Overview & Update
Federal Health Care Reform

Alaska Health Care Commission Meeting

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Summary of December 2012 to March 2013 Updates

- Fiscal Cliff deal passed January 1.
  - The greatest financial impact to the ACA was elimination of $1.7 billion in available funding for the Insurance Co-Op program.
    - See note on next slide regarding potential Alaska impact of this cut.
  - The deal also eliminated the CLASS Act (Community Living Assistance & Support program), and replaced it with a Commission charged with developing a national long term care plan by August 2013.

- Sequester took effect March 1, cutting $85 billion in federal spending planned for FFY 13.
  - Direct impacts to ACA funding include:
    - - $44 million Insurance Exchange grants
    - - $51 million Prevention & Public Health Fund
    - - $57 million Health Care Fraud & Abuse Control
    - - $6 million Small Business Health Insurance Tax Credit
  - Other health program impacts include:
    - Medicare cut 2%: Cuts made to provider payments
    - Additional cuts impact funding for CDC, the NIH, the FDA, and global health programs
  - Medicaid is exempt from the sequester

Summary of December 2012 to March 2013 Updates

- Insurance Co-Ops:
  - The federal Center for Consumer Information & Insurance Oversight (CCIIO) issued an additional award on December 21, bringing the total to $1,980,728,696 in low-interest loans awarded to 24 non-profits offering coverage in 24 states since the program began (the first awards were made February 2012).
  - A group of private individuals submitted a loan application on December 31 to CCIIO for the creation of a multi-state Co-Op that would include Alaska* , but available federal funding for this program was eliminated in the fiscal cliff deal on January 1. (* per Alaska Public Radio Network story)
- High Risk Pool/Pre-Existing Conditions Insurance Plans (PCIPs):
  - Total Alaskans enrolled in the PCIP on December 31, 2012: 45; As of January 2013 the total number of Alaskans enrolled in the PCIP since inception was 101.
  - CCIIO directed state-run, federally-funded PCIPs created under the Affordable Care Act (including Alaska's, administered by the Alaska Comprehensive Health Insurance Association (ACHIA)) to discontinue accepting applications for new enrollees after March 2, 2013 due to funding constraints. The federally operated PCIP suspended acceptance of new enrollee applications February 16, 2013.
    - Note: The federal decision on the federally-funded plan does not affect ACHIA's state-funded high-risk pool plan, which continues to accept applications for new enrollees.

Summary of December 2012 to March 2013 Updates

- Health Insurance Exchange (HIX): February 15 was the deadline for States to file a blueprint with the federal government for a State-Federal partnership Exchange. As of March 1, 2013:
  - 17 States (+ WA DC) will operate a state-based exchange
  - 7 States will operate a partnership exchange
  - 26 States (including Alaska) will participate in the federally-facilitated exchange
    - AK DHSS awarded a contract to Deloitte February 2013 to replace the Alaska's Eligibility Information System (EIS). 1st phase will include Medicaid eligibility determination features compliant with ACA HIX requirements and will be operational by October 2013.

- Medicaid expansion decisions, as of March 5, 2013:
  - 26 States (+ WA DC) have announced they will expand in 2014
  - 17 States have announced they will not expand at this point in time
    - CMS issued guidance to States on December 10 clarifying that there is no deadline by which a State must let the federal government know its intention regarding the Medicaid expansion.
    - Governor Parnell announced on February 28 that he would not ask the Legislature for funding or authorization to expand Medicaid in Alaska during SFY 2014, and that his next decision point on this question will be December when he releases his SFY 2015 budget. He will be considering additional information, investigating federal openness to state flexibility, and weighing the options between now and next December.
  - 7 States are undeclared

