

# Health Care 2010 and Beyond



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

# Agenda

- 3:45 Welcome by Mike Vollmer, Tifton City Manager
- 3:55 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
  - Katherine Cummings, Environmental and Rural Health Consultant
- 5:00 Q & A and Discussion
- 6:00 Closing, Amanda Ptashkin, GHF

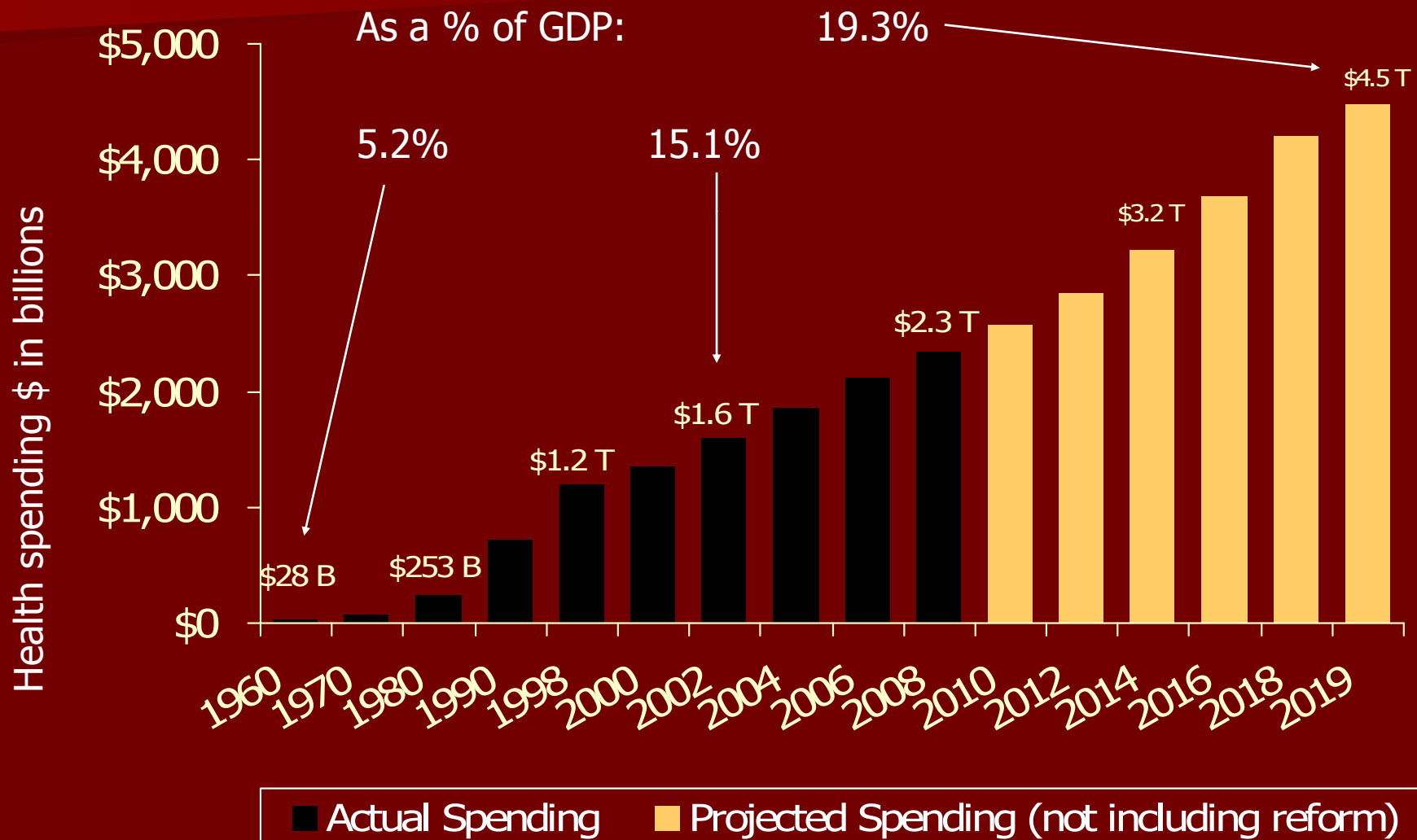
# Overview

- 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?

