

Affordable Care Act Overview: Insurance, System Change, & Public Health

Briefing for the Health Services Advisory Board
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Objectives

- Provide an overview of the insurance provisions in the Affordable Care Act (ACA)
 - Background on current insurance coverage
 - Role of Medicaid
 - Basics of Covered California, CA's Health Benefit Exchange
 - Relationships between Covered California and Medi-Cal
- Highlight San Diego participation in ACA delivery system transformation initiatives
 - Community-Based Care Transitions Program (CCTP)
 - Dual Eligibles Demonstration (Cal MediConnect)
- Touch on ACA impacts on Public Health

The Affordable Care Act (ACA) Overview

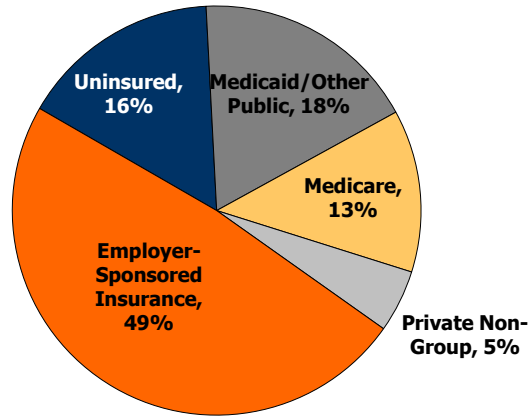
9 Titles, each addressing essential components of reform

- I. Quality, Affordable Health Care for all Americans
- II. The Role of Public Programs
- III. Improving the Quality and Efficiency of Health Care
- IV. Prevention of Chronic Disease and Improving Public Health
- V. Health Care Workforce
- VI. Transparency and Program Integrity
- VII. Improving Access to Innovative Medical Therapies
- VIII. Community Living Assistance Services and Supports
- IX. Revenue Provisions

Overview of ACA Insurance Provisions (Titles I and II)

- Require most US citizens and legal residents to have health insurance
- Create state-based Health Benefit Exchanges for the sale of individual and small business health coverage
- Provide premium and cost-sharing credits to individuals/families with income 133 – 400% FPL
- Require employers to pay a penalty if employees receive tax credits for insurance through the Exchange (except for small employers)
- Impose new regulations on health plans in the Exchange and in the individual and small group markets
- Contain numerous provisions changing eligibility standards, enrollment processes, and outreach for current Medicaid
- Expand Medicaid eligibility to cover single adults <65 up to 139% FPL

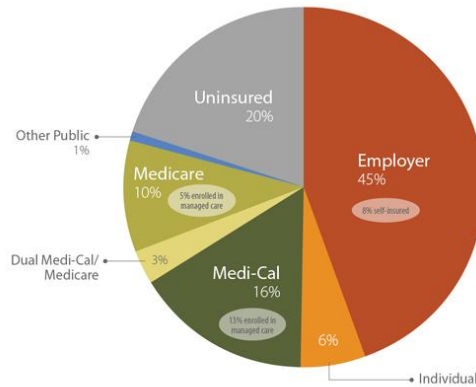
Health Insurance Coverage in the U.S., 2011



Total = 307.9 million

SOURCE: KCMU/Urban Institute analysis of the 2012 ASEC supplement to the CPS.

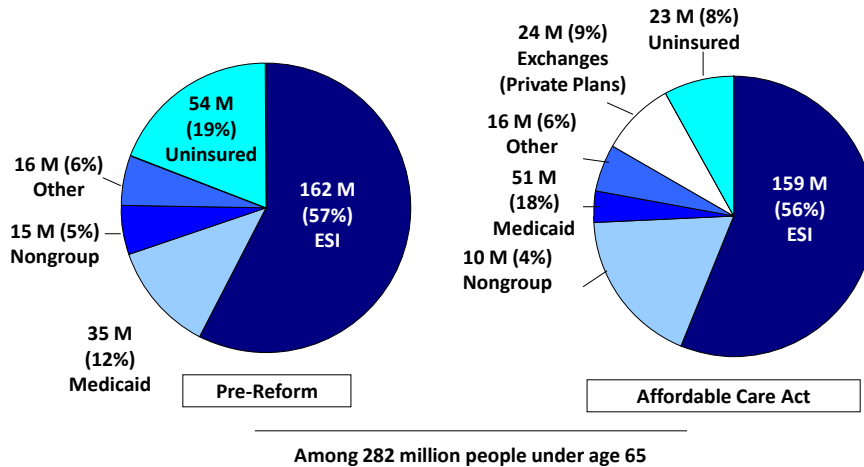
Health Insurance Coverage in California, 2011



