THE AFFORDABLE CARE ACT
Where Are We Now?

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PATIENT PROTECTION & AFFORDABLE CARE ACT
“ACA” – “Obamacare”

- More Insurance Coverage
  - Available to all legally in U.S.
  - Affordable

- Private Insurance Reform
  - Good care and customer service
  - Not by denials of care

- Better Health Delivery Systems
  - Effective health care, not just volume
  - Leads to lower health care costs
Impact in Virginia

- One Million Uninsured Virginians
  - 60% have incomes $\leq 200\%$ FPL.
  - 75% are from families where someone works full or part-time.
  - Virginia’s network of health clinics can’t meet the need

- Coverage changes on January 1, 2014
  - State Option for Medicaid Adult Coverage
  - New Insurance Marketplace – Affordable Private Coverage
  - People/Businesses Required to Have/Provide Insurance

- But many new improvements & protections are in place today.
Private Health Insurance
“Patient’s Bill of Rights”

- Allows children to stay on parent’s plan until 26th birthday (even if married).*
  - 66,000 in Virginia
- Ends lifetime dollar caps & phases out annual limits
- Ends denial of coverage for kids with pre-existing conditions.*
- Ends co-pays or other out-of-pocket expenses for Preventive Care*
  - Required preventive health services for women

*Some exceptions apply
ENSURING REASONABLE PREMIUMS

- **Premiums** can be based on age, geography, smoking – **not** sex or health status

- **Annual Rate Review**
  - Federal and state governments insurance premium increases ≥ 10%

- **Medical Loss Ratio (MLR)**
  - Insurers must pay out 80¢ - 85¢ of each $1 premium for medical benefits -- or pay rebates to consumers.
  - Virginia’s 2012 rebates = $43 million to over 685,000 residents
MEDICARE REFORMS

• **Closing the Rx “Doughnut Hole”**
  - $250 Rebate (2010)
  - 50% discount brand-name drugs (2011)
  - Doughnut hole ends by 2020
  - Virginians have already saved $84 million

• **New preventive benefits**
  - Adds comprehensive annual check-up, other prevention benefits
  - **No** out-of-pocket costs.

• **Changes extend solvency of Medicare Trust Fund**
MORE EARLY REFORMS

- **Small employer tax credits**
  - Up to 35% of premium cost (up to 50% in 2014-2016)
  - Small firms with ≤25 full-time equivalent employees
  - Average annual wages under $50,000

- **Grants to states**
  - Over $182 million to Virginia!
  - Planning
  - Research
  - Workforce
  - Community Health Centers
What’s Next?
Will Virginia Adopt the Medicaid Expansion?

- **Current Medicaid coverage is very limited**
  - 48th in per capita Medicaid spending
  - 44th in parent eligibility (↓$10,000/yr family of 4)
  - No coverage for childless adults

- **New Income Limits cover more people <65**
  - 138% Federal Poverty Line (FPL)
  - $15,415 individual; $31,809 for family of 4

- $\approx 400,000$ Low Income Adults could be covered!
Medicaid Expansion in Virginia

Who would qualify?
- Patients receiving state mental health services (22,000)
- Uninsured Adults aged 50-64 (62,000)
- Disabled waiting for Medicare
- Low-income working parents
- Kids aging out of Medicaid

• Federal Funding supports health, jobs, economy
  - 100% Federal Funding 2014-2016
  - Reduces to 90% by 2020 and after
  - DMAS 10 yr. estimate: $137 million state vs. $20 billion federal
    - 30,000 jobs & increased tax revenues
    - Offsets costs of state-funded programs
No Expansion = Terrible Coverage Gap

Figure 1: If Virginia chooses not to expand Medicaid, thousands of working Virginians will fall into a ‘no-coverage ravine’—unable to enroll in Medicaid and barred from getting tax credits to buy coverage in the new health insurance exchange.

*Note: Under the current Virginia Medicaid program, working parents are eligible for coverage up to 30% of FPL. Pregnant women can get coverage up to 200% of FPL during their pregnancy and children are covered up to 200% FPL in FAMIS. Aged, blind, and disabled individuals are covered up to 80% of FPL. Non-disabled childless adults currently are not eligible for Medicaid.

Source: Department of Medical Assistance Services and IRS Revenue Bulletin Sept. 6, 2011.
What Did 2013 General Assembly Do?