Summary of December 2012 to March 2013 Updates

- Federal regulations and guidance released since December 7, 2012:
  - 3/1/2013: Proposed regulations released by HHS on enrollment for small businesses purchasing coverage through the insurance exchange.
  - 3/1/2013: Final regulations released by HHS on health benefit payment parameters.
  - 3/1/2013: Final regulations released by the Office of Personnel Management on the Multi-State Plan Program.
  - 3/1/2013: Guidance released by IRS on new health insurance issuer tax.
  - 2/22/2013: Final regulations released by HHS on health insurance market reforms that implement five key ACA provisions applicable to non-grandfathered health plans: guaranteed availability, community rating, guaranteed renewability, single risk pool and catastrophic plans. Also addresses rate review program.
  - 2/21/13; 2/11/13; 12/28/13: Guidance for state implementation of the modified adjusted gross income conversion for Medicaid released.
  - 2/20/2013: Final regulations released by HSS on essential health benefits – includes standards for insurers, core package of benefits inside and outside the exchange.
  - 2/8/13: Final regulations released by HSS on transparency, requiring applicable manufacturers of drugs, devises, biological, or medical supplies to report certain payment to physicians and teaching hospitals; also requiring certain organizations to report certain physician ownership or investment interests.
  - 2/7/13: Proposed regulation released by HSS reducing and streamlining certain Medicaid and Medicare regulations.
  - 2/1/2013: Guidance for State on claiming enhanced 1% FMAP (Federal Medical Assistance Percentage, i.e., federal match for Medicaid), effective 1/1/2013, for certain preventive services and adult vaccines.
  - 2/1/2013 Final regulations released by IRS governing health insurance premium tax credits, including the test for determining whether employer-sponsored coverage is affordable (which will determine whether workers will be able to access premium tax credits or not).
  - 1/30/2013: Proposed regulations released by CMS and the IRS on minimum essential coverage and payment by non-exempt individuals for not maintaining minimum essential coverage.
  - 1/28/2013: Request for comment issued by CMS on new single, streamlined application to purchase private insurance and assess eligibility for Medicaid or premium tax credits.
  - 1/22/2013: Proposed regulation released by CMS on eligibility and enrollment provisions for Insurance Exchanges and Medicaid.
  - 1/15/2013: Guidance released by CMS related to "health homes" (primary care medical homes), focused on recommended health care quality measures for assessing this service delivery model.
  - 1/14/2013: Proposed regulations released by CMS on coordination of eligibility between Medicaid and the Insurance Exchange.
  - 1/3/2013: Guidance on State-Federal Partnership Insurance Exchange released by CCIIO.
  - 12/10/2012: Guidance released by HHS on Medicaid expansion.
  - 12/7/2012: Proposed regulation on reinsurance and risk corridors, risk adjustment, premium tax credits and cost-sharing reductions, and user fees for health insurance issuers participating in a federally-facilitated insurance exchange.

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

- *Alaska-specific implementation updates are included in dark blue italicized font.*

Legal Challenges & Political Realities

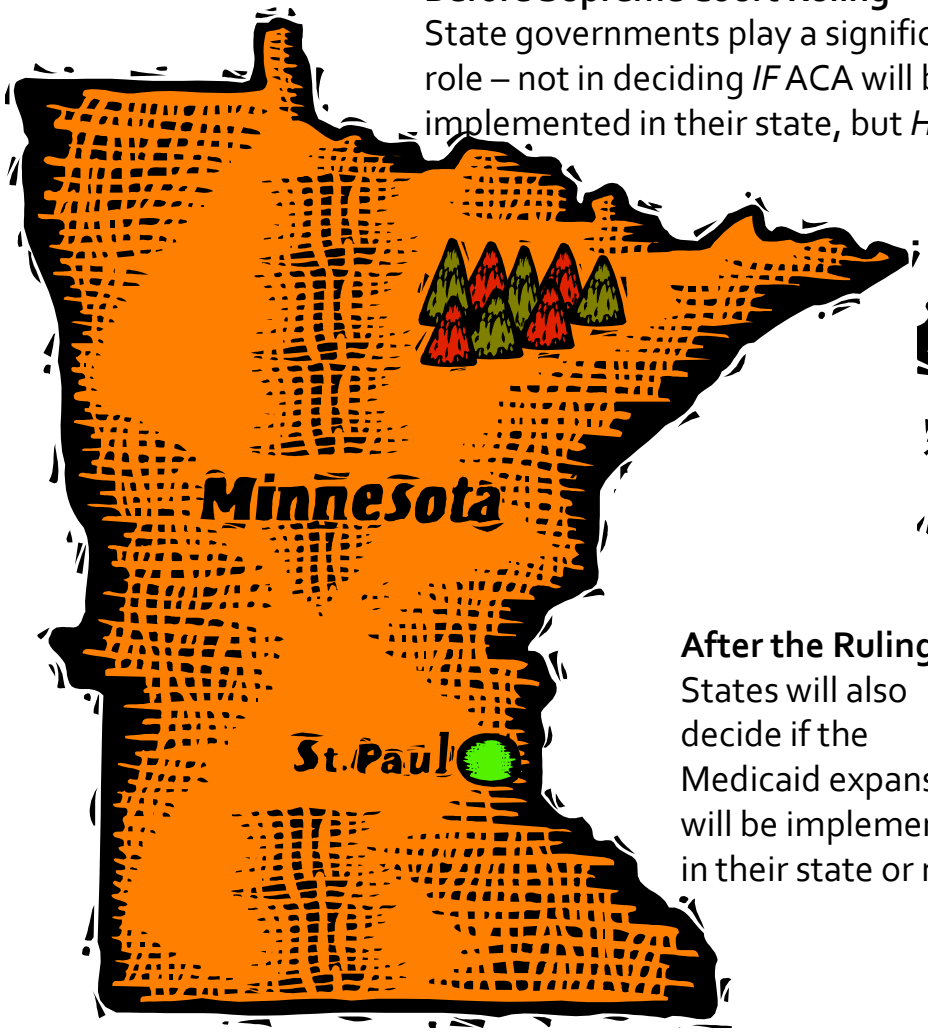
- Alaska participated as a plaintiff in the 26-state lawsuit led by Florida. (11th Circuit)
- Challenged the Constitutionality of:
  - The individual mandate requiring individuals to purchase health insurance
  - Unfunded mandates imposed on state governments (Medicaid Expansion)
  - Question regarding 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