Notes: For the estimated 96.1 million of Californians covered by self-insured employers, carriers provide administrative services only. Children Health Insurance Program (CHIP) included in Medi-Cal. Other Public includes Veterans Administration and Department of Defense coverage such as Tricare. Figures may not total 100% due to rounding. Commercial refers to health insurance individually purchased or obtained through an employer group. It excludes Administrative Services Only and self-insured enrollment. Source: Kaiser Family Foundation, State Health Facts, based on Census Bureau's Current Population Survey, Annual Social and Economic Supplements, 2010 and 2011.

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Source of Insurance Coverage Pre-Reform and Under ACA, 2019



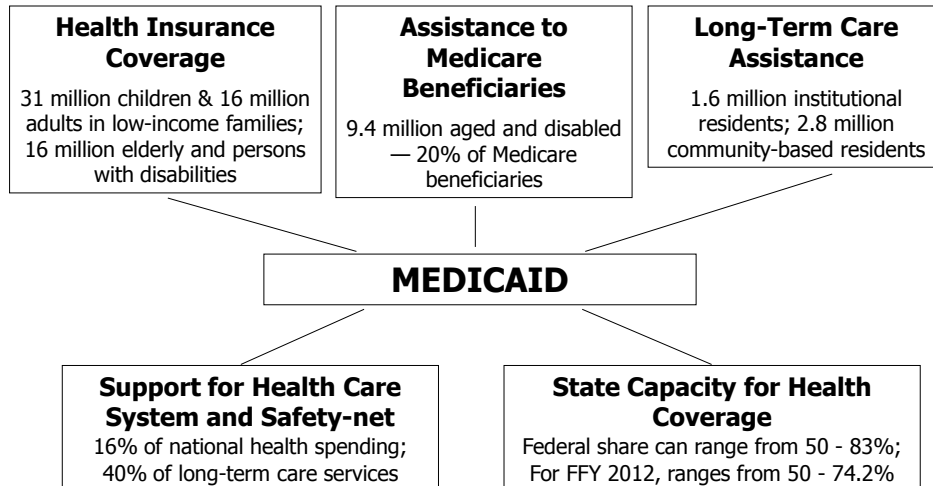
* Employees whose employers provide coverage through the exchange are shown as covered by their employers (5 million), thus about 29 million people would be enrolled through plans in the exchange. Note: ESI is Employer-Sponsored Insurance.
 Source: S. R. Collins, K. Davis, J. L. Nicholson, S. D. Rustgi, and R. Nuzum, The Health Insurance Provisions of the Affordable Care Act: Implications for Coverage, Affordability, and Costs, The Commonwealth Fund, (forthcoming).

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Medicaid Provisions in the ACA

- Assuring Coverage for All Adults with Incomes at or below 138% of Federal Poverty Level (FPL)
- Enhanced Support for Children's Health Insurance Program
- Simplifying Eligibility and Enrollment and Coordinating with State Health Insurance Exchanges
- Encouraging States to Provide Long-Term Services and Supports
- Improving Coordination for Beneficiaries Dually Eligible for Medicare and Medicaid

