

Overview & Update

Federal Health Care Reform

Alaska Health Care Commission Meeting

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Alaska Health Care Commission

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Summary of June - August 2012 ACA Updates

- Supreme Court ruling issued June 28
 - Individual mandate upheld
 - Medicaid expansion optional

- Insurance market reforms and oversight
 - Exclusions for children with pre-existing conditions prohibited
 - Insurers stopped writing child-only plans in Alaska when this provision was implemented in 2010 due to high financial risk associated with small risk pool. Governor Parnell signed HB 218 June 2012 creating a program to provide reinsurance for high-risk plan members. The new program is expected to lead to reestablishment of child-only policies again in the future.

 - Medical Loss Ratio – individual and small group plans exceeding 80/20 and large group plans exceeding 85/15 in 2011 required to rebate excess premium amount.
 - One Alaskan insurer in the small group market (John Alden Life Insurance) exceeded the MLR in 2011 and was required to pay out \$1,280,908 in rebates by August 1, 2012.

 - Review of Health Plan Premiums – insurance companies required to provide justification for premium increases over 10%
 - Alaska Division of Insurance submitted a waiver request for a change in the threshold to 17%, citing that as the average annual increase in health insurance premiums in Alaska.

Summary of June - August 2012 ACA Updates

- Health Insurance Exchange (HIX)
 - Final report from PCG, HIX consultants to AK DHSS, received June 21 and released to public July 17.
 - Governor Parnell announced July 17 that the State of Alaska will not create a State-run insurance exchange due to associated State costs.
 - The U.S. DHHS will establish a HIX for Alaska; the State may still choose to partner in certain aspects of administering the Exchange.
 - State plans to implement or participate in an exchange are due to the federal government by November 16, 2012.

- Medicaid Expansion - four *potential* state options, *pending federal guidance*
 - Do not implement expansion
 - Partially implement expansion
 - Implement expansion, but negotiate with feds for increased State flexibility
 - Implement expansion

Summary of June - August 2012 ACA Updates

■ Delivery system support and reform

- “New Access Point” Community Health Center grant awards announced June 20: 3 grantees in Alaska awarded a total of \$1,718,375
 - *Maniilaq Association/Kotzebue* \$595,833
 - *Southeast Alaska Regional Health Consortium/Sitka:* \$597,542
 - *Iliuliuk Family and Health Services/Unalaska:* \$525,000
- PeaceHealth Ketchikan Medical Center awarded \$3,169,386 June 2012 for 3-year project to improve primary care coordination for Medicare patients with chronic disease in rural SE Alaska
- CMS Medicaid Adult Quality grant opportunity for states to develop capacity to collect, report and analyze quality measures for adults – applications due 8/31/12

■ Payment reform

- CMS announced new State Innovation Models initiative in July – provides funding for state Medicaid programs to design or test multi-payer payment reform models intended to improve care, increase health status, and lower costs – applications due 9/17/12.

Summary of June - August 2012 ACA Updates

- Fraud and abuse prevention/detection
 - New Medicaid RAC (Recovery Audit Contractor) Program
 - Alaska Medicaid State Plan Amendment approved Feb 2012
 - Alaska DHSS issued joint RFP for RAC services with Idaho, Montana and Utah March 2012
 - Multi-State RAC contract awarded June 2012 to HMS Healthcare; contract effective July 1, 2012.

Presentation Overview

- Legal Challenges & Political Realities
- Status of Federal Implementation
- Structure of the Affordable Care Act
- Key Provisions in the Act (with Alaska Updates)
- Alaska Impact
- Timeline for Implementation

Implementation Updates

- Implementation updates are noted in this presentation
 - *In blue font (initial Alaska-specific updates), or*
 - In orange font for updates made between November 2011 and March 2012.
 - In green font for updates made between March and June 2012.
 - In purple font for updates made between June and August 2012.
- *Alaska-specific updates are also italicized.*

Legal Challenges & Political Realities



- Alaska participated as a plaintiff in the 26-state lawsuit led by Florida. (11th Circuit)
- Challenged the Constitutionality of:
 - The individual mandate requiring individuals to purchase health insurance
 - Unfunded mandates imposed on state governments (Medicaid Expansion)
 - Question regarding Severability; Anti-Injunction Act
- Appellate Court Ruling Scorecard:
 - 2 rulings upheld ACA (6th and D.C. Circuits)
 - 1 ruling against individual mandate, but upheld Medicaid expansion (11th Circuit)
 - 1 ruling avoided merits of the case; ruled against plaintiffs on jurisdictional grounds (4th Circuit)
 - Supreme Court heard oral arguments March 26 – 28; issued ruling June 28.

