

National Health Reform Overview

Health Care Reform Review Council

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Cost, Coverage, & Financing

- **Cost:** \$938 billion over 10 years
- **Coverage:** 32 of 54 million uninsured covered
 - 24 million in Exchange
 - 16 million in Medicaid
 - Loss of 8 million from individual and group coverage
- **Financing:** Half from reduced spending in Medicare and Medicaid and half from tax provisions



Main Components of the Patient Protection and Affordable Care Act

- Insurance Market Reform
- Coverage Requirements and Assistance
- Health Insurance Exchange
- Payment Reform and Care Coordination
- National Quality Strategy
- Prevention and Public Health
- Long Term Care
- Workforce



Insurance Market Reform: 2010-2014

- **Effective Immediately:** Annual process set by HHS and States for premium rate review. \$250 million available to States from 2010 through 2014.
- **Effective Within 90 Days:** \$5 billion High Risk Pool through 2013 for those uninsured for 6 months with a pre-existing condition. State choice to administer or defer to national pool.
- **Effective Plan Years on or After 6 Months Post Enactment:** (Applies to all plans). No lifetime limits, “restricted” annual limits, dependent coverage to age 26, coverage of preventive care without cost-sharing, and no pre-existing condition exclusions for kids.
- **Effective January 2011:** Medical loss ratio (MLR) or the percent of premium spent on medical care set at 80% for individual and small employer plans and 85% for large employer plans.
- **Effective January 2014:** Premium variation based on health status is prohibited for individual and small employer plans; premium variation is only allowed for tobacco use, age, geography, and family type/size. Guarantee issue (and renewal) is required for individual and small employer plans during an open enrollment period. Pre-existing condition exclusions and annual limits are prohibited.



