insurance policies and the practices of health insurance companies covering individuals or groups in the District cannot refuse health coverage to individuals who are transgender.”

**McKinney, Texas City Council Discusses Community Water Fluoridation**

The McKinney, Texas City Council met on March 5 to vote on a [resolution](#) asking the North Texas Municipal Water District (NTMWD) to discontinue the fluoridation of treated water to its member cities. Under current rules, the NTMWD requires request letters from all its member cities before requesting that the NTMWD Board of Directors consider any action to cease fluoridation. Additionally, City Council staff drafted a separate [resolution](#) for consideration recommending the approval of a request to the NTMWD to maintain an average of 0.7 mg per liter of fluoride in the water supply.
The ten original member cities of the NTMWD are Farmersville, Forney, Garland, McKinney, Mesquite, Princeton, Plano, Rockwall, Royse City, and Wylie. Additionally, Richardson joined as a member city in 1973, Allen in 1998, and Frisco in 2001. Fluoridation began in 1981 at the request of the member cities and with the approval of the NTMWD Board of Directors. In 2011, the fluoride levels in the NTMWD ranged from 0.46 to 0.66 mg per liter. The McKinney City Council decided to table the votes until April, in an effort to gather additional information on water treatment procedures.

**Right-to-Work Law and Michigan’s Colleges and Universities**

On December 11, Governor Rick Snyder (R-MI) signed H.B. 4003 and S.B. 116 into law. Combined, the two bills are often referred to as the “right-to-work” law. The law became effective March 28, 2013. The law prevents unions from including “union security clauses” in their contracts that require employees to pay fees covering the cost of their representation, regardless of whether they choose to be a dues-paying member. Because the law does not apply to contracts already in place, public employee unions have had a window from December 11 to March 28 to bargain with their employers. Some have secured contracts that will delay the law’s impact for years.

However, some lawmakers are targeting higher education institutions attempting to circumvent the law by pursuing severe financial sanctions. Specifically, H.B. 4221 would reduce state aid for institutions with new collective bargaining agreements, unless the institution can prove the contracts will significantly reduce their costs. Higher education institutions could lose as much as 15% of their expected state funding (click here to view a bill summary and analysis by university). A similar bill targeting community colleges, H.B. 4212, has also been referred to committee. Wayne State University in Detroit, Michigan, could lose $27.5 million under H.B. 4221. On March 20, Wayne State University approved an eight-year contract with its faculty. Wayne State University is just one of several colleges and universities that negotiated long-term contracts in advance of the law taking effect.

**Universities Replace Student Loans with Grants and Scholarships**

Vanderbilt University in Nashville, Tennessee, has replaced all need-based undergraduate student loans with scholarship and grant assistance. According to its Opportunity Vanderbilt website, the decision to replace need-based loans with scholarship support gives Vanderbilt undergraduates opportunities to consider career choices and educational dreams without the prospect of significant debt. Specifically, Vanderbilt University notes that the need to pay off need-based student loans can become a barrier to those who desire to practice medicine in an underserved community. Donors have made gifts and pledges that have exceeded $148 million for undergraduate scholarship endowment. Approximately 62% of Vanderbilt undergraduates received financial aid last year.

In 2001, Princeton University became the first university to offer every aid recipient a financial aid package that replaces loans with grant aid (e.g. scholarships) that students do not need to pay back. Since then, Princeton has been able to enroll growing numbers of students from low- and middle-income backgrounds with the grant aid that they need to make their education costs affordable. According to Princeton University, the change on campus becomes more noticeable each year as the university welcomes an increasingly diverse student body.

**States Consider Tuition Equity**

There are at least eight bills that have been introduced in the Florida House or Senate that relate to tuition equity. Generally, the bills provide that a United States citizen who is a dependent child may not be denied classification as a resident for tuition purposes based solely upon the immigration status of his or her parent. Click here to view the bill text and status for the following tuition equity bills: H.B. 11, H.B. 17, H.B. 29, H.B. 539, H.B. 7051, S.B. 180, S.B. 260, and S.B. 268. Several of the bills are pending in committee.
Minnesota is also considering tuition equity legislation. S.F. 723 has been sponsored by Senator Sandra Pappas (DFL-MN) along with four co-sponsors, and H.F. 875 has been sponsored by Representative Carlos Mariani (DFL-MN) along with more than 30 co-sponsors. The bills would make it possible for undocumented students who meet certain criteria to pay in-state tuition rates at all Minnesota colleges and universities. H.F. 875 has been referred to committee and S.F. 723 is pending in committee.

The Oregon Legislature has passed H.B. 2787, and the bill is awaiting the signature of Governor John Kitzhaber (D-OR). The bill directs the State Board of Higher Education to exempt students who are not citizens or lawful permanent residents from paying nonresident tuition at state universities if they meet certain criteria.

