

THE AFFORDABLE CARE ACT

Where Are We Now?



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progress

service

advocacy

impact

justice

community

Serving Virginia's legal aid system by providing advocacy, training, and litigation support on civil justice issues that affect low-income Virginians

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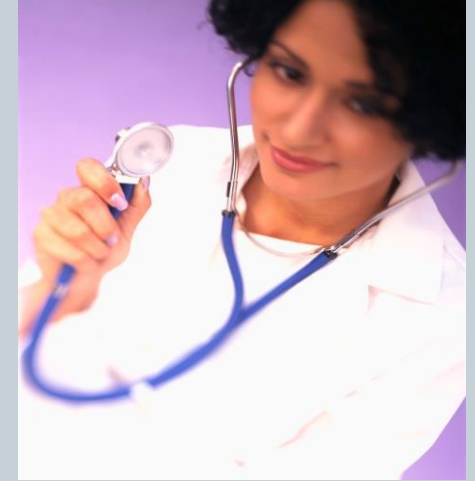
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PATIENT PROTECTION & AFFORDABLE CARE ACT

“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”

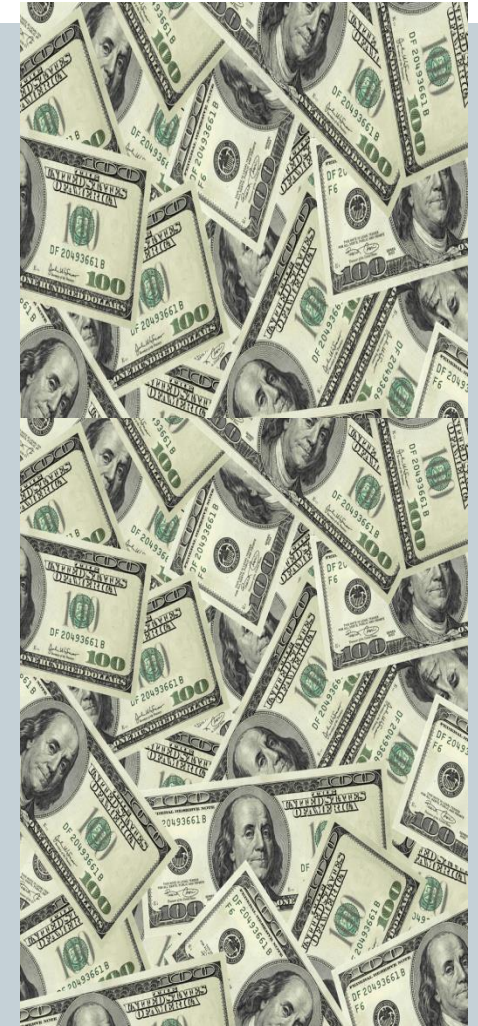


- Allows children to stay on parent’s plan until **26th birthday** (even if married).*
 - **66,000 in Virginia**
- Ends **lifetime** dollar caps & phases out **annual** limits
- Ends denial of coverage for kids with **pre-existing conditions**.*
- Ends co-pays or other **out-of-pocket expenses** for 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 $\geq 10\%$
- **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
- **≈ 400,000 Low Income Adults could be covered !**



Medicaid Expansion in Virginia

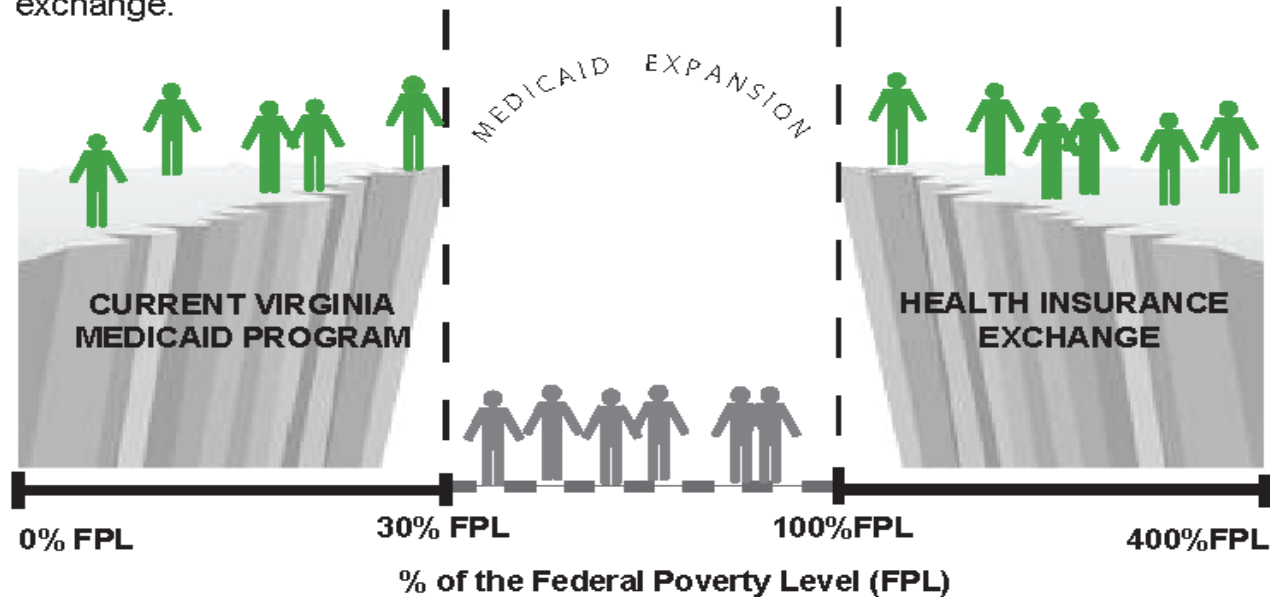


Who would qualify?

- 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

Ex Officio Members

- The Honorable Richard D.
Brown, Secretary of Finance
- The Honorable William A.
Hazel, Jr., Secretary of Health
& Human Resources

House

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

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
 - 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:

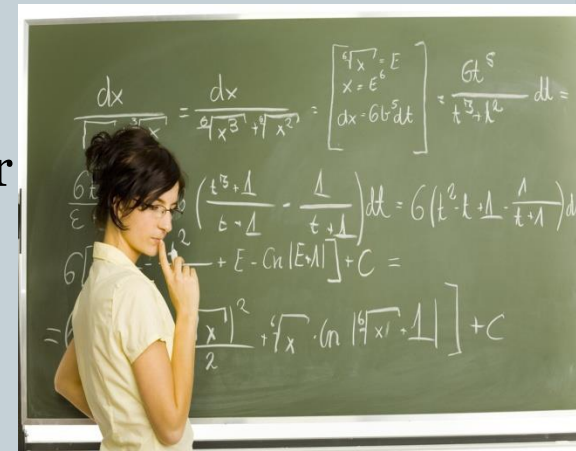
- ✦ 4 Tiers of Coverage
 - **Bronze** – low overall coverage, lower premiums
 - **Silver**
 - **Gold**
 - **Platinum** – best coverage, highest costs
- **Catastrophic coverage** for people under age 30
 - ✦ Very high deductible

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
- **Federal Call Center** – 1-800-318-2596
- **Subsidy Calculator** - <http://kff.org/interactive/subsidy-calculator/>

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

Wrap-up



- 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!!