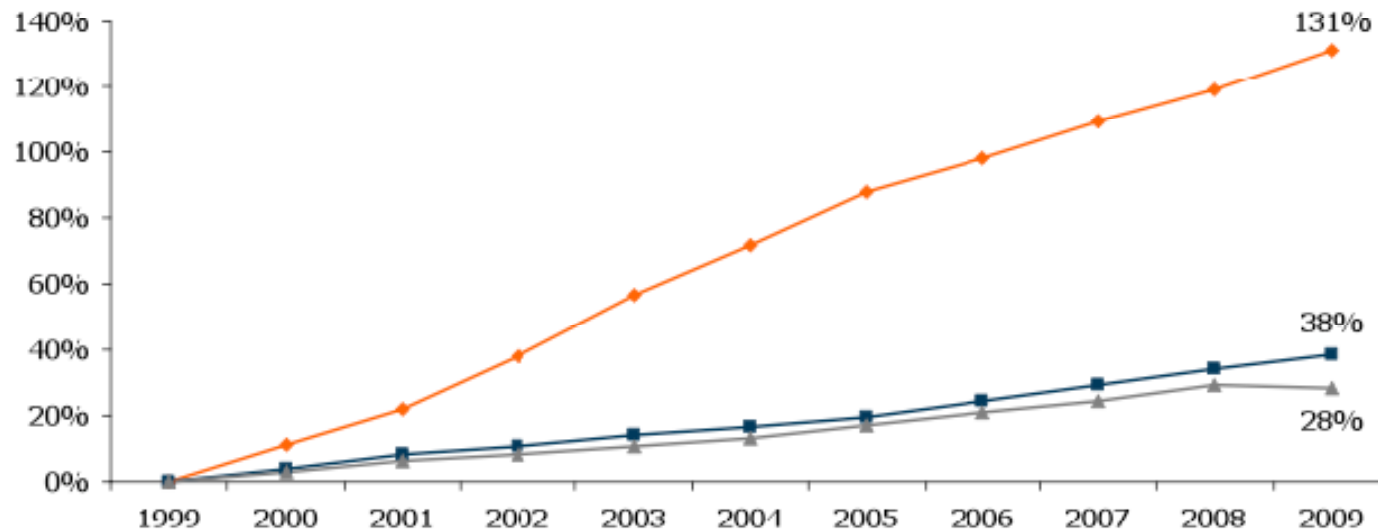
- The status quo is unsustainable
  - Health care spending is growing faster than the economy and wages
- Health status and outcomes are inadequate
  - They drive increased costs
- Americans have insufficient access to health insurance coverage
  - Adds to the system's inefficiency
  - Leads to worse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

# National Health Spending Growth



# Premium Growth Outpacing Wages

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



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).

—◆— Health Insurance Premiums  
—■— Workers' Earnings  
—▲— Overall Inflation

# Many Health Status Concerns to Address

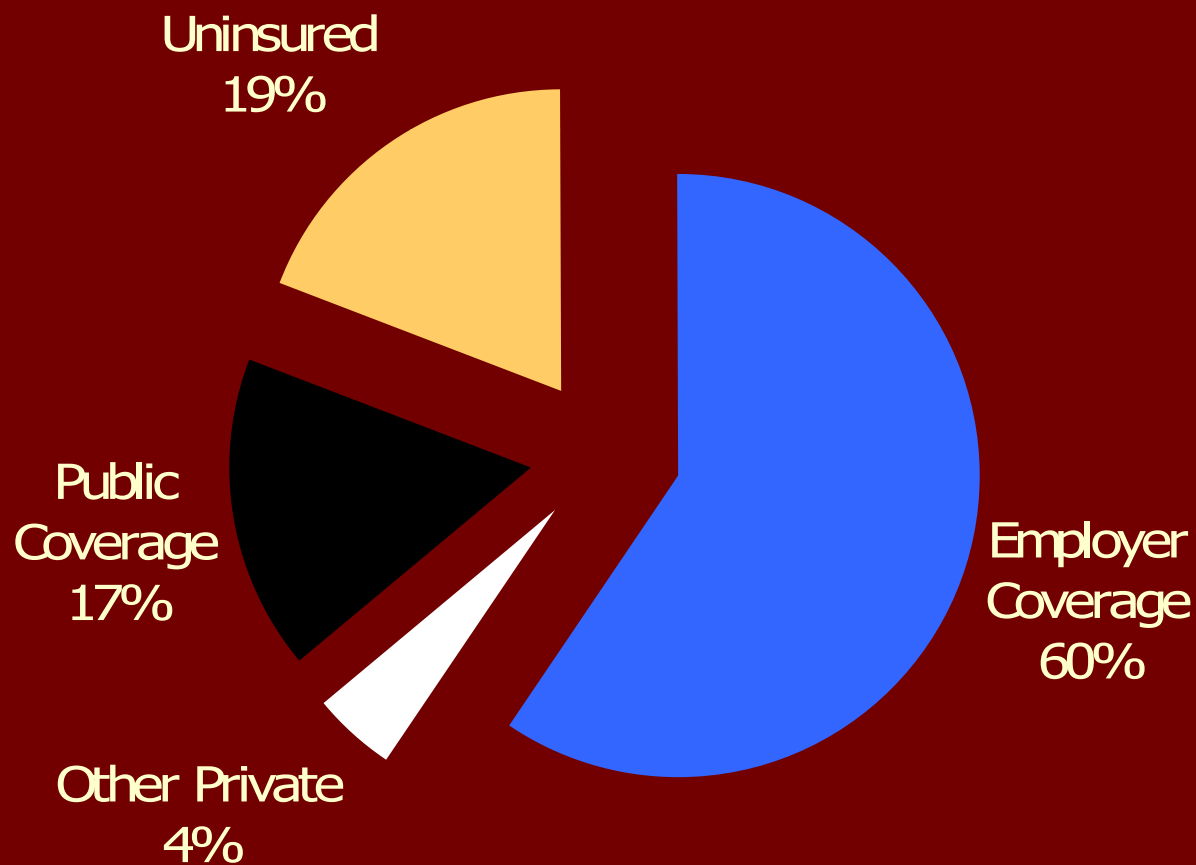
- Growing obesity epidemic
  - 38 of 50 states (including Georgia) have adult obesity rates above 25 percent
    - In 1990, no state was above 20 percent
  - One-third of children age 10-17 are either overweight or obese
    - Childhood obesity rates are highest in the South
- The USA has higher infant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