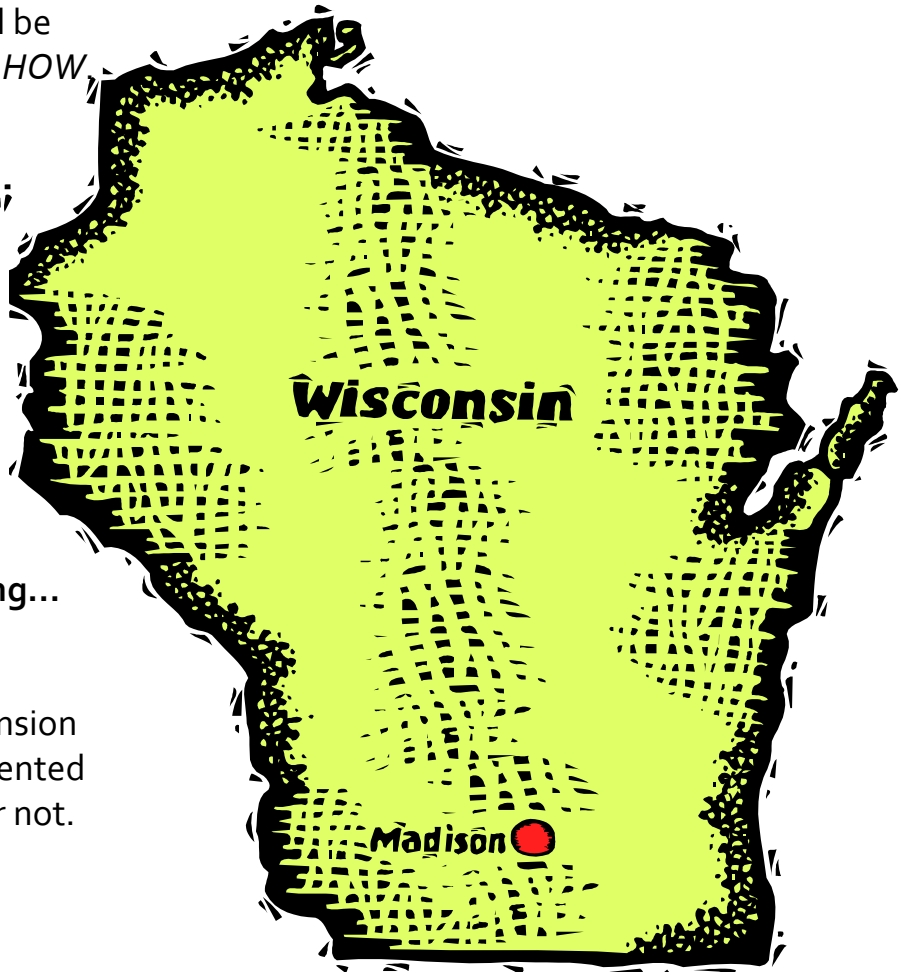
- Supreme Court Rulings:
  - Individual mandate requiring individuals to purchase health insurance or pay a penalty - UPHELD
    - "The individual mandate cannot be upheld as an exercise of Congress's power under the Commerce Clause" (5 to 4 vote); however,
    - The "Penalty" for not purchasing insurance 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

