Overview

Federal Health Care Reform

Alaska Health Care Commission
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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

31 Funding opportunities released to-date (at least)
10 Regulation packages released to-date (at least)
1 New federal office established (at least)
4 New councils/boards/committees formed (at least)
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, Waste, 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

- Medicaid Expansion
- Health Insurance Exchange
- Individual Mandate
- Employer Subsidies
- Individual Subsidies
- Insurance Market Reforms
- Employer Mandate

Universal Coverage
Insurancce 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
Insurance Market Reform

- New Insurance Plan Options
  - Temporary high-risk health insurance pool (2010)
  - Multi-state health plans
  - Health Care Cooperatives: Non-profit member-operated health insurance companies created through loans and grants
  - Health Choice Compacts (2016)
< =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
Medicaid Expansion

- Eligibility expanded to all individuals/families under 65 up to 133% FPL (2014)
- State share phased in 2017-2020 (max 10%)
- Alaska preliminary estimate
  - 30,000 new enrollees
  - Cost to State = $13 M/year
- State option to implement immediately
Health Insurance Exchange

- Electronic Market Place for Purchasing Insurance
- State-based; Multi-state option
- For individuals and small business (<100 employees) (2014)
  - Large businesses allowed to participate starting 2017
- 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
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)
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 2 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 bens
- 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
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
How the Act Pays for Itself

New Revenue
- Industry Taxes
- "Medicare" Taxes
- "Cadillac" Tax

Savings
- Rate Cuts
- Readmit Penalties
- Payment Reforms
Other Provisions

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

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
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: Required to spend 85% of premium revenue on medical claims (80% for insurers covering small business)

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 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
Legal Challenges & Political Realities

- Alaska is participating as a plaintiff in the 20-state lawsuit led by Florida.

- Challenging the Constitutionality of:
  - The individual mandate requiring individuals to purchase health insurance
  - Unfunded mandates imposed on state governments
Legal Challenges & Political Realities
Significance of Health Care to SOA

- State Operating Budget ($7.3 B (FY 11; w/o debt))
  - Medicaid $1.4 B (DHSS $2.3 B)
  - Education 1.4 B
  - Transportation .7 B
  - University of Alaska .8 B
  - Public Safety .2 B
  - Courts .1 B
  - Corrections .3 B
SOA’s Health Care Reform Agendas

- AK DHSS’s Health Care Reform Agenda
  - Alaska Health Care Commission
  - Medicaid Reform
  - Care Management
  - Health Information Technology (EHR/HIE)
  - Workforce Development

- Alaska Health Care Commission’s Agenda
  - Access
  - Cost
  - Quality
  - Prevention
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/