Federal Status

• Three new federal laws enacted March and April 2010
  • P.L. 111-148: The Patient Protection & Affordable Care Act
  • P.L. 111-152: The Health Care and Education Reconciliation Act
  • P.L. 111-159: TRICARE Affirmation Act

• U.S. DHHS implementation activities to-date
  • New Office of Consumer Information & Insurance Oversight established
  • High Risk Pool solicitation under way
  • CMS Guidance issued
    • Medicaid early expansion option
    • Prescription drug rebates
  • Regulation packages promulgated
    • Medicaid benefit packages
    • Early Retiree Reinsurance Program
    • Federal insurance information web portal
    • Medicare & Medicaid provider enrollment
    • Dependent coverage to 26 years of age
  • Requests for comments published
    • Premium Review Process
    • Medical Loss Ratios
State Status

- Alaska has joined the Florida-led 20-state lawsuit challenging the constitutionality of the individual mandate

- State executive branch interagency team working on high-level state government impact analysis

- Submitted high risk pool letter of intent to participate provided certain conditions and protections are addressed

- The legislature will be involved in any decision regarding state implementation of any provision of the federal law that requires
  - A new state law
  - A state appropriation
Overview of Legislation

- Health Care Coverage (Titles I & II)
- Health Care Delivery (Title III)
- Prevention and Public Health (Title IV)
- Health Care Workforce (Title V)
- Fraud, Waste, and Abuse (Title VI)
- Medical Technology (Title VII)
- Community Living Assistance (Title VIII)
- Taxes and Fees (Title IX)
- Amendments (Title X)
Health Care Coverage Overview

- Insurance Market Reforms
- Health Insurance Exchange
- Medicaid Expansion
- New Insurance Programs
- Individual Mandates & Subsidies
- Employer Mandates & Subsidies
Health Care Coverage

- **Insurance Market Reforms**
  - Exclusions for pre-existing conditions prohibited
    - For children in 2010
    - For adults in 2014
  - Dependent coverage extended to 26 years of age (2010)
  - Lifetime limits prohibited (2010)
  - Annual limits restricted (2010), then prohibited (2014)
  - Prohibition on rescissions (2010)
  - Medical Loss Ratio: Reporting (2010); Restricted (2011)
  - Guaranteed issue and renewal rules (2014)
  - Adjusted community rating rules limit variations in premiums to region, tobacco use, age, and family composition (2014)
  - Gender discrimination prohibited
Health Care Coverage

- **Health Insurance Exchange (2014)**
  - State-based; Multi-state option
  - For individuals and small business (<100 employees)
    - Large businesses allowed to participate starting 2017
  - Federal grants to states for planning and implementation (2010)
  - Administered by gov’t agency or non-profit
  - Required to be Self-sustaining (2015)
  - State opt-out provision
  - State innovation waiver
Health Care Coverage

• Medicaid Expansion (2014)
  • Eligibility expanded to all individuals under 65 up to 133% FPL
  • State share phased in 2017-2020 (max 10%)
  • Alaska preliminary estimate
    • 24,000 new enrollees
    • Cost to State = $13 M/year
  • State option to implement immediately
Health Care Coverage

- **New Insurance Programs**
  - High-risk health insurance pool (2010)
  - Multi-state health plans created
  - Health Care Cooperatives: Non-profit member-operated health insurance companies created through loans and grants
  - Health Choice Compacts (2016)
Health Care Coverage

• **Individual Mandates & Subsidies**

  • **Mandates (2014)**
    - Individuals must have a qualified health plan or pay a tax penalty
    
      - Tax penalty $695/year (Family capped at 3x individual penalty ($2,085)) or 2.5% of household income, whichever is greater (phased in)
    
    - Exemptions include
      - Financial hardship
      - Religion
      - American Indians/Alaskan Natives
      - Lowest cost option exceeds 8% of income
Health Care Coverage

- Individual Mandates & Subsidies
  - Subsidies (eff. 2014)
    - Premium Credits
      - Refundable/Advanceable credits for purchase of insurance through the Exchange
      - Individuals/families with incomes between 133%-400% FPL
      - Amounts tied to cost of plan and set on sliding scale based on income level
    - Cost Sharing Subsidies
      - Individuals/families between 100% - 400% FPL
Health Care Coverage

- **Employer Mandates & Subsidies**
  - **Mandates (effective 2014)**
    - < 50 employees: Exempt
    - > 50 employees - if 1 or more employee receives subsidy:
      - And employer does not offer coverage, employer required to pay fee of $2,000/FTE (1st 30 FTEs excluded)
      - And employer provides coverage, employer required to pay fee of $2,000/FTE or $3,000 per subsidized employee (whichever is less)
    - > 200 employees: Required to provide insurance
      - Provide voucher to employees with incomes less than 400% FPL who chose to participate in Exchange
      - Report value of health care benefits on employees’ W-2 (2011)
Health Care Coverage

- **Employer Mandates & Subsidies**
  - Subsidies (phased in beginning 2010)
    - \( \leq 25 \) employees: Tax credits (for businesses with average annual wages \(< \$50,000\))
    - Temporary Early Retiree Reinsurance Program (2010)
      - Employers reimbursed 80% of retiree claims between $15,000 and $90,000 until 2014
Health Care Delivery

