



CALIFORNIA HEALTHCARE FOUNDATION

Overview of the Federal Affordable Care Act (ACA)

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The Status Quo

- Health spending represents a growing share of the economy
- Employment-based coverage steadily declining
- We spend more for outcomes that trail the rest of industrialized world
- Costs of health insurance premiums outpace inflation
- Millions of Californians are uninsured
- Medi-Cal
 - Provides coverage to over 8 million Californians
 - Accounts for 1/5 of state general fund spending
 - 1/4 of beneficiaries account for more than 1/2 of program costs

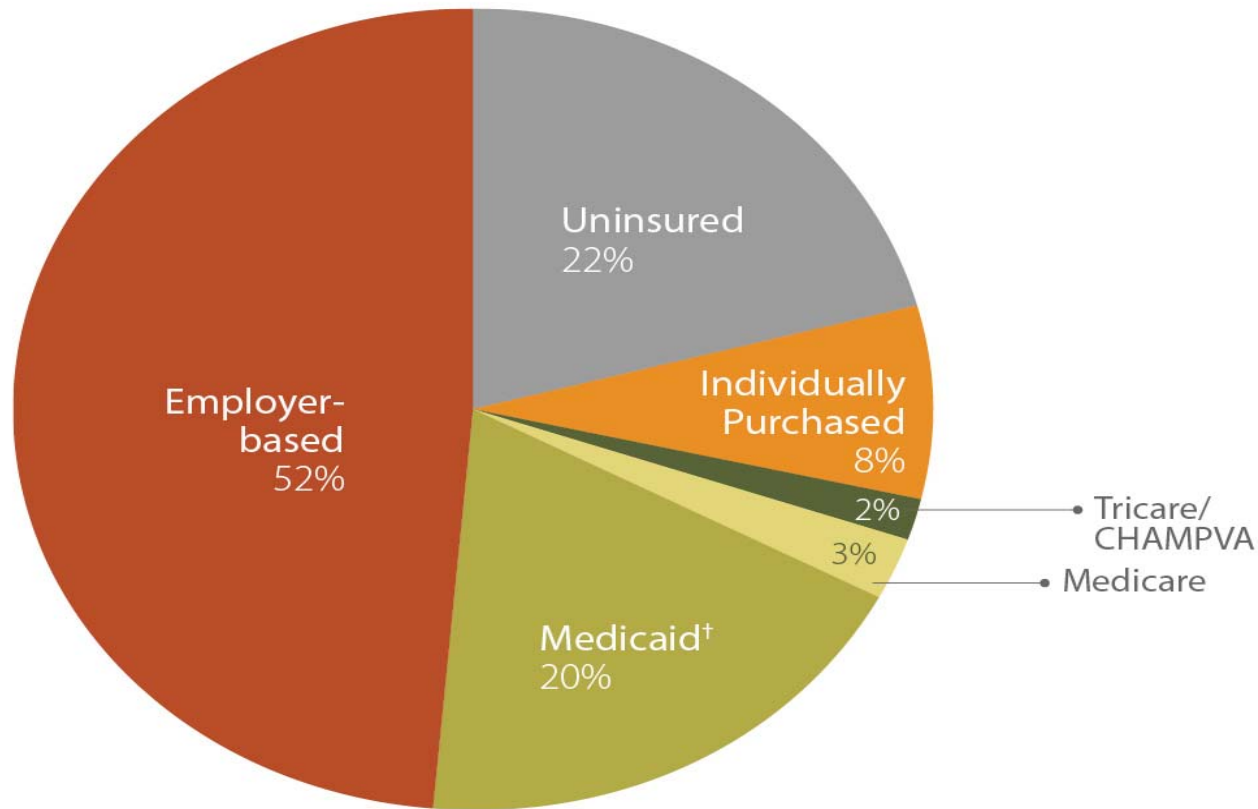
The Affordable Care Act (ACA)

- Signed into law March 23, 2010
- 2012 Supreme Court decision largely upheld the law
- Implementation staged over several years
- Far-reaching legislation
 - Coverage
 - Financing
 - Delivery system reform
 - Prevention and wellness

Coverage Expansion

Health Insurance Sources

California Residents, 2011*



*All numbers reflect the nonelderly population, under age 65.