Medicaid has many roles in our health care system



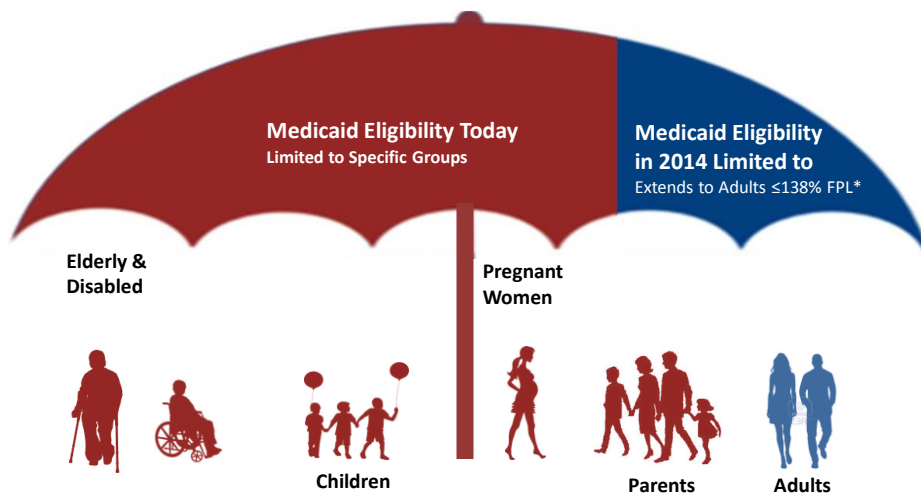
Medicaid Changes *Required* by ACA

- Beginning 1/1/2013
 - Federal Medicaid payments in fee-for-service and managed care for primary care services increased to 100% of Medicare rates (in process)
- Beginning 1/1/2014
 - Simplified eligibility determination based on MAGI (Modified Adjusted Gross Income); no asset test
 - Streamlined enrollment process
 - Coordination with Health Exchange
 - Enhanced outreach activities to encourage participation in health insurance and Medicaid

Medicaid Expansion Under the ACA

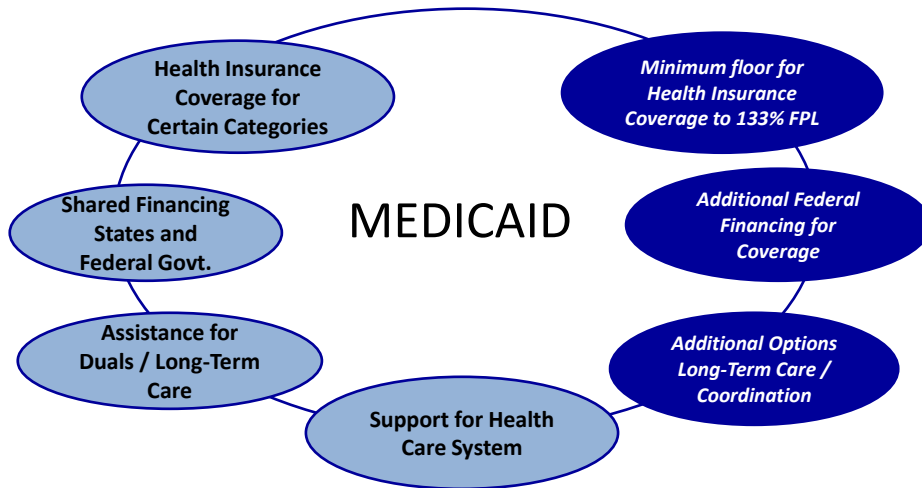
- **Optional** for States under Supreme Court's decision of 6/28/2012
- California has committed to expansion, but details are still TBD
- As of 1/1/2014
 - Covers adults <65 with incomes at or below 138% FPL
 - For 2014 – 2016, federal matching rate (FMAP) will be 100% (cf. 50% for existing Medi-Cal population, including current eligible but not enrolled)
 - Federal matching gradually declines 2017 – 2020 to 90% for 2020 and beyond
 - States must provide Essential Health Benefits to expansion population
 - Only US citizens and legal immigrants with >5 years of residence in US are eligible

The ACA expands Medicaid eligibility to fill current gaps in coverage for adults.



