Health Care 2010 and Beyond

A symposium exploring the health care law and what it means for Georgia.

Agenda

- Welcome by Lauren L. Benedict, Macon City Council
- Introductions by Greg Dent, Community Health Works
- 4:00 Overview
  - Tim Sweeney, Georgia Budget & Policy Institute
  - Cindy Zeldin, Georgians for a Healthy Future
- 4:30 Panelists' Remarks
  - Joann Yoon, Voices for Georgia's Children
  - Kathy Floyd, AARP Georgia
  - Dr. David Parish, Mercer University School of Medicine
- 5:00 Q & A and Discussion
- 6:00 Closing, Amanda Ptashkin, GHF

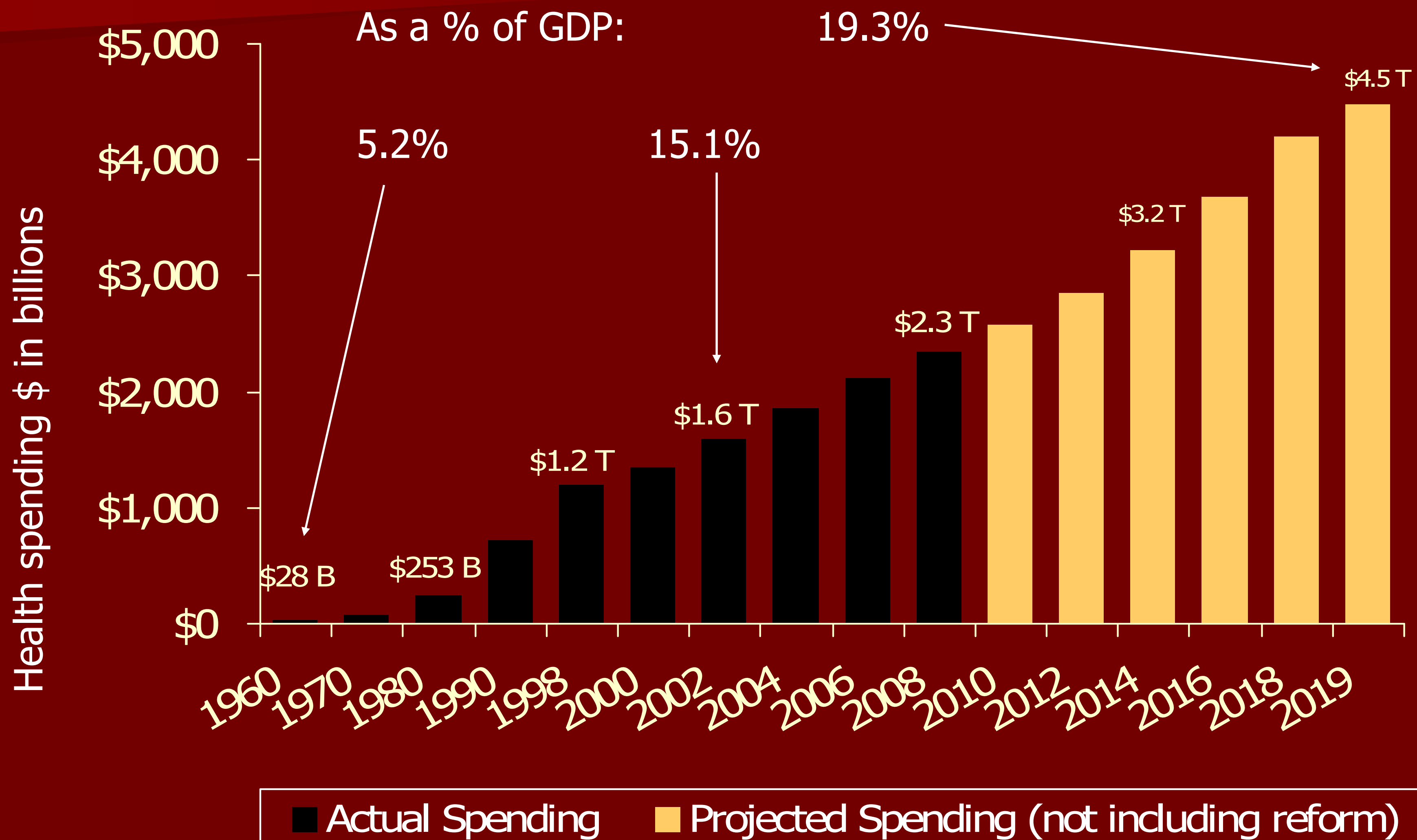
Overview

- Examining the health care status quo
  - Why does the system need to change?
- What exactly is enacted?
  - Overview of the Patient Protection and Affordable Care Act
- What does the Act mean for Georgia?
  - How do changes affect the state?
  - How do changes affect individuals, employers, providers, and communities?
- What Next?
  - What is involved to implement the changes in Georgia?

Why Health Care Reform?

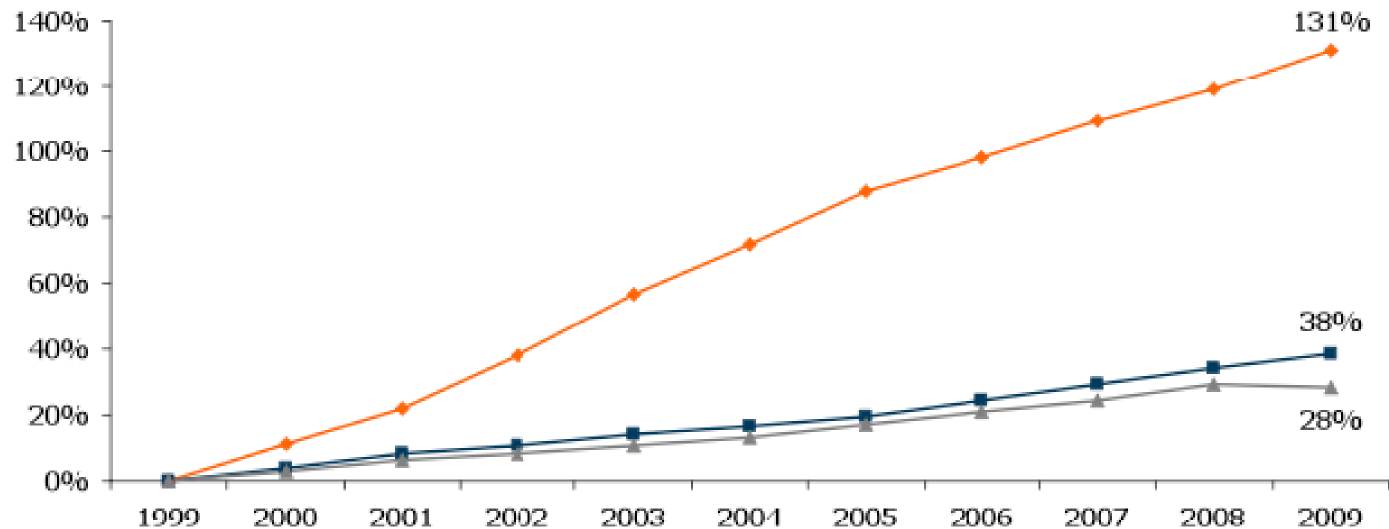
- The status quo is unsustainable
  - Health care spending is growing faster than the economy and wages
- Health status and outcomes are inadequate
  - They drive increased costs
- Americans have insufficient access to health insurance coverage
  - Adds to the system's inefficiency
  - Leads to worse outcomes and higher costs

National Health Spending Growth



Premium Growth Outpacing Wages

Cumulative Changes in Health Insurance Premiums, Inflation, and Workers' Earnings, 1999-2009



Health Insurance Premiums
Workers' Earnings
Overall Inflation

Note: Due to a change in methods, the cumulative changes in the average family premium are somewhat different from those reported in previous versions of the Kaiser/HRET Survey of Employer-Sponsored Health Benefits. See the Survey Design and Methods Section for more information, available at http://www.kff.org/insurance/7936/index.cfm.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2009. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1999-2009; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999-2009 (April to April).

