

Understanding the Affordable Care Act (ACA)

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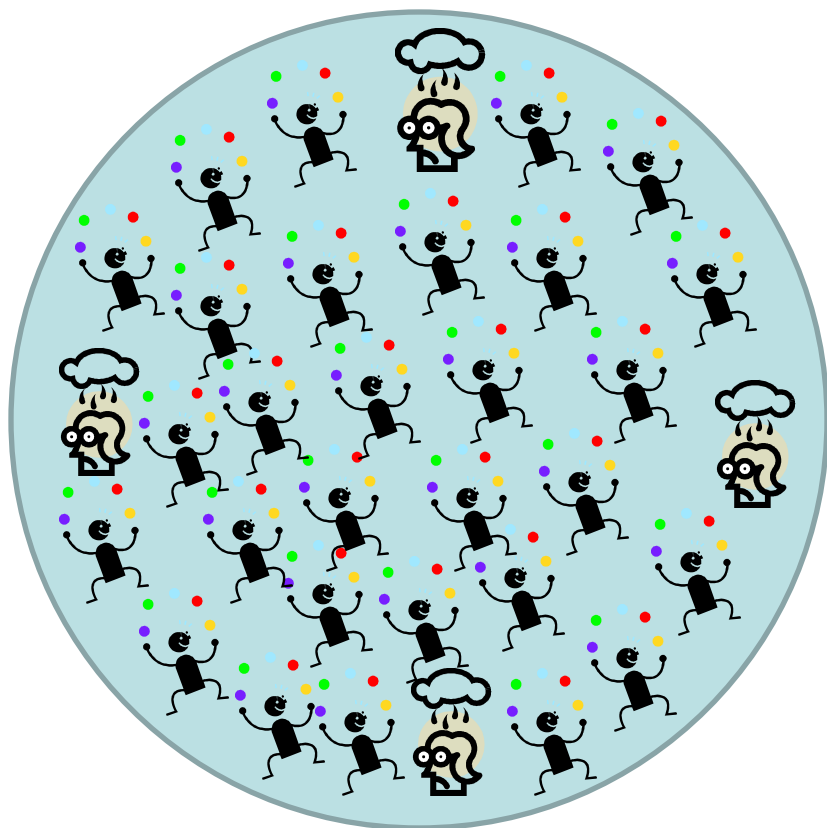


Major Themes of the ACA

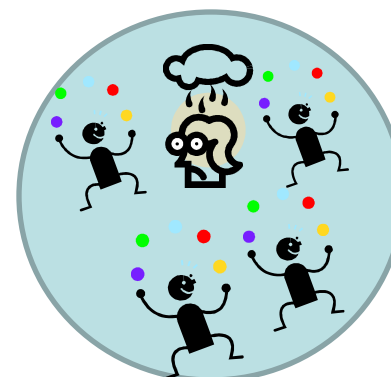
- Expanding Health Insurance Coverage
- Insurance Regulations
- Focus on Prevention
- New Models of Care
- Increasing Quality
- Addressing Workforce



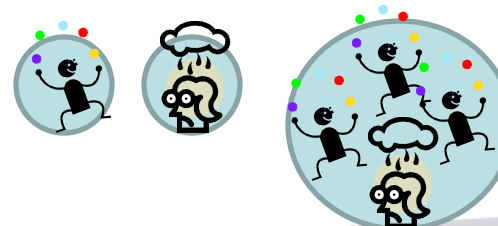
Large Employer



Small Employer



Individual or Family



Health Insurance Exchanges



- Like a Farmer's Market for health insurance
- Individuals and small businesses (<100)
- Larger employers beginning in 2017
- Creates four benefit plans, plus catastrophic plan
- Guarantee issue and renewability
- Rating rules (only for age, family size, and tobacco)