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
- Over $18 billion in grants awarded to-date
- Over 40 Regulation packages released to-date
- New website live – www.healthcare.gov

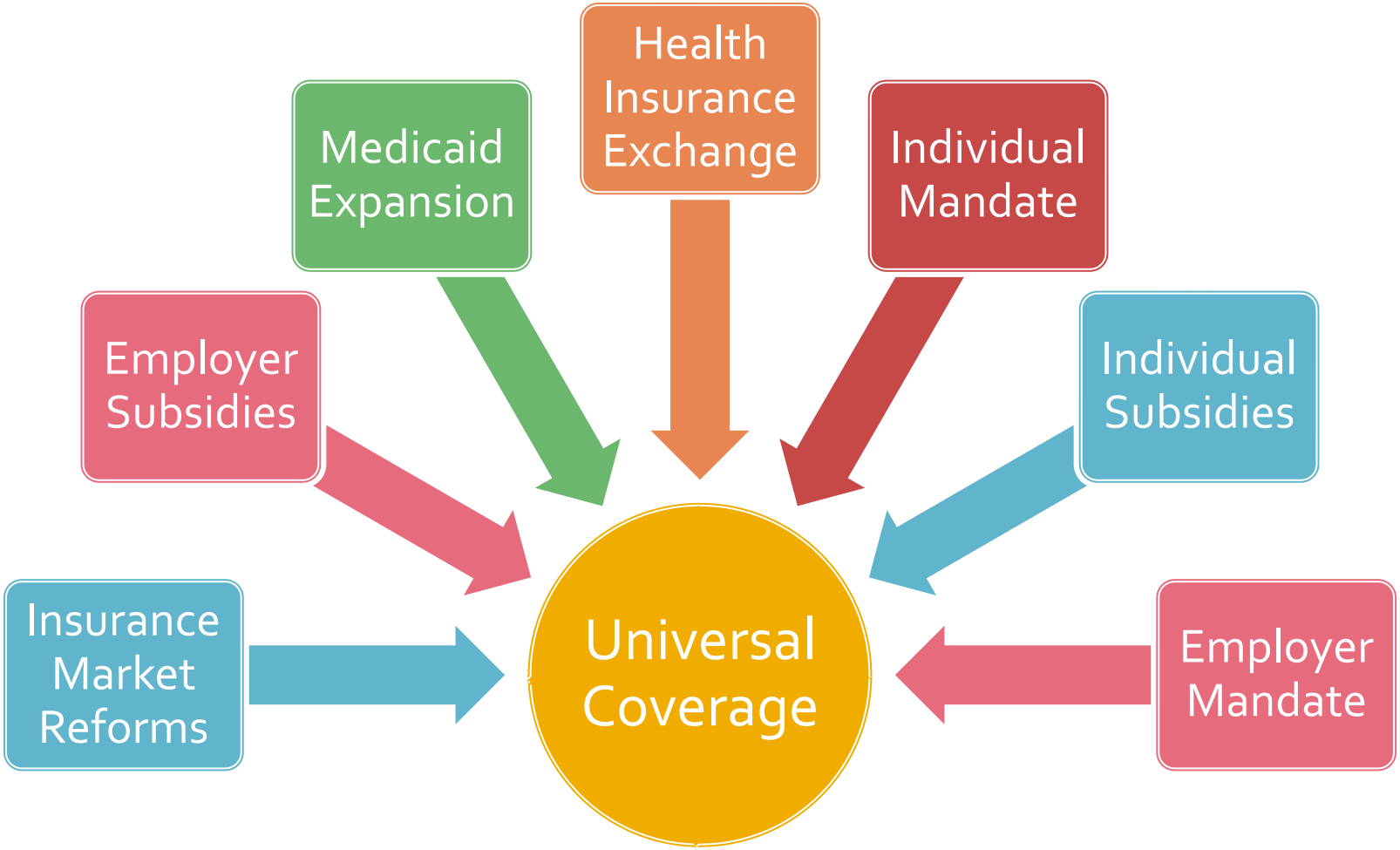
Federal Implementation To-Date

- 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 paid 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 is one of 27 states that chose to run the pre-existing conditions plan (through ACHIA). The other 23 states plans were run by the US DHHS.*
    - *Alaska's ACHIA Fed Pre-Existing Conditions Plan started 8/1/10; ACHIA requested additional funds from feds for 2012 – anticipated spending $10M for 50 enrollees in 2012 ($200,000/enrollee) and running out of the $13M initially allocated for Alaska for 2010-2014.*
    - *As of January 2013 the total number of people ever enrolled in Alaska's state-based federal PCIP was 101.*
    - *The federally-run PCIP suspended acceptance of new enrollees 2/16/13 and directed state-based PCIPs that are federally funded under the Affordable Care Act to suspend enrollment after 3/2/13 due to limited federal funding. (Note that ACHIA's state-funded high-risk pool plan is not affected by this federal decision, and continues to accept new enrollee applications.)*
  - 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 $1,980,728,696 in low-interest loans to 24 non-profits offering coverage in 24 states.
    - *A group of private individuals submitted a Co-Op loan application to CCIIO on 12/31/12 for the creation of a multi-state Co-Op that would include Alaska, but Congress eliminated available funding for the Co-Op program in the fiscal cliff deal on 1/1/13.*
  - Multi-state health plans (2014)
  - Health Choice Compacts (2016)

Insurance Market Reforms

- State Insurance Oversight and Consumer Assistance
  - Review of Health Plan Premiums (2010)
    - *State of Alaska declined fed grant funds to establish rate review program 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.*
    - *During 2012 US DHHS approved 26% premium rate hike requested by ODS for their Alaska plans ; AK Division of Insurance approved 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 thresh-hold 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 reported in 2011 a survey of over 100 Alaskan insurance carriers and brokers found one insurer had one client who had taken advantage of this tax credit.*