**State Policy Updates**

- **Arkansas**

  H.B. 2121, sponsored by Representative Fonda Hawthorne (D-AR) along with five co-sponsors, requires health benefit plans to provide for corrective surgery and treatment for craniofacial anomaly. The bill has passed both chambers and has been transmitted to Governor Mike Beebe (D-AR) for signature.

- **Idaho**

  H.B. 248 passed both chambers and was signed by Governor C.L. Butch Otter (R-ID) on March 28. The new law establishes the Idaho Health Insurance Exchange, not as a state agency, but rather as an independent body, under the supervision of its board. In addition, according to the fiscal note, the exchange would not be funded by Idaho taxpayer money in either its initial startup or its ongoing operations. It is contemplated that initial costs to establish the exchange would be funded via federal grants, which may be in the approximate amount of $30 million. After the first year of operations, the exchange will be self-sustaining, supported by fees imposed on carriers or other users in the exchange, and not by any direct tax upon businesses or individuals.

- **Indiana**

  S.B. 532, sponsored by Senator Doug Eckerty (R-IN), permits the Indiana Secondary Market for Education Loans, Inc. to become a direct lender of postsecondary education loans for purposes of attending both Indiana and non-Indiana postsecondary education institutions. The bill passed the House with a technical amendment, and has been sent to the Senate for further consideration.

- **Kansas**

  Substitute H.B. 2183 has been sponsored by the Committee on Health and Human Services. The bill was sent to conference committee and the conference committee report was adopted by both chambers. Under the bill, the Secretary of the Department of Health and Environment is authorized to issue such orders and adopt rules and regulations necessary to prevent the spread and dissemination of diseases injurious to the public health, including, but not limited to, providing for the testing for such diseases and the isolation and quarantine of persons afflicted with or exposed to such diseases. Additionally, the bill requires that rules and regulations be developed and adopted by January 1, 2014, to protect both individuals who provide services that may result in occupational exposure to blood or other potentially infectious materials, and those who receive the services.
• **Mississippi**

On February 8, Mississippi’s application to operate a state-based exchange was rejected by the U.S. Department of Health and Human Services (HHS), in part because the application was submitted by the state’s Commissioner of Insurance, and it was not endorsed by the governor. Mississippi is the only state to have its application for a state-based exchange rejected by HHS.

In addition, H.B. 560 failed during a vote of the full House. The bill would have re-authorized the Medicaid program through July 1, 2017. A similar bill with a shorter re-authorization timeline, S.B. 2207, passed the Senate but failed to pass the House Rules Committee. Without state legislative action, the state’s Medicaid program will expire July 2013. Several Democrats in the legislature have been vocal about supporting Medicaid expansion under the Affordable Care Act (ACA) and appear willing to block the reauthorization of the state’s Medicaid program in an effort to advance Medicaid expansion under the ACA. The legislative session will end on April 7 for Mississippi; however, Governor Phil Bryant (R-MS) could call a special session to tackle the re-authorization of the Medicaid program if nothing is done prior to adjourning sine die. Alternatively, he could operate Medicaid by executive order.

**Reports of Interest**

*The Medicaid and Children’s Health Insurance Program (CHIP) Payment and Access Commission* (MACPAC) is a non-partisan commission established to conduct objective policy and data analysis to assist the Congress in overseeing and improving Medicaid and CHIP programs. On March 15, MACPAC issued its fifth report to the U.S. Congress. The report includes the Medicaid and CHIP Program Statistics (MACStats) supplement, which provides national and state-level data on enrollment, spending, health and characteristics of Medicaid and CHIP populations, and Medicaid managed care. In addition, the report specifically highlights what states are doing with respect to the implementation of the Affordable Care Act, and how states are addressing the needs of dual-eligible enrollees (those eligible for Medicaid and Medicare).

*The Commonwealth Fund* released an issue brief finding that health insurance companies reported spending an average of less than 1% of the premiums they collected from policyholders in 2011 on activities directly supporting the improvement of health care quality.

*The Robert Wood Johnson Foundation* and the *Urban Institute* issued a report finding that Medicaid expansion will produce significant financial gains for most hospitals, despite modest offsetting losses in private revenue under the Affordable Care Act.

*Health Affairs* and the *Robert Wood Johnson Foundation* have released a policy brief analyzing Multi-State Plans under the Affordable Car Act (ACA). To spur competition among plans, the ACA created the Multi-State Plan Program. The Office of Personnel Management (OPM), which administers health insurance programs for federal employees and members of Congress, will certify and oversee health insurance issuers to offer at least two plans in every state exchange. The policy brief explores the background of the Multi-State Plan Program, the challenges facing OPM in administering it, and the issues associated with offering health insurance plans in multiple states.

