



GEORGIANS FOR A
HEALTHY FUTURE

Sound Policy. Effective Action.

The Affordable Care in Act in Georgia: Opportunities & Challenges

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Overview

- ◆ Examining the health care status quo
- ◆ What was enacted March 23, 2010?
- ◆ What does the Affordable Care Act mean for Georgia?
- ◆ What next?

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

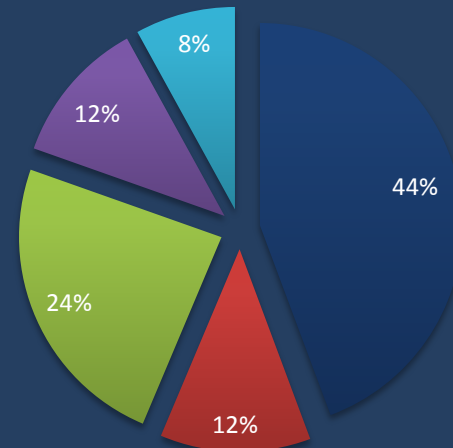
Health Status in Georgia

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)

The Big Picture, The Big Opportunity: Covering the Uninsured

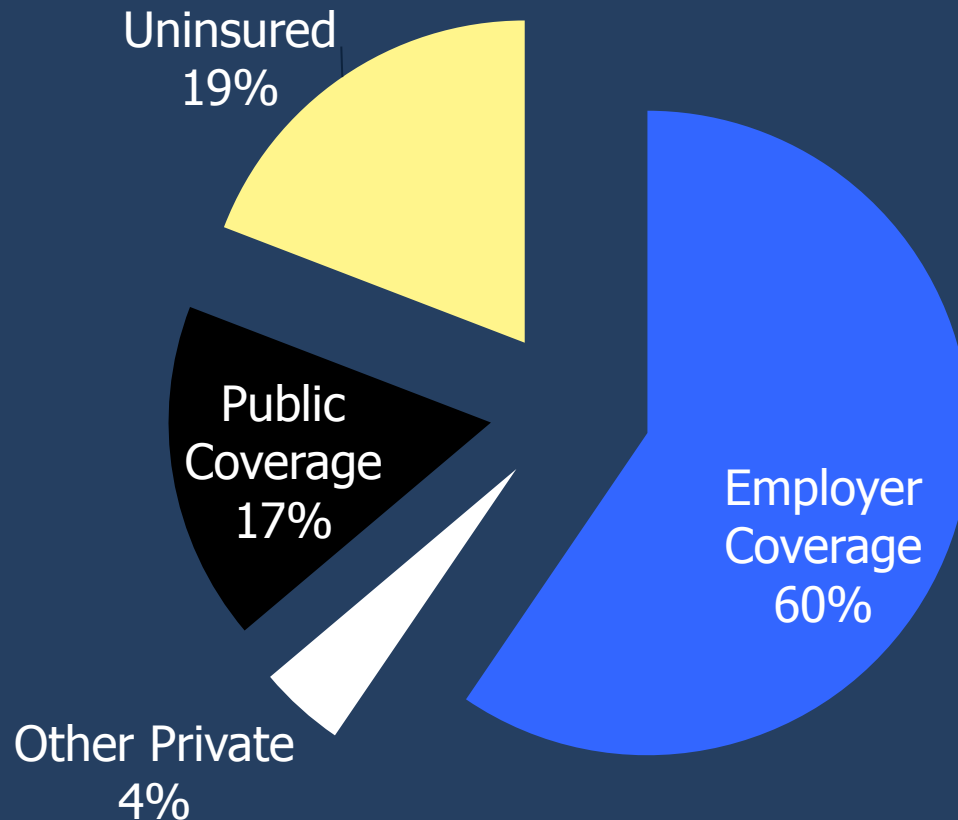
- Nearly two million uninsured; one-fifth of the population and one-fourth of working-age adults
- In raw numbers, only four states (CA, TX, FL, NY) have more uninsured people than Georgia
- Distribution of the uninsured in Georgia by income:
 - <100% FPL..... 44%
 - 100-138% FPL... 12%
 - 139-250% FPL... 24%
 - 251-399% FPL.... 12%
 - 400% FPL+ 8%.....8%



Source: CPS data, 2-year average '08-'09 (Kaiser State Health Facts)

Georgians Have Insufficient Access to Coverage

(Non-elderly Georgians in 2007-2008)



What Does the Affordable Care Act Do?

- 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

Already in Effect

- \$250 Medicare drug cost rebate (donut hole)
- Expanded coverage for young adults
- Small business tax credits
- Pre-existing condition insurance plans (PCIP)
- Launch of www.healthcare.gov
- All new plans must cover certain preventive services
- No rescissions
- Elimination of lifetime/annual limits on insurance coverage
- Prohibition of denial of coverage for children with pre-existing conditions

Already in Effect (cont.)