Legal Challenges & Political Realities



- Supreme Court Rulings:
 - Individual mandate requiring individuals to purchase health insurance or pay a penalty - UPHOLD
 - “The individual mandate cannot be upheld as an exercise of Congress’s power under the Commerce Clause” (5 to 4 vote); however,
 - The “Penalty” for not purchasing insurance is *functionally* a “Tax” and is upheld under Congress’s Tax Power (5 to 4)
 - Medicaid expansion - LIMITED
 - Requirement to expand Medicaid or discontinue participation in Medicaid found to be “coercive”
 - Fed gov cannot make Medicaid expansion a condition of continuing entire program (7 to 2 vote)
 - Anti-injunction Act – DOES NOT APPLY
 - Does not apply because Congress called the “Tax” a “Penalty”. (9 to 0 vote)
 - Different standard applied as this is a jurisdictional question, not a constitutional one
 - Severability – NOT CONSIDERED
 - Because the individual mandate was upheld, the Court did not need to consider Severability

Legal Challenges & Political Realities

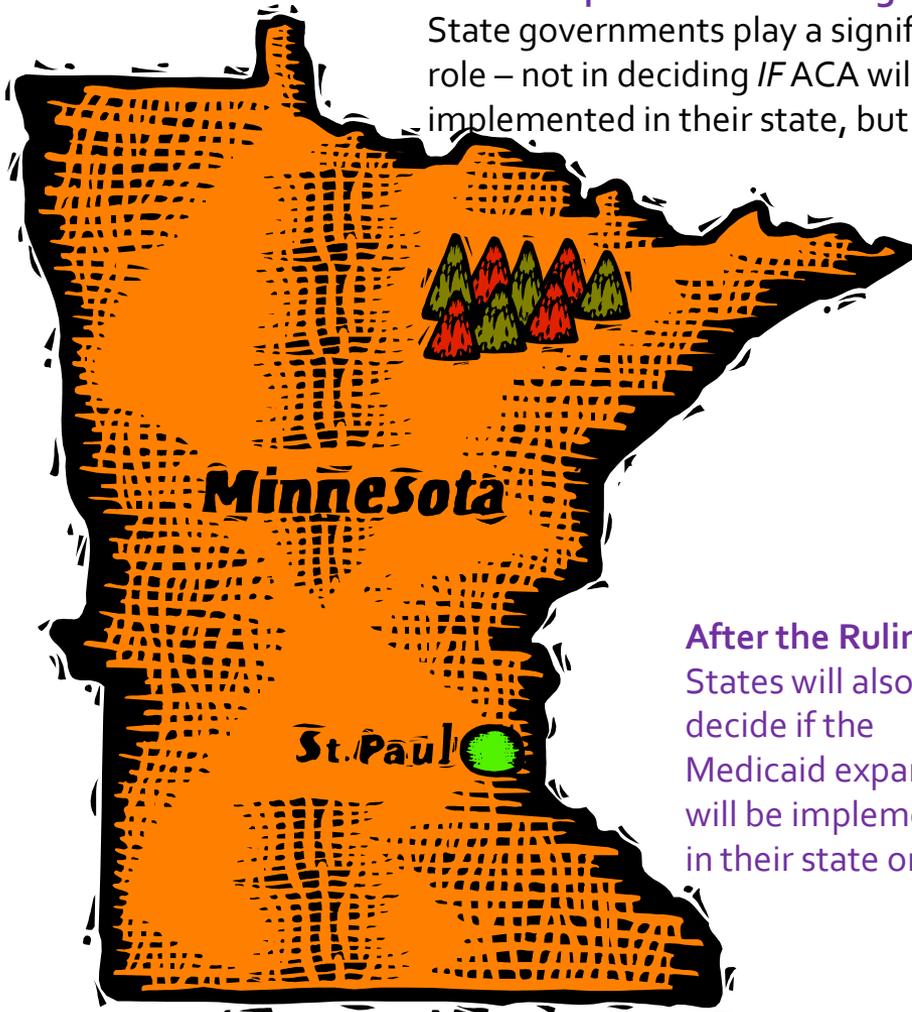


- **What has the 2010 election meant for the ACA?**
 - There's a big difference between campaigning and legislating....
 - Wholesale repeal unlikely
 - Increased congressional oversight of implementation
 - Provisions with no appropriation in original bill may not be funded
 - Some provisions are supported by GOP (e.g., fraud and abuse)
 - Repeal of some provisions would increase deficit

