



GEORGIANS FOR A
HEALTHY FUTURE

Sound Policy. Effective Action.

Health Insurance: Opportunities & Challenges in Georgia

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2011 Congenital Heart Conference: Beating the Odds

February 26, 2011

Overview

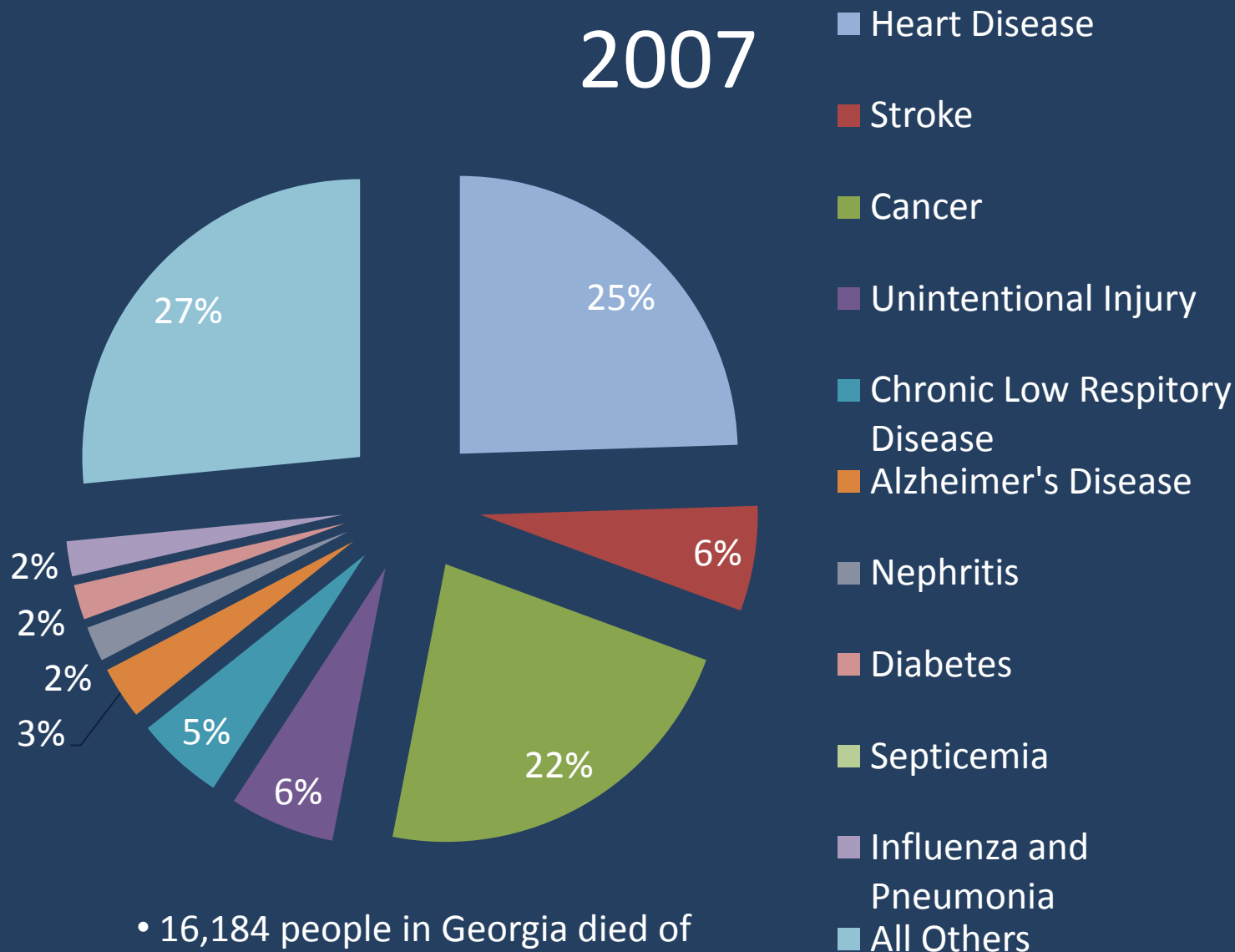
- ◆ Examining the health care status quo
- ◆ What was enacted March 23, 2010?
- ◆ What does the Affordable Care Act mean for Georgia?
- ◆ What next?