[†]Includes Medi-Cal and Healthy Families.

Note: Segments may not add to 100% because individuals may receive coverage from more than one source.

Source: Employee Benefit Research Institute estimates of the Current Population Survey, 2012 March Supplement.

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Coverage Provisions of the ACA

- To Date (Since 2010)
 - Pre-Existing Condition Insurance Program (PCIP)
 - No pre-existing conditions denials for children
 - Adult children (to 26) can remain on parents' plans
 - New policies can't impose lifetime limits
 - Small business subsidies
 - Prevention and wellness free

- Forthcoming (2014)
 - Additional insurance market reforms
 - Subsidized coverage via the health benefit exchange
 - New individual and employer responsibilities
 - Medi-Cal expansion
 - Additional coverage program options for states:
 - Medicaid Bridge Plan
 - Basic Health Plan

Individual Market

- Current conditions:
 - Plans seek to attract healthy and avoid sick consumers
 - Consumer participation is voluntary and low
 - Compared to employer-based insurance, premiums are high and coverage is less comprehensive
 - Premiums can vary 5- or 6-fold by age
- Beginning 2014, under the ACA:
 - “Guaranteed issue”: plans must sell regardless of health status
 - Sliding scale subsidies available through Exchange
 - Individuals must obtain coverage or face penalties
 - Less variation in premiums and in benefit levels

Employer-Based Coverage

- Current conditions:
 - Over time, premiums have risen while offer rates, participation rates, and covered benefits have fallen
 - No companies are obligated to offer coverage
 - Almost all large (200+ employee) firms do offer coverage; 90-95% of midsized (50-199 employee) firms offer
 - Only about half of smallest (<10 employee) firms offer coverage
 - Small businesses eligible for tax credits
- Beginning 2014, under the ACA:
 - Employers with 50+ employees face penalties if they don't offer coverage
 - Small business tax credits increase
 - Small businesses may participate in SHOP Exchange

Medi-Cal

- Current conditions:
 - Eligibility and income requirements vary by population
 - Most childless adults not eligible for full-scope coverage (unless aged, blind, or disabled)
 - Complex eligibility standards
- Beginning 2014, under the ACA:
 - Income eligibility expands to a uniform floor (138% of Federal Poverty Level or FPL)
 - Eligibility determination rules are simplified (MAGI standard)
 - Optional per Supreme Court decision
 - Federal government pays for 100% of costs of expansion through 2016, and gradually decreases to 90% by 2020

