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Lincoln Lancaster County Board of Health
HEALTH REFORM TODAY

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The Patient Protection and Affordable Care Act (PPACA) - Now ACA

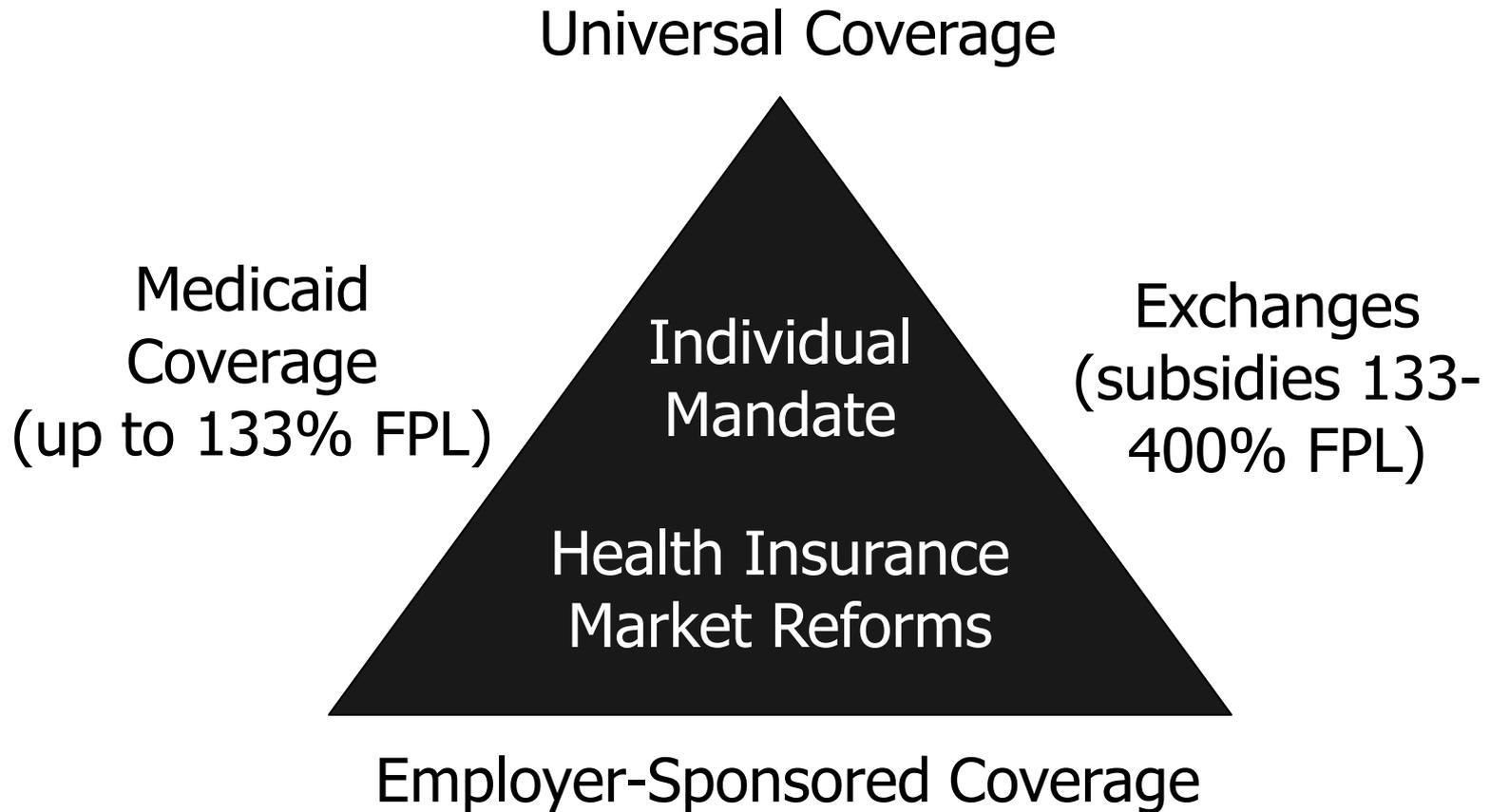
Goals:

- Curb cost growth
- Improve quality of care
- Provide access to affordable coverage

ACA Overview

- Builds on current public/private health care system by strengthening the employer-based system, expanding public programs and filling in gaps in coverage
- “Shared responsibility” with the individual mandate, in which employers, consumers, health plans, providers and state and federal governments participate in and help pay for reform
- Includes market reforms and creates health insurance exchanges to purchase coverage
- Delivery system improvement strategies to reduce health care cost growth and improve access to and quality of care

Promoting Health Coverage



Medicaid Expansion

- Expand Medicaid to all individuals with incomes up to 133% FPL in 2014
 - Maintain Medicaid coverage for adults >133% FPL until 2014
 - Provide states option to expand Medicaid to childless adults at regular FMAP starting April 1, 2011
- Enhanced federal funding for new eligibles
 - Phases in increased FMAP for states that currently provide Medicaid coverage for childless adults so FMAP is 90% by 2020
- Fund CHIP program until 2015; maintain Medicaid/CHIP coverage for children through 2019
- Simplify enrollment processes and coordinate eligibility determinations with exchanges

Individual Mandate

- Individuals required to have health coverage that meets minimum coverage standards beginning 2014
- Mandate enforced through the tax system with monetary penalties for those who don't obtain coverage
 - Greater of \$695 (\$2,085 for family), 2.5% of income or lowest cost Bronze plan in area
 - Exemptions granted for American Indians, undocumented immigrants, those below tax filing threshold, if cost of coverage exceeds 8% of income, financial hardship and religious objections

Employer Requirements and Incentives

- Requirements for larger employers (51+ employees)
 - Pay penalty of \$2,000 per FTE (excluding first 30 employees) if at least one employee receives premium tax credit
 - Can avoid fees by offering coverage and providing free choice voucher
 - Employers with more than 200 employees must automatically enroll workers in health plan
- Provisions for small employers (less than 50- employees)
 - Exempt from fees
 - Tax credits for small businesses offering health benefits (under 25)
 - Opportunity to purchase insurance through new health insurance exchange

Insurance Market Regulation 2010

- Temporary high-risk pool (August 2010)
- Extend dependent coverage to age 26 (plan years after 9/23/10)
- No lifetime limits and no rescissions; restricted annual limits (mini - med waivers you are hearing about)
- No pre-existing condition exclusions for children
- No cost-sharing for preventive services
- Limit health plans' medical loss ratios and review increases in health plan premiums