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)

Leading Causes of Death in Georgia in 2007



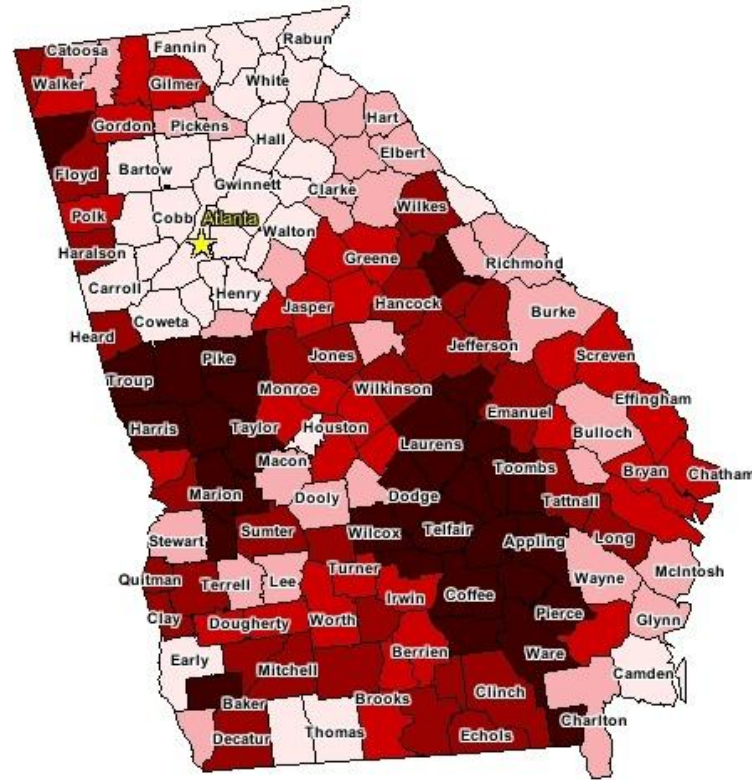
- 16,184 people in Georgia died of heart disease in 2007

Source: http://www.heart.org/idc/groups/heart-public/@wcm/@global/documents/downloadable/ucm_307163.pdf

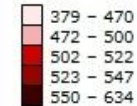
Heart Disease in Georgia

Georgia — Heart Disease Death Rates

Total Population, Ages 35+, 2000 – 2006



Age-adjusted
Average(Annual)
Deaths per 100,000



Department of Health and Human Services
Centers for Disease Control and Prevention
National Center for Chronic Disease Prevention and Health Promotion