Additional ACA Provisions

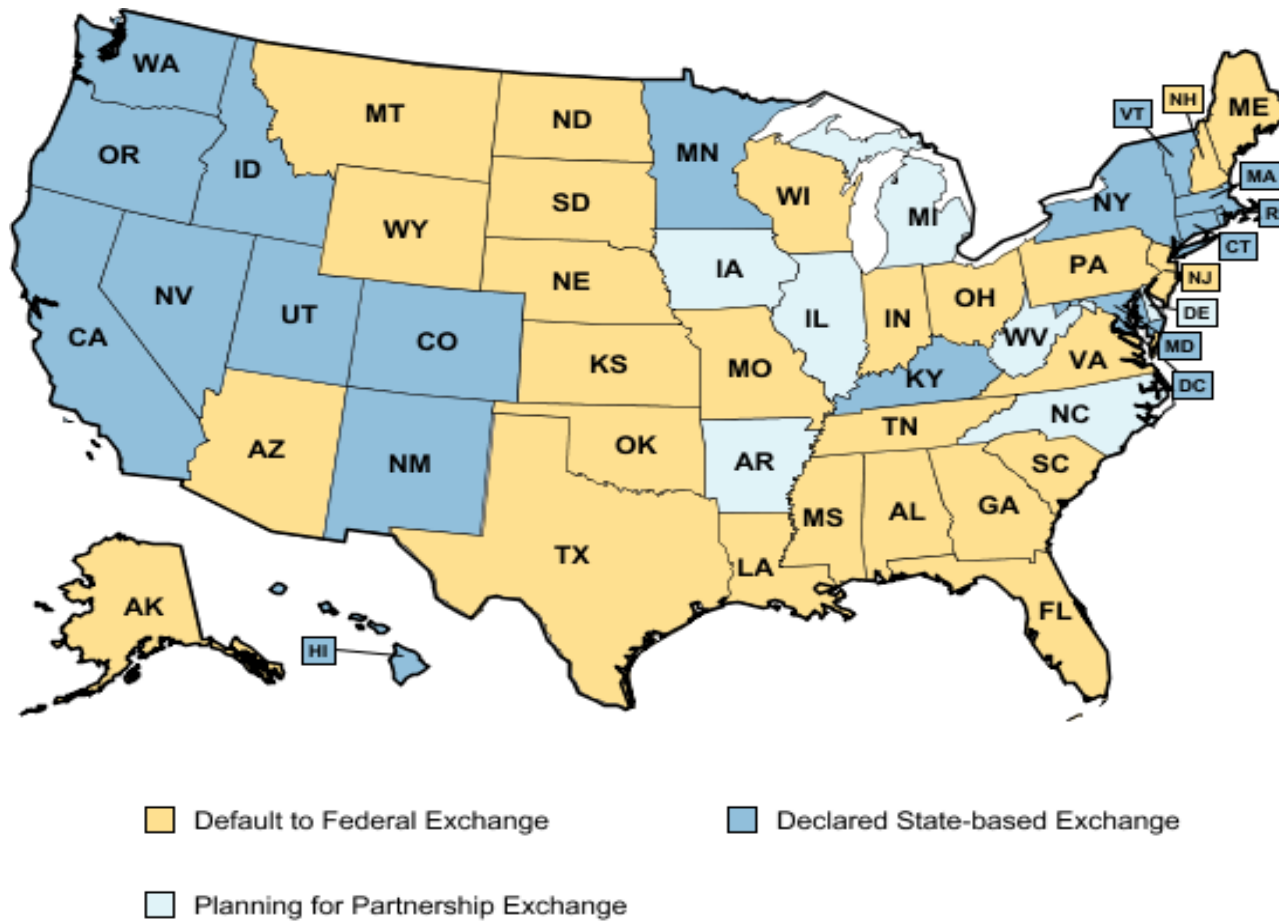
- Requirements for plans to provide low-cost or free prevention-related services
- Enhanced payments to Medi-Cal primary care doctors in 2013 and 2014
- Grant Programs
 - Testing new ways to deliver better quality, lower cost care
 - Community Transformation Grants

Health Benefit Exchange

What Is a Health Benefit Exchange?

- Allows consumers to shop for insurance among competing plans
- Certifies “qualified health plans” to be offered through Exchange
- Informs consumers about eligibility requirements for public coverage programs
- Determines eligibility for:
 - Premium tax credits (available only through Exchange)
 - Reduced out-of-pocket cost-sharing
 - Exemptions from individual mandate
- Enrolls consumers in programs for which they qualify

State Decisions on Exchanges



State Decisions For Creating Health Insurance Exchanges in 2014, as of February 8, 2013: Exchange Decision