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Many Health Status Concerns to Address

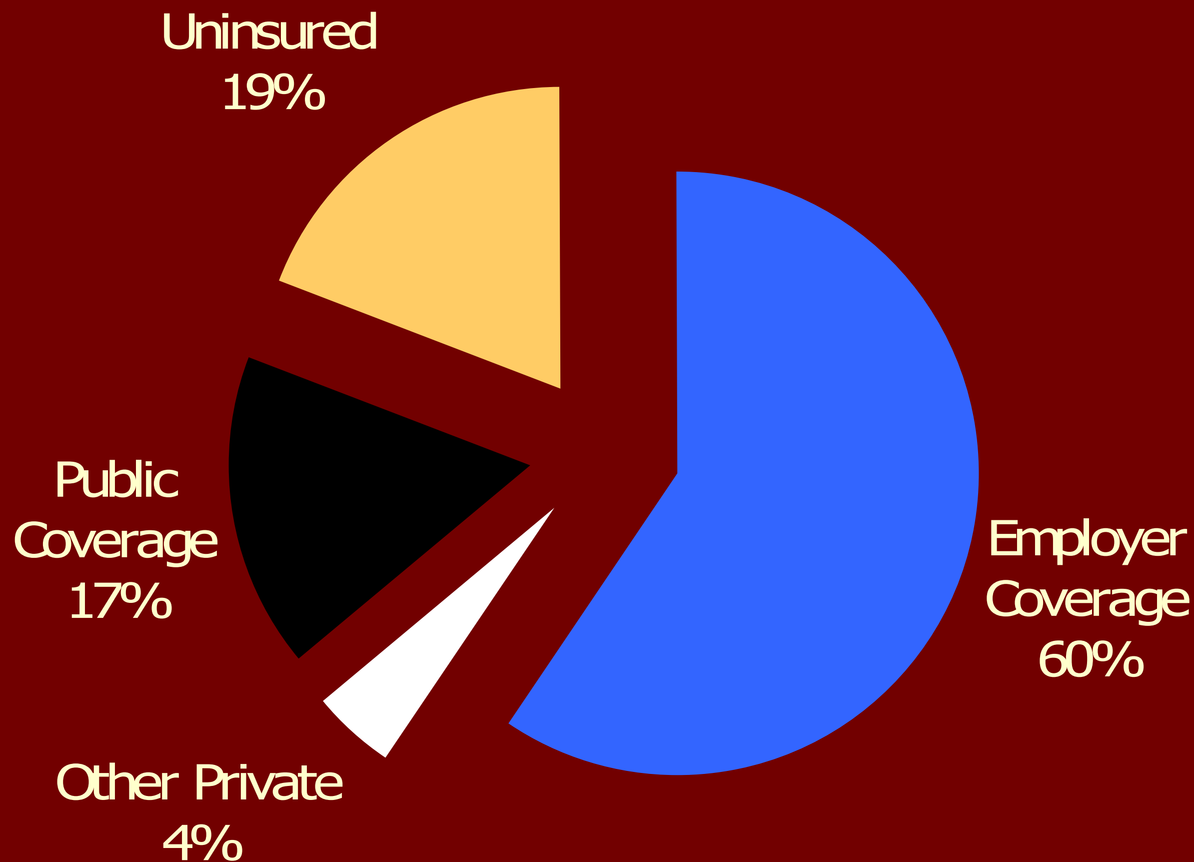
- Growing obesity epidemic
  - 38 of 50 states (including Georgia) have adult obesity rates above 25 percent
    - In 1990, no state was above 20 percent
  - One-third of children age 10-17 are either overweight or obese
    - Childhood obesity rates are highest in the South
- The USA has higher infant mortality and lower life expectancy compared to other developed nations

Health Status in Georgia

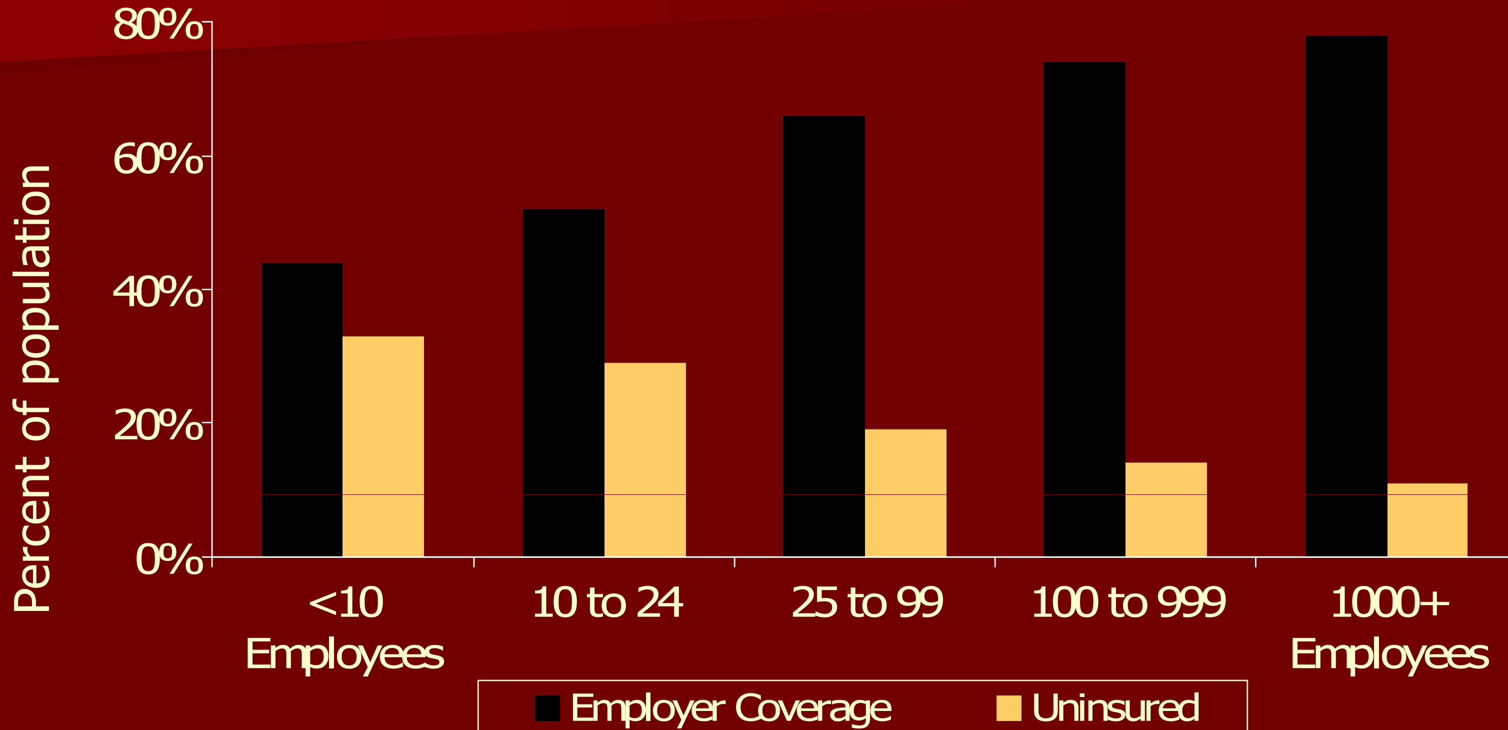
- United Health Foundation study ranks Georgia in the bottom of the nation: 43rd overall (2009)
  - 33rd in obesity prevalence
  - 46th in infectious disease
  - 43rd in immunization coverage (children 3-19)
  - 41st in lack of insurance coverage
  - 37th in prenatal care
  - 42nd in infant mortality
  - 41st in diabetes
  - 35th in health status (% reporting poor or fair)

