

The Affordable Care Act: National, State, & Local Context

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Affordable Care Act Symposium

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Objectives

- Briefly describe the rationale and history of the Affordable Care Act (ACA)
- Discuss the ACA within a national, state, and local context
 - Key elements and implementation
 - State and local implications and responses

RATIONALE AND HISTORY OF THE AFFORDABLE CARE ACT (ACA)

The Key Issues Do Not Change

- Cost
- Access
- Quality

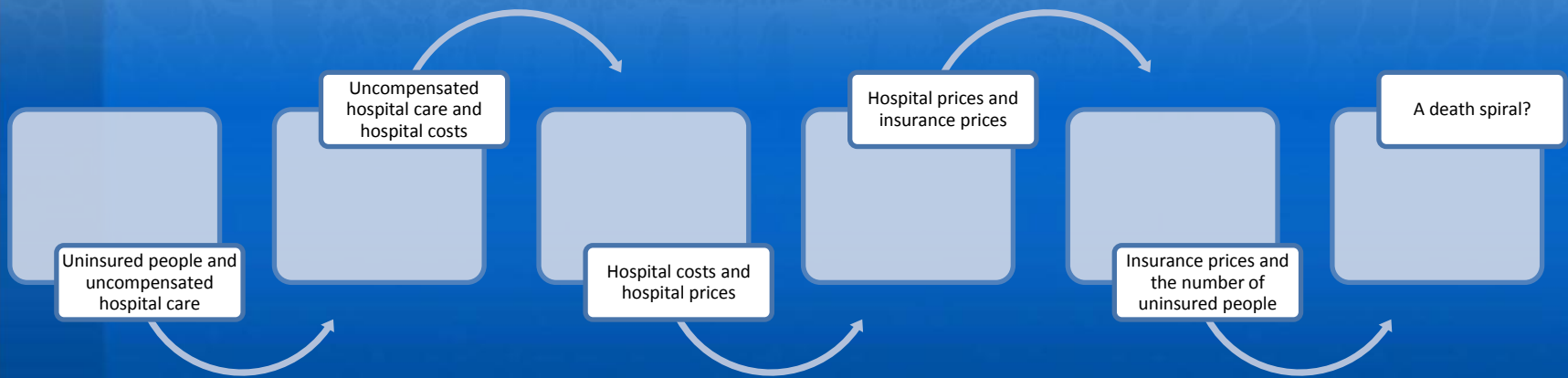
The Political Context of 2008

- Nearly 50 million uninsured people (about 16% of population in the U.S.)
- Even those of us with coverage do not really like or trust our insurance or our insurance companies very much
- Individual Health Insurance virtually unobtainable
- Employers were concerned about their costs
- Economists began to wonder about the possibility that doing nothing would crush the entire national economy

Being Uninsured Matters to the Uninsured

- The Uninsured
 - Get less care
 - Get less timely care
 - Get less preventive care
 - Get less continuity of care
 - Are charged more

And Uninsurance Matters to All of Us



The Political Realities of Health Care Reform

- A history of failure
- No real emphasis during the 2008 campaign (and hence no obvious mandate for action)
 - Two wars
 - Economic crisis
 - Housing crisis

ACA Window of Opportunity

- Unexpected election of 60 Democratic senators
- Understanding that health care was a critical aspect of the economy and needed to be addressed for economic recovery

Legislative History of the ACA

November 2009

- Affordable Health Care for America (with public option) passed in House of Representatives

December 2009

- The Patient Protection and Affordable Care Act with no public option passed in the Senate

February 2010

- President Obama proposed his own health-care bill modeled after both House and Senate bills

March 2010

- House passed the Senate bill, the Patient Protection and Affordable Care Act and sent the bill to the President for signature
- House also passed the reconciliation bill, the Health Care and Education Reconciliation Act of 2010, that amended the Senate bill to reflect the House and Senate compromises and included national student loan reform
- Senate passed final version of the Health Care Education and Reconciliation Act of 2010 with education-related changes, and the House passed the bill as amended by the Senate
- On March 23, 2010, President Obama signed the Patient Protection and Affordable Care Act bill into law (P.L. 111-148)
- On March 30, 2010, President Obama signed the reconciliation bill into law: the Health Care Education and Reconciliation Act of 2010 (P.L. 111-152)

June 2012

- U.S. Supreme Court upheld the constitutionality of the law including the individual mandate and made the Medicaid expansion a state option

KEY ELEMENTS OF THE ACA

Key Elements of the ACA

- **The individual mandate**
 - Most Americans are required to have health insurance with “minimum essential coverage” or face penalty
- **The role and obligations of employers**
 - Companies with more than 50 employees will be assessed \$2,000 per employee (excluding the first 30 employees) if health insurance not provided or one employee obtains premium credits through the Exchange

Key Elements of the ACA

- **Medicaid expansion**
 - States have the option to expand Medicaid programs to include individuals up to 138% FPL
 - The federal government funds 100% from 2014 – 2016 then federal share declines incrementally to 90% in 2020 and subsequent years

Key Elements of the ACA

- **The Exchanges**
 - States and federal government establish Marketplaces where individuals and small businesses can purchase insurance
- **New rules for insurance companies**
 - New regulations will limit the ability of insurance companies to deny coverage for any reason, including health status, or for charging more based on health status or gender