*138% FPL = \$15,856 for an individual and \$26,951 for a family of three in 2013

Medicaid Today and Tomorrow

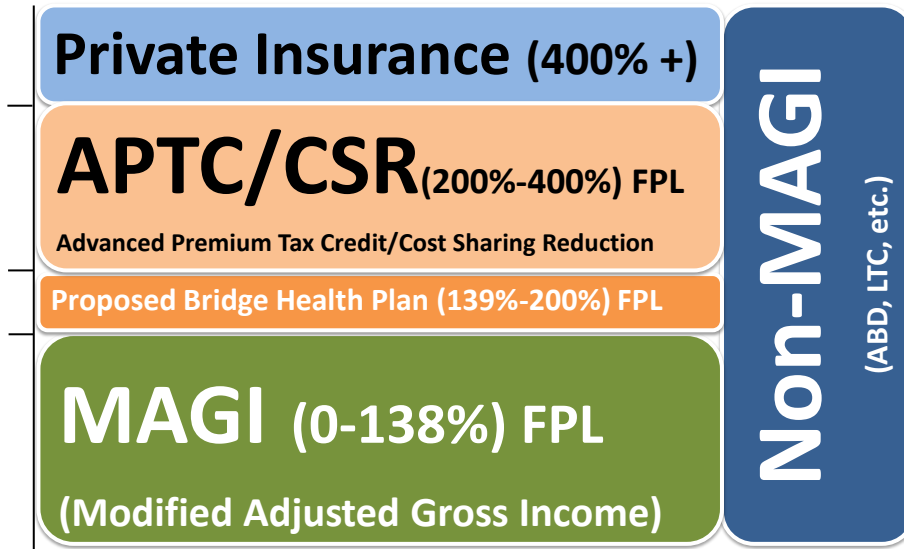


Covered California: California's Health Benefit Exchange

Major Activities for 2013-2014

- **Health Plan Selection:** evaluate, select, certify, and contract with Qualified Health Plans (QHPs) to be offered on the Exchange
- **California Health Eligibility, Enrollment & Retention System (CalHEERS):** being jointly developed by Covered California and Department of Health Care Services; must be online October 2013
- **Marketing, Outreach, Education:**
 - Community-based grants (\$43 M over 2013 – 14)
 - Training of in-person assisters and navigators
 - Paid media campaign

Covered California Highlights



New Program Hierarchy for Insurance Affordability Programs (IAP) under the ACA

Advanced Premium Tax Credit/Cost Sharing Reduction (APTC/CSR):

- Employer (SHOP) and Individual Insurance markets
- Modified Adjusted Gross Income (MAGI) – income methodology used for determination
- Applies to population 139-400% FPL

New Program Hierarchy for Insurance Affordability Programs (IAP) under the ACA

Modified Adjusted Gross Income (MAGI) Groups:

- Children (infants to 18 yrs) – age and income determines with or without premiums (up to 250% FPL)
- Parents/Caretaker Relatives (138% FPL)
- Pregnant Women (138% FPL for full scope/ 139-200% FPL for pregnancy services)
- Adults (19-64 yrs) – (138% FPL)

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New Program Hierarchy for Insurance Affordability Programs (IAP) under the ACA

Non-MAGI Groups:

- Aged (65+ yrs), Blind or Disabled (ABD) individuals
- Long-Term Care (LTC) individuals
- Medicare eligibles (Part A/B) for Medicare Savings Programs (QMB/SLMB/QI-1)
- Individuals eligible for SSI, Foster Care, or Adoption Assistance programs
- Individuals/Families eligible as Medically Needy (AFDC-MN) with a dependent child (Absent/Deceased/Incapacitated/Unemployed parent)

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Covered California Local Impacts to San Diego County

Background:

- Pre-enrollment for Covered California coverage begins October 2013, with coverage effective January 2014.
- Counties are expected to:
 - Conduct eligibility for MAGI Medi-Cal (0-138% FPL) and mixed household (139-400% FPL) Health Exchange products
 - Serve Family Resource Center (FRC) walk-in customers and direct calls to HHSA ACCESS for MAGI Medi-Cal and Covered California health coverage products

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Covered California Local Impacts to San Diego County (continued)

Workflow:

- Individuals who call the Covered California Call Center will be screened for Health Exchange coverage eligibility
 - San Diego residents screened as MAGI Medi-Cal or mixed household will be transferred to San Diego's HHSA ACCESS call center
 - Covered California expectation: Transferred calls are to be answered by counties within 30 seconds, 80% of the time
 - CalHEERS (Exchange Database) web portal and US mail applications for MAGI and mixed cases for San Diego residents will be forwarded to San Diego for eligibility processing

