On March 23, 2010, President Obama signed into law the *Patient Protection and Affordable Care Act*.

The *Health Care and Education Reconciliation Act of 2010*, which amends the PPACA, was passed by both the House and Senate on March 25, 2010.
Under reform, the employer-based system of health insurance remains as the basis of the health care and insurance system in the U.S.

Responsibility continues to be shared among individuals, employers, and the government.
Health Care Reform

Impact of Health Reform

- Congressional Budget Office estimates that by 2019 reform will reduce the uninsured by 32 million
- 24 million people will obtain coverage through health insurance exchanges
- 16 million people will enroll in Medicaid
Health Care Reform

Impact in Nebraska

- 24,353 people with pre-existing conditions will no longer be denied coverage
- 139,000 people will receive more affordable health coverage with tax credits
- 3,000 families will be saved from bankruptcy in just one year
- 33,100 small businesses will receive tax cuts
- 220,000 uninsured Nebraskans will become insured
Health Care Reform

The ACA focuses on four main areas:

- How to find and access insurance coverage
- How to afford coverage
- How to ensure the insurance system is fair and that people get value for their premium dollar
- How to change our health care delivery system to control costs and focus on prevention
Coverage with Value

Insurance Reform and Consumer Protections

2010 (Sept. 23rd)

- Ends denial of coverage for pre-existing exclusions for children
- Bans co-pays and out-of-pocket expenses for preventive care and immunizations on new plans
- Prohibits lifetime benefit limits in all plans
- Extends dependent coverage to age 26 in all plans
- Insurers cannot drop you when you get sick
Accessing Coverage

People will access coverage through:

- Employers
- Creation of Exchanges
- Expansion of Medicaid
Accessing Coverage

Purchasing coverage through an Exchange

- Exchanges are organized marketplaces where information will be standardized and insurance products will have to meet certain standards and offer certain protections.
- Exchanges are open to individuals and small businesses with up to 100 employees
- Entry point for tax credits for purchasing coverage for individuals.
- Contains strong consumer protections, as well as other standards related to marketing, the network of providers, etc., for qualified plans selling in the exchange
Accessing Coverage

- Two different state-based exchanges required – American Health Benefit Exchanges and Small Business Health Options Programs (SHOP) Exchanges
- States can choose to operate their own state exchange, create a regional exchange with other states, or allow the federal government to set up the exchange for the state.
- Plans offered in the exchange will have to include the “essential benefits” as determined by the US Department of HHS.
  - Exchanges will offer 4 different plans with different actuarial values (bronze, silver, gold, and platinum)
  - Insurers have to offer silver and gold to offer coverage in the exchange
  - Catastrophic plan available to individuals under 30
Medicaid Expansion

- Medicaid will be expanded to all individuals under 65 with incomes up to 133% FPL ($24,360 for a family of three)
- Biggest change, aside from eligibility level, is that childless adults will now be able to access coverage through Medicaid
- Federal government will enhance its share of Medicaid funding for these newly eligible populations
- States will receive 100% federal funding for new populations in 2014 – 2016. Funding will scale down to 95% in 2017, 94% in 2018, 93% in 2019, and 90% in 2020 and subsequent years.
Medicaid (cont’d)

- Provider payments will be increased in 2013 and 2014 to 100% of Medicare payments. Goal is to maintain and increase provider participation in Medicaid.

- Requires states to maintain current eligibility levels (“maintenance of effort” effective immediately)
  - for adults until the Exchanges are approved and running in the state (expected 2014)
  - for children in Medicaid and the Children’s Health Insurance Program until 2019
High Risk Pool

- High risk pools were set up on July 1st to provide a bridge to coverage for persons who cannot get coverage in the private market due to a pre-existing condition.

- To be eligible, you must have been turned down for insurance and must be uninsured for six months.

- Can find information at www.healthcare.gov.
Affording Coverage

- Medicaid expansion is first way to make coverage more affordable for low-income families
- Tax credits in the Exchange
- Tax credits to small businesses
Affording Coverage

Tax credits in Exchange

- The law creates tax credits to assist with premiums for eligible persons with incomes between 100 and 400% of the federal poverty level (FPL) ($18,310 to $73,240 for a family of three)
- Individuals are not eligible for premium credits if they are offered coverage by their employer unless the employer plan does not meet certain minimum standards and the employee share of premiums is 9.5% of income.
- Tax credits for premiums are on a graduated scale.
- Cost sharing subsidies will also be available to help limit the out-of-pocket costs for care
Affording Coverage

Small Business Tax Credits

- The law creates tax credits for small businesses to assist with the cost of providing health care coverage