Georgians Have Insufficient Access to Coverage

(Non-elderly Georgians in 2007-2008)



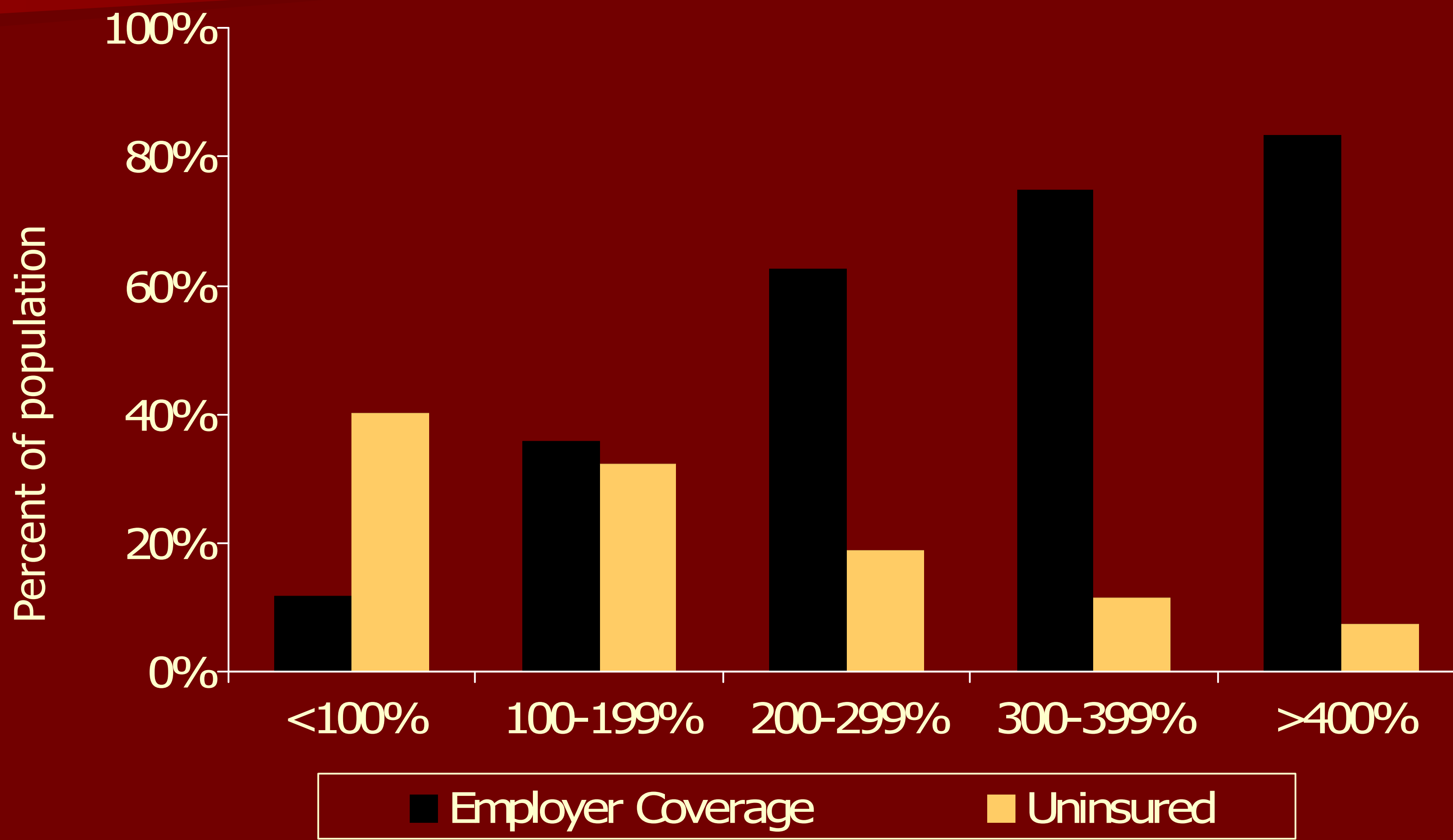
Most Americans are Covered Through Their Employer



- Availability is lacking for small businesses
- Few opportunities for workers without employer coverage
- Increasing costs a major burden for employers/workers

Coverage Varies Greatly by Income

(by Family Income as a % of Poverty, 2007-2008)