Insurance Market Regulations 2014

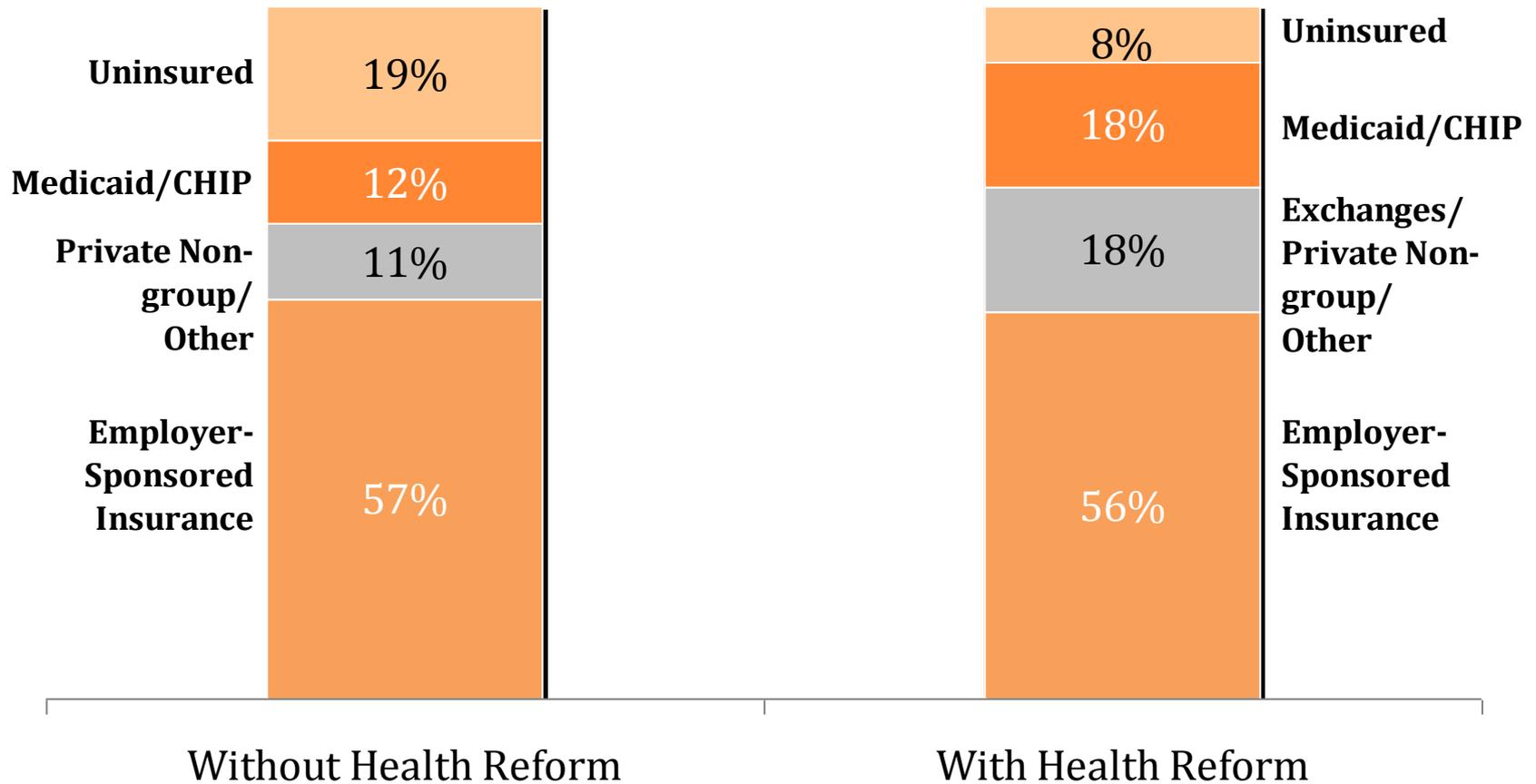
- Guarantee issue and renewability
 - Provide coverage to everyone regardless of health status
- Modified community rating
 - Prohibit insurers from charging people more based on gender, health status or occupation
 - Variations in premiums based on age (3 to 1) and tobacco use (1.5 to 1) would be limited
- Benefit Standards
 - Provide uniform benefits packages within tiers of coverage (platinum, gold, silver, bronze)

Health Insurance Exchanges

- Requires states to establish an exchange for the individual and small group markets no later than January 1, 2014
- Within the exchange, health plans may only sell Qualified Health Benefits Plans – those plans that cover the essential health benefits package – to individuals and small groups
- Health plans must be certified by an exchange by meeting multiple requirements

Health Insurance Coverage - 2014

Total Nonelderly Population = 282 million



Delivery System Reforms

- Encourage health information technology adoption and use
- Strengthen primary care and care coordination
- Reform provider reimbursement
- Emphasize prevention
- Adopt workforce development and retention strategies for primary care and other providers
- Support research that identifies most effective treatments and interventions
- Promote cost and quality transparency
- Create new long term care financing