Legal Challenges & Political Realities

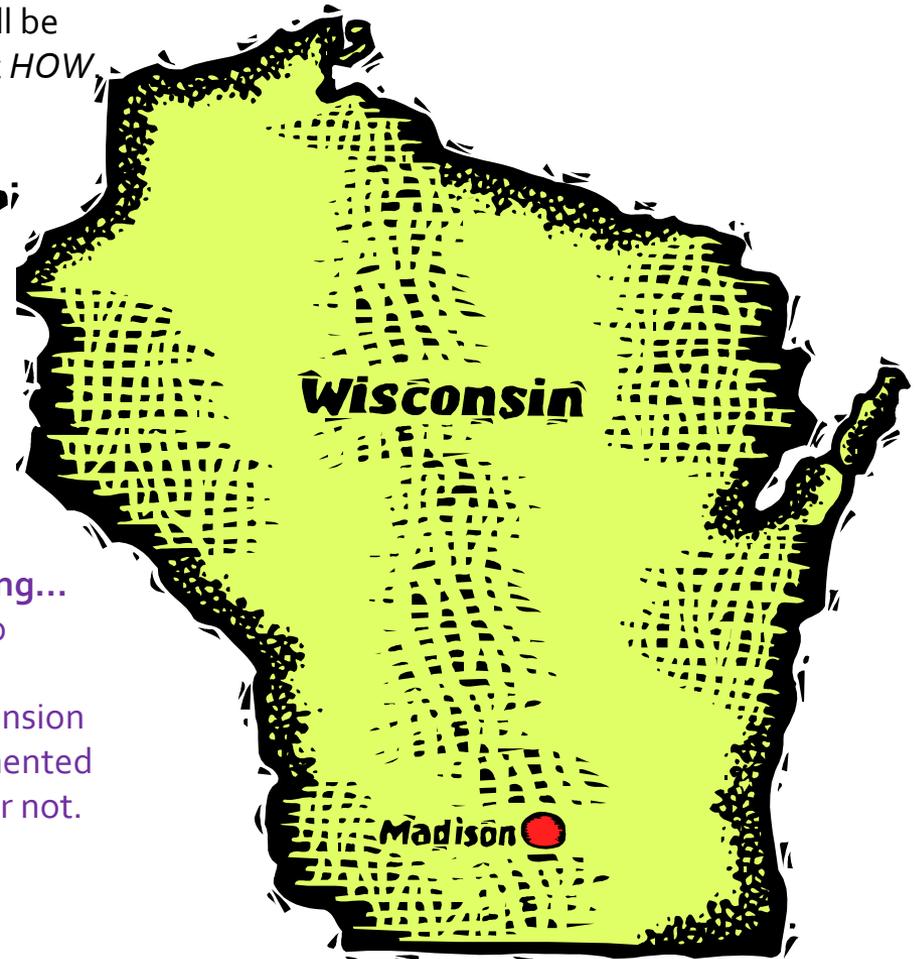
Before Supreme Court Ruling

State governments play a significant role – not in deciding *IF* ACA will be implemented in their state, but *HOW*.



After the Ruling...

States will also decide if the Medicaid expansion will be implemented in their state or not.



Federal Implementation To-Date

- 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
- Scores of funding opportunities (billions of \$\$\$\$) released to-date
- *Well over 40* Regulation packages released to-date
 - *Total # of words in regulation packages released to-date currently exceeds 3-times the number of words in Tolstoy's War and Peace.*
 - *Released since March 9:*
 - *Six final regulations (Medical Loss Ratio (amendment); Community First Choice Option; Medicaid Eligibility Changes; Student Health Insurance Coverage; Reinsurance, Risk Corridors, and Risk Adjustment; Exchange (Creating 7 new Subparts in Title 45 of the CFR: Standards for Establishing, General Functions, Eligibility Determinations, Enrollment in Qualified Health Plans, SHOP, Certification of Qualified Health Plans, Insurance Issuer Standards)).*
 - *Three proposed regulations (Data Collection Standards for Essential Health Bens, plus Certification of Qualified Health Plans; Medicaid Primary Care Rate Increase; and Medicaid State Plan Home & Community-Based Services);*
- New website live – www.healthcare.gov