# Health Status in Georgia

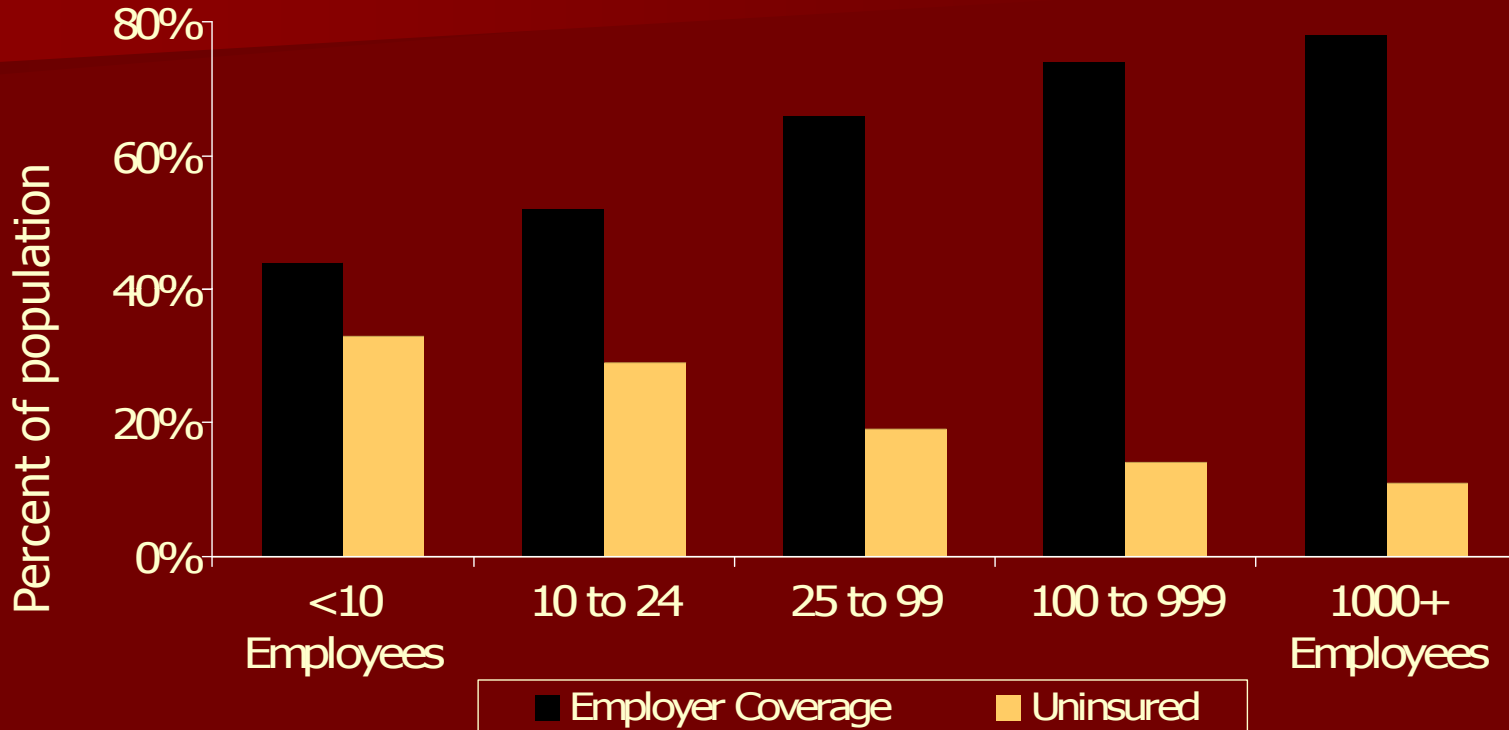
- United Health Foundation study ranks Georgia in the bottom of the nation: 43<sup>rd</sup> overall (2009)
  - 33<sup>rd</sup> in obesity prevalence
  - 46<sup>th</sup> in infectious disease
  - 43<sup>rd</sup> in immunization coverage (children 3-19)
  - 41<sup>st</sup> in lack of insurance coverage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