Key Elements of the ACA

- **New approaches to health-care delivery**
 - Recognizes importance of cost and quality to health-care delivery and emphasizes new approaches
 - Public health initiatives
 - Information technology advancements
 - Delivery systems reform (e.g. Accountable Care Organizations... groups of doctors, hospitals, and other providers who provide coordinated care to Medicare patients)

Key Elements of the ACA

- **Capacity and systems issues**
 - Addresses need for more providers
 - Increasing the number of primary care physician programs
 - Increasing the number of loan repayment programs for primary care providers
 - Increasing and incentivizing the use of non-traditional primary care providers like physician assistants and nurse practitioners

Key Elements of the ACA

- **Costs and sources of funding**
 - Will cost about \$1.3 trillion over ten years and will be funded through slight increases in already established taxes as well as new taxes and fees

ACA IMPLEMENTATION TO DATE: NATIONAL CONTEXT

Timeline: 2010

- Adult dependent coverage to age 26
- Accounting impact of change in Medicare retiree drug subsidy tax treatment
- Early retiree medical reinsurance
- Medicare prescription drug “donut hole” beneficiary rebate
- Break time/private room for nursing moms

Timeline: 2011

- No lifetime dollar limits on essential health benefits
- Restricted annual dollar limits on essential health benefits, phased amounts until 2014
- No pre-existing condition limitations for enrollees up to age 19 and no rescissions
- No health FSA/HRA/HSA reimbursement for non-prescribed drugs
- Increased penalties for non-qualified HSA distributions
- Additional standards for new or "non-grandfathered" health plans, including preventive care in network with no cost-sharing appeal and external review, provider choice and non-discrimination provisions for insured plans
- Income-based Medicare Part D premiums
- Pharmaceutical importers and manufacturers' fees start
- Medicare, Medicare Advantage benefit and payment reforms
- Insurers subject to medical loss ratio rules

Timeline: 2012

- Employers to distribute uniform summary of benefits and coverage (SBC) to participants (deadlines vary with group of recipients)
- 60-day advance notice of mid-year material modifications to SBC content
- Form W-2 reporting for health coverage (track in 2012 for W-2 form provided in early 2013)
- Coverage for additional women's preventive care services

Timeline 2013

- \$2,500 per plan year health FSA contribution cap (plan years on or after January 1, 2013)
- Comparative effectiveness group health plan fees first due
- Annual dollar limits on essential health benefits cannot be lower than \$2 million
- Employers notify employees about exchanges by Oct. 1, 2013
- Medical device manufacturers' fees start
- Higher Medicare payroll tax on wages exceeding \$200,000/individual; \$250,000/couples
- Change in Medicare retiree drug subsidy tax treatment takes effect
- Health Insurance exchanges initial open enrollment period

ACA IMPLEMENTATION TO DATE: FLORIDA CONTEXT

Florida: No, Thank You

- No Medicaid expansion
- No State Insurance Exchange

Florida: Yes, Please

- Medicaid Reform
 - Florida Section 1115 Research and Demonstration Waiver program (2005 – 2014)
 - Statewide Medicaid Managed Care program

ACA IMPLEMENTATION TO DATE: LOCAL CONTEXT

ACA Implications: Florida & Local

- Of course, there is one major ACA element still operative in Florida that will affect local communities
 - Health Insurance Marketplace
- Floridians with lower incomes will be able to buy health insurance in the Marketplace
 - If income is > \$11,500 (single) or > \$23,500 for a family of four will be able to buy insurance based on number of family members and income
 - If income is < \$11,500 (single) or < \$23,500 for a family of four will be able to buy insurance but at full price

ACA Implications: Florida & Local

- The ACA requires that anyone who has available health care coverage and can afford to purchase must do so or pay a fee
 - Floridians do not have to pay this fee
 - Because Florida is not expanding its Medicaid program
 - If do not qualify for either Medicaid or lower costs on Marketplace coverage (exemption)

Local Responses

- Critical for community leaders and officials to understand the ACA and its implications to know how to respond
 - Floridians can still apply for Medicaid
 - Floridians can apply through the Marketplace starting on 10/1/13
- Ultimately local responses will be tailored according to those who are eligible or not
 - Eligible individuals
 - Live in the U.S.
 - U.S. citizen or national (lawfully present)
 - Not currently incarcerated
 - Ineligible individuals
 - Will still need access to healthcare

Local Responses: Eligibles

- How do individuals get to and use the Health Insurance Marketplace?
- Navigators (funded by CMS)
- Legal Aid of Palm Beach County
- Health Resources and Services Administration (HRSA) funded applications for Federally Qualified Health Centers (FQHCs)
- Volunteers

Local Responses: Ineligibles

- Health insurance safety net
- Provider safety net
 - Hospitals
 - FQHCs
 - Other community organizations

Local Responses: Special Populations

- Special populations
 - Hispanics
 - Elders
 - Immigrant laborers
- Local responses
 - Needs assessment
 - Funding and support of the safety net delivery system
 - Funding for increased primary care
 - Translation services
 - Navigation services

Further Information

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