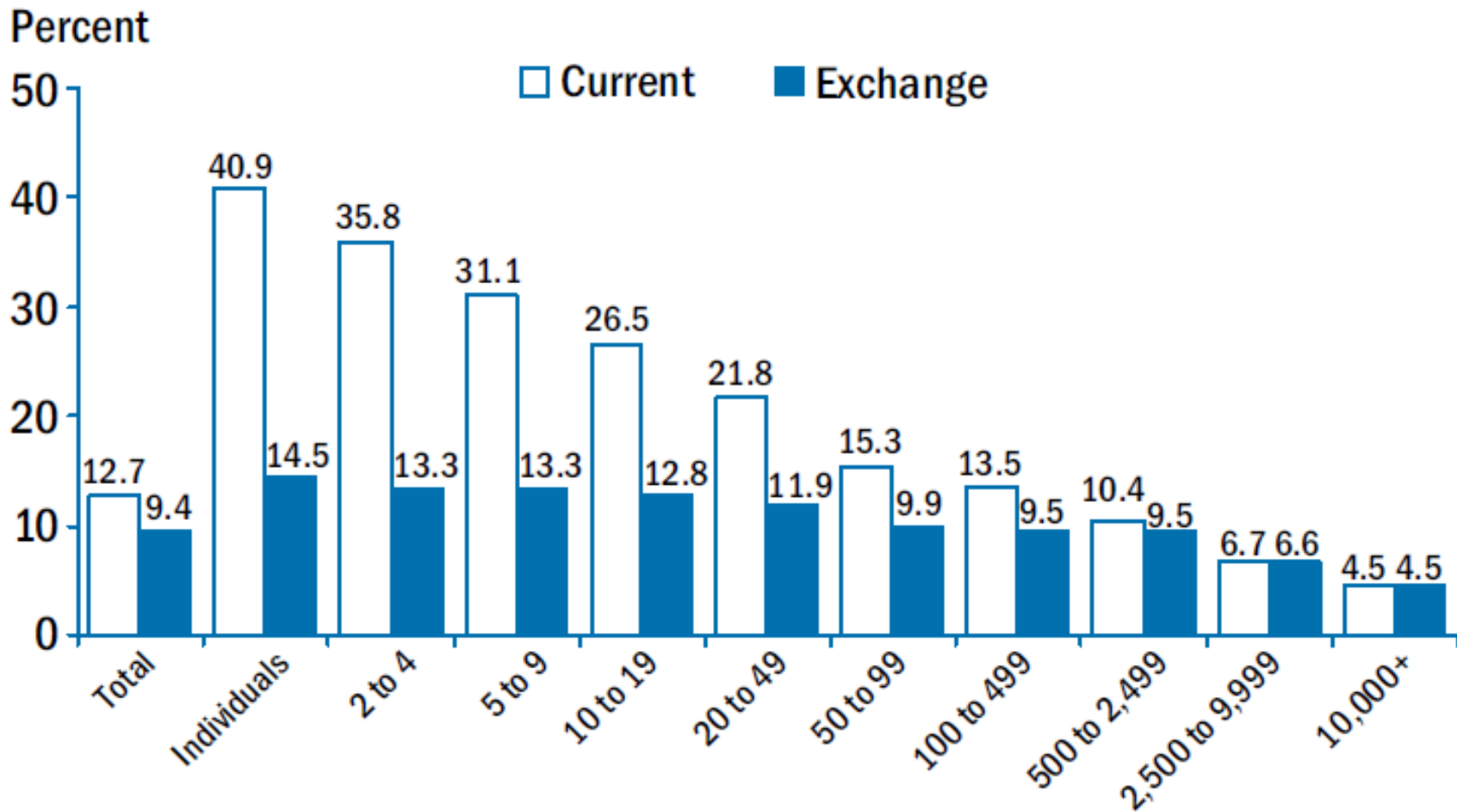


Benefit Design



- Essential health benefit package includes:
 - Preventive and wellness care and chronic disease management
 - Hospitalization
 - Emergency services
 - Prescription drugs
 - Maternity care
 - Mental health and substance abuse
 - Pediatric, including oral and vision care
- Benefits features:
 - No cost-sharing on preventive care
 - No annual or lifetime dollar limits on coverage
 - Coverage for dependents up to age 26

