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Health Care Reform - Bringing Down Costs Must Happen

After more than a year of debate, Congressional hearings, and a bi-partisan summit, it is still difficult to discern what exactly will be in a health care reform bill that can be passed and signed by the president.

More than a year ago, before the president took office, the health insurance industry outlined industry reform that would cover all Americans, reduce costs, improve quality, and put the health care system on a sustainable path.

A key part of reform will be taking measures **to bring down costs**. In last month's newsletter, I shared a CMS study that cited medical utilization and price as factors driving up costs.

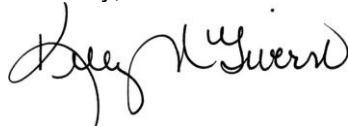
This month I would like to share with you a different cost driver that is being described as "the elephant in the room." This cost driver is the combined physician-hospital bargaining power in reimbursement negotiations in markets. (see story below)

Health care reform won't work without comprehensive provisions that will bring costs under control and make health care coverage more affordable. With each passing day, rising costs are putting coverage out of reach for working families and small businesses, and there is very little in the current legislation to solve this problem.

Our country needs health care reform that reduces the rate of growth of health care costs, provides all Americans with health security, improves quality and puts our health care system on a sustainable course.

If I can answer any questions about the health insurance industry, please do not hesitate to contact me.

Sincerely,



Kelly McGivern
President and CEO
Ohio Association of Health Plans

The Consolidated Omnibus Budget Reconciliation Act - better known as COBRA - is a federal program that allows people to temporarily keep their group health insurance after they lose hours (and their coverage), quit or lose a job.

COBRA can be confusing. However, one of the Ohio Association of Health Plans' member companies - Humana - has created a new website to help consumers with the ins and outs of COBRA.

Humana's site, www.humanacobra.com brings together many of the things people need to know about health insurance following a job loss.

In addition to the Web site, Humana has a new easy-to-follow video devoted to explaining the intricacies of COBRA at staysmartstayhealthy.com/

COBRA State Continuation - Ohio News

Governor Ted Strickland recently signed House Bill 300 into law which provides temporary extensions of Ohio continuation (mini-COBRA) coverage from twelve months to fifteen months to permit Ohioans who lose their jobs to take full advantage of the federal subsidies available to help pay for the cost of

The Elephant in the Room: Provider Market Power



While the high cost of health insurance has drawn plenty of attention in the health reform debate, an underlying driver of higher insurance premiums - the growing market power of hospitals and physicians to negotiate higher payment rates - has gone largely unexamined, according to a Center for Studying Health System Change (HSC) study published online by *Health Affairs*.

The study examined the growing market power of many California hospitals and physicians, finding that providers are using various strategies, such as tighter alignment of hospitals and physician groups, to negotiate significantly higher payment rates from private insurers.

"Provider market power is the elephant in the room that no one wants to talk about in the national health care reform debate," said HSC Senior Consulting Researcher Robert A. Berenson, M.D., of the Urban Institute, a coauthor of the study with HSC President Paul B. Ginsburg, Ph.D., and Nicole Kemper, M.P.H., a former HSC research analyst.

"Health insurers have been squarely in the crosshairs and blamed for the high cost of private insurance, while the role of growing hospital and physician market power has escaped scrutiny," Berenson said.

The study also points out that California offers a cautionary tale for reform proposals that encourage hospitals and physicians to form tighter relationships through accountable care organizations.

"Reform proposals that encourage hospitals and physicians to integrate have the potential to improve quality and increase efficiency, but the savings may not be passed on to private payers if provider market power to command higher prices goes unchecked," Ginsburg said.

The authors conclude that "unless market mechanisms can be found to discipline providers' use of their growing market power, it seems inevitable that policy makers will need to turn to regulatory approaches, such as putting price caps on negotiated private-sector rates and adopting all-payer rate setting. Indeed, some purchasers who believe strongly in the long-term merits of increased integration of care delivery believe that price regulation may be a prerequisite for payment reforms that encourage integration."

mini-COBRA, or state continuation, of coverage.

Effective immediately, all small employer-sponsored group insurance policies issued, delivered or renewed on or after February 25, 2010, increase continuation coverage from 12 to 15 months. The extension is temporary and lasts only as long as newly terminated employees are eligible for federal premium subsidies for mini-COBRA coverage. When those federal subsidies are no longer available to newly terminated employees, the temporary law will end, and the Ohio law will return to 12 months of continuation coverage.

OAHP Annual Convention is May 25-26, 2010

Mark your calendars and set your GPS devices for The Columbus, A Renaissance Hotel May 25-26, 2010 - the site of the 2010 Ohio Association of Health Plans Annual Convention and Trade Show.

You won't want to miss the outstanding speakers to help you with "Navigating a New Landscape" in health care. Register today as a sponsor or attendee by clicking [here](#).



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The Ohio Association of Health Plans (OAHP) is the statewide trade association representing companies that provide health insurance benefits to more than 6 million Ohioans. OAHP's mission is to promote and advocate quality health care and access to a variety of affordable health care benefits for all Ohioans.