Exchanges Serve Two Markets

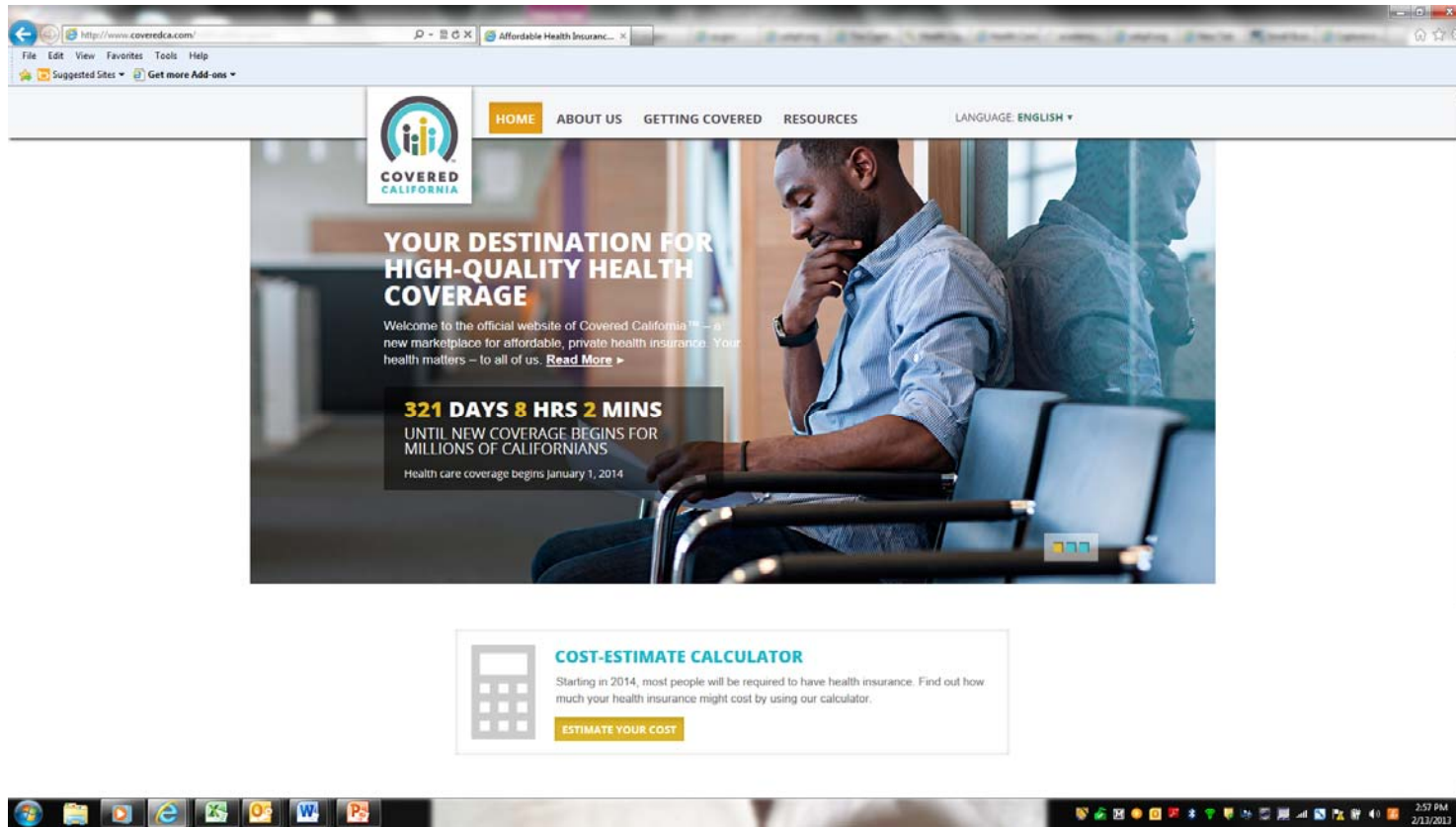
- Individual purchasers (individual Exchange)
 - Many people < 400% FPL will be eligible for tax credits (premium subsidies) through the Exchange to offset costs of coverage
 - On a voluntary basis, all legal residents may purchase individual coverage through the Exchange
- Small employers (SHOP Exchange)
 - Small, low-wage firms will be eligible for tax credits to offset employer contributions only if the firm purchases through the Exchange
 - On a voluntary basis, any small employers may purchase through the Exchange