- Monitoring unreasonable rate hikes
- Rebuilding the primary care workforce
- Establishing consumer assistance programs
- Prevention funding
- Strengthening community health centers
- Assistance for payments for Rural Health Care Providers

Moving Forward: From 2011 to 2014

- 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

Coverage Opportunities: Medicaid

For health reform to work in Georgia, the Medicaid Expansion must work

- Expansion to 138% FPL
- Estimated 645,000 – 900,000 new Medicaid enrollees by 2019
- Maintenance of Effort (MOE) requirement: prohibits states from restricting the eligibility standards, procedures, and methodologies in place on March 23, 2010 (until January 2014 for adults and October 2019 for children)
- To prepare, Georgia could implement 12-month continuous coverage and/or express lane eligibility

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

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

Coverage Opportunities: The Exchange

Things to Consider in the Exchange Process

1. Should Georgia Operate its own exchange, and should the individual and small group exchanges be separate or combined?
2. Governance Structure (an arm of state government, quasi-governmental, and who should serve on the board)
3. Can the exchange negotiate with insurers, or must it take all-comers?
4. Preventing Adverse Selection (inside v outside the exchange)
5. One Stop Shop Requirement: Interface with Medicaid and PeachCare for Kids
6. Ensuring transparency and facilitating apples-to-apples comparisons

Coverage Opportunities: The Exchange

The Exchange in Georgia

\$1 M awarded to OPB to:

Form an Exchange Work Group to carry out the activities of the Georgia Health Benefit Exchange Feasibility Study

Gather stakeholder input through an advisory committee, large group meetings, focus groups, and surveys

Determine whether or not Georgia should establish an Exchange and the implications of doing so on insurance markets both in Georgia and nationally

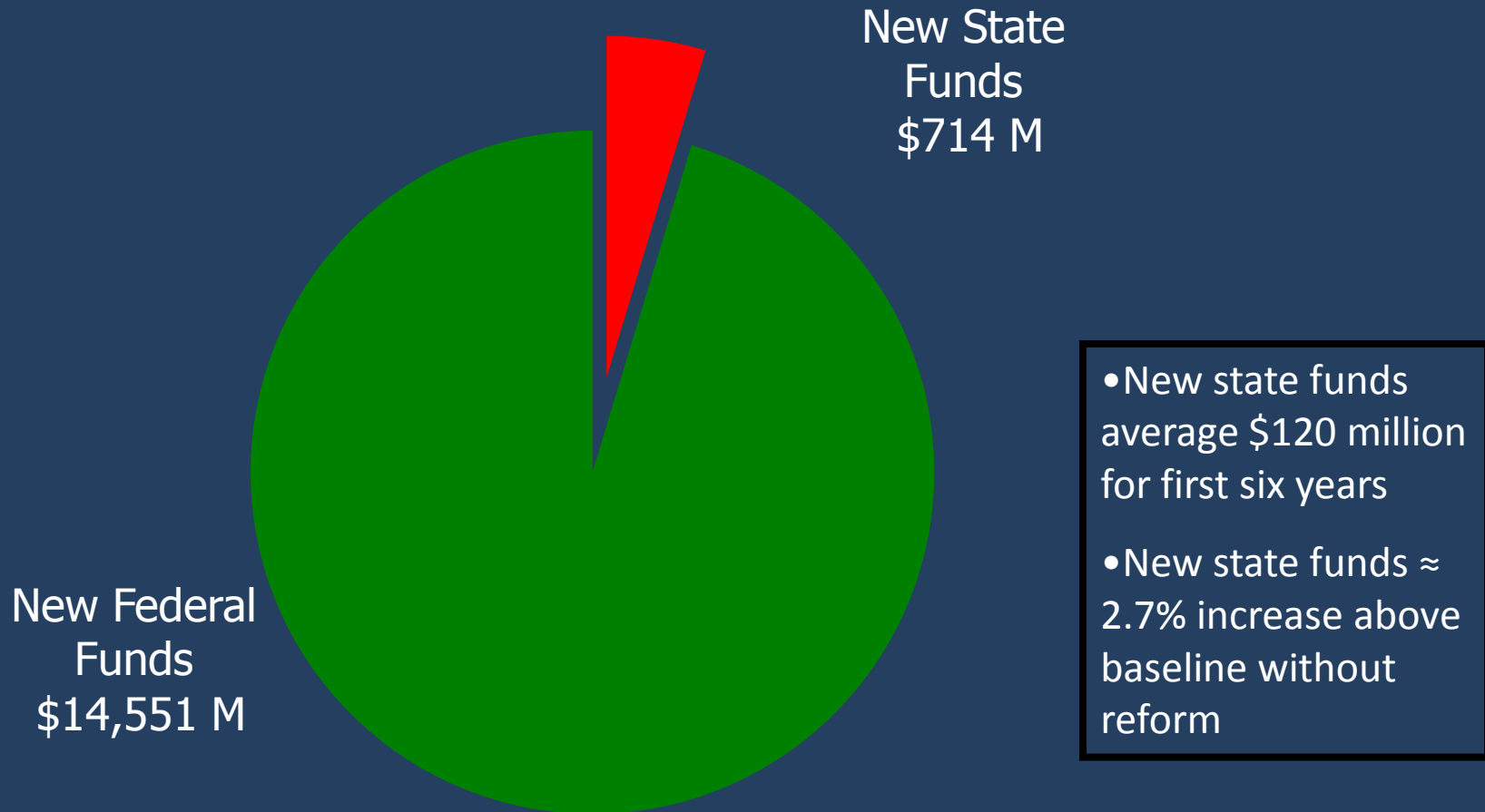
Provide recommendations on governance structure and regulatory changes required to establish as Exchange to decision makers