Cost of Administering Health Insurance as a Percentage of Claims, by Group Size



Premium Subsidies for Individuals/Families


Tax Credits: Maximum Percent of Income Paid for Premiums			
Income for a Family of Four			Percent Paid for Premiums
FPL Range	From:	To:	
Up to 133% FPL	\$0	\$29,327	2% of income
133-150% of FPL	\$29,327	\$33,075	3-4% of income
150-200% of FPL	\$33,075	\$44,100	4-6.3% of income
200-250% of FPL	\$44,100	\$55,125	6.3-8.05% of income
250-300% of FPL	\$55,125	\$66,150	8.05-9.5% of income
300-400% of FPL	\$66,150	\$88,200	9.5% of income

Small Business

- No requirement that small employers must offer health insurance or pay a fine (<50 employees)
- Sliding scale tax credits for small employers (<25 employees)
- Access to the Exchange in 2014 and must use tax credit within the Exchange starting then



Changes to Private Insurance

- No lifetime limits and no rescinding coverage
 - No pre-existing condition exclusions
 - Same premium rating as in exchange
 - Guarantee issue
 - Dependents up to 26
 - 80-85% of premium on clinical services
 - Health Insurance Rate Authority
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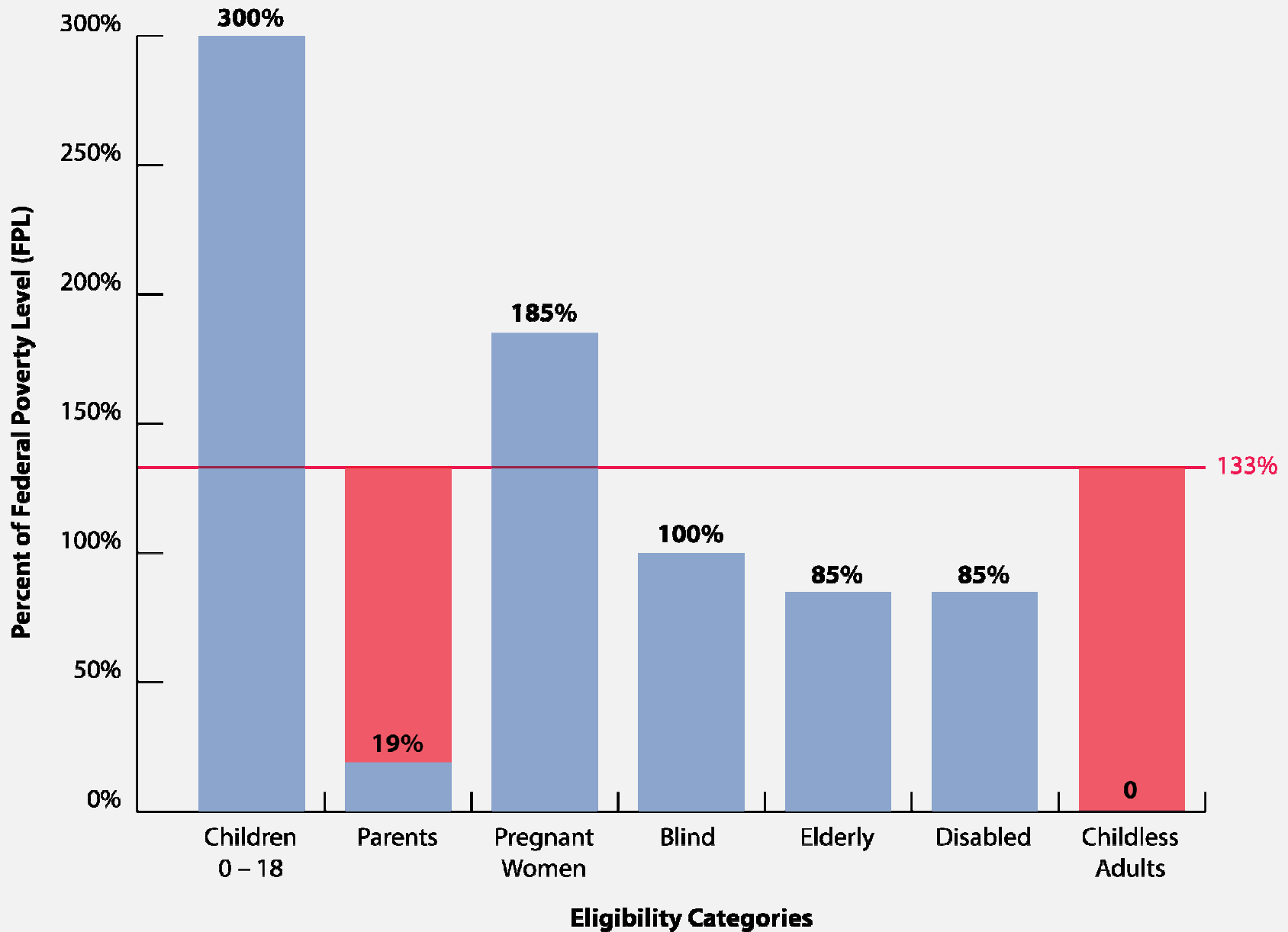
Expansion of MO HealthNet (Missouri Medicaid)