Exchanges Required to Adopt “Apples-to-Apples” Benefit Structure

- All plans, inside and outside the Exchange, must offer specified “essential” health benefits
- All plans must conform to one of four “precious metal” coverage levels based on actuarial value: Bronze (60%), Silver (70%), Gold (80%), or Platinum (90%)
- Exemptions
 - A catastrophic plan may be sold only to people under age 30, and those who qualify for affordability exemption
 - “Grandfathered” plans, in existence before 3/23/10

Covered California

www.coveredca.com



California Law Extends Federal Provisions

- Covered CA will use a competitive process to select carriers / plans that offer “optimal combination of choice, value, quality, and service”
- Covered CA has authority to standardize the products to be offered through the Exchange
- Requirements are imposed on insurance carriers:
 - *Carriers that participate in Exchange* must sell coverage at all “precious metal” levels, inside and outside the Exchange
 - *Carriers that do not participate in Exchange* may not sell catastrophic-only policies. If Exchange standardizes plans, they must sell one standardized plan at each “metal” level.

Enrollment: CalHEERS

- “No wrong door” to enrollment – multiple channels
- Single statewide application (electronic and paper) for all systems and programs
 - Simplified citizenship and identity verification at application and renewal
 - Increased coordination with other public programs
- Outreach and enrollment assistance will be critical

The Road Ahead

Concluding Comments

- The ACA provides many Californians new coverage options
- California has moved quickly to establish its Exchange as a key component of health reform implementation
- Medi-Cal expansion decisions are pending
- An ambitious timeline and an array of important decisions lie ahead
- More Californians will be covered, but costs will continue to be a concern for many
- Many will remain uninsured

Resources Available at chcf.org

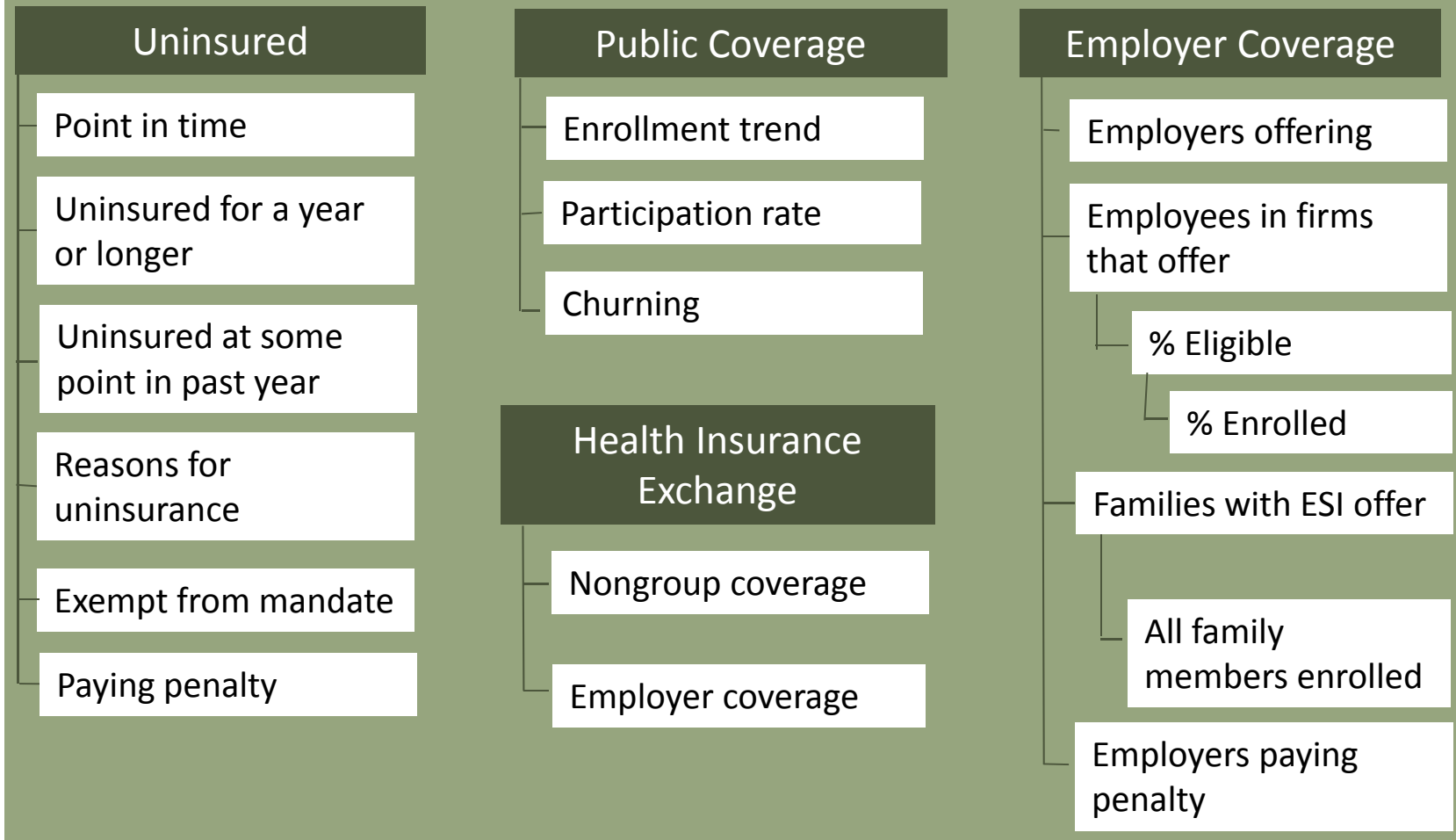
Changes in 2014 for Californians with No Insurance