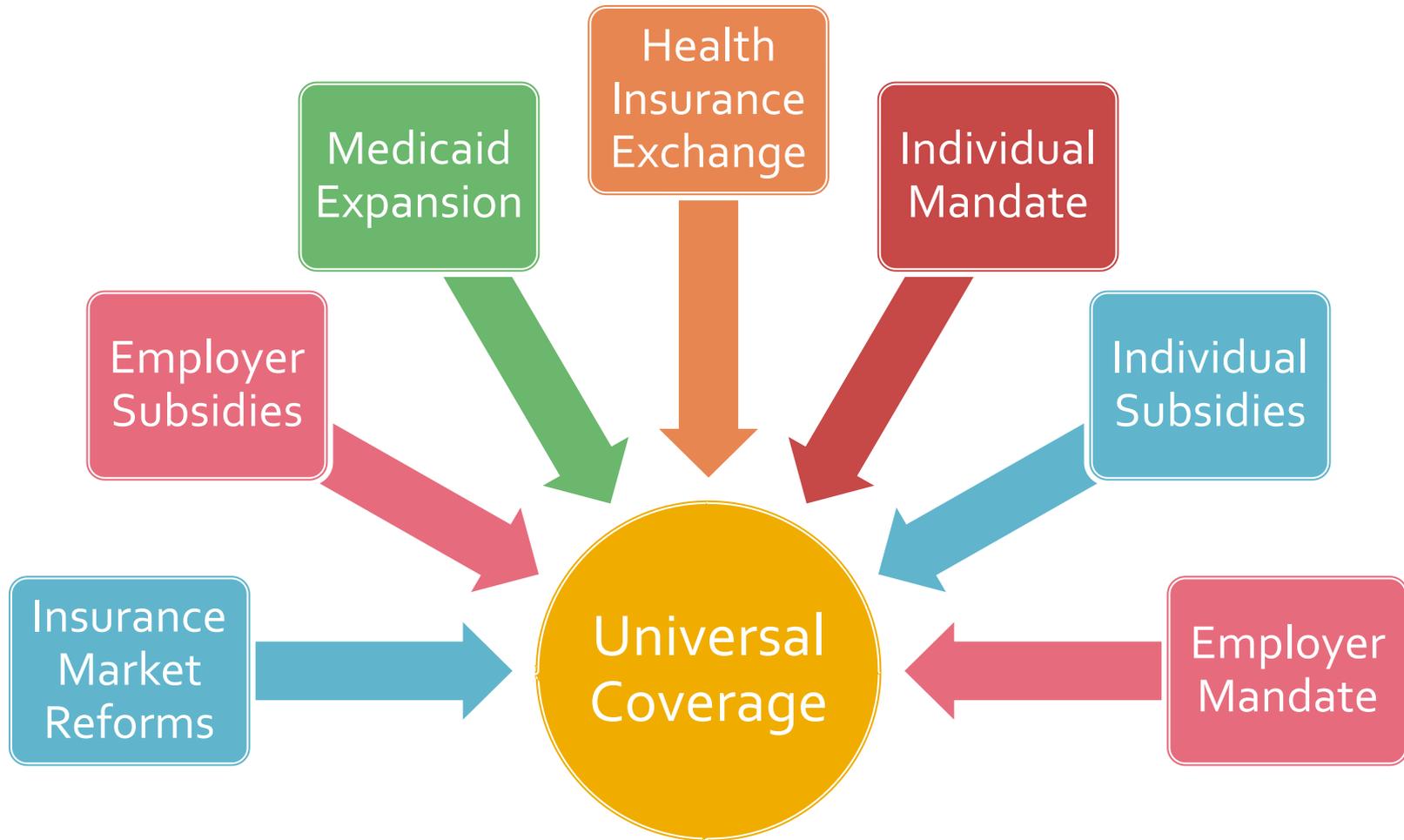
Federal Implementation To-Date

- Four new federal offices established
 - Center for Consumer Information and Insurance Oversight (CCIIO)
 - Center for Medicare and Medicaid Innovation
 - Coordinated Health Care Office
 - Office of Community Living Assistance Services and Supports
- One new non-profit established
 - Patient-Centered Outcomes Research Institute
- Six new councils/boards/committees formed
 - National Prevention, Health Promotion, and Public Health Council
 - Committee to Review Criteria for the Designation of MUAs and HPSAs
 - Consumer Operated and Oriented Plan (CO-OP) Advisory Board
 - National Health Care Workforce Commission
 - Advisory Committee on Breast Cancer in Young Women
 - Interagency Working Group on Health Care Quality
 - Pending: Medicare Independent Payment Advisory Board (funded Oct 2011, but members not yet appointed)

Components of the Act

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

Move Towards Universal Coverage



Insurance Market Reforms

- New Private Insurance Market Rules
 - Exclusions for pre-existing conditions prohibited
 - For children in 2010
 - *This rule resulted in Alaskan insurers dropping child-only policies due to unpredictable financial risk. During 2011 no insurance company offered child-only coverage in Alaska. The Alaska Legislature passed HB 218 in 2012, which includes a provision to create a reinsurance program to protect insurers from excessive losses, and which is expected to lead to provision of child-only policies again in the future.*
 - 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)
 - *MLR limited to 80/20 for individual and small group market; 85/15 for large group market; Insurance companies exceeding MLR limit in 2011 are required to rebate the excess premium amount by August 1, 2012. Alaskan insurers met the MLR limit in the individual and large group markets in 2011. One Alaskan insurer(John Alden Life Insurance) exceeded the MLR limit in the small group market and will pay out \$1,280,908 in rebates in 2012.*
 - 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

