

# The Patient Protection and Affordable Care Act: An Overview for CCLHO

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# Overview of Reform

- Expands coverage to 33 million individuals by 2019, covering nearly 95% of Americans
- Bending the cost curve
  - Extends solvency of Medicare Trust Fund by 10 years through 2-3% annual reduction in spending growth (e.g. 6% growth to 4% growth)
  - Slows private health care expenditure growth annually by 1% (e.g. 6% growth to 5% growth)
  - Reduces federal deficit by \$130B over 10 years, and over \$1T in second decade

# Near Universal Coverage

- The Individual Mandate
  - Every legal resident and US citizen will be required to obtain qualified health insurance by 2014, or be subject to a monetary penalty (0.5%-2.5% of income)
    - Must take employer coverage, buy private coverage or enroll in public coverage
    - Exemptions for financial hardship (i.e. more than 8% of income)
    - Exemptions based on religious objection
    - No coverage for the undocumented

# Minimum Essential Benefits

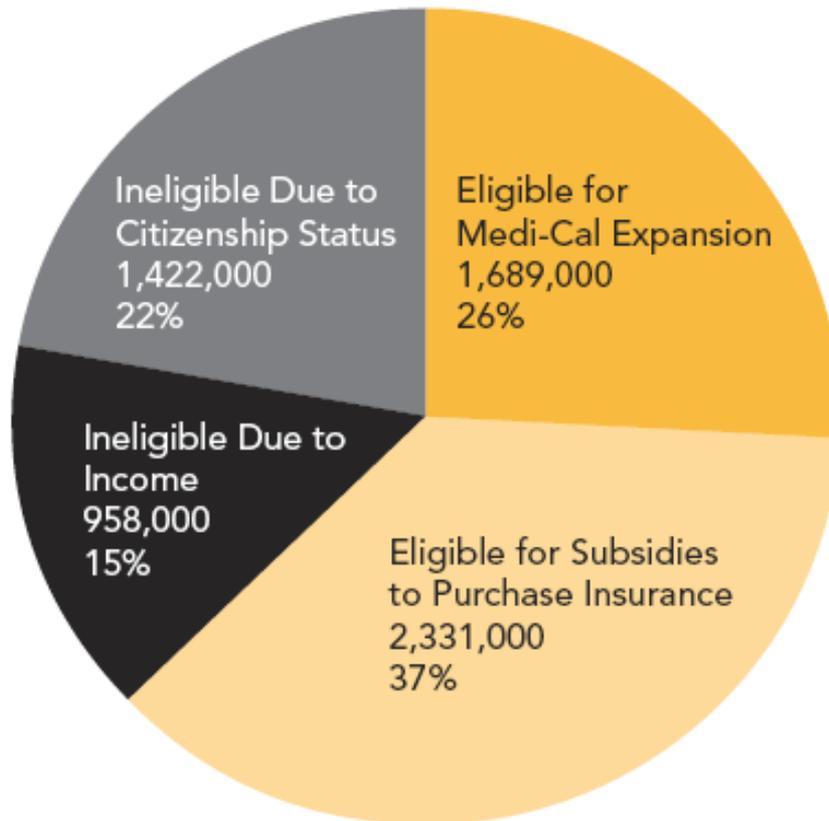
- Covered Benefits
  - 4 benefits categories ranging from 60 to 90% of the actuarial value of the covered benefit packages (Bronze 60%, Silver 70%, Gold 80%, Platinum 90%), mandate tied to bronze
  - Grandfathers existing benefits (you like it, you keep it)
  - Prohibits annual/lifetime limits, covers prevention
  - Young invincible coverage -- prevention and catastrophic coverage
    - For those up to age 30 or individuals exempt from mandate due to financial hardship
  - Exchange subsidies vary by income, linked to 2<sup>nd</sup> lowest cost plan for that income level; individuals pay the incremental cost difference (**Enthoven on steroids**)
  - Essential benefits to be determined by HHS – hospitals, doctors, drugs, prevention; vision and dental for children
  - States pay incremental cost of state mandates above federal floor (e.g. dental and vision for adults)

# The Uninsured after Health Reform: California

Exhibit 1. Eligibility for Health Insurance Expansions Under Proposed National Health Care Reforms, Ages 0-64, California, 2007

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Total Uninsured Ages 0-64 = 6.4 Million



Source: *Health Policy Fact Sheet*, UCLA Center for Health Policy Research, Oct 2009