- Eligibility requirements:
  - 25 employees or less
  - Annual wages of less than $50,000
  - Employer contributes up to 50% of the total premium cost of employee’s insurance.
Employer Responsibility

- Employers with more than 50 employees who do not offer health coverage but have at least one full-time employee who receives a premium tax credit:
  - Assessed fee of $2,000 per full-time employee
  - Excludes first 30 employees from assessment

- Employers with more than 50 employees who do offer health coverage and have at least one full-time employee receiving a premium tax credits:
  - Assessed the lesser of $3,000 for each employee receiving a tax credit or
  - $2,000 for each full-time employee.
Employer Responsibility

● “Free Choice Voucher” requirement
  ● Employers who offer coverage must provide a free choice voucher to employees with incomes less than 400% FPL whose share of the premium is between 8% and 9.8% of income. It gives the employee an opportunity to enroll in a plan in the Exchange and use the voucher instead to offset the premium costs for the Exchange plan in which the employee is enrolled.

● Employers with more than 200 employees must automatically enroll employees into health plans offered by employer.
Individual Responsibility

- Goal of the mandate is to broaden the risk pool and ensure shared responsibility
- Requires U.S. citizens and legal residents to have qualifying health coverage.
  - Coverage must meet minimum requirements
- Penalties:
  - $695 per year, up to maximum of three times that amount per family or 2.5% of household income
  - Penalty will be phased in from 2014 - 2016
Individual Responsibility

- Exemptions provided for:
  - financial hardship
  - religious exemptions
  - undocumented persons
  - American Indians
  - incarcerated persons
  - those with short gaps in coverage of 3 months or less
  - those with income below the tax filing threshold and
  - if lowest cost plan exceed 8% of income
Coverage with Value

Insurance Reforms and Consumer Protections

- Prohibits denial of coverage for pre-existing conditions for everyone by 2014
- Changes what insurers can look at when setting premiums:
  - They can no longer set different rates based on your health status or gender
  - Can only look at age (3:1), geographic area, family composition, and tobacco use (1.5:1)
- Requires insurers to use 85% of premiums on medical claims in large group market and 80% in small and individual markets.
Coverage with Value

Insurance Reform (cont’d)

- Guarantee issue and renewability in 2014—insurers can’t refuse to sell to you
- Prohibit annual limits for essential services
- Create a standard benefit plan for all new policies (does not apply to existing individual and employer-sponsored plans)
- Eliminate waiting periods for coverage longer than 90 days
Quality Improvement

- Comparative effectiveness research through non-profit institute
- Medicaid malpractice/tort reform pilot programs
- Pilot programs in Medicare, such as bundled payments
- Pilot and incentive to create medical homes in Medicaid
- Focus on primary and preventive care in Medicaid
- Require collection and reporting on health disparities data
- Create National Prevention, Health Promotion, and Public Health Council
- Provide grants to small employers for wellness programs
Medicare

- Reform provides additional preventive care benefits and reduces cost sharing
- There are efforts to reduce spending in Medicare, but they do not affect benefits.
  - Eliminating excess benefits to Medicare Advantage plans
  - Creating a more efficient payment system
  - Reducing Medicare waste, fraud, and abuse
  - Adjusting Disproportionate Share Hospital payments to reflect increase in coverage
Other Benefits to Medicare:

- Preventive care will have no co-pays or deductibles for beneficiaries beginning in 2011
  - Free annual wellness visits
  - Increase in reimbursement for providers for certain preventive benefits
- Closing the donut hole under Part D
  - Eligible persons received $250 already this year
- The Medicare changes will extend the solvency of Medicare’s Hospital Insurance Trust Fund (Part A) by twelve years.
Financing

- Financing is based on both savings in the current system and some new taxes and fees.

- Some taxes and fees include:
  - Tax on sale of any taxable medical device
  - Increased tax on income and investments (at .9%) for high income people
  - New tax on unearned income: interest, dividends, annuities, royalties, and rents
  - Annual tax on insured products based on market share
  - Tax on high value insurance plans
Several websites provide helpful information:

- [www.familiesusa.org](http://www.familiesusa.org) (Health Reform Central)
- [www.healthcare.gov](http://www.healthcare.gov)
- [www.kff.org](http://www.kff.org) (Kaiser Family Foundation)
- [www.aarp.org/getthefacts](http://www.aarp.org/getthefacts)
- [www.cbo.gov](http://www.cbo.gov)
Health Care Reform

For more information:
Jennifer Carter:
jcarter@neappleseed.org
(402) 438-8853 x104
www.neappleseed.org/healthcare