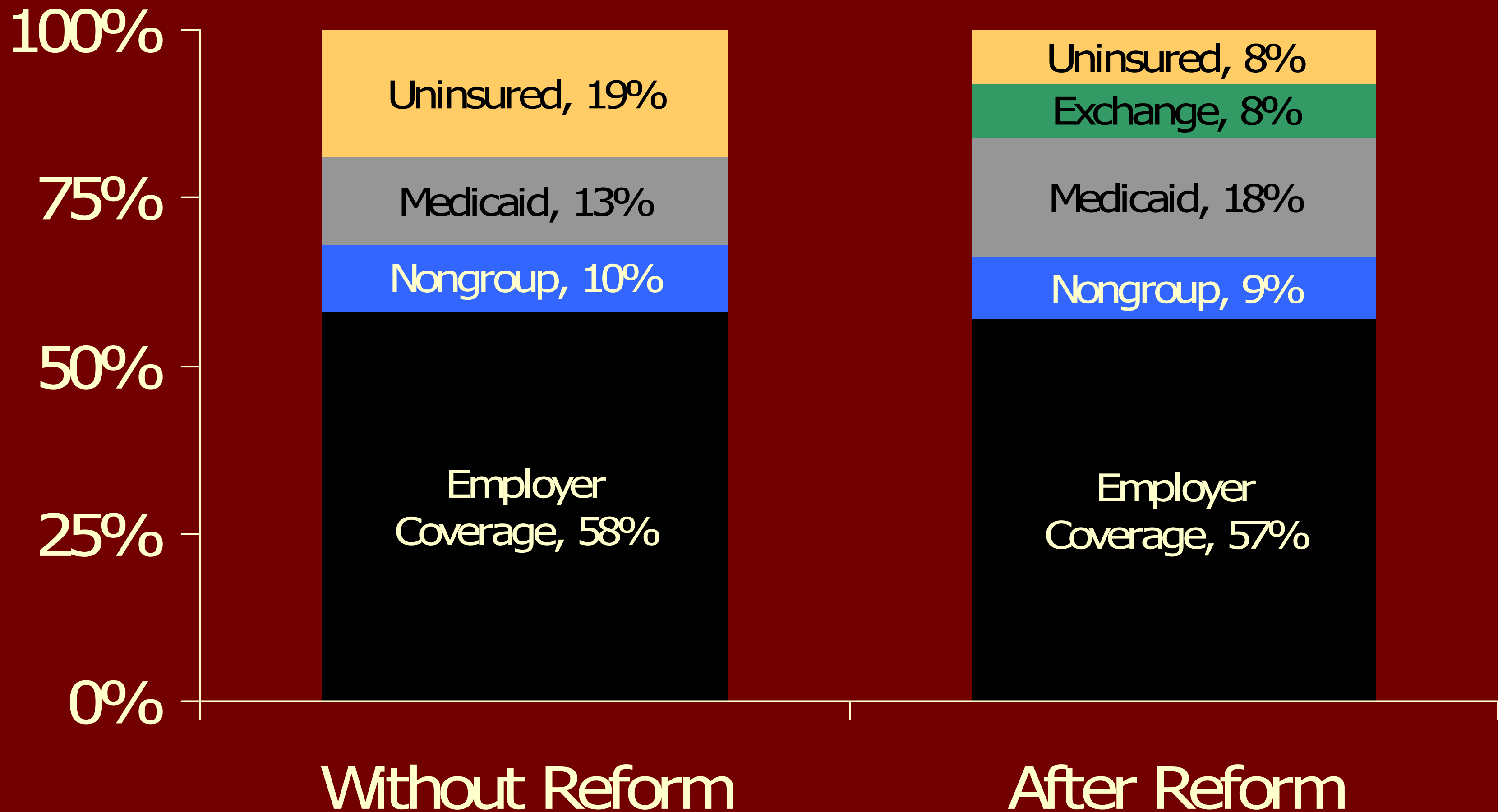


Theory Behind the Affordable Care Act

- Builds on current system to expand coverage
  - The tax-preference for employer coverage remains
  - Expands existing programs to cover lowest-income Americans
  - Provides subsidies for small businesses & middle-income individuals without employer coverage
- Increases coverage for preventive care
- Invests in health care infrastructure
- Pilots projects for payment reforms

Coverage Before/After Reform

(Non-Elderly, Nationwide Population)

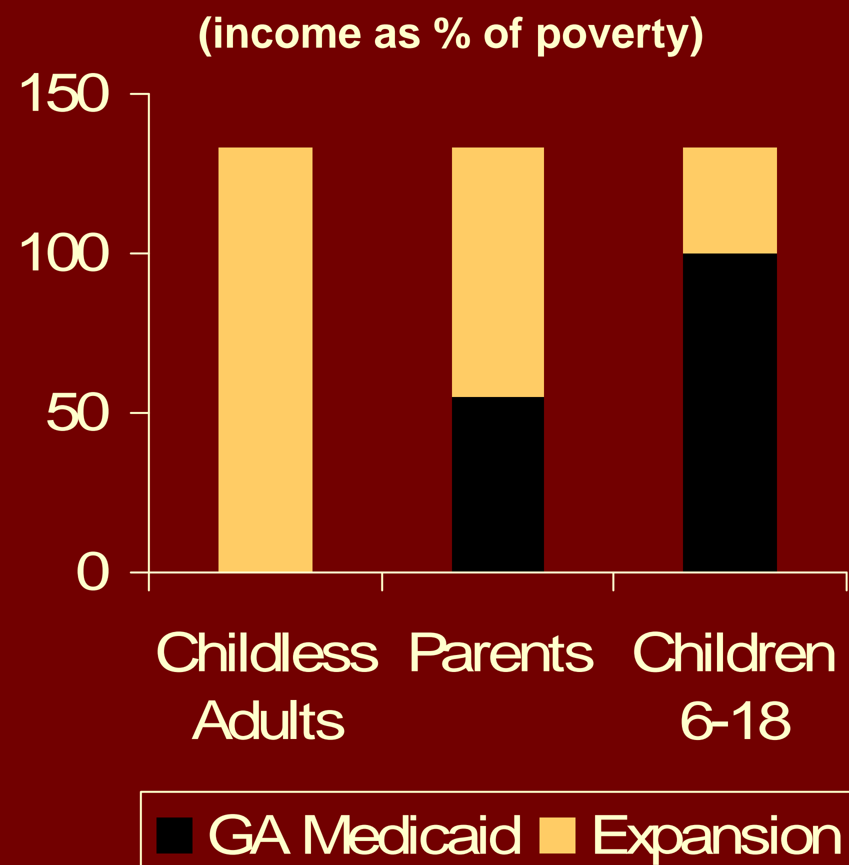


Using Medicaid to Expand Coverage

- Benefits:
  - Builds on existing programs & infrastructure
  - Already familiar with needs of low-income families
  - It's an efficient, low-cost option to cover people without a private option
  - Target population lacks access to or cannot afford employer coverage
- Hurdles:
  - Provider rates (set by state) are lower than private insurance rates
  - Stigma of "government program" may reduce participation