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

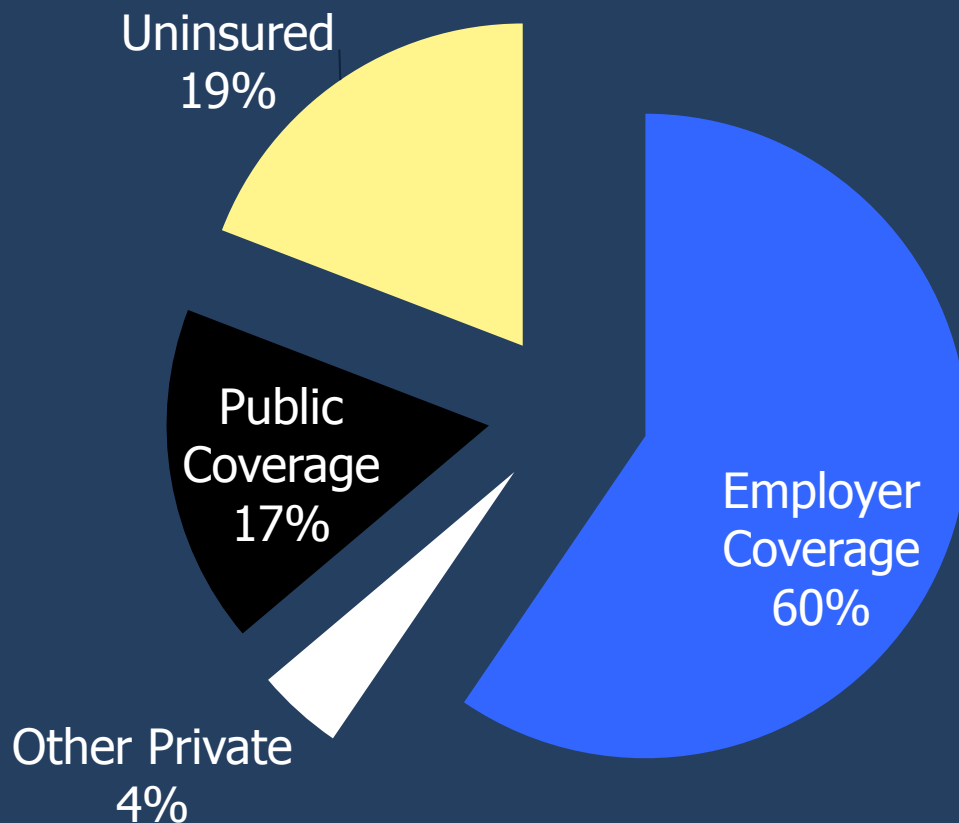
- They drive increased costs

Americans have insufficient access to health insurance coverage

- Adds to the system's inefficiency
- Leads to worse outcomes and higher costs

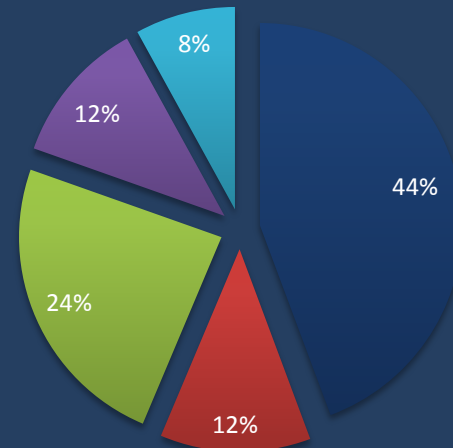
Georgians Have Insufficient Access to Coverage

(Non-elderly Georgians in 2007-2008)



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)

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
- 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

Pre-Existing Condition Insurance Plan (PCIP)

What is the PCIP?

The Pre-Existing Condition Plan (PCIP) is a new health insurance option for uninsured Georgians who have been denied insurance because of a pre-existing condition and is intended to provide coverage for consumers who are locked out of the insurance market due to a pre-existing condition.

To be eligible, applicants to the PCIP must:

- Be uninsured for at least six months and
- Have a letter of denial from a private insurer due to a pre-existing condition (from the past 12 months)
- Meet US citizenship requirements

As of February 1st of this year, 399 Georgia consumers gained coverage through the PCIP.

Pre-Existing Condition Insurance Plan (PCIP)

Age	Standard Option	Extended Option	HAS Option
0 to 18	\$174	\$234	\$181
19 to 34	\$261	\$351	\$271
35 to 44	\$313	\$422	\$325
45 to 54	\$400	\$539	\$416
55+	\$557	\$749	\$578

There are deductibles and co-pays associated with the plans.

More details on plan design are available at:

<https://www.pcip.gov/StatePlans.html>

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

The Medicaid Expansion

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

- Expansion to 133% 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

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

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

The Exchange: Behind the Scenes

Over the past few months, with a \$1 million grant from the U.S. Department of Health and Human Services, the Governor's Office of Planning Budget has been convening stakeholders and advocates to gather input on the feasibility of establishing a health insurance exchange in Georgia.

