

A weekly compilation of health care-related developments in Washington, D.C. and state legislatures across the country for the Week of September 29, 2008

Federal

Both the Senate and House last week passed the exact same mental-health parity bill that each Chamber agreed to in principle in June. While each body stayed true to the policy, the Senate version was passed without any funding (the bill costs \$3.1 billion over 10 years) while the House bill is fully funded. Each Chamber is digging in its heels on the funding issue. This could ultimately move if it gets attached to a "must pass" piece of legislation. But the funding remains an obstacle.

The House has overwhelmingly (421-2) passed legislation to mandate employer/insurer coverage of not less than a 48-hour hospital stay following a mastectomy. Currently insurers already leave this decision to the treating physician. An unrelated amendment to this bill would mandate new rules on rescission of individual health insurance, to include giving the insured the right to an independent third party. However, the House rescission amendment defines fraud as "intentional concealment," which sets a very high bar. It is likely that the Senate will not get to the mastectomy bill and its rescission amendment.

Congress has passed its version of "Michelle's Law," legislation that prevents dependent student health coverage from terminating less than a year after the student drops out of school due to medical illness. A New Hampshire student (Michelle M) stayed in school despite her doctor's advice to the contrary because she didn't want to lose coverage under her parents' policy. After she passed away, the state passed a law to require 12 months' coverage in such situations so that dropping out of school would not trigger loss of coverage. The House passed a federal version of this law in July, while the Senate passed the bill last week. It would apply to employers not subject to state insurance laws (ERISA plans). This item is on its way to the President for his expected signature.

States

NEW YORK: Several important health care bills went to Governor David Paterson for his consideration last week. Healthy NY "crowd-out" legislation that would eliminate the required 12-month waiting period for small businesses to be eligible for the state's subsidized Healthy NY plan. This bill ignores the premise behind Healthy NY, which is to cover the uninsured, not to shift privately insured workers to a government program. If the bill is signed, the potential exists for a dilution of the community-rated pool as eligible, healthier people move from private coverage to less-robust Healthy NY coverage, leaving small businesses that remain in the community-rated market with higher premiums. Two bills also went to the Governor: wellness program legislation that would allow health insurers to offer incentives to members to participate in wellness programs; and the Short-Term Coverage bill, which would allow plans to offer short term, flexible policies to young adults 19- to 26-years-old. Governor Paterson has yet to act on the wellness bill but vetoed the Short-Term Coverage bill late Friday.