Medicaid Expansion in Georgia

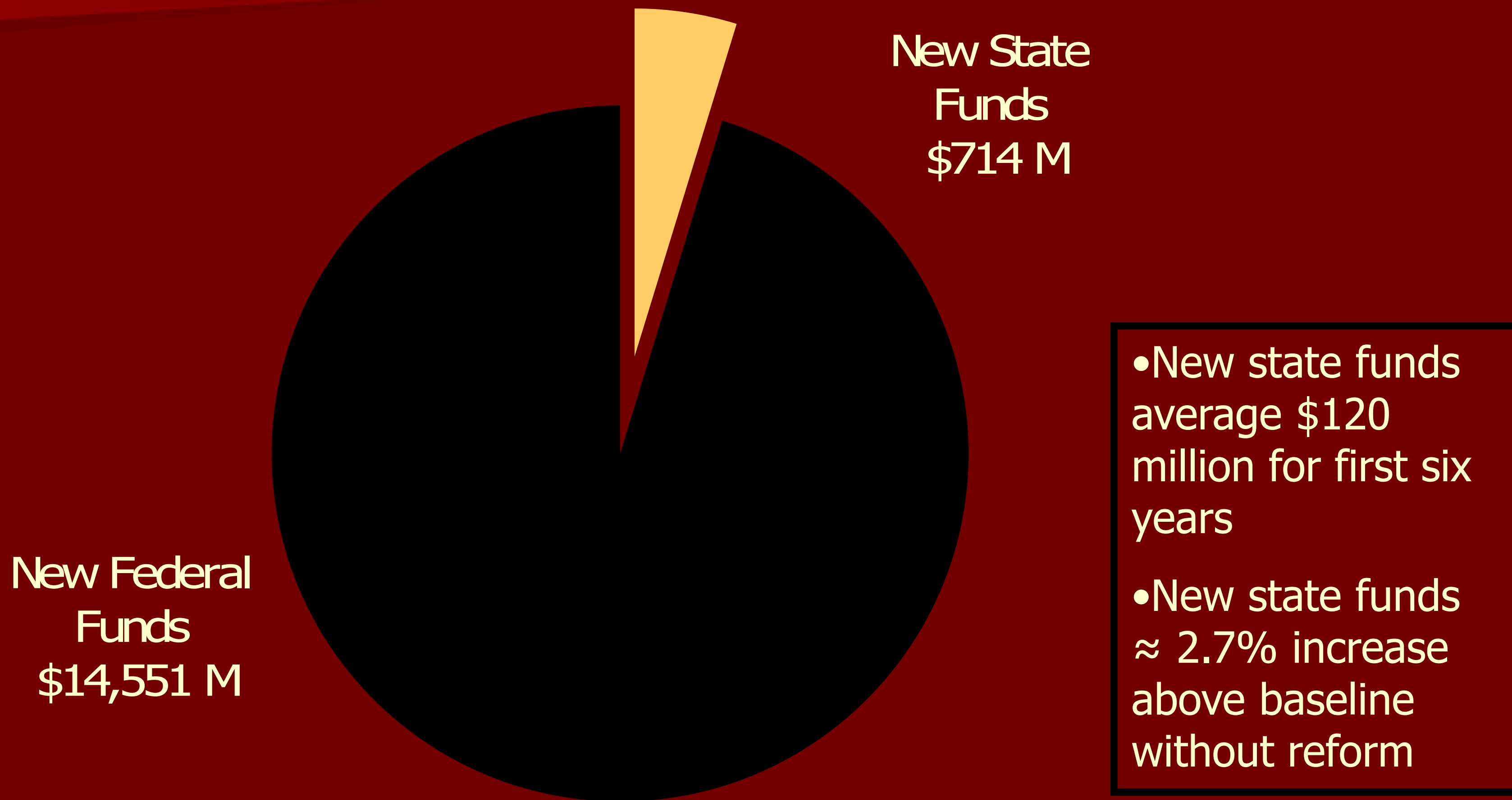
- Coverage Forecasts
  - 645,000 to 900,000 new Medicaid enrollees (by 2019)
  - 75% to 80% previously uninsured, newly enrolled
- Reduces low-income uninsured by 50% to 75%



Source: Kaiser Commission on Medicaid and the Uninsured, Urban Institute

Can Georgia Afford it?

(Cumulative Spending from 2014 to 2019)



- New state funds average $120 million for first six years
- New state funds ≈ 2.7% increase above baseline without reform

Source: Kaiser Commission on Medicaid and the Uninsured, Urban Institute

The Act Expands Private Coverage

- Tax credits to increase affordability
  - For individuals and small businesses
- "Free-rider" penalties for large employers that do not offer coverage
- Individual responsibility to have coverage
  - Some exceptions
- Requirement for insurers to offer everyone coverage
  - Insurers can no longer exclude coverage for pre-existing conditions

Medical Malpractice Reforms

- 5-year demonstration grants to states for innovative malpractice reforms
  - To develop, implement, evaluate alternatives to the current tort litigations
  - Preference given to projects that include all stakeholders
  - Preference given to projects that enhance patient safety, reduce errors

Wellness and Prevention

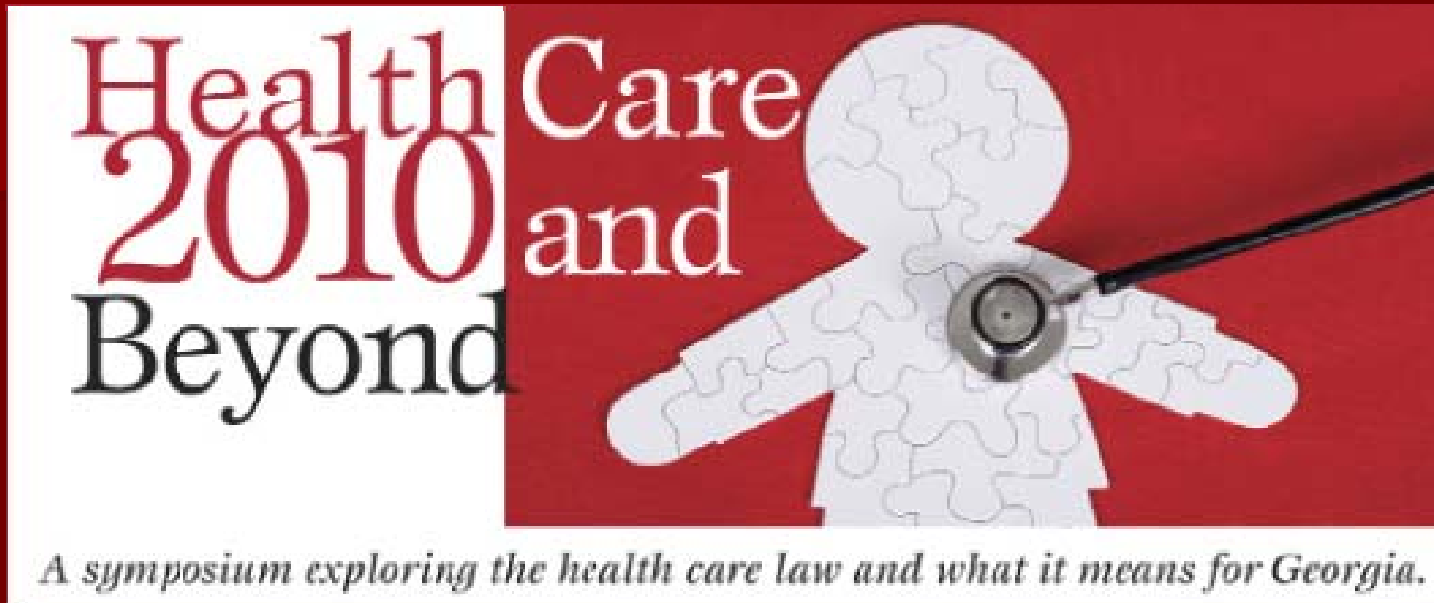
- Medicare annual preventive health visit
- Prevention & Public Health Fund – $15 billion/10 years
- Private insurers and Medicare to cover USPSTF A or B recommended preventive services, recommended immunizations, and women's preventive health care
- Grants to small businesses and new options for work-based wellness programs
- National Prevention Strategy & National Council
- Community Transformation Grants
- Requires chain restaurants and vending machines to post nutritional data