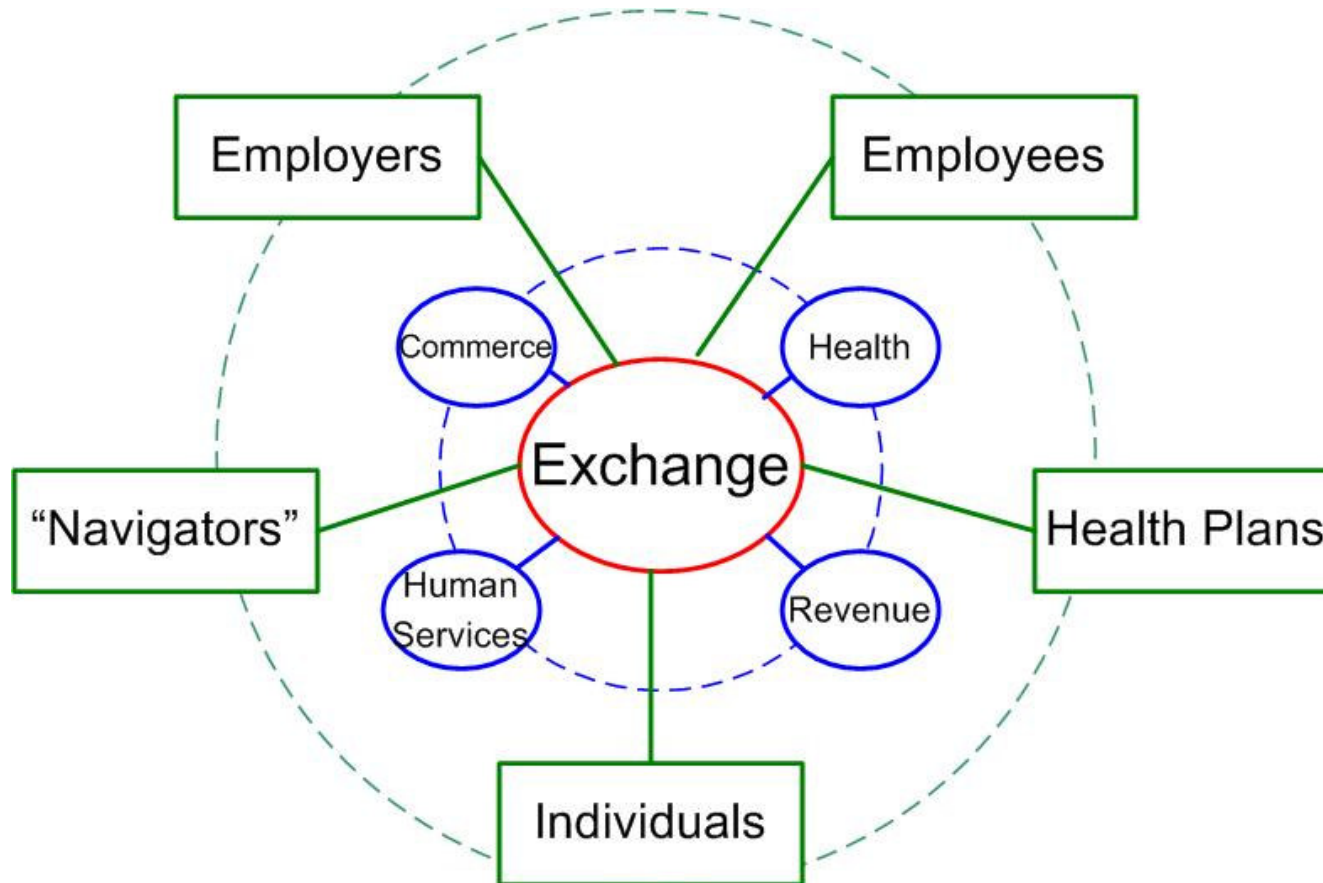
2014 Coverage Requirements & Assistance

- **Individual Coverage Requirement:** Health insurance coverage will be required through either a “grandfathered” plan, public program, large employer plan, or at least a “Bronze” or “Young Invincible” plan. Penalties for non-compliance, with exemptions.
- **Benefit Requirements:** HHS is to establish a minimum benefit set (“Bronze” plan) for individuals and small employers. Individuals and small employers have the choice of keeping their current plan (“grandfathering”) or choosing from four plan types (Bronze, Silver, Gold, Platinum). A “Young Invincible” plan is also available.
- **Individual Coverage Assistance:** Coverage assistance is available for those up to 400% of the federal poverty level (FPL) or \$88,000 for a family of four:
 - Medicaid expansion to all non-elderly under 133% FPL, with no asset test. State may start early.
 - Premium and cost-sharing subsidies for those not eligible for “affordable” employer coverage between 133% and 400% FPL buying in “Exchange”.
- **Employer Requirements:** Employers with 50+ employees pay a penalty for employees getting Exchange subsidies (first 30 exempt).
- **Employer Assistance:** Starting in 2010, 2 year subsidies are available for employers not offering coverage with 25 or less employees with \$50,000 average wage.



2014 Health Insurance Exchange

- **What is an Exchange?:** “One stop shop” to facilitate comparison shopping among health plans, enrollment, and subsidy administration. States to establish with federal start-up funding or HHS establishes. Many options and market impacts to consider for development.



Payment Reform & Care Coordination

- **CMS Innovation Center:** Created in 2011 to test and expand Medicare and Medicaid payment models that reward value instead of volume, including State all-payer models and other proposals.
- **Medicaid and Medicare efforts, pilots and demonstrations, for example:**
 - Medicaid Global Payment Demonstration (5 states) for capitation payments for safety net hospitals. (2010)
 - 90% FMAP for Medicaid “medical home” for those with chronic conditions. States to develop payment method. (2011)
 - Medicaid Bundled Payment Demonstration (8 states). (2012)
 - Value-Based Purchasing for a variety of Medicare providers with percent of payment tied to quality (Development starting in 2011)
 - Medicare payment incentives/penalties to reduce hospital readmissions. (2012)
 - Medicare Bundled Payment Pilot. (2013)



Quality Strategy

- **National Strategy:** HHS to develop a national strategy to improve health care quality.
 - A federal interagency workgroup is established in 2010 to coordinate and streamline quality activities and align public and private sector initiatives.
 - HHS to identify gaps in quality measurement and may award contracts for the development of quality measures. Stakeholder group to advise.
 - HHS to collect, aggregate, and publicly report data on quality and resource use.
 - Processes to be developed with stakeholders (including States) for the selection of quality measures to be used in federal programs.
 - HHS to develop and report on 10 quality measures for acute and chronic care and 10 measures on primary and preventive care for physicians and hospitals by 2012.



Prevention & Public Health

- **Prevention Strategy:** National Prevention, Health Promotion, and Public Health Council established to develop and implement a national prevention and health promotion strategy.
- **Prevention Trust Fund:** New \$13 billion Trust Fund to expand and sustain funding for prevention and public health programs. Grants to States to start in 2010, to for example:
 - Reduce the incidence of chronic disease for the 55 to 64 year old population
 - Promote community activities to reduce chronic disease and health disparities
 - Reduce the preventable burden of diabetes
 - Improve immunization levels
 - Strengthen lab capacity and outbreak control strategies



Long Term Care

- **Nursing Homes and LTC:** Starting in 2010, federal compliance requirements are modified, for example:
 - HHS is to develop a standardized complaint form for use by residents.
 - HHS is given the authority to reduce civil monetary penalties for certain facilities that self-report and promptly correct deficiencies.
 - HHS is to develop, test, and implement an oversight program for interstate and intrastate nursing facilities.
 - A nationwide program is established to conduct background checks in LTC facilities.
- **CLASS Act:** A national voluntary long term care insurance program.



Workforce

- **National Commission:** Effective September 2010, a National Health Care Work Force Commission is established to review health care workforce needs.
 - In 2010, States may apply to HHS for competitive grant to carry out comprehensive health care workforce development strategies.
 - Starting in 2010, various loan and grant programs are available to increase the supply of the health care and public health workforce.



Questions?