- Expand Medicaid to 133% of FPL for non-Medicare individuals and families
- Guaranteed benchmark benefit package
- 100% federal funds at first, then step-down to 90%



Potential Impact of Federal Health Reform on MO Health Net



2011 Federal Poverty Level (FPL)*

Family Size	Annual Income			
	85% FPL	100% FPL	185% FPL	300% FPL
1	\$9,257	\$10,890	\$20,147	\$32,670
2	\$12,504	\$14,710	\$27,214	\$44,130
3	\$15,751	\$18,530	\$34,281	\$55,590
4	\$18,998	\$22,350	\$41,348	\$67,050

AFDC Payment Standard for Parent Eligibility (\approx 18% FPL)

Annual Income	Family Size			
	2	3	4	5
	\$2,808	\$3,504	\$4,104	\$4,656

Impact on Medicare

- Medicare related provisions
 - Increasing spending to expand coverage
 - Reducing spending by improving efficiency and improving delivery and quality of care



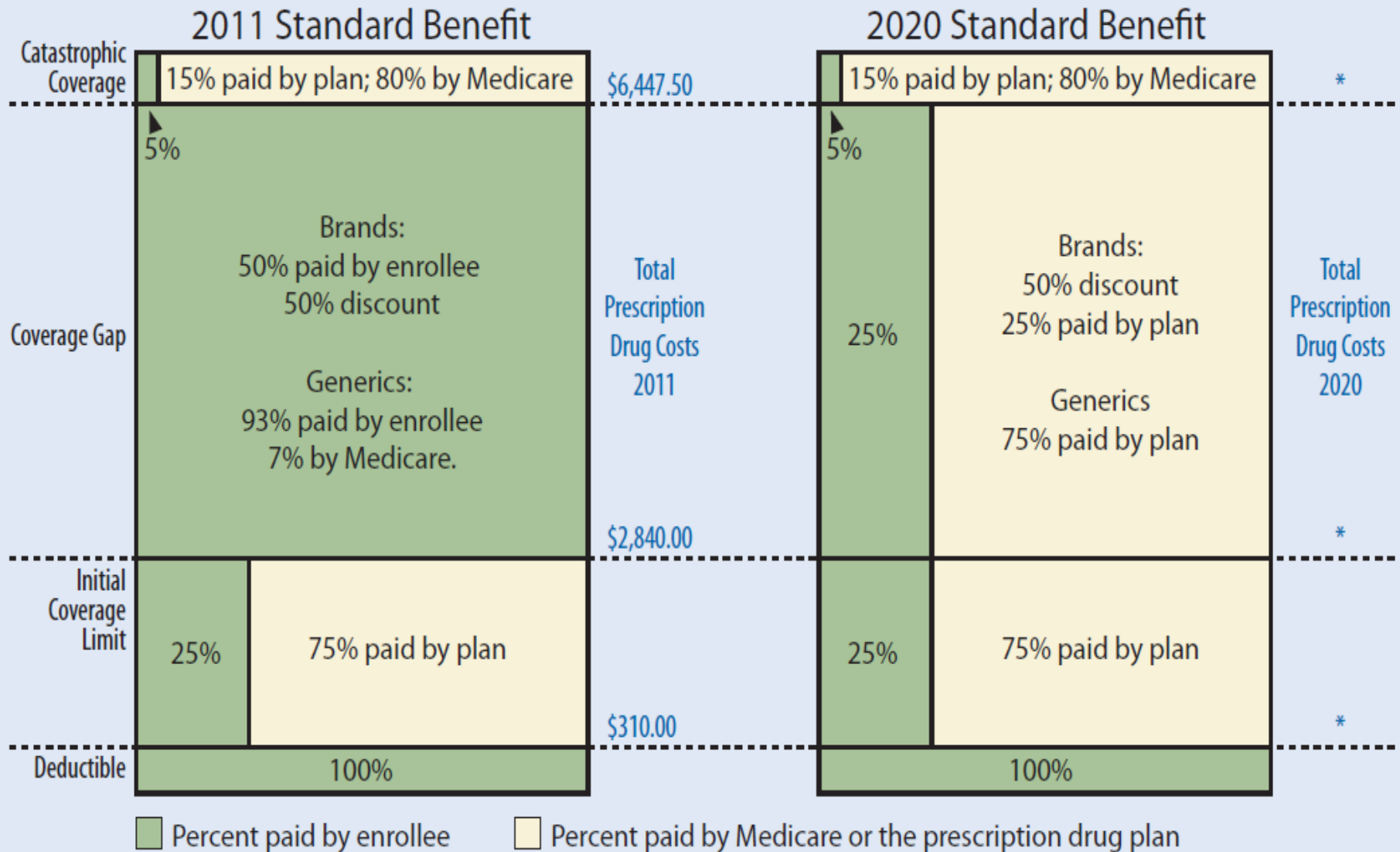
Medicare Spending

\$105 billion in Medicare spending (10 years)

- \$43 billion to gradually close the Part D
- \$38 billion to reduce premiums
- \$5 billion for prevention benefits
 - No cost-sharing for preventive services
 - Health risk assessments and personalized prevention plans
 - Incentives to complete behavior modification programs
- \$8 billion for primary care physicians and other providers



Eliminating the Prescription Drug "Donut Hole"