*The Urban Institute* and the *Robert Wood Johnson Foundation* have issued a report which provides a detailed analysis of medical spending burden levels for all 50 states and the District of Columbia. Generally, medical spending burden is defined as total family medical out-of-pocket spending as a proportion of income. The results show significant differences across states in the financial burden of medical spending. The report also takes into account Medicaid expansion under the ACA and how it will impact medical spending.
The Commonwealth Fund released an issue brief finding that 24 states and the District of Columbia have selected an essential health benefits benchmark plan. All but five states will have a small-group plan as their benchmark. Each state, whether or not it made a benchmark selection, will have a set of essential health benefits that reflects local, employer-based health insurance coverage currently sold in the state/territory.

The WICHE Cooperative for Educational Technologies (WCET), the Sloan Consortium, Inc., and the University Professional & Continuing Education Association (UPCEA) issued a report finding that approximately one third of distance learning operations have not applied for any state authorization to operate, although on average they serve students in more than 30 states or territories. Still, compliance efforts are up from 2011, when two thirds of institutions had not sought any authorization.

The Public Policy Institute of California released a report finding that although fees at community colleges in California have almost doubled over the past decade, the increase in revenue from the fees has not compensated for the decline in state funding. As a result, there has been a reduction in total funding on a per-student basis throughout the community college system.

The National Association of State Budget Officers (NASBO) issued a report finding that (1) the current way of funding public higher education is not sustainable; (2) state government resources are limited, but states will continue to play an important role; and (3) action by government and higher education leaders can improve the status quo.

ADEA/Sunstar Americas, Inc./Jack Bresch Student Legislative Internship

The ADEA/Sunstar Americas, Inc./Jack Bresch Student Legislative Internship is a six-week, stipend-supported internship in the Advocacy and Governmental Relations portfolio of the ADEA Policy Center (ADEA AGR) in Washington, D.C. This student legislative internship provides a unique learning experience for predoctoral, allied, and advanced dental student residents, and fellows. It is designed to encourage students to learn about and eventually—as dental professionals—to become involved in, the federal legislative process and the formulation of public policy as it relates to academic dentistry. It is open to any predoctoral, allied, or advanced dental student resident, or fellow who is interested in learning about and contributing to the formulation of federal public policy with regard to dental education, dental research, and the oral health of the nation. Funded through the generous support of Sunstar Americas, Inc., the student intern will be a member of the ADEA AGR staff and will participate in congressional meetings on Capitol Hill, coalition meetings, and policy discussions among the ADEA Legislative Advisory Committee (ADEA LAC) and ADEA AGR staff.

An applicant must be a full-time predoctoral, allied, or advanced dental student resident, or fellow whose institution is willing to work with the student to identify an appropriate time, consisting of six weeks, during the school year to pursue the internship. For additional information, please email Yvonne Knight, J.D., ADEA Senior Vice President for Advocacy and Governmental Relations, at KnightY@ADEA.org. Applications are accepted on a year-round basis.

Save the Date: ADEA Advocacy Day on Capitol Hill, April 17, 2013

ADEA invites you to make your voice heard during the ADEA/AADR Advocacy Day on Capitol Hill, Wednesday, April 17, 2013, from 9:00 a.m. to 5:00 p.m. This one-day event is co-sponsored by the American Association for Dental Research (AADR), and has been designed to provide all members of the dental education and research community an opportunity to advocate before Members of Congress and their staff for support on access to oral health care initiatives, pipeline programs for diverse students, and adequate funding for dental and craniofacial research.

ADEA/AADR Advocacy Day has been scheduled at this time to take advantage of a “window of opportunity” to visit with congressional members just before a critical period when funding allocations
may be revised for federal programs and agencies, including the National Institute of Dental and Craniofacial Research. Don't miss this opportunity to participate in Advocacy Day and demonstrate to Congress that, even during difficult economic conditions, oral health education and research must remain federal priorities.

Participants will attend a morning briefing on current policy issues impacting dental education, interface with Members of Congress during a luncheon, and advocate on behalf of their institutions and the dental education community during meetings with congressional members and staff.

Registration for ADEA/AADR Advocacy Day is complimentary, and participants will meet at Rayburn House Office Building Gold Room (#2168), Independence Avenue and South Capitol Street, Washington, D.C. 20003.

To RSVP or inquire about hotel accommodations, please contact Jessica Vatnick at vatnickj@adea.org. For additional information, please contact Yvonne Knight, J.D., ADEA Senior Vice President for Advocacy and Governmental Relations at knighty@adea.org or (202) 289-7201.

The ADEA Policy Center publishes the ADEA State Update monthly. Its purpose is to keep ADEA members abreast of state issues and events of interest to the academic dental and research communities.

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