



Center for  
Health  
Improvement

---

# Overview: Key Elements of Health Reform

Karen K. Shore, PhD  
[kshore@chipolicy.org](mailto:kshore@chipolicy.org)

April 14, 2011

# Federal Health Reform, 2010

Components include:

- Patient Protection and Affordable Care Act (PPACA), signed into law March 23, 2010
- Health Care and Education Reconciliation Act of 2010, signed into law March 30, 2010

Federal health reform law is now often referred to as the Affordable Care Act or ACA



# Requirements for Individuals and Large Employers

- By 2014, almost all **individuals** (US citizens and legal residents) mandated to have qualifying health insurance coverage, or be subject to tax penalty
- By 2014, **employers with more than 50 employees** required to offer health insurance coverage to employees, or may be subject to a fee



# Coverage Expansions

## Expansion of Public Programs

- Expand Medicaid (Medi-Cal in CA) to **all individuals** under age 65 with incomes up to 133% of the federal poverty level (FPL)
- State required to continue covering children in Medicaid and the Children's Health Insurance Program (Healthy Families in CA)
- Only available to US citizens and legal immigrants

## Health Insurance Exchanges

- Create state-based health benefit exchanges through which **individuals and small businesses** (up to 100 employees) can purchase coverage



# Premium and Cost Sharing Subsidies

## For Individuals

- Premium credits to individuals and families with incomes between 133-400% of FPL to purchase health insurance through the Exchange
- Subsidies to reduce the cost sharing amounts and annual limits for eligible individuals and families 100-400% of FPL
- Available only to US citizens and legal immigrants meeting income limits; must verify income, citizenship status

## For Employers

- Small business tax credits for certain employers who purchase health insurance for employees



# Changes to Private Health Insurance

- Temporary insurance plan for individuals with pre-existing medical conditions
- Requirements re: minimum percent of health plan premiums to be spent on clinical services and quality
- Many new insurance market rules!

# Improving Quality/ Delivery System Performance

- Comparative effectiveness research
- Demonstration projects for Medicare and Medicaid
- National quality strategy to improve care delivery, patient outcomes, and population health



# Prevention and Wellness

- New National Prevention, Health Promotion, and Public Health Council
- Designated Prevention and Public Health fund
- Improved coverage of preventive services
- Grants for small employers establishing wellness programs
- Allow employers to offer wellness incentives for employees
- Require chain restaurants/vending machine food to display nutritional information





# Long Term Care

- Community Living Assistance Services and Supports (CLASS) Act – voluntary insurance program
- Demonstration projects for Medicaid – e.g., establish the “Community First Choice Option” to provide community-based attendant care to individuals with disabilities who require an institutional level of care
- Nursing home disclosure requirements



# Other Provisions

- Workforce – National Workforce Advisory Committee; more medical residency training positions; workforce supply increased through scholarships and loans; support more training programs focused on primary care models
- Community health centers – Improve access to care through \$11 billion in increased funding



# Potential Coverage Outcomes

- Congressional Budget Office (CBO) estimates that an additional 32 million people in US will have coverage when health reform is fully implemented in 2019
- Estimates are that an additional 5-6 million people will have coverage in CA when health reform is fully implemented



# Financing

- Nationally, cost of the coverage components estimated to be \$938 billion over 10 years
- Funds come from savings from Medicare and Medicaid, new taxes and fees, including excise tax on high-cost insurance