Payment Reforms

- Patient-Centered Outcomes Research Institute
  - Comparative effectiveness research, non-binding
- Electronic Health Records by 2014
  - (part of Recovery Act) – carrot & stick
- Medicare & Medicaid
  - Pilot programs for bundled payments and pay for performance
  - Penalties for avoidable hospital re-admissions
  - Increased funding for home care & transitions programs
  - Accountable Care Organizations – incentivize provider coordination

Focus on Primary care

- Redistribute unused residency training slots to primary care and general surgery and to states with lowest resident physician-to- population ratios
- Increased loan repayment and funding for the National Health Services Corps
- 10% bonus payment (Medicare) to primary care physicians and general surgeons in shortage areas (2011-2015)
- Increase Medicaid payments for primary care to 100% of Medicare rates (2013-2014)
- $11 billion for community health centers & school-based health centers



The Affordable Care Act

Reforming the Private Insurance Market

Cindy Zeldin, Executive Director
Georgians for a Healthy Future

Overall Approach to Coverage

- Maintain employment-based health insurance system
- Expand Medicaid for low-income individuals and families
- Restructure the individual and small group health insurance marketplace to facilitate choice, competition, and value
- Individual mandate to get nearly everyone in the health insurance system

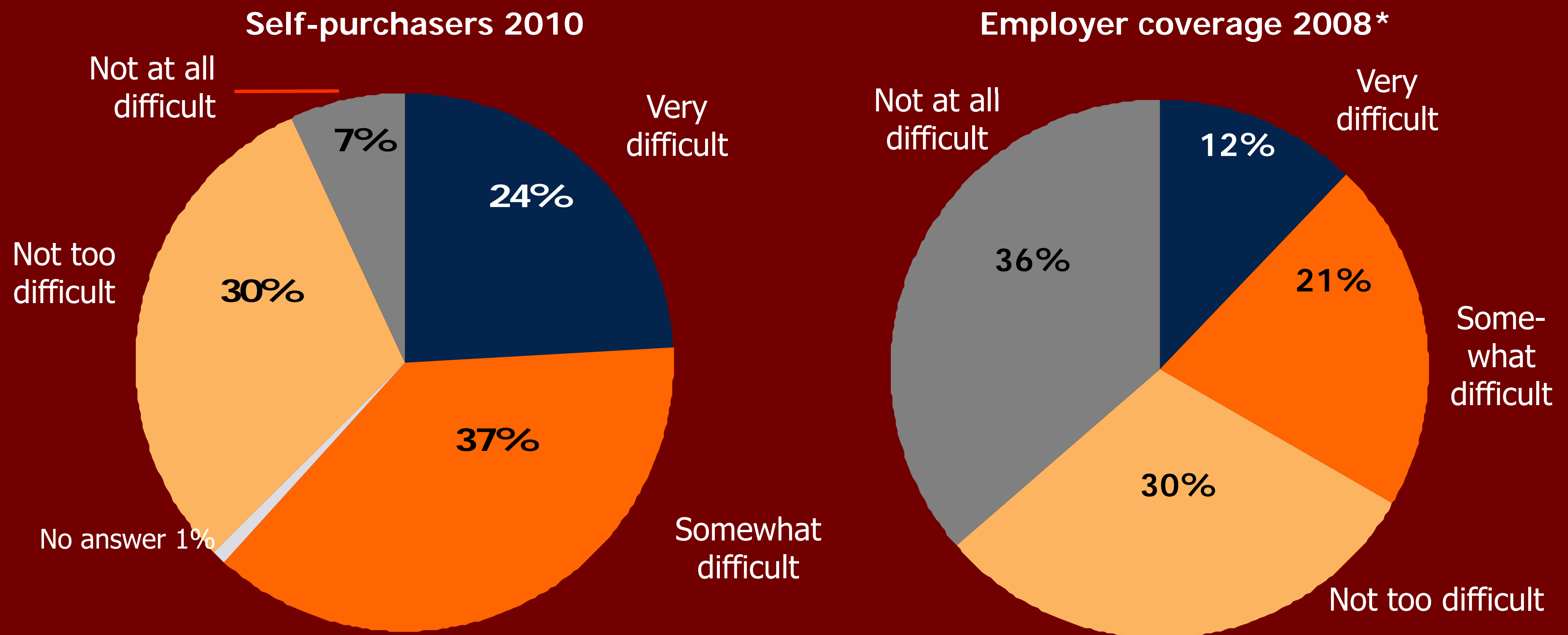
Individual Mandate

- All Americans must carry health insurance, with some exceptions
- Tax penalty of $695/year or 2.5% of income, whichever is greater; capped at lowest-priced conventional plan on the exchange
- Rationale
  - achieves near-universal coverage while maintaining hybrid public-private system
  - prevents healthy from waiting until sick to purchase insurance
  - tax penalty captures revenue

Reforming the Insurance Market

Reported Difficulties Paying for Health Care

How difficult is it for you to pay for your health care costs, including health insurance premiums and all other out-of-pocket costs?



*Note: Results shown for those ages 18-64 who say they have health insurance provided by an employer.
Source: NPR/Kaiser Family Foundation/Harvard School of Public Health, *The Public on Requiring Individuals to Have Health Insurance* (conducted Feb. 4-14, 2008)

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New Rules of the Road for Insurers

- Guaranteed Issue & Renewability
- Modified Community Rating
  - Based on age (3:1), geographic region, family size, and tobacco use (1.5:1)
- No pre-existing condition exclusions; takes effect right away for children and in 2014 for adults

New Rules of the Road for Insurers, Cont'd

- Pre-existing Condition Plan (high risk pool) between now and 2014
- No lifetime benefit maximums
- No rescissions except for fraud (2010)
- Qualified health plans must meet certain requirements (such as provider networks, uniform enrollment form, required reporting)

Restructuring the Insurance Marketplace: the Exchange

- Each state must establish an exchange by 2014 for the purchase of individual and small-group health insurance
  - The exchange can be a government agency or a nonprofit entity
  - States can establish an exchange for individuals and one for small businesses, or a single exchange for both
  - States can form regional exchanges
- If Georgia chooses not to establish an exchange, the federal government will set one up for us

Restructuring the Insurance Marketplace: the Exchange

What is an Exchange?

- Insurance plans sold on the exchange must include "essential health benefits"
- Four tiers of value to facilitate consumer choice; insurers can offer plans in multiple tiers
  - Bronze: 60% actuarial value
  - Silver: 70% actuarial value
  - Gold: 80% actuarial value
  - Platinum: 90% actuarial value

Restructuring the Insurance Marketplace: the Exchange

Example of an Existing Exchange

You've Selected:

Benefits Package

- ☑ Bronze
- ☑ Silver
- ☑ Gold

Narrow Your Plans by:

Monthly Cost

- $301 - $400 (0)
- $401 - $500 (0)
- $501 - $600 (0)
- $601 - $700 (0)
- $701 - $800 (1)
- $801 - $900 (5)
- Greater than $900 (35)

Annual Deductible

- None (12)
- $250 - $500 (6)
- $500 - $1,000 (6)
- $1,000 - $2,000 (6)
- $2,000 - $4,000 (12)

Insurance Carrier

- Blue Cross Blue Shield of Massachusetts (7)
- CeltiCare (7)
- Fallon Community Health Plan (7)
- Harvard Pilgrim Health Care (7)

Show Plans. Then choose up to 3 to compare. Click **Continue** at bottom.