The Big Challenges: Structural, Budgetary, and Political Climate

- Need to coordinate efforts and invest in the process
- Difficult budget climate; federal \$ should be maximized
- Political climate: health reform is still a political hot potato

Can Georgia Afford it?

(Cumulative Spending from 2014 to 2019)

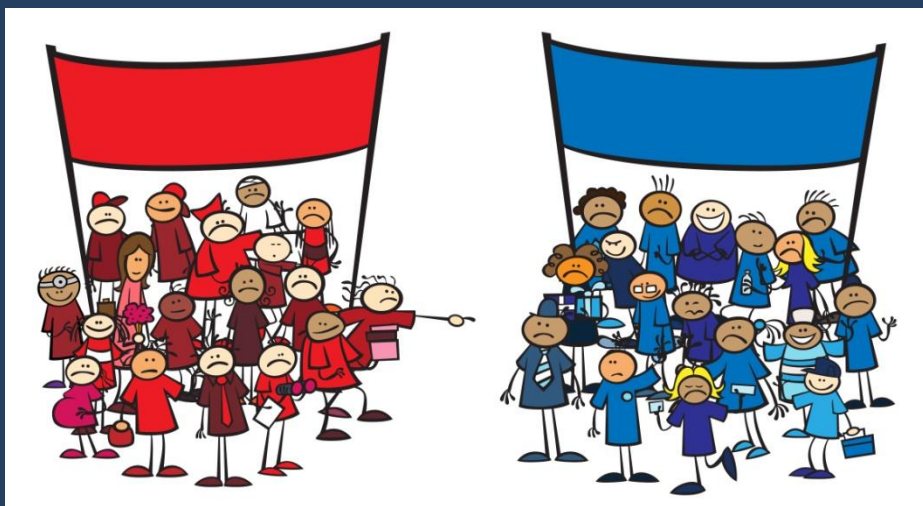


Structural Challenges: Provider Capacity, Systems Readiness

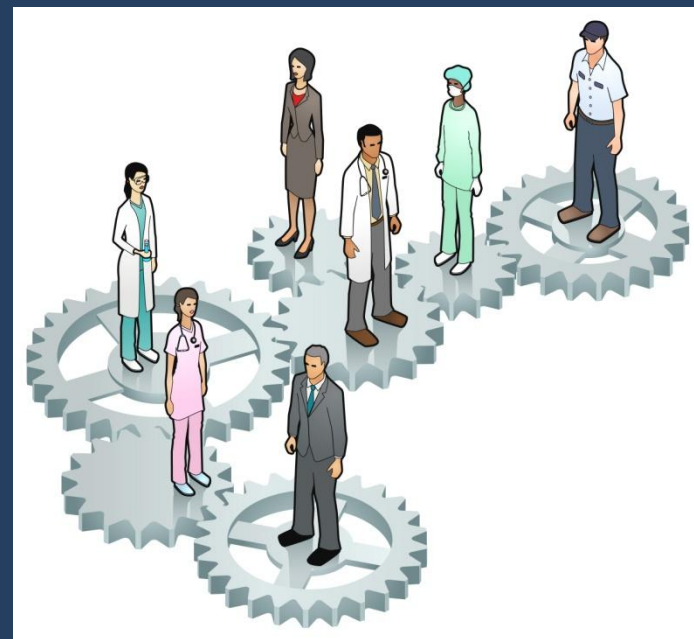
- Primary Care Physician Shortages in Georgia, particularly in rural areas
- Medicaid Provider Reimbursement Rates Relatively Low
- Need to ensure the newly insured get covered, stay covered, and get care

Political Challenges: Still Political Hot Potato

Need to move from here...



To here...



A Quick Note on Efforts to Repeal...

- House of Representatives vote to repeal passed
- To date, 25 lawsuits have been filed, 4 have been decided, 12 have been dismissed outright
 - If repeal, replace with what?

What's Next?

- Get Involved!
www.healthyfuturega.org
- Stop the misinformation
- Share your story

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