Introduction

• Healthcare Coverage ≠ Healthcare Access

• All information subject to change

• Only an overview!
March 23, 2010

• **Law:** Patient Protection and Affordable Care Act (P.L. 111-148) is passed

• **Goal:** Almost all US citizens/legal residents will have healthcare coverage by 2014
General Changes

- **Medicaid** expanded to people earning up to 133% FPL

- State-based American Health Benefit **Exchanges** for people earning 133-400% of FPL

- Regulations for **private insurance** companies

- Separate exchanges for **small businesses**

- Additional benefits for **state employees**
Exceptions include:

- Financial hardship
- Religious objections
- American Indians
- Those without coverage for < 3 months
- Undocumented immigrants
- Incarcerated individuals,
- Those for whom the lowest cost plan option exceeds 8% of an individual’s income
- Those with incomes below the tax filing threshold
What We’re NOT Talking About

• Medicare

• Technicalities

• Macro funding details

"AFTER READING THE MORE THAN 2000 CONFUSING PAGES OF A HEALTH CARE REFORM BILL, HE IMMEDIATELY WENT INTO POST TRAUMATIC STRESS!"
What We ARE Talking About

• General overview

• Medicaid changes

• Private Insurance changes

• New state-run “Exchanges”
But is it necessary?
Reality Pre-Reform

- 47 million uninsured Americans

- 3,809,900 uninsured non-elderly Floridians

- 59% of Americans [who have insurance] receive it through their employers

- 38% of uninsured are in households making $50,000/year or more

Kaiser Family Foundation, 2008-2009
http://www.statehealthfacts.org/healthreformsource.jsp?rgn=11
Life Expectancy v. Health Care Spending in 2007
Life Expectancy v. Health Care Spending in 2007

Organisation for Economic Co-Operation and Development (OECD)
http://www.oecd.org/home/0,3305,en_2649_201185_1_1_1_1,00.html
It is the rate of spending per individual that will have the most impact, rather than the quantity / demographics of an aging population.

“Excess cost growth” refers to the extent to which the increase in health care spending for an average individual exceeds the growth in per capita GDP.

“Interaction…” refers to effects of excess cost growth and the aging of the population, which result in greater growth in spending than would result from either factor separately.

“Aging of population” refers to demographic shifts, such as an increasing average population age and life expectancy.

Source: Congressional Budget Office
Current health expenditure per capita by category of care, 2007

- **United States**
  - In-patient: $1,413
  - Out-patient (incl. same-day): $3,188
  - Pharmaceuticals: $516
  - Long-term care + Homecare: $959
  - Prevention: $631
  - Administration: $1,325
  - Investment: $604

- **Canada**
  - In-patient: $1,325
  - Out-patient (incl. same-day): $3,601
  - Pharmaceuticals: $793
  - Long-term care + Homecare: $562
  - Prevention: $1,008
  - Administration: $247
  - Investment: $1,051

- **France**
  - In-patient: $1,051
  - Out-patient (incl. same-day): $3,588
  - Pharmaceuticals: $1,008
  - Long-term care + Homecare: $996
  - Prevention: $699
  - Administration: $191
  - Investment: $965

- **Germany**
  - In-patient: $593
  - Out-patient (incl. same-day): $2,581
  - Pharmaceuticals: $549
  - Long-term care + Homecare: $407
  - Prevention: $863
  - Administration: $593
  - Investment: $593

- **Japan (2006)**
  - In-patient: $593
  - Out-patient (incl. same-day): $593
  - Pharmaceuticals: $549
  - Long-term care + Homecare: $407
  - Prevention: $863
  - Administration: $593
  - Investment: $593

The chart illustrates the current health expenditure per capita by category of care in five different countries in 2007.
Medicaid

• Expanded to all non-Medicare eligible individuals
  – Children
  – Pregnant women
  – Parents
  – Adults without dependent children

• Newly eligible must be enrolled no later than Jan. 2014
Medicaid cont.