Medicare Delivery System Reforms

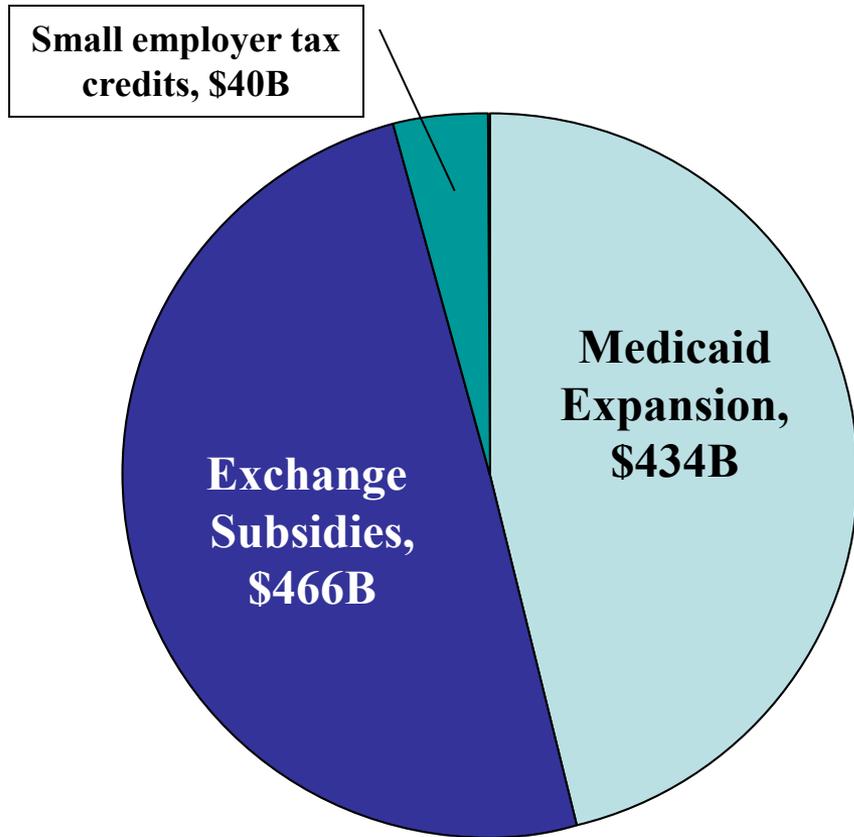
- Center for Medicare/Medicaid Innovation
- Accountable care organizations
- Bundling pilot program
- Payment reductions for health care-acquired conditions
- Value-Based Purchasing/Pay-for-Performance
 - Hospitals
 - Other providers
 - Physicians
- Other selected initiatives

Health Reform by the Numbers, 2010-2019

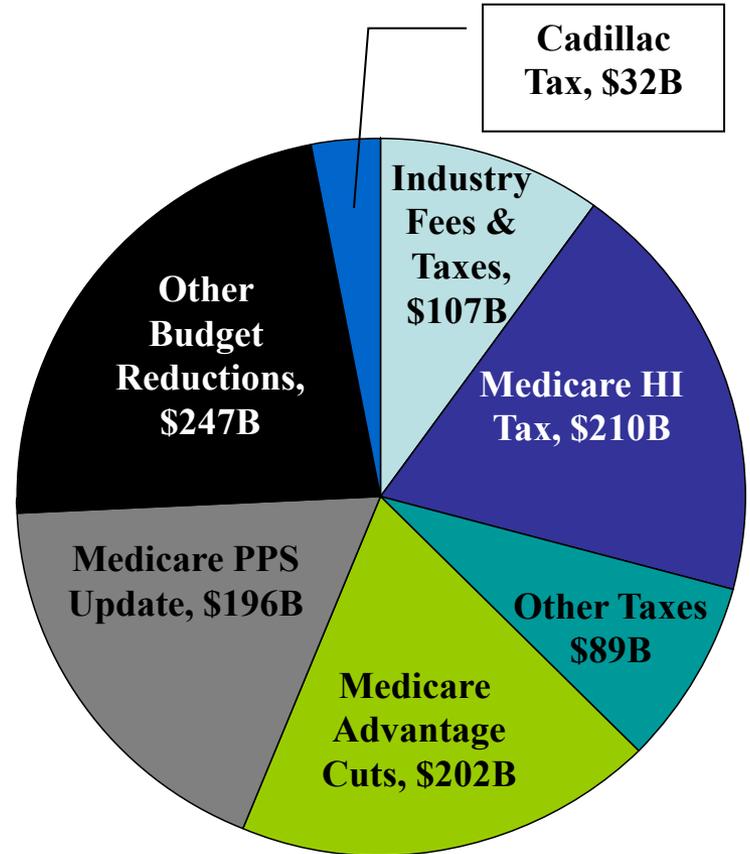
Patient Protection and Affordable Care Act	
Enrolled in Exchange	24 million
Subsidized in Exchange	19 million
Premium Subsidies Cost	\$464 billion
Additionally Covered by Medicaid/CHIP	16 million
Medicaid Expansion Cost	\$434 billion
Remaining Uninsured	23 million
Total 10-Year Cost of Coverage Provisions	\$938 billion
10-Year Federal Deficit Savings	\$124 billion