Insurance Market Reforms

- New Insurance Plan Options
 - Temporary high-risk health insurance pool (2010 - 2014)
 - *Alaska Update: Alaska's ACHIA Fed Pre-Existing Conditions Plan started 8/1/10; there were 47 Alaskans enrolled on 05/31/12; ACHIA requested additional funds from feds for 2012 – anticipating spending \$10M for 50 enrollees in 2012 (\$200,000/enrollee) and running out of the \$13M initially allocated for Alaska for 2010-2014.*
 - Health Care Cooperatives (“Co-Ops” – Consumer Operated and Oriented Plans) (2013)
 - Non-profit member-operated health insurance companies created through loans and grants
 - *The feds have awarded a total of \$1,399,051,940 in low-interest loans to 18 non-profits offering coverage in 18 states.*
 - *No Alaskan entity has yet expressed interest to the State Division of Insurance.*
 - Multi-state health plans (2014)
 - Health Choice Compacts (2016)

Insurance Market Reforms

- State Insurance Oversight and Consumer Assistance
 - Review of Health Plan Premiums (2010)
 - *Alaska Update: SOA declined fed funds as unnecessary and potentially burdensome; HB 164 passed during 2011 legislative session expanded authority of AK Division of Insurance to pre-approve rate increases for all private health insurers operating in Alaska (effective January 2012); Alaska was deemed by US DHHS as having an effective review program in July 2011.*
 - *HHS approved 26% premium rate hike requested by ODS for their Alaska plans (request submitted last fall, approved late February)*
 - *AK Division of Insurance currently reviewing Premera premium rate hike request of 12.5%.*
 - *AK Division of Insurance submitted a waiver request to OCIIO regarding the requirement that insurance companies provide justification for premium increases over 10%. The State's waiver requests a change in the justification requirement threshold to premium increases of 17% or greater. The State's request cites 10% as a low average typical increase, and notes that 17% is an approximate average annual increase.*
 - State Consumer Assistance Programs (2010)
 - *Alaska Update: SOA declined fed funds as unnecessary and potentially burdensome; AK Division of Insurance maintains an adequately staffed consumer assistance program.*

Employer Subsidies

- Tax Credit (2010)
 - For businesses with ≤ 25 employees and average annual wages $< \$50,000$
 - *Unable to determine participation by Alaskan employers at this time*
 - *Alaska Association of Health Underwriters reports a survey of over 100 Alaskan insurance carriers and brokers found one had one client who took advantage of this tax credit so far.*
- Temporary Early Retiree Reinsurance Program (2010 - 2014)
 - Employers reimbursed 80% of retiree claims between \$15,000 and \$90,000 until 2014
 - *Alaska Update: 8 employers enrolled; \$30.3 million in reimbursement received by 7 employers thru January 19, 2012; HHS discontinued program effective Jan 1, 2012 due to insufficient funds, as the \$5 billion appropriated for the program was fully disbursed between June 2010 – Dec 2011.*

Medicaid Expansion

- Eligibility expanded to all individuals/families under 65 years of age up to 133% FPL (2014)
- State share phased in 2017-2020 (max 10%)
- Alaska preliminary mid-range estimate
 - 30,000 new enrollees
 - Cost to State = \$20 M/year
- State option to implement immediately (2010)
- Now – with the Supreme Court Ruling – State option whether to implement at all.

Medicaid Expansion

- *Potential State Options*
 - Do not implement expansion
 - Partially implement expansion
 - Dependent on whether fed gov will allow or not
 - Implement expansion, but negotiate new rules with more flexibility for States
 - Assumes states now have more leverage to influence fed policies
 - Implement expansion

Health Insurance Exchange (HIX)

- Electronic Market Place for Purchasing Insurance
 - State-based; Multi-state option
 - May be administered by gov't agency or non-profit
 - State gov't opt-out provision (fed gov't will then establish state's exchange) (2013)
 - State plans to implement an exchange must be submitted to the federal government by 11/16/12
 - For individuals and small business (<100 employees) (2014)
 - Federal subsidies for individuals will be applied through the exchange
 - Interface with State's Medicaid eligibility and enrollment system required
 - Large businesses allowed to participate starting 2017
 - Required to be self-sustaining (2015)
- Grants to states for planning and implementation (2010)
 - *Alaska Update: SOA declined fed funds as unnecessary and potentially burdensome, but is utilizing available funds to contract with consultant to advise on design – contract awarded January 2012 to Public Consulting Group, final report received June 21 and released to the public July 17. Governor Parnell announced July 17 that Alaska will not create a state-run insurance exchange due to the associated state costs.*
 - *Alaska Medicaid's Children's Health Insurance Program (CHIP) has won a number of financial awards from US DHHS for high performance in CHIP enrollment, and is being used as a model at the national level in the design of streamlined eligibility process and outreach templates for HIXs.*
- State innovation waiver (2017)

Individual Mandate

- Individuals must have a qualified health plan or pay a tax penalty (2014)
 - 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

Individual Subsidies

- Premium Credits (2014)
 - 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 (2014)
 - Individuals/families between 100% - 400% FPL

Employer Mandate

- < 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 auto-enroll new employees
- 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)
 - IRS issued notice making this requirement optional for large employers (>250 employees) until 2012 and for small employers until 2013.