	Monthly Cost	Annual Deductible	Annual Out of Pocket Max.	Doctor Visit	Generic Rx	Emergency Room	Hospital Stay
Bronze Low Benefits Package 6 plans available Show Plans | About Bronze Low	as low as **$808**	STANDARD BENEF[illegible] FOR ALL BRONZE LOW PLANS $2,000 (ind.) $4,000 (fam.)	$5,000 $10,[illegible] (fa[illegible]	[illegible]	[illegible]	[illegible]	annual deductible, then 20% co-insurance
Bronze Medium Benefits Package 6 plans available Show Plans | About Bronze Medium	as low as **$774**	STANDAR[illegible] PLANS $2,000 (ind.) $4,000 (fam.)	$5,000 $10,[illegible] (fa[illegible]	[illegible]	[illegible]	[illegible]	annual deductible, then $500 copay
Bronze High Benefits Package 6 plans available Show Plans | About Bronze High	as low as **$832**	STANDA[illegible]ANS $250 (ind.) $500 (fam.)	$5,000 (ind.) $10,000 (fam.)	$25 copay	$15 copay	$150 copay	annual deductible, then 35% co-insurance
Silver Low Benefits Package 6 plans available Show Plans | About Silver Low	as low as **$941**	STANDARD BENEFITS FOR ALL SILVER LOW PLANS $1,000 (ind.) $2,000 (fam.)	$2,000 (ind.) $4,000 (fam.)	$20 copay	$15 copay	annual deductible then $100 copay	annual deductible, then no copay
Silver Medium Benefits Package 6 plans available Show Plans | About Silver Medium	as low as **$997**	STANDARD BENEFITS FOR ALL SILVER MEDIUM PLANS $500 (ind.) $1,000 (fam.)	$2,000 (ind.) $4,000 (fam.)	$20 copay	$15 copay	$100 copay	annual deductible, then no copay
Silver High Benefits Package 6 plans available Show Plans | About Silver High	as low as **$1,078**	STANDARD BENEFITS FOR ALL SILVER HIGH PLANS None	$2,000 (ind.) $4,000 (fam.)	$25 copay	$15 copay	$100 copay	$500 copay
Gold Benefits Package 6 plans available Show Plans | About Gold	as low as **$1,358**	STANDARD BENEFITS FOR ALL GOLD PLANS None	None	$20 copay	$15 copay	$75 copay	$150 copay

Doctor Visit

What you'll pay out of pocket for a visit to your PCP. Plans will waive some or all of these costs for routine or "wellness" visits.

The Exchange: Affordability Provisions

- Individuals can purchase health insurance on the exchange or outside the exchange, but tax credits are only available within the exchange
- Sliding scale credits that limit the percentage of income that can be spent on premiums:
  - Up to 133% FPL: 2% of income
  - 133-150% FPL: 3 -4% of income
  - 150-200% FPL: 4 – 6.3% of income
  - 200 – 250% FPL: 6.3 – 8.05% of income
  - 250 – 300% FPL: 8.05 – 9.5% of income
  - 300 – 400% FPL: 9.5% of income
- Credits also available to help with out-of-pocket costs

Employer Responsibilities

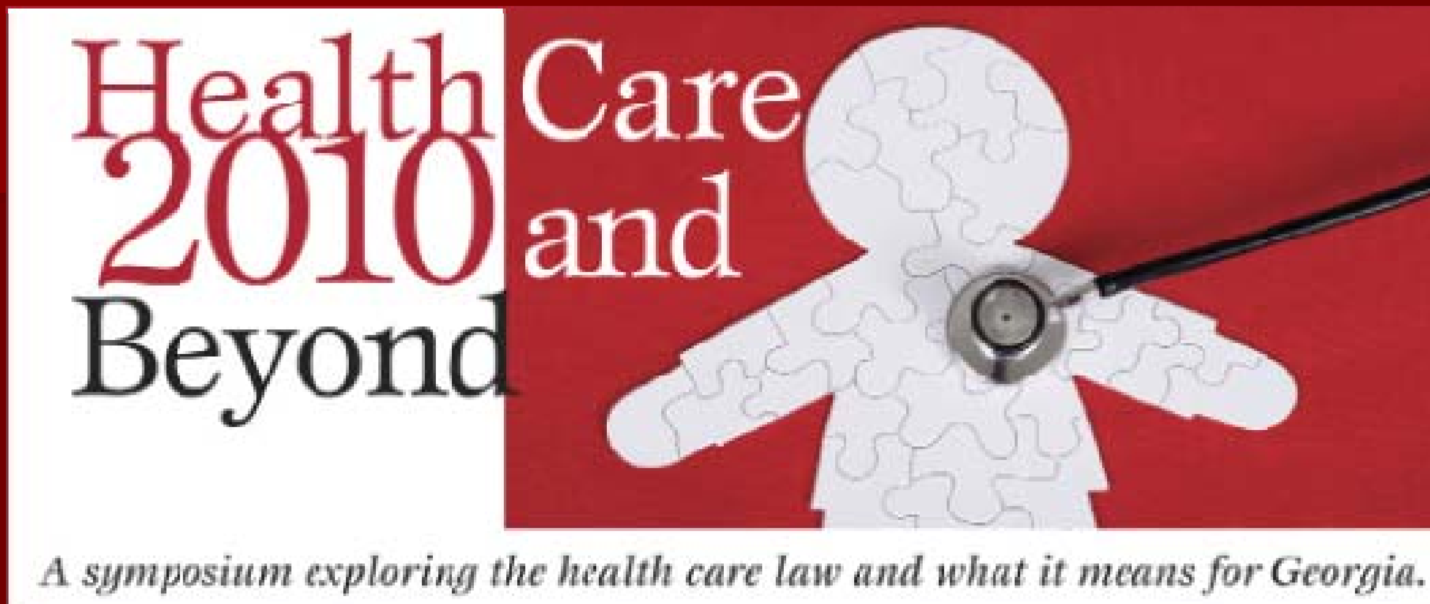
- Rationale: Attempt to keep those with "ESI" there, prevent dumping, and capture revenue from *non-offering* firms for subsidies that will flow to low-wage workers in the exchange
- Penalties for *non-offering employers* that have employees who qualify for a tax credit ($2000 per qualifying employee after the first 30 FTE)
- Penalties for *offering employers* when plans don't meet minimum standards (60% actuarial value) or employee contributions exceed 9.5% of worker income ($3000 per worker who goes to the exchange for a subsidized plan or $2000 per worker after the first 30 FTE)
- Employers with fewer than 50 employees exempt