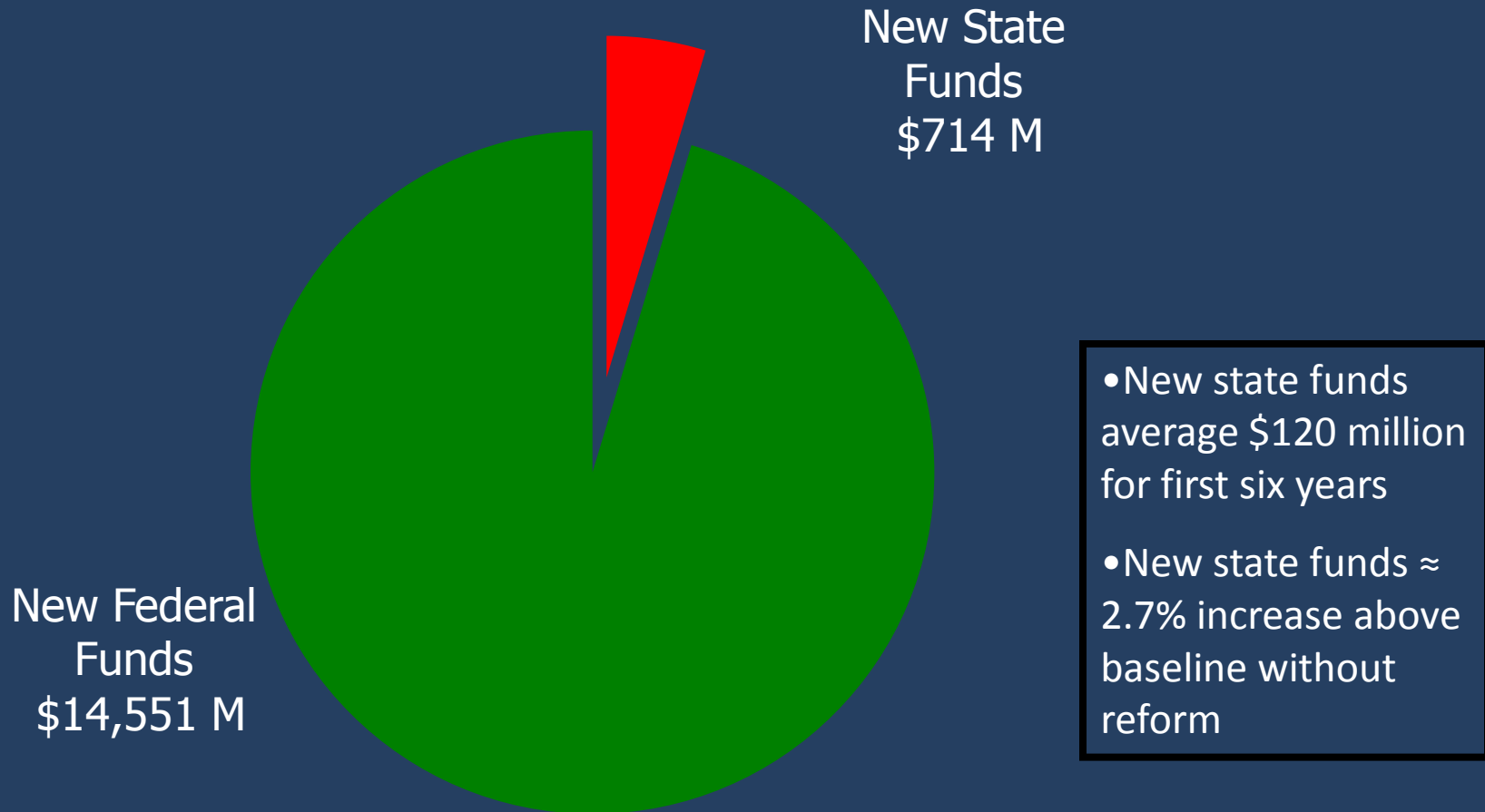
This week, Insurance Commissioner Ralph Hudgens announced that Georgia would be pursuing creating and operating its own exchange. Also this week, Georgia PIRG released a new policy brief entitled, "Building a Better Health Care Marketplace" that discusses the key components of creating a strong exchange. Visit the GA PIRG website to read the brief: <http://www.georgiapirog.org/>

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)

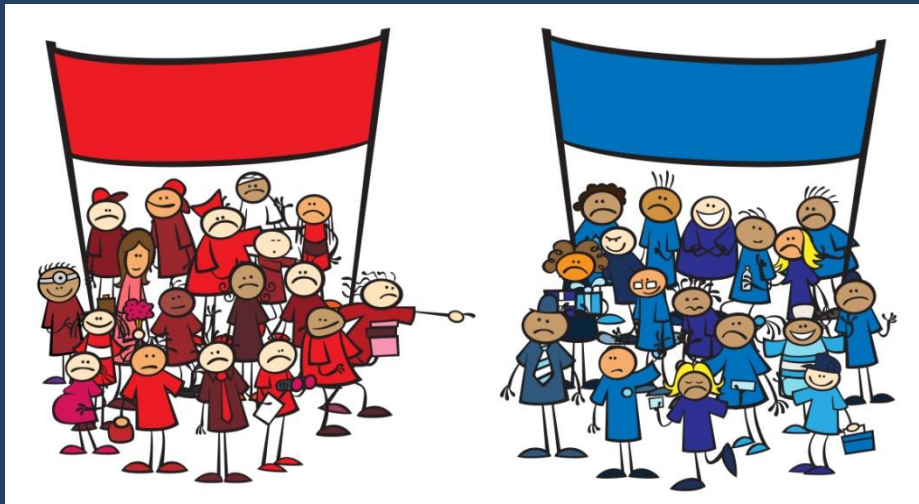


Structural Challenges: Provider Capacity, Systems Readiness

- 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...



What's Next?

- Get Involved!

www.healthyfuturega.org

- Share your story

Contact me at:

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or

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