- Evidence-Based Practice (Comparative Effectiveness Research)
- Quality Improvement (National Strategy)
- Care Coordination and Service Integration
- Trauma System Enhancement
- Primary Care Enhancement
  - Medicare 10% bonus to primary care physicians (2011–2015)
  - Medicaid Medical Home State Plan Option (90% FMAP for two years) (2011)
  - Increase Medicaid payment to Medicare rate (n/a in AK)
- Payment Reform
  - Bundled payments (Medicare Pilot; Medicaid Demonstration)
  - Medicare Pay-for-Performance Program
Prevention & Public Health

- National Prevention Council and Fund
- Coverage of clinical preventive services
- Nutrition labeling on menus
- Community wellness grants
- Healthy lifestyles incentives for Medicare and Medicaid beneficiaries
- Immunization program
- Epidemiology & PH laboratory capacity
- Childhood obesity demonstration project
- Maternal and child health programs
Health Care Workforce

- National HC Workforce Commission
- Health care workforce assessment
- National Health Service Corps increased
- Recruitment and retention programs
- Training and education programs
  - Rural physician training grants
  - Area Health Education Center (AHEC) expansion
  - GME (graduate medical education) improvements
    - Resident training in community-based settings
    - Redistribution of GME slots
Fraud, Waste & Abuse

- New provider enrollment processes for Medicare and Medicaid
- Data sharing across federal programs
- Disclosure of financial relationships between health entities
- Increased penalties
- Providers required to implement compliance program
- Demonstration grants to states for medical malpractice reform
Community Living Assistance

- New long-term care insurance program (2011)
  - Voluntary
  - 5-year vesting
  - Cash benefit
    - to help aged/disabled stay in home or
    - cover nursing home costs
Taxes & Fees

- 10% sales tax on indoor tanning (2010)
- $2.8 billion annual fee on pharmaceutical industry (2012; increasing over time)
- 2.3% sales tax on medical devices (2013)
  - Glasses, contacts, hearing aids exempt
- Medicare payroll tax increased from 1.45% to 2.35% for individuals >$200K and couples >$250K; no increase to employer share (2013)
- New 3.8% Medicare tax on unearned income for individuals >$200K and couples >$250K (2013)
- Tax deduction for employers receiving Medicare Part D retiree subsidy eliminated (2013)
- $8 billion annual fee on health insurance industry (2014; increasing over time)
- Excise tax on employer-sponsored high-value insurance plans (2018)
Other Provisions

- Amends FLSA to require break times/locations for nursing mothers
- Enhanced funding for Community Health Centers
- Medicare Doughnut Hole Closure
- Medicare Funding Growth Capped
- Coordinated Health Care Office
- Elder Justice Act
- Indian Health Care Improvement Act
Timeline Highlights for States

- **2010**
  - Smallest employers (<25) eligible for tax credits
  - Medicaid Maintenance of Effort imposed (March)
  - Temporary high-risk insurance pool program established (June)
  - Temporary reinsurance program for early retirees established (June)
  - Feds establish website to facilitate insurance information (July)
  - Grants to states for
    - Exchange planning and implementation
    - Assistance with insurance premium review requirements
    - Establishing an office of health insurance consumer assistance
    - Numerous public health programs
  - **Insurance Market Reforms Implemented** (new plans for plan years beginning after 9/23/10)
    - Pre-existing condition exclusion prohibited for children
    - Lifetime limits prohibited; annual limits restricted
    - Prohibition on rescission of coverage
    - Dependent coverage to 26 years of age
    - Medical loss ratio reporting required
    - Coverage of clinical preventive services required
Timeline Highlights for States

- **2011**
  - Medicaid
    - States eligible for 1% FMAP increase if certain preventive services covered with no cost-sharing
    - Required to cover tobacco cessation for pregnant women
    - New state option for home and community-based services for disabled
  - Insurance Market Reforms
    - Medical Loss Ratio requirement imposed: Required to spend 85% of premium revenue on medical claims (80% for insurers covering small business)

- **2013**
  - States must notify U.S. DHHS regarding intent to establish Exchange
  - Fed regs for health care choice compacts issued
Timeline Highlights for States

• 2014
  • Insurance Exchanges implemented
  • State Medicaid
    • Expansion to 133% FPL takes effect
    • Required to implement enrollment simplification and coordination with Exchanges
    • Required to offer premium assistance for employer-sponsored insurance.
    • DSH funding reduced
    • Prohibition on exclusion of coverage for barbiturates, benzodiazepines, and tobacco cessation products
  • States required to establish at least one reinsurance entity
  • Insurance Market Reforms Implemented
    • Pre-existing condition exclusion prohibited for adults
    • Guaranteed issue and renewal required
    • Adjusted community rating rules take effect
  • Individual and employer mandates and subsidies implemented
Timeline Highlights for States

- **2015**
  - Insurance Exchanges must be self-sustaining
  - Medicaid programs required to begin annual enrollment reporting
  - States eligible for 23% FMAP increase to regular CHIP match (FFY 16 – FFY 19)
- **2016**
  - Health Care Choice Compacts may take effect
- **2017**
  - States will begin funding share of Medicaid expansion
  - States may operate an alternative program in lieu of federal coverage reforms if waiver obtained in previous year
  - States may allow large companies (>100 employees) to participate in Exchange
- **2018**
  - Excise tax on high-value health insurance plans imposed
Thank You

For More Information Please Visit:

Alaska’s federal health care law information website at:

http://hss.state.ak.us/fedhealth/

Questions? Comments?