• States get tiered federal funding, decreases with time

• State options begin April 2010 but continue through 2014 before finalized
  
  E.g. Childless adults

• Increased prescription drug rebate
CHIP/SCHIP

- Maintain current eligibility levels for children receiving Medicaid & CHIP
- Eligible kids who are over enrollment caps get tax credits for Exchanges
Private Insurance

• **Temporary high-risk pool**
  – US citizen/legal resident
  – Uninsured for at least 6 months
  – Denied for pre-existing condition

• **Reviews plans & provides rebates**
  – If clinical services do not account for 80-85% of premiums
  – Establish process for reviewing premium increases
    • If trend over time is unjustifiable, states may choose to exclude plans from Exchanges
Private Insurance cont.

- Dependent children up to age 26 can be covered on their parents’ insurance
- Lifetime limits prohibited
- Insurers may only rescind coverage in cases of fraud
- No pre-existing condition policies for children
- No annual limits after Jan. 2014
- No waiting periods for coverage of >90 days
Private Insurance cont.

• “Grandfathered” policies must still comply with new requirements

• All policies must comply with a “benefit tier”

• Annual deductibles: $2000/individuals, $4000/families
Employer Insurance

- Most employers required to provide coverage
- Small Business Health Options Program (SHOP) Exchanges
- Federal Employees State Benefits Program
Health Insurance “Exchanges”

- What are Exchanges?
- Who can purchase Exchanges?
- Subsidies
- Designed for competition
Exchanges cont.

• **Public plan option**
  – Two multi-state plans (nationwide) in each exchange
  – At least one plan offered by non-profit
  – At least one plan that does not cover abortions

• **Consumer Operated and Oriented Plan (CO-OP) program**
  – Non-profit, member-run
  – Funding eligibility requirements:
    • Governance subject to majority vote of members
    • Any profits must be used to lower premiums, improve benefits, or improve the quality of health care delivered to its members.
States have the option to create **Basic Health Plan**

- For people with income of 133-200% FPL
- Individuals in states with a Basic Health Plan, with incomes 133-200% FPL will not be eligible for subsidies

All must meet a list of requirements

(e.g. standard enrollment form, etc.)
Benefit Tiers for Plans

• All plans cover “essential health benefits”

• All have current Health Savings Account (HSA) out-of-pocket limits
  E.g. Current law limits: $5,950 for individuals and $11,900 for families in 2010

• A higher “actuarial value” means the health plan pays for more (%)

[Diagram showing benefit tiers with numbers 1 to 10]
Benefit Tiers cont.

• **Bronze plan** – minimum creditable coverage
  – Covers 60% of the benefit costs of the plan

• **Silver plan**
  – Covers 70% of the benefit costs of the plan

• **Gold plan**
  – Covers 80% of the benefit costs of the plan

• **Platinum plan**
  – Covers 90% of the benefit costs of the plan
Benefit Tiers cont.

• **Catastrophic plan**
  – Individuals up to 30 who meet financial exemption requirements for plans
  – Coverage based on HSA limits
Abortion Coverage in Exchanges

- Exchanges do not have to offer coverage, related expense coverage, or referrals for abortion

- No federal funding for abortions

- States cannot discriminate based on Exchanges not covering abortions
Understanding the Affordable Care Act

**Timeline: What's Changing and When**

**INCREASING ACCESS TO AFFORDABLE CARE**

**The Affordable Care Act Becomes Law**

March 23, 2010

On March 23, 2010, President Obama signed the Affordable Care Act. The law puts in place comprehensive health insurance reforms that will roll out over four years and beyond, with most changes taking place by 2014. Others have already begun. Use this timeline to learn about what's changing and when.

Changes to note:
- $250 Medicare drug cost rebate
- Expanded coverage for young adults
- Small business tax credits
- Pre-Existing Condition Insurance Plans

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**http://www.healthcare.gov/law/timeline/index.html**
Implementation Timeline

The implementation timeline is an interactive tool designed to explain how and when the provisions of the health reform law will be implemented over the next several years.

You can show or hide all the changes occurring in a year by clicking on that year. Click on a provision to get more information about it. Customize the timeline by checking and unchecking specific topics.

Provisions by Year

2010 (25)
2011 (21)
2012 (10)
2013 (13)
2014 (20)
2015 (1)
2016 (1)
2018 (1)

http://healthreform.kff.org/timeline.aspx
Questions? Comments?