- Virginia legislature approved expansion only **IF** many Medicaid reform conditions are met.
  - Dual-eligible project
  - Fraud Prevention
  - Services more like commercial insurance
  - Stricter preapproval for behavioral health / transportation
  - Expanded care coordination / managed care
- “Medicaid Innovation & Reform Commission” will oversee reforms and decide when/if conditions are met.
  - 10 Legislators
  - Meetings in June, August, October
MIRC Members

**Senate**
- Emmett W. Hanger, Jr., Chairman
- Walter A. Stosch
- Janet D. Howell
- John C. Watkins
- L. Louise Lucas

**House**
- R. Steven Landes, Vice Chairman
- James P. Massie, III
- John M. O'Bannon, III
- Beverly J. Sherwood
- Johnny S. Joannou

**Ex Officio Members**
- The Honorable Richard D. Brown, Secretary of Finance
- The Honorable William A. Hazel, Jr., Secretary of Health & Human Resources
Advocating for Medicaid Expansion

- **ALL** legislators!
- **ALL** candidates!
- General public
- Local newspapers, radio, community gatherings
- **STORIES, STORIES, STORIES** of people who could gain coverage!
Advocating for Medicaid Expansion - Messaging

- **Accept Federal Funding** to cover more uninsured Virginians!
- Use **Our** Federal Tax Payments **IN** Virginia! Don’t send our tax payments to Other states.
- Provide **security & peace of mind** for hardworking families! They should be able to get health care when they need it without facing huge medical bills or even bankruptcy.
- Virginians should reject the **Coverage Gap**, which will leave thousands of Virginia’s poorest and most vulnerable residents without affordable care options.
- Available federal funding supports **33,000 jobs, Virginia’s overall economy, and state savings** in other programs.
What’s Next?
New Insurance Marketplace

- New Marketplace
  - Run by Federal Government
    - Open Enrollment 10/01/2013 – 03/31/2014
    - Coverage can begin January 1, 2014
- To compare / purchase private health insurance
- Income between 100%-400% federal poverty line
- No “affordable” job-based coverage
- Also available to small employers
  - Fewer than 50 “full time equivalent” employees
  - “SHOP Exchange”
Insurance Marketplace
How Will It Work?

- Multiple “doors” for applications
  - Online – [www.healthcare.gov](http://www.healthcare.gov)
  - Phone (federal and state call centers)
  - Virginia Departments of Social Services
- Data bases for verification of information
  - Paper documents last resort
- Standardized coverage
  - “Essential Health Benefits” - hospital, ER, mental health/substance abuse, maternity, Rx, preventive care, chronic disease management, pediatric (oral/vision) and more.
Insurance Marketplace
How Will It Work?

Types of Standard Plans:

- **4 Tiers of Coverage**
  - **Bronze** – low overall coverage, lower premiums
  - **Silver**
  - **Gold**
  - **Platinum** – best coverage, highest costs
- **Catastrophic coverage** for people under age 30
  - Very high deductible
Insurance Marketplace
How Will It Work?

- **Premium assistance (tax credits)** based on family’s income. E.g:
  - 100% FPL income pay 2% of income on premiums
  - 400% FPL income pay 9.5% of income on premiums

- **Tax Credits** based on cost of Silver Plan
  - Payable in advance to help with premium costs
  - “Reconciliation” at tax time

- **Limits on out-of-pocket costs**
  - Special protections for those with income under
  - Only applies if Silver Plan is purchased
Insurance Marketplace
How Will It Work?

- **Outreach & Enrollment Assistance** will be very important
  - Federal $$ for navigators and community health centers
  - Also roles for “Certified Application Counselors” and others

- **Official Gov’t Website** – [www.healthcare.gov](http://www.healthcare.gov)
- **Federal Call Center** – 1-800-318-2596
What’s Next?
Minimum Coverage Requirements

- **Affordability** requires spreading risk over large pool that includes healthy people
- Mandates Apply to Individuals & (in 2015) to Large Employers (over 50 full-time employees)
- Many **Exemptions** from Individual Mandate
- Penalties collected by IRS
Medicaid expansion is an **essential part** of health reform.

Without it, the **Coverage Gap** leaves a broken system that unfairly denies coverage to Virginia’s lowest income citizens.

Thank you for your efforts to promote the Medicaid expansion!!