- Temporary Early Retiree Reinsurance Program (2010 - 2014)
  - Employers reimbursed 80% of retiree claims between $15,000 and $90,000 until 2014
  - *8 Alaskan 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

- State option to expand eligibility to all individuals/ families under 65 years of age up to 133% FPL (2014)
  - Fed match (FMAP) funding contribution 100% until 2017
    - State share phased in 2017-2020 (max 10%)
  - Partial expansion not permitted; no deadline for expansion decision; option to discontinue expansion at a later date
  - State innovation waiver alternative (2017)
- State option to implement expansion immediately at regular match rate (2010)
- Eligibility determination
  - States required to convert to Modified Adjusted Gross Income (MAGI) for eligibility determination for all eligibility groups, not just expansion population, effective 1/1/14
  - States required to coordinate eligibility determination with the Health Insurance Exchange
    - *Alaska DHSS awarded EIS (Eligibility Information System) replacement contract to Deloitte; Medicaid eligibility features required for compliance with ACA will be operational by Oct '13.*

Medicaid Expansion

- CMS issued guidance to States on December 10 clarifying that there is no deadline by which a State must let the federal government know its intention regarding the Medicaid expansion.
- *Alaska DHSS's preliminary mid-range estimate (calculated in 2010)*
  - *30,000 new enrollees*
  - *Cost to State = $20 M/year*
- *Alaska DHSS contracted with the Lewin Group during 2012 to study and provide information for the expansion decision regarding the potential eligible population. Report due in 2013.*
- *Governor Parnell announced on February 28 that he would not ask the Legislature for funding or authorization to expand Medicaid in Alaska during SFY 2014, and that his next decision point on this question will be December when he releases his SFY 2015 budget. He will be considering additional information, investigating federal openness to state flexibility, and weighing the options between now and next December.*