# Medi-Cal Expansion – 25%

- Medicaid eligibility expansion to 133% FPL for parents and MIAs (2010 or 2014)
  - UCLA estimates 1.7 million newly eligible in CA
  - 50% increase in Medi-Cal managed care enrollment
- SCHIP (Healthy Families) eligibility expansion for kids to 250% FPL until 2019

# Health Insurance Exchange

- State exchanges with federal oversight (2014)
  - Incomes between 133-400% FPL eligible for subsidies (refundable tax credits)
  - Individuals pay sliding scale premiums capped at 2% - 9.5% of income
  - Choice of plan, provider & benefit levels
  - Would cover 2.3 million uninsured in CA (UCLA)
  - Would subsidize 45% of individually purchased private insurance in CA (CHIS calculation)
- Initial focus – individual and small group (50, then 100) markets – separate risk pools
  - Comparative data and shopping

# Individual Market Transformation

## New protections across entire market

- Guaranteed issue and renewal (kids in 2010, adults in 2014); age and family size ok, not health status
- Minimum benefits package (grandfathering exceptions)
- Minimum medical loss ratio (2011)
- Transparency in claims, costs, enrollment, etc. (begins 2010)
- Standardizing administrative processes (begins in 2011)
- No copays for effective preventive services (2010)
- Compete on effectiveness (price and quality), not on risk selection

# Investments in Primary Care

- Community clinics will be a lynchpin in reform
  - \$11B in infrastructure development
  - Substantial increase in revenue due to newly insured
  - Must collaborate, integrate effectively
- Primary care physician incentives
  - 10% increase in Medicare reimbursement
  - Medicaid primary care payments increased to 100% Medicare rates for 2 years

# Bolstering the Workforce

- National Health Care Workforce Commission
- Grant programs for health professional education and training
  - Primary Care Extension Program
    - \$120M annually to educate primary care providers about preventive medicine, health promotion, chronic disease management, evidence-based medicine, and mental health
  - National Health Service Corps
  - Public health fellowships
  - Nursing grants
  - Community health worker scholarships

# Public Health and Prevention

- Prevention and Public Health Fund
  - \$500M in 2010 phased up to \$2B in 2015 and each year thereafter
- National Prevention, Health Promotion and Public Health Council
  - chaired by the Surgeon General
  - convene representatives from relevant Federal agencies to establish national prevention and health promotion strategy with detailed goals and objectives for improving U.S. health
- National campaign to promote evidence-based preventive services and encourage healthy behavior (\$500M)
  - Collaborative effort with HHS and CDC
- Elimination of cost sharing for preventive services across the board

# Health and Wellness

- Workplace wellness grants
  - \$200M for small businesses that initiate a new program
- Premium incentives for healthy behaviors
- Program to monitor health disparities in minorities
- CDC grants for states and local governments aimed at surveying and responding to disease outbreaks
- Medicaid grants to states and local entities that provide incentives for participation in health promotion programs
  - Emphasis on chronic disease, obesity, tobacco use, and mental illness
- Mandated coverage of tobacco cessation services for pregnant women on Medicaid

# Other Notable Changes

- Community Makeover grants
- Healthy Aging and Living Well grants
- Patient-Centered Outcomes Research Institute to compare the effectiveness of treatments and strategies
- Nutrition information disclosure on chain restaurant menus

# Challenges Going Forward

- Coordinating evolving roles and relationships with managed care plans, employers, exchanges, community groups and federal government
- Transformation of county health
- Evolution of the safety net
- Developing integrated systems – slow and steady disappearance of silos
- Simplification and transparency

# Stepping Stones and Building Blocks

## **2010-12**

- Federal waiver and match for MIAs
- Funding for pools for medically uninsurable
- Coverage for young adults at parent's option
- No copays for effective preventive services
- Insurance rescission and medical loss ratios
- Administrative simplification
- Small business tax credits
- Enhanced § 330 clinic funding
- Down payment for donut hole closing
- Medicare bonus for primary care
- Medicare pay for performance
- Competitive bidding for Medicare Advantage

For more information, visit

[www.itup.org](http://www.itup.org)

*-Primary Care and Prevention: Changes Under Federal Reform, Ashley Cohen and Adam Dougherty, April 2010*

*-California Impacts of Federal Reform, Lucien Wulsin, April 2010*

*-The Patient Protection and Affordable Care Act: Section-by-Section Guide, Insure the Uninsured Project, April 2010*