Financing

Spending on health reform
\$940B



Paying for health reform
\$1083B



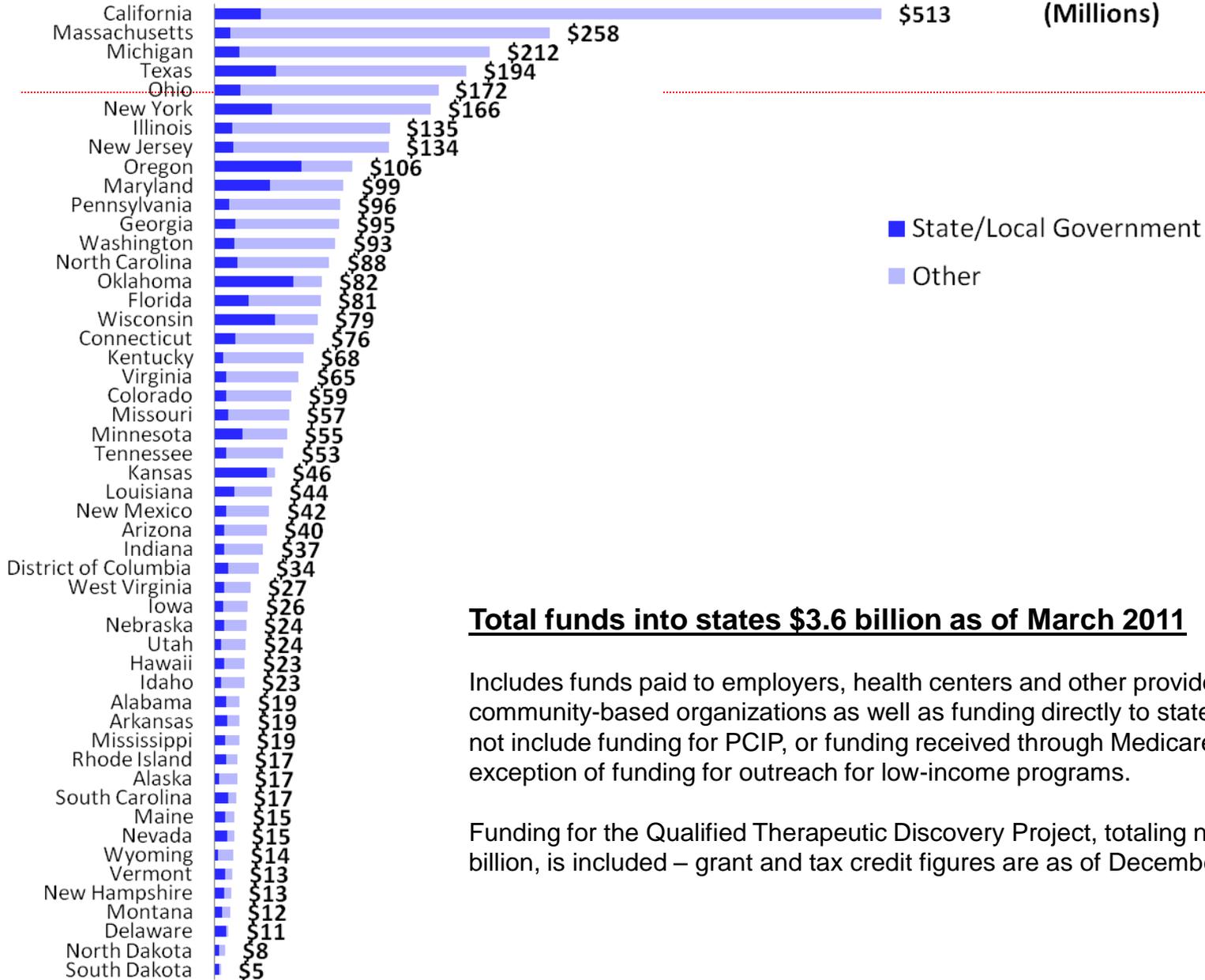
State Progress on Creating Exchanges

- Early guidance issued in December; more detailed guidance due late Spring
- Early innovator grants to six states (KS, MD, NY, OK, OR, WI) and a consortium of New England states (CT, ME, MA, RI, VT)
 - Awards total over \$240 million
 - States will develop IT infrastructure for Exchanges that can be adopted by other states
- 25 states have introduced legislation to create Exchanges
 - Legislation has passed both chambers in MS, NM, VA, WV
- Several states have indicated they will not move forward on Exchanges (FL, LA, MT)

State Innovation Waivers

- Allow states to develop alternatives to coverage requirements in the ACA
 - Coverage must be as comprehensive and affordable
 - As many people must be covered
 - Must be budget-neutral
- Currently, states can implement waivers in 2017; pending legislation would allow waivers in 2014
- Provisions that may be waived:
 - Qualified health plans and essential health benefits
 - Health Insurance Exchanges
 - Premium tax credits and reduced cost sharing for individuals in qualified health plans
 - Employer requirements and the individual mandate
 - Requires coordination with Medicaid/CHIP waiver process

Federal Funds Flowing into States from the Affordable Care Act



Total funds into states \$3.6 billion as of March 2011

Includes funds paid to employers, health centers and other providers, community-based organizations as well as funding directly to states. Totals do not include funding for PCIP, or funding received through Medicare with the exception of funding for outreach for low-income programs.