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)
    - *The State of Alaska opted-out; the federal government will administer this program for Alaska. See note below.*
  - 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 utilized available state funds to contract with a consulting firm (Public Consulting Group) between January – June 2012 to advise on design. PCG's final report was released to the public in July 2012 (posted on DHSS website). Governor Parnell announced July 17, 2012 that the State of Alaska would not create a state-run exchange due to the associated 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.*
- *AK DHSS awarded a contract to Deloitte February 2013 for Design, Development & Implementation of a replacement for the State's Eligibility Information System. Deloitte will be adapting for Alaska a system currently operating in 18 other states. The first phase will include Medicaid eligibility determination features compliant with the Affordable Care Act, and is scheduled to be operational by October 2013*
- 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
    - 82 organizations in 34 states participating as of Jan 15 2013
  - Primary Care & Behavioral Health Service Integration
    - *Grants awarded to Alaska Island Community Services (Wrangell) and Southcentral Foundation*
  - Health Care Innovation Challenge
    - *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
  - *Capital Development Grants: A total of $13,185,878 was awarded to Community Health Centers in Alaska during FFY 2011 and 2012.*
  - *Expanded Services Supplemental Funding: A total of $6,809,616 was awarded to Community Health Centers in Alaska during FFY 2012 and thru the first quarter of FFY 2013.*

- 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. The Pilot program will be launched in 2013.*
  - 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 for 2-year grant to 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
    - *Alaska Medicaid program submitted application, but was not funded. 27 grants were awarded December 21, 2012 in the competitive grant process.*

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.*
  - Medicare Shared Savings Program (Accountable Care Organizations) (2012)
    - CMS approved 260 ACO organizations between May 2012 – Jan 2013 (none in AK). Many more expected in 2013.
  - Bundled payment (episodes of care) pilot (2013)
    - CMS announced January 31, 2013 over 500 health care organizations enrolled to participate in the Bundled Payments of Care Improvement initiative, which will bundle payments for certain episodes of care. Alaska is one of six states that does not have a participating health care organization.
  - 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
    - February 21, 2013: CMS Innovation Center awarded grants to 25 states to support development and testing of models for multipayer payment and health care delivery system reform.

Prevention & Public Health

- National Prevention Council and Fund
- Coverage of clinical preventive services
- Nutrition labeling on menus
- Public Health Infrastructure
  - *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.*
- Community wellness grants
  - *Community Transformation Grants: Two organizations have been awarded a total of $1,385,856 since 2011 to implement community-level programs that prevent chronic disease – the Southeast Alaska Regional Health Consortium and Yukon-Kuskokwim Health Corporation.*
- Healthy lifestyles incentives (Medicare and Medicaid)
- Immunization program
- Epidemiology & PH laboratory capacity
- Childhood obesity demonstration project
- Maternal and child health programs
  - *Maternal, Infant, and Early Childhood Home Visiting Program: Four organizations have been awarded a total of $6.8 million starting in 2010 - Alaska Division of Public Health/DHSS, Southcentral Foundation, Fairbanks Native Association, and Kodiak Area Native Association.*

Health Care Workforce

- National HC Workforce Commission
- National health care workforce assessment
- National Health Service Corps increased
  - *Alaska DHSS awarded a $375,000 State Loan Repayment Program grant in 2012*
- State health care workforce plans
  - *Alaska Dept of Labor and WF Development awarded $150,000 in FFY 2010, which was used to support AK Health Workforce Coalition and development of their Action Plan*
- Health Profession Opportunity Grants for TANF Recipients; and for Tribes
  - *Cook Inlet Tribal Council, Inc, awarded $1,463,627 (2010), $1,494,689 (2011), and $1,443,235 (2012) to implement Tribal HPOG program in SC Alaska*
- Recruitment and retention programs
- Training and education programs
  - Rural physician training grants
  - Area Health Education Center (AHEC) expansion
  - GME (graduate medical education) improvements
  - Advanced Education Nursing Traineeship
    - *UAA awarded $255,813 in 2012*

Fraud & Abuse

- ACA includes 32 sections on health care fraud and abuse and program integrity, most took effect during 2011
  - New Provider Enrollment Processes
  - Data Sharing Across Federal Programs
  - Overpayment Recovery Expanded
  - Increased Penalties
  - Disclosure of Financial Relationships Required
  - Compliance Plans Required