# Georgians Have Insufficient Access to Coverage

(Non-elderly Georgians in 2007-2008)



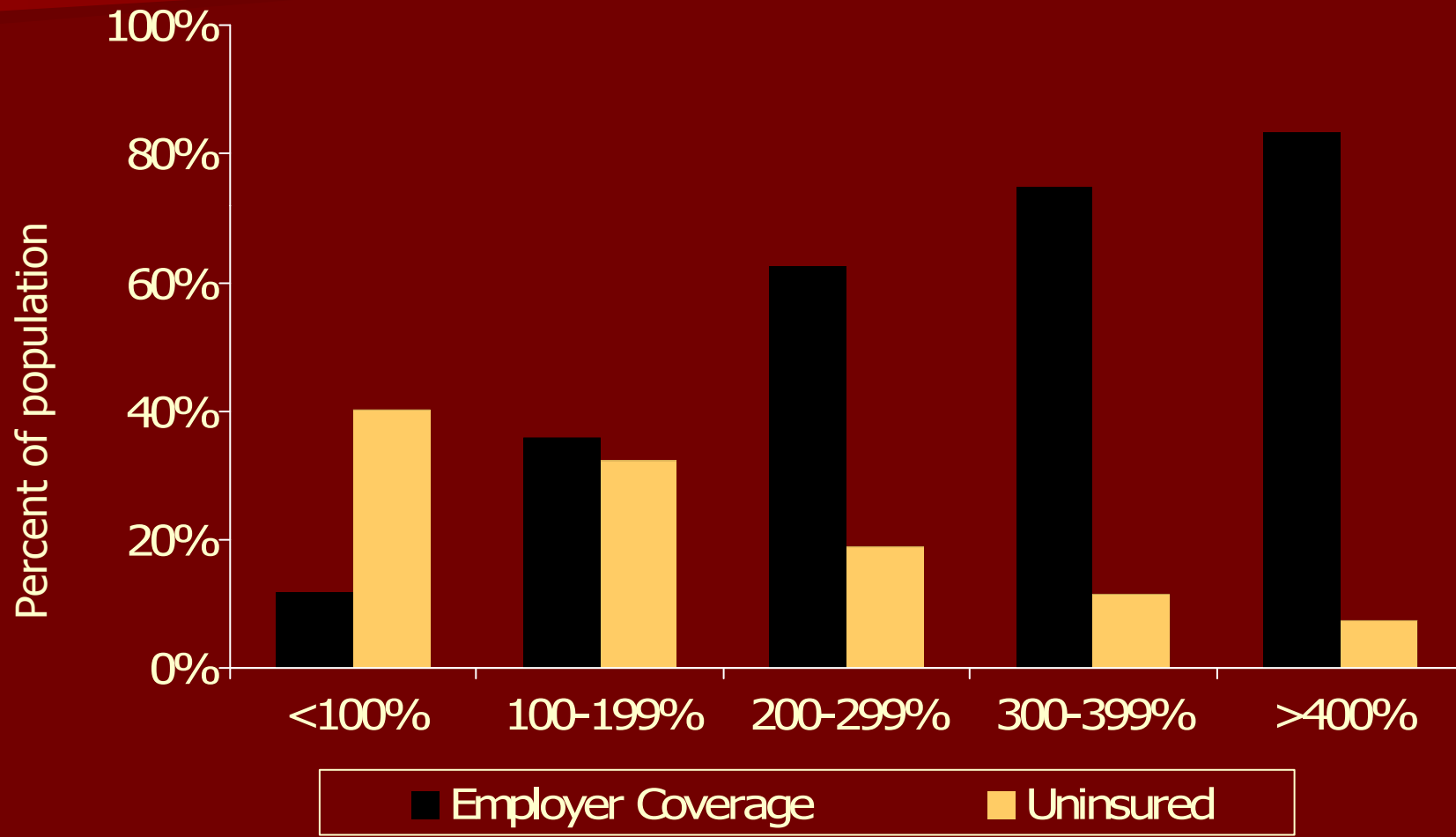
# Most Americans are Covered Through Their Employer



- 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)