Health Care Delivery

- Evidence-Based Practice (Comparative Effectiveness Research)
 - New non-profit Patient-Centered Outcomes Research Institute was established Sept 2010
- Quality Improvement (National Strategy)
 - National Health Care Quality Strategy report was issued March 2011
- Care Coordination and Service Integration
 - Community-Based Care Transitions Program
 - 30 organizations in 16 states participating as of March 2012
 - at least 1 Alaska health care organization intends to apply
 - Primary Care & Behavioral Health Service Integration
 - Grants awarded to Alaska Island Community Services (Wrangell) and Southcentral Foundation
 - “Health Care Innovation Challenge” (an initiative of the CMS Innovation Center)
 - PeaceHealth Ketchikan Medical Center awarded \$3,169,386 in June 2012 for a 3-year project to improve primary care coordination for patients with chronic disease in rural SE Alaska.
- Trauma System Enhancement (*funds not appropriated*)

Health Care Delivery

- Enhanced funding for Community Health Centers
 - *Alaska Update: \$9.5 million in new and increased community health center funds awarded in Alaska as of Aug 2011; plus 13 Alaskan CHCs awarded \$35k each Sept 2011 for Patient-Centered Medical Home transition*
 - *New capital development awards totaling \$3.9 million in FFY 12, as of June 10:*
 - *Tanana Chief Conference/Fairbanks: \$2.1 million Capacity Building*
 - *Yukon-Kuskokwim Health Corporation/Bethel: \$496,326 Facility Improvement*
 - *Seldovia Village Tribe/Seldovia: \$410,405 Facility Improvement*
 - *Mat-Su Health Services, Inc./Wasilla: \$380,000 Facility Improvement*
 - *Alaska Island Community Health/Wrangell: \$500,000 Facility Improvement*
 - *New "New Access Point" grant awards announced June 20 total \$1,718,375:*
 - *Maniilaq Association/Kotzebue \$595,833*
 - *Southeast Alaska Regional Health Consortium/Sitka: \$597,542*
 - *Iliuliuk Family and Health Services/Unalaska: \$525,000*
- Primary Care Enhancement
 - Medicare 10% bonus to primary care physicians (2011–2015)
 - Medicaid Medical Home State Plan Option (90% FMAP for 2 years) (2011) *Alaska Medicaid program will wait until medical home program fully operational to exercise option, as there is no expiration date on the option, and the 2-year clock on the enhanced FMAP starts ticking as soon as the State's application is approved by the feds. Alaska DHSS awarded contract to Public Consulting Group March 2012 to design a Medicaid Patient-Center Medical Home pilot program.*
 - Increase Medicaid payment to Medicare rate (*n/a in AK*)

Health Care Delivery

- Quality Measurement

- Medicaid Adult Quality Grant to Measure & Improve Quality of Care in Medicaid
 - Funding opportunity released July 2012
 - 2-year funding open to all States and Territories
 - Will support State Medicaid agencies in developing staff capacity to collect, report, and analyze data on the Initial Core Set of Health Care Quality Measures for Adults Enrolled in Medicaid
 - Applications due August 31, 2012.

Payment Reform

- Center for Medicare & Medicaid Innovation (2011)
- Multi-Payer Advanced Primary Care Practice Demo (2011)
- Medicare Payment Reform ACA Provisions
 - Independent Payment Advisory Board (2011; 1st rpt due 2014)
 - FQHC Advanced Primary Care Provider Demo (2011)
 - *Anchorage Neighborhood Health Center awarded demonstration grant; \$6 PMPM for providing medical home services for Medicare enrollees*
 - Hospital readmission reduction program (2012)
 - *Effective Oct 2012 DRG payment rates will be reduced based on a hospital's ratio of actual to expected readmissions, starting at 1% payment reduction in FFY 13, increasing to 2% in FFY 14, capped at 3% for FFY 15 and beyond. Policy will apply to heart attack, heart failure and pneumonia in FFY 13, and expand in FFY 15 to include COPD, CABG, PTCA and other vascular conditions.*
 - Hospital value-based purchasing program (2012)
 - *Effective Oct 2012 hospitals will receive incentive payments based on their performance for certain quality measures. Incentives will be based on both attainment and improvement.*
 - Shared savings program (Accountable Care Organizations) (2012)
 - Bundled payment (episodes of care) pilot (2013)
 - Physician fee schedule value-based payment modifier (2015)
 - Payment adjustments for hospital-acquired conditions (2015)