Funding for the Qualified Therapeutic Discovery Project, totaling nearly \$1 billion, is included – grant and tax credit figures are as of December 31, 2010.

Difficult to Reconcile Democratic Health Care Messaging

You can keep what you have and little will change	We are fundamentally reforming our system
Affordable coverage for <u>every</u> American will be ensured (through tax credits, Medicaid expansions, etc)	Reform will not increase costs and, in fact, it will reduce the deficit
Seniors will have more choices, benefits, and will see the life of the Trust Fund extended	There will be \$500 billion in Medicare savings
This is consistent with all the bipartisan health reform policies of the past	There is no Republican support
"It is an extraordinary achievement." – Obama "This is a big \$%!#-ing deal." – Biden	Democrats did not defend or promote. In fact, they changed the subject

Difficult to Reconcile Republican Messages

ObamaCare is a government takeover	There should be no public option that is a placeholder for single-payer (there is no such option)
ObamaCare failed to have any serious cost containment	ObamaCare cut Medicare by \$500 billion
ObamaCare will slash Medicare and hurt seniors	We must get a handle on open-ended entitlements
ObamaCare will create rationing and establish death panels	We spend too much money in the last year of life (in face of AZ transplant decision)
ObamaCare is a budget/deficit buster	The independent CBO deficit reduction scoring of ACA is wrong; BTW, we should repeal the Innovation Center, IPAB, and CER