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Covered California Local Impacts to San Diego County (continued)

County of San Diego's Planning Activities:

- Participating in State-wide and CalWIN Automation Planning workgroups
- Working with County legislative office, California Welfare Director's Association (CWDA), and CalWIN on operational strategies
- Assessing workload/staffing impact

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Title III: Delivery System Transformation

- Center for Medicare and Medicaid Innovation (CMMI)
 - Created by Section 3021 of ACA to
 - Test new payment and service delivery models
 - Evaluate results and advance best practices
 - Engage a broad range of stakeholders
 - \$10 billion over 10 years
 - Secretary of HHS has authority to expand scope and duration of any model if it reduces spending without reducing quality of care or improves quality without increasing spending
- Community-Based Care Transitions Program (CCTP)
- Dual Eligibles Demonstration

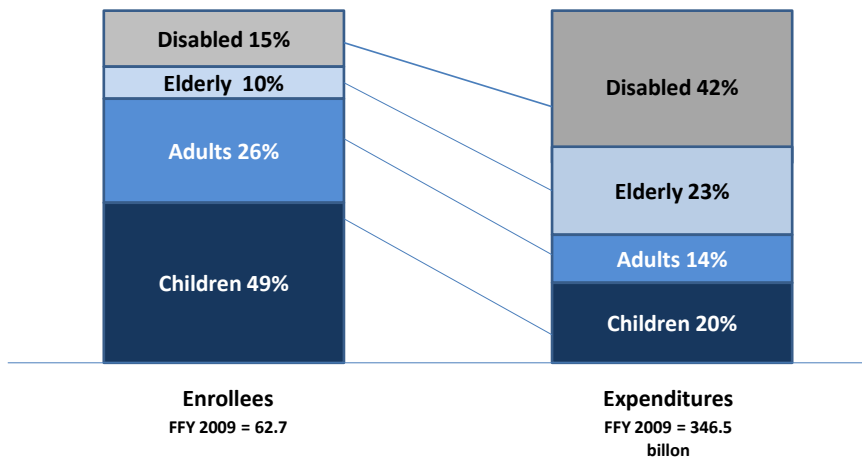
Community-Based Care Transitions Program (CCTP)

- Section 3026 of the ACA
 - \$500 million over 5 years to test models for improving care transitions from inpatient hospital to home or other settings
 - Link Community-Based Organizations to hospitals
 - Goal: reduce readmissions for fee-for-service (FFS) Medicare patients by 20% in 2 years
- San Diego Care Transition Partnership (SDCTP)
 - Partnership between HHSA Aging & Independence Services (AIS) and Palomar Health, Scripps Health, Sharp HealthCare, and UC San Diego Health System – 11 hospitals/ 13 sites
 - Cooperative agreement announced by CMS January 2013
 - Will serve almost 21K FFS Medicare patients per year
 - Began January 2013 at UCSD; as of April 15th operational at 12 of 13 locations

