

**Health Policy Update**  
August 8, 2011

**I. Affordable Care Act Updates**

*Changes to North Carolina High Risk Pool, Inclusive Health*

Inclusive Health operates the North Carolina High Risk Insurance Pool, which offers health insurance to people in our state with certain pre-existing conditions at much lower costs than are available in the private insurance market. In order to qualify you must be a citizen or legal resident of the United States, have been uninsured for the last six months and have a pre-existing condition or have been denied coverage because of your health condition. Last month Inclusive Health reduced the monthly premiums for new and existing members of their federal option plan (made possible through money from the Affordable Care Act), making this a more affordable option for those in need of health coverage. Learn more [here](#).

*Health Plans to Begin Covering Birth Control with no Co-Pays Next Year*

Earlier this week the Obama Administration issued new requirements for insurance plans to offer certain preventive health services for women without any co-payment, co-insurance or deductible ([New York Times](#)). The new guidelines are based on the recommendations of the Institute of Medicine, which conducted a study of the preventive services women need to stay healthy, and will go into effect for insurance plan years starting on or after August 1, 2012 and on January 1, 2013 for those plans that operate on a calendar year. The guidelines will apply to all contraceptive methods approved by the FDA. Other women's preventive services covered under this rule include "well-woman" checkups, diabetes screening for pregnant women, HIV screening and counseling, breast-feeding support and supplies, screening and counseling for domestic violence and sterilization ([US DHHS](#)).

**II. Potential Impact of Debt Ceiling Deal on Federal Healthcare Spending**

As our nation's leaders continue to seek ways to address our national deficit, federal healthcare spending on programs like Medicaid and Medicare remains on the table (given that healthcare spending constitutes such a significant portion of the federal budget). While neither Medicaid nor Medicare were cut directly in the recent budget deal, the additional requirement to find \$1.2 trillion in deficit reduction by the end of the year may impact both programs. The deal that passed will institute a bipartisan, bicameral committee charged with finding the additional cuts before the end of the year. If they do not reach an agreement or Congress does not pass their recommendations, a set of automatic cuts will go into effect in 2013. These automatic cuts include a 2% reduction in Medicare spending that may result in 2% reduction in payment to Medicare providers. The details are still to be defined. While the automatic cuts do not include direct cuts to benefits or beneficiaries, the committee's proposal could recommend such cuts, with some ideas being floated including requiring more wealthy Medicare beneficiaries to pay more ([The Boston Globe](#) and [LA Times](#)).

At the federal level, Medicaid (our public healthcare program for low-income children and elderly, the disabled and families in extreme poverty) has been spared for the moment. This is particularly important given that eligibility is expected to expand dramatically in 2014 when the Affordable Care Act's major coverage provisions are implemented. However, various deficit-reduction proposals have recommended huge federal cuts to Medicaid and it is yet unclear what the bipartisan committee's recommendations for federal spending will land for Medicaid. For more information, see [this](#) FAQ on the Debt Deal 'Super' Committee's impact on health spending from Kaiser Health News, [a story](#) on concerns about kids' health coverage being at risk and a short brief from [Families USA](#) on the value of Medicaid. Also, stay tuned for an upcoming policy update about Medicaid cuts at the state level and their impact.