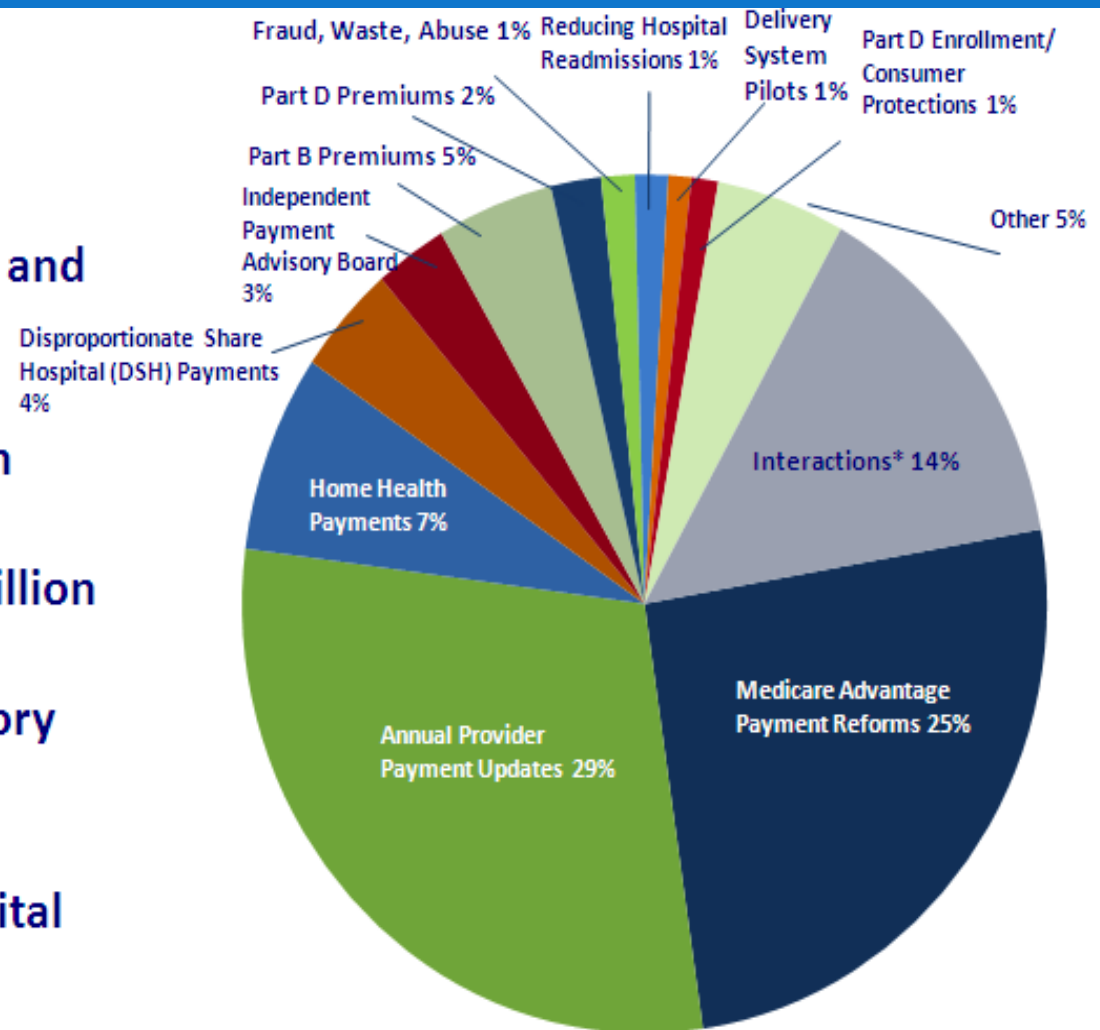
NOTE: *The points at which different types of cost-sharing apply change each year, so 2020 figures are unavailable.

SOURCE: Medicare Payment Advisory Commission, "Payment Basics: Part D Payment System," October 2010, http://www.medpac.gov/documents/MedPAC_Payment_Basics_10_PartD.pdf.

Medicare Savings

Sources of Savings

- Provider payments, including DSH and home health - \$219 billion
- Medicare Advantage – \$136 billion
- Income-related premiums – \$36 billion
- New Independent Payment Advisory Panel – \$16 billion
- Delivery system reforms and hospital readmissions – \$12 billion



Ten-Year Medicare Savings =
\$533.1 Billion

New Models of Care/Payment Reform

MISSOURI FOUNDATION FOR HEALTH

- Problems:
 - Fragmented and uncoordinated care
 - Variable quality
 - High and rapidly-growing costs
 - Pay for number of services provided
- New Models of Care and Payment:
 - Medical Homes
 - Accountable Care Organizations
 - Bundled Payments
 - Global Payments
 - Center for Medicare and Medicaid Innovation



Payment Innovation in Health Reform



- Medical home: Expansion of current Medicare demonstration, new Medicare pilots, Medicaid initiatives
- ACO: Broad responsibility for quality and cost of patient care, rewards for quality, shared savings
- Bundled payments: Medicare pilots for hospital and post-acute care, Medicaid initiatives
- Medicare Advantage: Rates based on plan performance
- Center for Medicare and Medicaid Innovation



Individual Mandate



- All individuals must have “qualifying” coverage
- Tax penalty for those without coverage
- Percentage or flat fee that is phased-in
- Exemptions for financial hardship, religious objections, or 8% rule



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Frequently Asked Questions About Federal Health Care Reform

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Questions?

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