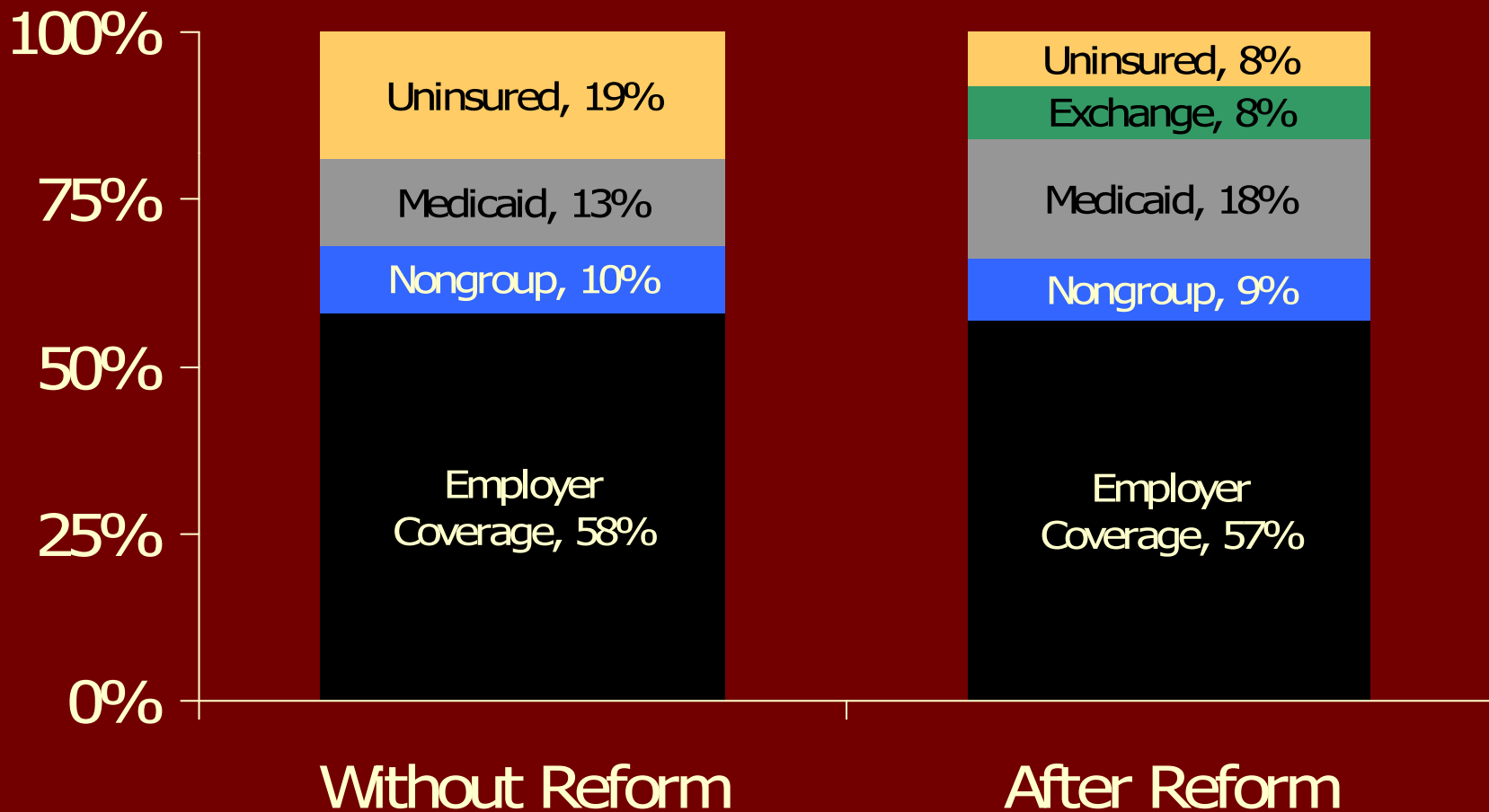


# Theory Behind the Affordable Care Act

- 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

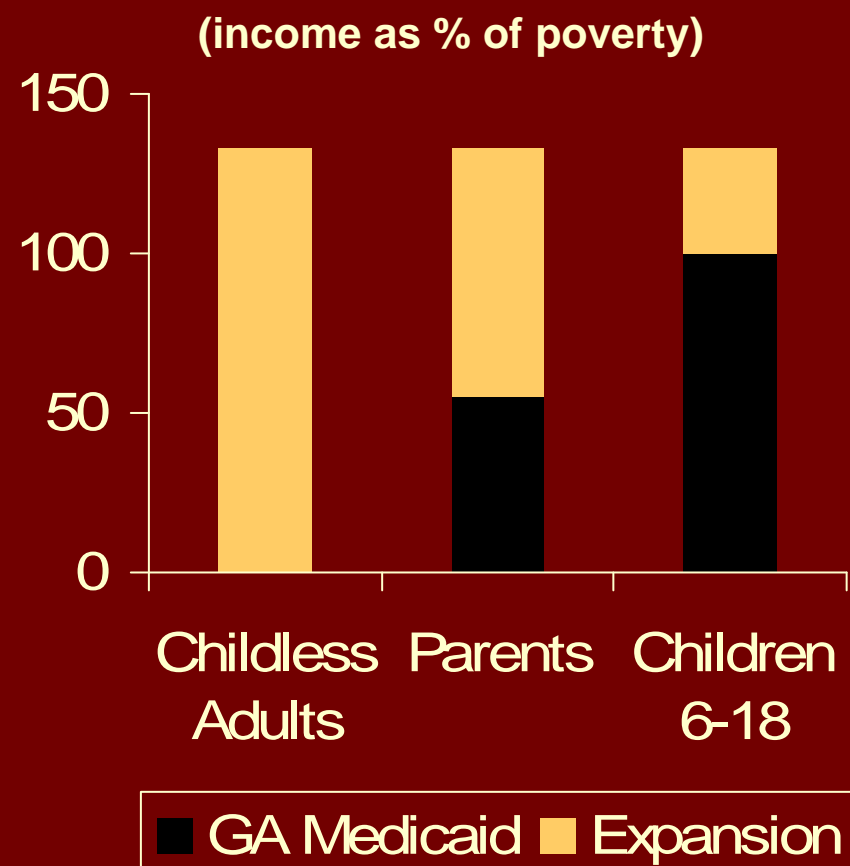
## ■ Coverage Forecasts

- 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%

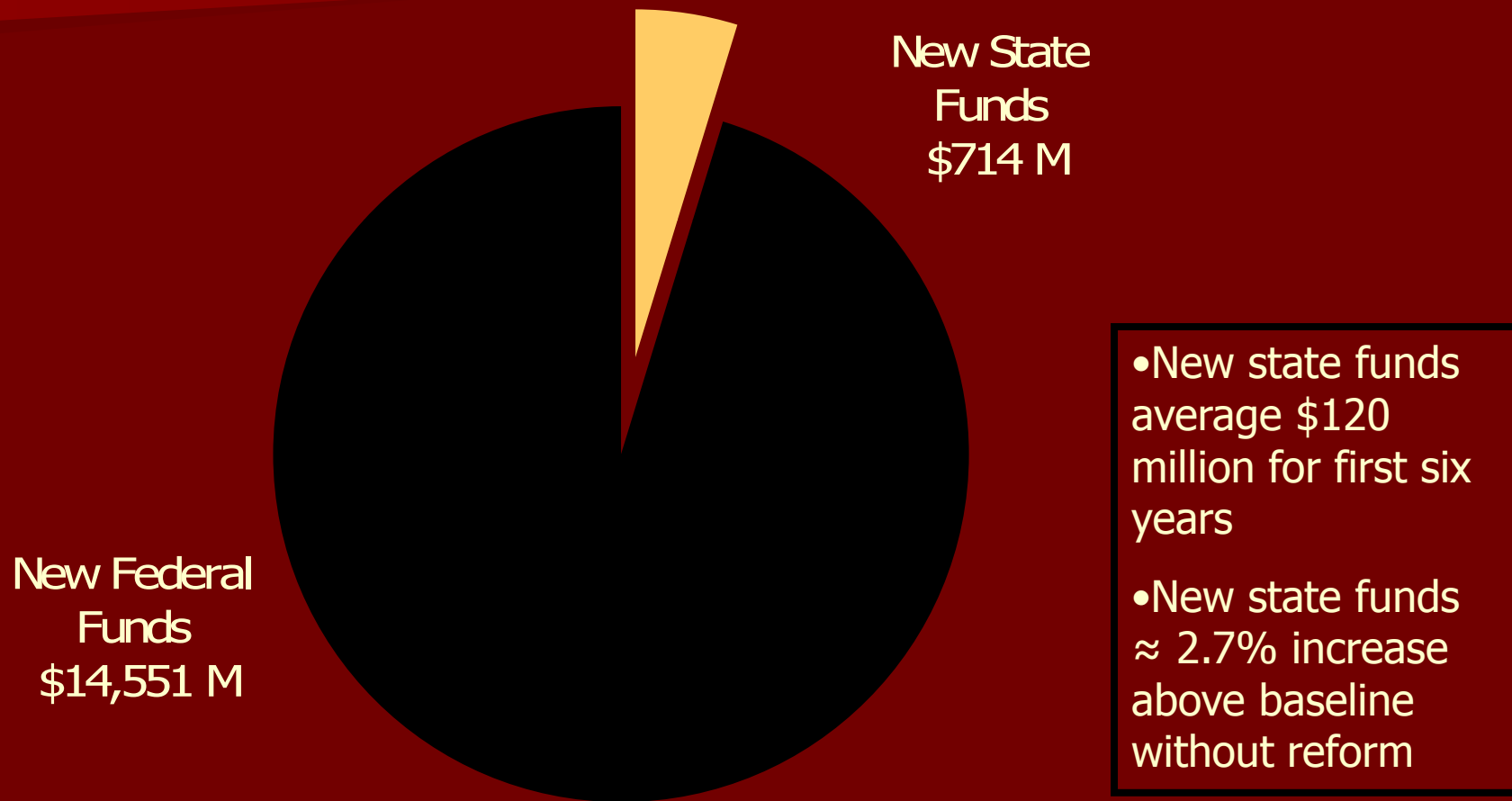
Source: Kaiser Commission on Medicaid and the Uninsured, Urban Institute

## GA Medicaid After Expansion



# Can Georgia Afford it?

(Cumulative Spending from 2014 to 2019)



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 for work-based wellness programs
- Allows employers to reimburse employees for participating in wellness programs or meeting certain health standards
- 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

