

Care Ring Health Policy Update
January 2012

A. The Economy and Utilization of Medical Services

New research shows that the past few years have seen a decline in the total number of medical office visits by privately insured patients. From 2000-2005 we saw an increase nationally in total number of office visits, which was driven by people going to the doctor more frequently. However, as the economic crisis deepened, people with private insurance began going to the doctor less. From 2009-2010 there was a 2% decline in the number of people with private insurance but a much larger 17% decline in the number of physician visits. These trends in utilization are likely related to changes in insurance costs felt by employees with private insurance: higher deductibles, co-pays and co-insurance as well as the increase in high deductible health plans.

For information on how this affects health insurance cost/utilization projections and what this may mean for provisions of the Affordable Care Act (ACA) related to premium increase reviews and medical loss ratios, check out the article from Kaiser Family Foundation [here](#). Learn more about medical loss ratio rules and potential consumer impacts from [Kaiser Health News](#).

B. What to Expect in 2012

Much is at stake in 2012 as major health policy issues with long-reaching consequences will be debated in Congress and by the Supreme Court. The president of the Kaiser Family Foundation [categorizes](#) the issues at stake as follows:

- *Health Reform*—impact of the Supreme Court's impending decision (see below for more detail)
- *Medicare/Medicaid*—deficit reduction talks continue to consider significant changes to both entitlement programs
- *State-Level Medicaid Cuts*—provider reimbursement cuts are on the table across the country, including in North Carolina, as states struggle under continued budget pressures
- *Private Insurance Changes*—out-of-pocket healthcare costs continue to skyrocket as insurers and the healthcare delivery system adapt to changes in the marketplace
- *Political Uncertainty*—the presidential and congressional elections in November 2012 could significantly alter the future of the ACA and the general direction of health policy in our country

For more analysis of what to be watching in 2012—from the ACA repeal fight to rising healthcare costs and state Medicaid changes—see this report from [Kaiser Health News](#).

C. Supreme Court Affordable Care Act Challenge

This year the Supreme Court is expected to rule on four constitutional challenges to the ACA, including:

- Does Congress have the power to mandate health insurance coverage?
- If the coverage mandate is in fact unconstitutional, can the rest of the ACA remain as written?
- Does the requirement for states to expand Medicaid coverage or risk losing federal funds violate the 10th Amendment?
- Do plaintiffs wanting to challenge the individual coverage mandate have to wait until it takes effect in 2014 to do so?

The Supreme Court will hear oral arguments in March and likely reach a decision by late June of this year. Read more about the case and its implications [here](#).

D. Essential Health Benefits Guidelines Released by Obama Administration

In December 2011, the Obama administration released guidelines for defining the essential health benefits that small group and individual health insurance plans must cover under the ACA. The purpose of defining these benefits was to establish a minimum coverage standard and ensure plans available to consumers offer adequate coverage. The guidelines allow for each state to determine the essential benefits within certain parameters. For example, there are ten categories that all plans must cover: hospitalization, emergency care, out-patient services, maternity and newborn care, mental health and substance abuse services, prescription drugs, lab tests, preventative/wellness care (including chronic disease management), pediatric services (to include oral and vision care), rehabilitative care and habilitative care (e.g. physical and occupational therapy). Each state will choose a benchmark plan in their state. For more detail, see this [implementation brief](#) from Health Reform GPS. North Carolina's approach on this issue is yet to be decided and is something we will be following in 2012. Stay tuned.

E. Families Continue to Struggle with Medical Bills

One in five Americans struggled with medical bills in 2010. While the proportion of people reporting problems paying medical bills remains the same as in 2007, researchers speculate this may be a function of decreased use of medical care both by the insured and the growing number of uninsured. The health and economic impacts of delaying necessary care until problems are more severe and costly to treat will continue to be felt locally and at the national level. In fact, the healthcare safety net anticipates a delayed impact of job loss and health insurance/access loss. Read the full report from the Center for Studying Health System Change [here](#).

F. 2012 Schedule for Care Ring Policy Updates

As 2012 will be a busy year for both state and national health policy—with implications that directly affect our local community—Care Ring is resuming regular health policy updates in 2012. These policy updates will be released monthly on or near the 15th of the month. We will look to readers for feedback on specific areas of interest and the utility of the information provided. Please contact Rebecca Palmer, Care Ring's Manager of Health Policy and Analytics, at rpalmer@careringnc.org with requests, comments or suggestions for the year ahead.