Annual Income		Coverage Options	Cost
Individual	Family of Four		
Up to \$14,856	Up to \$30,657	Eligible for Medi-Cal. Low-income Californians who are U.S. citizens, as well as most legal immigrants, can enroll in Medi-Cal, the state's Medicaid program.	Small copayments for selected services. A provider may not refuse care if a patient cannot pay for the cost of a visit.
Up to \$44,680	Up to \$92,200	Eligible to buy subsidized private coverage through a new health insurance exchange market. Participating insurers must offer a package of "essential" benefits that covers at least 60% of average health expenses.	Buyer's share of premium may not exceed 2% of annual income at the low end of the earning scale to 9.5% at the top. Yearly limits on out-of-pocket costs also apply.
\$44,681 and above	\$92,201 and above	Required to buy private coverage. Consumers in this income category are ineligible for subsidy.	Subject to market rates. Individuals who remain uninsured will be liable for penalties of up to 2.5% of their income unless they qualify for certain exemptions.

California HealthCare Foundation | www.chcf.org

Monitoring and Reporting: Coverage Metrics

Distribution of Insurance Coverage



Additional ACA Resources

Health Refor(u)m
 statereforum.org

The screenshot shows the statereforum.org website. At the top, there is a navigation bar with links for 'state progress', 'discussions', 'documents', and 'insight'. The main content area features a prominent section titled 'New Chart on Medicaid Expansion Decisions' with a magnifying glass icon and a 'view chart' button. Below this, there are several smaller sections: 'discussions underway' with a list of recent comments, 'most recent documents' with a list of links, 'expansion updates' with a list of news articles, and 'event of interest' with details about a webinar.

The screenshot shows the statehealthfacts.org website. At the top, there is a navigation bar with links for 'Home', '50 State Comparisons', and 'Individual State Profiles'. Below this, there is a 'Spotlight' section with a map of the United States and a list of data categories: 'Demographics and the Economy', 'Health Status', 'Health Coverage & Uninsured', 'Medicaid & CHIP', 'Medicare', 'Health Costs & Budgets', 'Health Insurance & Managed Care', 'Providers & Service Use', 'Minority Health', 'Women's Health', and 'HIV/AIDS'. There is also a 'Featured Topic' section for 'Health Reform' and a 'Recent Updates' section with an RSS feed link.

Kaiser State Health Facts
 statehealthfacts.org



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QUESTIONS?
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