Payment Reform

- Medicaid Payment Reform ACA Provisions
 - Non-payment for healthcare-acquired conditions (2011)
 - Pediatric ACO demonstration (2012)
 - Hospital bundled payment (episodes of care) demonstration (2013)
 - State Innovation Models Initiative
 - Funding opportunity released July 2012
 - Will fund up to 25 state Medicaid programs to design multi-payer payment reform models targeted to improving care, increasing health status, and lowering costs. An additional 5 states that are ready to implement such models will be funded to test their models.
 - Applications due September 17, 2012

Prevention & Public Health

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

- *Alaska Update: Approximately \$7 M in grants for public health, prevention, workforce development, and programs for aged/disabled have been awarded to-date in AK; it's important to note that a number of these grants were previously authorized and funded but were reauthorized under and now appear as ACA programs*

- *Maternal, Infant, and Early Childhood Home Visiting Program: Four organizations have been awarded a total of \$4.1 million starting in 2010 - Alaska Division of Public Health/DHSS, Southcentral Foundation, Fairbanks Native Association, and Kodiak Area Native Association.*

- *Strengthening Public Health Infrastructure for Improved Health Outcomes: Three organizations were awarded 5-year grants of \$250,000 each (per year; FFY 11-15) – Alaska Division of Public Health/DHSS, Alaska Native Tribal Health Consortium, and the Southeast Alaska Regional Health Consortium.*

Health Care Workforce

- National HC Workforce Commission
- National health care workforce assessment
- National Health Service Corps increased
- State health care workforce plans
 - *Alaska Update: AK Dept of Labor and WF Development awarded grant last year, which was used to support AK Health Workforce Coalition and development of their recently released Action Plan*
- Health Profession Opportunity Grants for TANF Recipients; and for Tribes
 - *Cook Inlet Tribal Council, Inc, awarded \$1,494,689 in FFY 11*
- 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 & Abuse

"2011 will be a turning point for compliance programs...."

Report on Medicare Compliance
January 17, 2011

"The stress level for compliance professionals will go off the charts this year."

Roy Snell, President
Health Care Compliance Association
January 17, 2011

ACA includes 32 sections on health care fraud and abuse and program integrity

Fraud & Abuse

- New Provider Enrollment Processes
- Data Sharing Across Federal Programs
- Overpayment Recovery Expanded
- Increased Penalties
- Disclosure of Financial Relationships Required
- Compliance Plans Required