Dual Eligibles Demonstration – Cal MediConnect

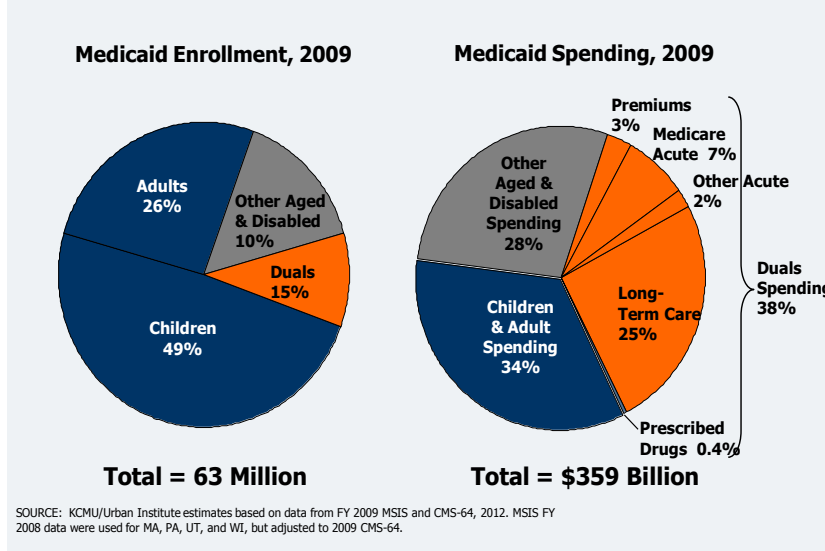
- Dual Eligibles a high priority for CMS
 - Medicare-Medicaid Coordination Office created by ACA
 - With CMMI testing new approaches to care coordination
- California one of ~10 states participating
 - Part of larger Coordinated Care Initiative (CCI) proposed by Governor in FY 2012-13 budget released January 2012
 - Goal: integrate Medicare, Medi-Cal, and Medi-Cal long-term services and supports (LTSS) to create patient-centered coordinated care delivery that will improve quality while reducing fragmentation and inefficiencies
 - MOU signed with CMS on March 27, 2013
 - ~456,000 beneficiaries will participate
 - Enrollment begins no earlier than October 1, 2013
- San Diego one of 8 counties participating
 - 4 health plans: Care First, Community Health Group, Health Net, and Molina
 - ~46,000 beneficiaries

The elderly and disabled account for the majority of Medicaid spending



NOTE: Percentages may not add up to 100 due to rounding.
 SOURCE: KCMU/Urban Institute estimates based on data from FFY 2009 MSIS and CMS-64, 2012. MSIS FFY 2008 data were used for PA, UT, and WI, but adjusted to 2009 CMS-64

Dual eligible beneficiaries account for 38% of Medicaid spending.



SOURCE: KCMU/Urban Institute estimates based on data from FY 2009 MSIS and CMS-64, 2012. MSIS FY 2008 data were used for MA, PA, UT, and WI, but adjusted to 2009 CMS-64.

Title IV: Prevention and Public Health

- Improve the Public Health System (infrastructure)
- Increase access to clinical preventive services (develop school-based clinics, education campaigns, Medicare coverage for wellness visits)
- Provide funding for research in public health services to determine best prevention practices
- Create healthier communities (e.g., Restaurant Calorie labeling, grant awards to communities and national organization) prevention grants

The Prevention and Public Health Fund

Designed to:

- Expand and sustain the capacity to prevent disease
- Manage conditions before they become severe
- Provide states with resources to promote healthy living
- Originally funded at \$15 billion over 10 years

Funds are dedicated to four critical priorities:

- Community Transformation Grants (CTG)
- Clinical Prevention
- Public Health Infrastructure and Training
- Research and Tracking

The Prevention and Public Health Fund

Community Transformation Grants

- \$145 million appropriated and allocated in FY 2011 to support the reduction of tobacco use, increase healthy eating and activity, and reduce inequities
- Support the implementation of community prevention activities that have broad impact
- Use of evidence-based prevention programming
- Available from the CDC by competitive process

The Prevention and Public Health Fund

Clinical Prevention

- Increase awareness of preventive benefits
- Expand immunization services and activities
- Strengthen employer participation in wellness programs

The Prevention and Public Health Fund

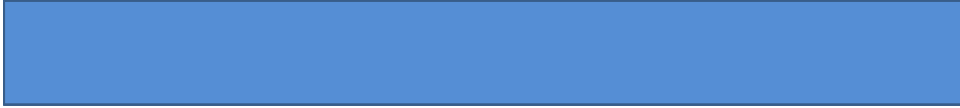
Public Health Infrastructure and Training

- Advance health promotion and disease prevention at local level through information technology, workforce training, and policy development
- Build state and local capacity to prevent, detect, and respond to infectious disease outbreaks

The Prevention and Public Health Fund

Research and Tracking

- Increase resources for the guidance and evaluation of preventive services
- Fund data collection and analysis to monitor impact of ACA [*Collection of race/ethnicity and language data approved March 2012*]
- Fund public health research studies [*CMS Innovation grants*]



Questions?