Much Has Been Accomplished, but Work Remains

1. Review of health plan premium increases
2. Changes in Medicare Provider Rates
3. MACPAC
4. Comparative Effectiveness Research
5. Prevention and Public Health Fund
6. Medicare Beneficiary Drug Rebate
7. Small Business Tax Credits
8. Medicaid Drug Rebate
9. Coordinating Care for Duals
10. Generic Biologic Drugs
11. New Requirements on Nonprofit Hospitals
12. Medicaid Coverage for Childless Adults
13. Early Retiree Reinsurance Program
14. Pre-existing Condition Insurance Plan
15. New Prevention Council
16. Consumer Website
17. Tax on Indoor Tanning Services
18. Expansion of Drug Discount Program
19. Adult Child Coverage to Age 26
20. Consumer Protections in Insurance
21. Insurance Plan Appeals Process
22. Coverage of Preventive Services
23. Health Centers and National Health Service Corps
24. Health Care Workforce Commission
25. Medicaid Community-based Services

1. Medicare ACOs
2. Medicare Advantage Plan Payments
3. Medicare Independence at Home Demonstrations
4. Medicare Provider Payment Changes
5. Fraud and Abuse Prevention
6. Annual Fees on Pharmaceutical Industry
7. Medicaid Payment Demonstration Projects
8. Data Collection to Reduce Health Disparities
9. Medicare Value-based Purchasing
10. Reduced Medicare Payments for Hospital Readmissions

1. Expand Medicaid Coverage
2. Presumptive Eligibility in Medicaid
3. Health Insurance Exchanges
4. Health Insurance Premium and Cost-Sharing Subsidies
5. Guaranteed Availability of Coverage
6. No Annual Limits on Coverage
7. Essential Health Benefits
8. Multi-state Health Plans
9. Temporary Reinsurance Program for Health Plans
10. Basic Health Plan
11. Individual Requirement to Have Coverage
12. Employer Requirements
13. Free Choice Vouchers
14. Medicare Advantage Plan Loss Ratios
15. Wellness Programs in Insurance
16. Fees on Health Insurance Sector
17. Medicare IPAB Report
18. Medicare and Medicaid DSH Payments
19. Medicare Payments for Hospital-Acquired Infections



2010

2011

2012

2013

2014

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|---|--|
| <ol style="list-style-type: none"> 1. Medical Loss Ratio for Insurers 2. Closing the Medicare Drug Coverage Gap 3. Medicare Payments for Primary Care 4. Medicare Prevention Benefits 5. Center for Medicare and Medicaid Innovation 6. Medicare Premiums for Higher-income Beneficiaries 7. Medicare Advantage Payment Changes 8. Medicaid Health Homes 9. Chronic Disease Prevention in Medicaid 10. CLASS 11. National Quality Strategy 12. Changes to Tax-free Savings Accounts | <ol style="list-style-type: none"> 13. Grants to Establish Wellness Programs 14. Teaching Health Centers 15. Medical Malpractice Grants 16. Funding for Exchanges 17. Nutrition Labeling 18. Medicaid Payments for Hospital-Acquired Infections 19. Graduate Medical Education 20. Medicare IPAB 21. Medicaid Long-term Care Services |
|---|--|

1. State Notification Regarding Exchanges
2. Closing the Medicare Drug Coverage Gap
3. Medicare Bundled Payment Pilot Program
4. Medicaid Coverage of Preventive Services
5. Medicaid Payments for Primary Care
6. Itemized Deductions for Medical Expenses
7. Flexible Spending Account Limits
8. Medicare Tax Increase
9. Employer Retiree Coverage Subsidy
10. Tax on Medical Devices
11. Financial Disclosure
12. CO-OP Health Insurance Plans
13. Extension of CHIP