Fraud & Abuse

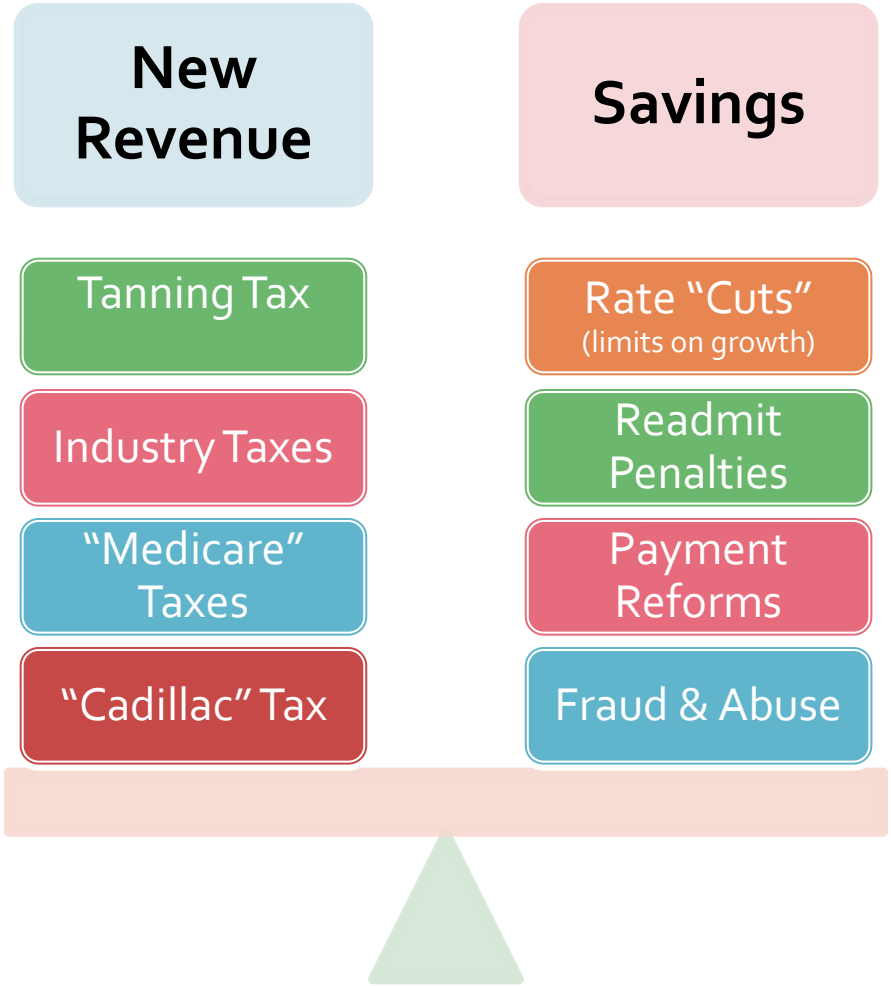
- New Medicaid RAC (Recovery Audit Contractor) Program
  - Federal regulations released September 2011
  - *Alaska Medicaid State Plan Amendment for RAC submitted 12/21/10; approved 2/24/11.*
  - *AK DHSS issued a joint RFP for RAC services with Medicaid programs in Idaho, Montana and Utah in March 2012.*
  - *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 was awarded a total of $1.5 million.*

Community Living Assistance

- Community Living Assistance Services and Supports ("CLASS") Act (2011)
  - New long-term care insurance program
    - 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.
- The CLASS Act was repealed in the Fiscal Cliff deal on January 1, 2013, and replaced with a provision that creates a new national commission to develop a plan for better financing and delivery of long term care services. The Commission is to be appointed by February 2013, and must submit a national long term care plan to Congress by August 2013.

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
  - *Task Force convened Jul-Aug 2010; produced report Sept 2010; dissolved with production of report.*
- Medicare "Donut Hole" Closure
  - *2,322 Alaskans received $250 rebate for 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
  - *Alaska (DHSS) was one of four states awarded $1 million Elder Abuse Prevention Program cooperative agreement – Nov 1, 2012.*
- 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 (ISER/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)
  - New Fraud & Abuse Rules Implemented
- **2012**
  - Health Care Delivery System & Payment Reforms
    - Accountable Care Organizations (ACOs): Medicare Shared Savings Program implemented.
    - Medicare Value-Based Purchasing Program (hospital pay-for-performance on certain quality metrics implemented October 2012)
    - Medicare payments to hospitals reduced for excess preventable hospital readmission rates.
  - Insurance Market Reforms
    - Uniform summary of coverage and benefits must be provided to all applicants and enrollees
- **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/