Key Provisions in 2010

- Pre-Existing Condition Plan (high risk pool)
- Dependent coverage to age 26
- No lifetime benefit maximum in individual and small group markets
- No cost-sharing for preventive care
- Strengthens *anti-rescission* language
- No pre-existing condition exclusions for children
- Small employer tax credits
- Rate review
- $250 rebate to Medicare beneficiaries who reach Part D coverage gap
- State option to cover childless adults in Medicaid (but not higher FMAP yet)
- Early retiree reinsurance program

Timeline

- Full implementation in 2014. Key provisions going into effect in the interim include:
  - 2011: Prescription drug discounts and free preventive care for seniors on Medicare; Independent Payment Advisory Board begins operations
  - 2012: Accountable Care Organizations; CLASS Act
  - 2013: New funding to state Medicaid programs for preventive services; Increases provider reimbursement rates for Medicaid



The Affordable Care Act

Examining Provisions Affecting Children

Joann Yoon, Associate Policy Director for Child Health, Voices for Georgia's Children

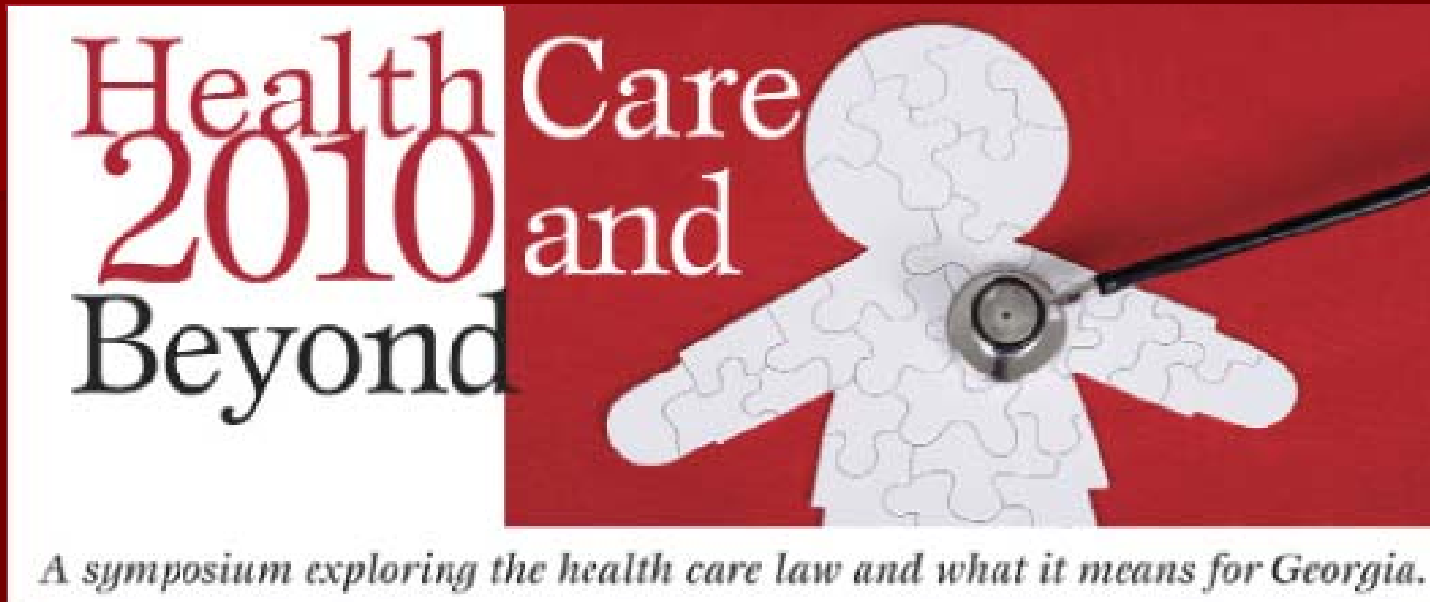
Key Provisions Affecting Children

- Effective March 23, 2010:
  - States must maintain existing Medicaid and PeachCare coverage, eligibility, and enrollment procedures
- Beginning September 23, 2010:
  - Young adults can remain on their parents' private health insurance plans up to age 26
  - Insurers cannot deny coverage of services for children with pre-existing conditions

- Beginning September 23, 2010 con't:
  - Insurance plans cannot:
    - establish lifetime dollar limits on benefits
    - set restrictive annual caps on coverage
    - or drop coverage when a child becomes ill
  - New insurance plans must provide free preventive care and screenings identified in Bright Futures, the "gold standard" in preventive care developed by the American Academy of Pediatrics

- Beginning January 1, 2014:
  - Medicaid eligibility for all children increases to 133% of poverty
  - Health Insurance Exchange that provides families with the same insurance options that the president and members of U.S. Congress will have
  - The Exchange will offer child-only health plans, ensuring coverage for children regardless of whether or not their parents change employers, lose their job, or lose their insurance from an employer

- Beginning January 1, 2014 con't:
  - New health plans must cover oral and vision services for children
  - Children who age out of the foster care system can be covered under Medicaid up to age 26
  - Georgia must implement family-friendly processes for parents applying for Medicaid, PeachCare, or an insurance plan within the Exchange for their children



The Affordable Care Act

What it Means for People 50+

Kathy Floyd, Advocacy Director
AARP Georgia

If you are 50 or older and

…have Medicare

…need long term care

…are uninsured

…have private coverage

…have 55-64 retiree coverage

Changes in Medicare

- New preventive care benefits
- Lower out-of-pocket Rx drug costs
- Medicare Advantage Changes
- Improved Access to Primary Care Doctors
- Income-related premiums for drugs
- Measures to reduce waste, fraud and abuse

Long-Term Care Needs

- CLASS Act: voluntary insurance program
- Extra support for states for home and community-based services
- Better information and accountability for nursing home care
- Financial protections to more spouses of people with Medicaid
- Independent living promotion

Uninsured or Individual Coverage

- Provides one-stop-shopping
- Creates standard comprehensive benefits
- Makes health coverage more affordable
- Expands eligibility for Medicaid
- Provides temporary coverage though “high risk pools”
- Extends coverage for older children
- Eliminates discriminatory insurance practices
- Eliminates lifetime and annual coverage limits

Early Retirees Health Coverage

- Temporary Program
- Retirees 55 – 64 years old
- Employers apply for reimbursements
- 80% of medical claims between $15,000 and $90,000

For More Information

On the new health care law

www.aarp.org/getthefacts

On Medicare

Call 1-800-633-4227 or

Visit www.medicare.gov

The Affordable Care Act

A Physician Perspective

David Parish, MD
Mercer University School of Medicine

Audience Questions

- Tim Sweeney, Georgia Budget & Policy Institute
  - www.gbpi.org
- Cindy Zeldin, Georgians for a Healthy Future
  - www.healthyfuturega.org
- Kathy Floyd, AARP of Georgia
  - www.aarp.org
- Joann Yoon, Voices for Georgia's Children
  - www.georgiavoices.org

Where to Learn More

- The fact sheets and additional information in your packet
- Sources of information on the Internet
  - Kaiser Family Foundation www.kff.org
  - Kaiser Health News www.kaiserhealthnews.org
  - Federal government website www.healthcare.gov
  - Georgia Department of Community Health www.dch.georgia.gov
  - AARP www.aarp.org/getthefacts

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