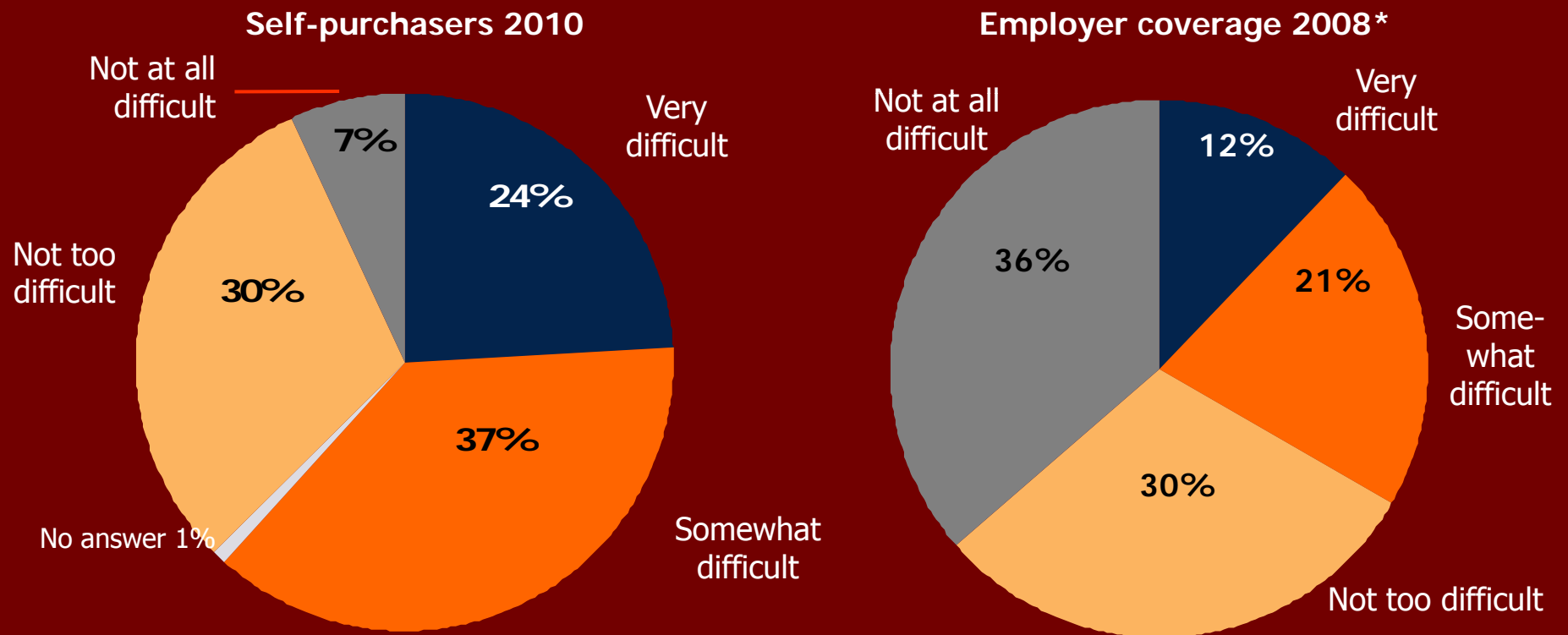
# Individual Mandate

- 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)

# 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*

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
<b>Bronze Low Benefits Package</b> 6 plans available <a href="#">Show Plans</a>   <a href="#">About Bronze Low</a>	as low as <b>\$808</b>	\$2,000 (ind.) \$4,000 (fam.)	\$5,000 (ind.) \$10,000 (fam.)	STANDARD BENEFITS FOR ALL BRONZE LOW PLANS			annual deductible, then 20% co-insurance
<b>Bronze Medium Benefits Package</b> 6 plans available <a href="#">Show Plans</a>   <a href="#">About Bronze Medium</a>	as low as <b>\$774</b>	\$2,000 (ind.) \$4,000 (fam.)	\$5,000 (ind.) \$10,000 (fam.)	STANDARD BENEFITS FOR ALL BRONZE MEDIUM PLANS			annual deductible, then \$500 copay
<b>Bronze High Benefits Package</b> 6 plans available <a href="#">Show Plans</a>   <a href="#">About Bronze High</a>	as low as <b>\$832</b>	\$250 (ind.) \$500 (fam.)	\$5,000 (ind.) \$10,000 (fam.)	\$25 copay	\$15 copay	\$150 copay	annual deductible, then 35% co-insurance
<b>Silver Low Benefits Package</b> 6 plans available <a href="#">Show Plans</a>   <a href="#">About Silver Low</a>	as low as <b>\$941</b>	\$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
<b>Silver Medium Benefits Package</b> 6 plans available <a href="#">Show Plans</a>   <a href="#">About Silver Medium</a>	as low as <b>\$997</b>	\$500 (ind.) \$1,000 (fam.)	\$2,000 (ind.) \$4,000 (fam.)	\$20 copay	\$15 copay	\$100 copay	annual deductible, then no copay
<b>Silver High Benefits Package</b> 6 plans available <a href="#">Show Plans</a>   <a href="#">About Silver High</a>	as low as <b>\$1,078</b>	None	\$2,000 (ind.) \$4,000 (fam.)	\$25 copay	\$15 copay	\$100 copay	\$500 copay
<b>Gold Benefits Package</b> 6 plans available <a href="#">Show Plans</a>   <a href="#">About Gold</a>	as low as <b>\$1,358</b>	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.