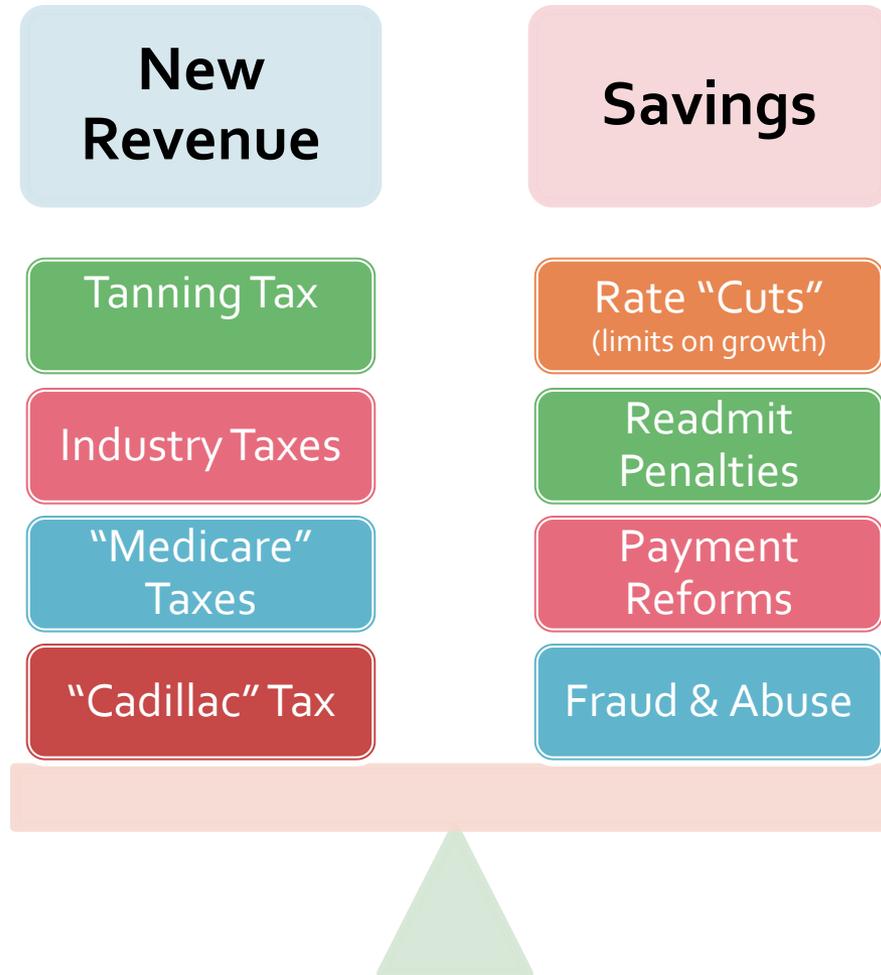
Fraud & Abuse

- New Medicaid RAC (Recovery Audit Contractor) Program
 - Federal regulations released September 2011
 - State Medicaid Program required to implement RAC Program by January 2012
 - *Alaska Update: AK DHSS is evaluating how to align new Medicaid RAC program with Medicaid audit program mandated under State law to minimize impact on providers.*
 - *Alaska Medicaid State Plan Amendment for RAC submitted 12/21/10; approved 2/24/11.*
 - *AK DHSS issued a joint RFP for RAC services with Medicaid programs in Idaho, Montana and Utah in March 2012.*
 - *Multi-State RAC contract awarded June 2012 to HMS Healthcare; contract effective July 1, 2012.*
- National Background Check Program for Long Term Care Facilities and Providers
 - Program to identify efficient, effective and economical procedures for long term care facilities and providers to conduct background checks on prospective direct patient/resident access employees.
 - *Alaska Department of Health & Social Services, Section of Certification & Licensing, Background Check Program was an initial pilot state under this program, and has been awarded a total of \$1.5 million by this program.*

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
- Secretary Sebelius reported to Congress in October 2011 that the statutory requirement that the program be actuarially sound could not be met, indicating that the program was unsustainable as designed and could not be implemented as passed.
- U.S. House voted to repeal the CLASS Act on February 1, 2012.

How the Act Pays for Itself



New Fees & Taxes

- 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)
 - “Cadillac Plans” tax imposed on plans valued at more than \$10,200 for an individual plan and \$27,500 for family coverage

Other Provisions

- Amends FLSA to require break times/locations for nursing mothers
- Alaska Federal Health Care Access Task Force
 - *Alaska Update: Convened Jul-Aug 2010, produced report Sept 2010, dissolved with production of report.*
- Medicare “Donut Hole” Closure
 - *2,329 Alaskans received \$250 rebate in 2010; in 2011 and 2012 those in the donut hole receive a 50% discount from the pharmaceutical manufacturer on covered brand name prescription drugs; and a 7% government subsidy in 2011, 14% in 2012, on generic drugs.*
- Elder Justice Act
- Indian Health Care Improvement Act Reauthorized

Other Provisions

- New IRS Requirements for Tax-Exempt Hospitals (2012)
 - Adopt and implement written financial assistance and emergency medical care policies
 - Limit charges for emergency or other medically necessary care
 - Comply with new billing and collection restrictions
 - Conduct a community health needs assessment at least once every three years (effective for tax years beginning after March 23, 2012)
- Medicaid Community First Choice Option (2012)
 - Provides 6% enhanced FMAP for states that offer home and community-based personal attendant services and supports.
 - Final regulation implementing the option released 4-27-12 (requires nursing home level of care need for eligibility)
 - *Alaska Division of Senior & Disability Services awarded a contract to HCBS Strategies (a national consulting firm with expertise in Medicaid long term care services) to conduct a feasibility study and to propose a potential program design.*

Alaska Impact 2019 (MAFA Projections)

- Increase in health care spending: +\$289 M
 - State of Alaska: \$41 M
 - Alaska Households: \$124 M
 - Federal Gov: \$124 M
- Increase in insurance coverage: +53,000 Alaskans
 - Medicare: 0
 - Medicaid: +38,000
 - Employer sponsored: - 45,000
 - Exchanges: +78,000 (60% supported by fed subsidies)
 - Other Private: - 18,000
 - Other Public: 0

Timeline

■ 2010

- Smallest employers (≤ 25 FTEs) 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 and workforce 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

■ 2011

- Medicaid Options & Requirements
 - 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: Large group plans required to spend 85% of premium revenue on medical claims (80% for insurers covering individuals and small business)
- Health Care Delivery System Reform
 - Accountable Care Organizations (ACOs): Medicare Shared Savings Program implemented.
- New Fraud & Abuse Rules Implemented

■ 2013

- U.S. DHHS determines State readiness to establish Exchange
- Fed regulations for health care choice compacts issued

Timeline

■ 2014

- Insurance Exchanges implemented
- Medicaid changes implemented
 - 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

- **2015**
 - Insurance Exchanges must be self-sustaining
 - Medicaid programs required to begin annual enrollment reporting
 - States eligible for 23% FMAP increase on 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/>

Alaska Health Care Commission's website at:
<http://hss.state.ak.us/healthcommission/>