Health Reform & the Affordable Care Act

Richard C. Allen

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Overview

The Affordable Care Act

1. Patient Protection and Affordable Care Act (PPACA) signed into law 3/23/10, and
2. Health Care and Education Reconciliation Act of 2010 (HCERA) signed into law 3/30/10.

Health Reform gives Americans new rights and benefits and in 2014, Universal Coverage

ACA – Immediate Benefits

- Allows adult children until age 26 to stay on their parents' insurance
- Prohibits pre-existing condition exclusions for children (*for adults in 2014)
- No cost sharing for certain preventive care services

ACA – Immediate Benefits

- Eliminates lifetime caps; limits annual caps (*eliminates annual caps in 2014)
- Establishes consumer assistance programs
- Creates a website where consumers can compare information on plans and benefits

http://www.healthcare.gov/

ACA - Immediate Benefits

- Creates a high risk pool (PCIP) for uninsured with pre-existing conditions
- Requires insurers to justify rate hikes
- Allows consumers to appeal coverage decisions
- Bans insurers from rescinding coverage

ACA - Immediate Benefits

- Requires public disclosure of overhead & benefit spending by insurers
- Develops uniform explanation of coverage documents for enrollees
- Rebuilds the Primary Care Workforce

ACA - Immediate Benefits

- Establishes a $15 billion Prevention and Public Health Fund

- Strengthens the Safety Net
  - ❖ Provides new funding for construction of and expansion of Community Health Centers
  - ❖ Increases payments to Rural Health Care Providers

ACA - 2011

- Limits non-medical spending by insurance plans
  - 85% of premium $ collected by large employers must be spent on health care services;
  - 80% for small employers
- Requires employers to disclose value of health care benefit on W-2

ACA - 2012

- Health Equity: National Data Collection effort to detect and monitor disparities
  - Requires federally conducted or supported activities to collect data on race, gender, ethnicity, primary language and disability status.
- Establishes a voluntary, Long-Term Care Insurance program – CLASS
- Reduces paperwork and admin costs thru required electronic health info exchange

ACA - 2013

- Requires insurers to follow Administrative Simplification Standards for exchange of health information
  - Push towards electronic health records
- Bundling Payments: Establishes a national pilot program to encourage payment for episodes of care rather than per service

ACA - 2014

- **Individual mandate:** Requires most individuals to have minimum acceptable coverage or pay a tax penalty
  - *Guaranteed issue, coverage of pre-existing* conditions
  - No premium variation based on health status and gender; limited premium variation based on age and tobacco use
  - No annual limits for most people
  - Requires physician payment to align with quality by 2015

ACA 2014 - Insurance Exchanges

The Health Insurance Exchange

- Creates state-based and state or federally administered health insurance marketplaces for individuals and small businesses whose employers don't offer insurance
  - Members of Congress will get their insurance thru the Exchange
  - Only qualified health benefit plans meeting specific criteria can be sold in the exchange
  - Phases in large employers in 2017

Insurance Exchanges

Health Plans

- Requires plans to implement a process for appealing coverage determinations and claims
- Allows qualified health plans to provide coverage through a medical home
- Requires plans to publicly disclose information on claims payment policies, enrollment, denials, rating practices, out-of-network cost-sharing and enrollee rights
- Requires plans to implement activities to reduce health disparities

Medicaid & CHIP

- **2013**: Increases payments for primary care services provided by primary care physicians to 100 percent of the Medicare payment rates for 2013 and 2014
- **2013**: New funding for Medicaid to provide preventive health coverage
- Maintains current structure of the Children's Health Insurance Program (CHIP), with a 23 percent increase in the match rate in 2015 through 2019

Medicaid & CHIP

Early Expansion

- Option for states to begin expansion for certain non-elderly individuals with incomes up to 133% FPL effective April 1, 2010.

- Coverage would be reimbursed at the state's *regular Medicaid* FMAP

Medicaid

Maintenance of Effort/Eligibility

- Continues ARRA policy & prohibits eligibility changes to Medicaid that are more restrictive than those in place on date of enactment (March 23, 2010)
- Includes CHIP
- Expires in 2014 when the health care exchanges become effective
- Limited exception for hardship

Medicaid - 2014

Medicaid coverage across Medicaid/Exchange/ESI

- Establishes a national minimum eligibility level at 133% FPL: Effective level is 138% of the FPL with the 5% income disregard
  - Provides 100 percent federal funding to states for costs of newly eligible individuals for 2014-2016 (phasing down to 90% FFP by 2019)

Tax Credits - Exchange

- Individuals between 100%-400% FPL
- Lowers premium payments each month

Medicaid

Expansion

- Eligibility based on Modified Adjusted Gross Income (MAGI) with no asset tests (exempt: SSI,* child welfare, SSDI,**medically needy, Medicare Savings Programs)
- Adds new mandatory categories of Medicaid-eligibles:
  - Single, childless adults who are not disabled
  - Parents
  - Former Foster Care Children (aged-out of foster care, up to age 26)

Medicaid Innovation

- Establishes the Center for Medicare and Medicaid Innovation
  - Will look at new ways of delivering care to patients
  - Tests reforms that reward for providers for quality, not quantity
- Community First Choice Option
  - States may offer HCBS to disabled individuals
- 2017: Medicaid State Innovation Waivers: gives states flexibility to pursue innovative strategies

Questions?

Contact Information

Richard Allen

Richard.Allen@cms.hhs.gov

(303) 844-1370