**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 (5)

\$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)

# 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

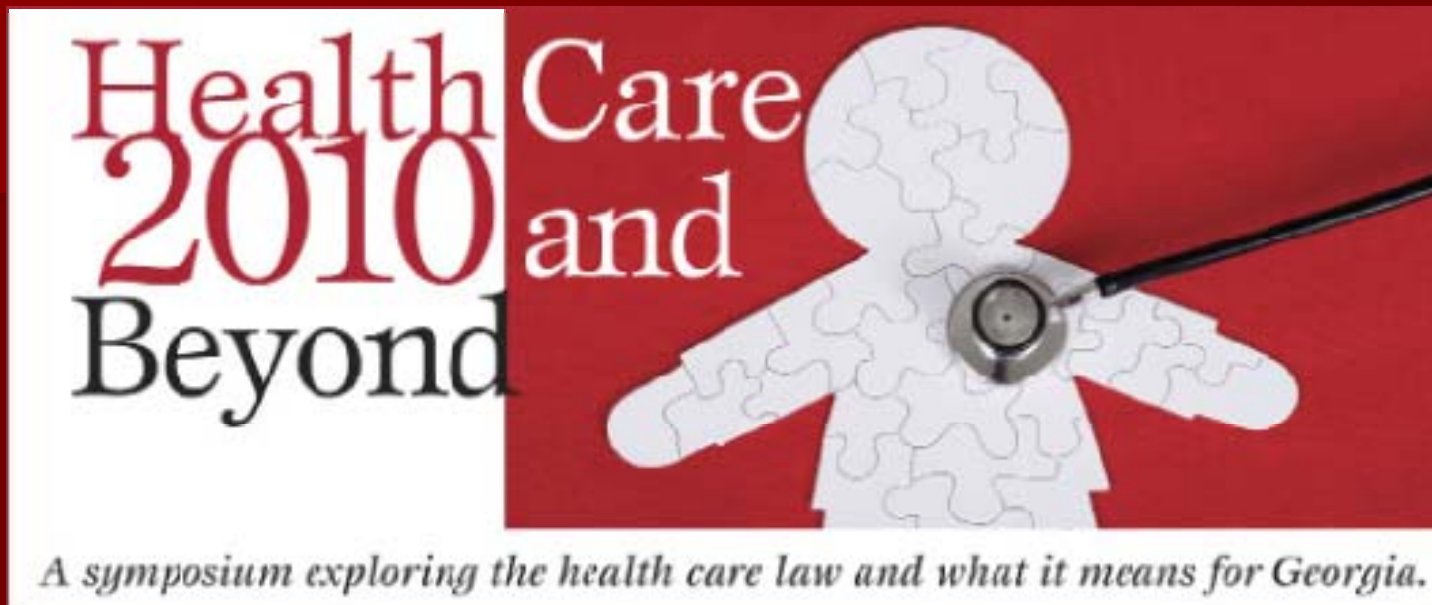
- New insurance plans must provide free preventive care and screenings identified in Bright Futures, the “gold standard” in preventive care developed by the American Academy of Pediatrics

## ■ 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 through “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](http://www.aarp.org/getthefacts)

On Medicare

Call 1-800-633-4227 or

Visit [www.medicare.gov](http://www.medicare.gov)



# The Affordable Care Act

*What it Means for Rural Georgia*

Katherine Cummings, Independent  
Environmental and Rural Health Consultant

# Audience Questions

- Tim Sweeney, Georgia Budget & Policy Institute
  - [www.gbpi.org](http://www.gbpi.org)
- Cindy Zeldin, Georgians for a Healthy Future
  - [www.healthyfuturega.org](http://www.healthyfuturega.org)
- Kathy Floyd, AARP of Georgia
  - [www.aarp.org](http://www.aarp.org)
- Joann Yoon, Voices for Georgia's Children
  - [www.georgiavoices.org](http://www.georgiavoices.org)
- Katherine Cummings, Environmental and rural Health Consultant

# 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](http://www.kff.org)
  - Kaiser Health News [www.kaiserhealthnews.org](http://www.kaiserhealthnews.org)
  - Federal government website [www.healthcare.gov](http://www.healthcare.gov)
  - Georgia Department of Community Health [www.dch.georgia.gov](http://www.dch.georgia.gov)
  - AARP [www.aarp.org/getthefacts](http://www.aarp.org/getthefacts)

# Health Care 2010 and Beyond Sponsors

