

Health Reform Update

May 2012



HCFANY Update

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Outline of Presentation

- Brief recap of ACA implementation in New York
- NYS Health Insurance Exchange Executive Order
 - Regional Advisory Councils: We want YOU!
- Next Steps for New York
- What's up Federally?
 - Federal Exchange Regulations
 - ACA in the Supreme Court

Recap:

ACA Implementation in NY



Impact of the ACA in NY to date



- **285,000 small businesses** became eligible to get tax credits for offering health insurance in 2010
- **150,428 young adults** gained insurance coverage through their parents as a result of the new health care law (as of June 2011)
- **3,000 New Yorkers with pre-existing conditions** have gained coverage through the NY Bridge Plan (March 2012)
- **60,000 New Yorkers served by Community Health Advocates**, the statewide consumer assistance program, between October 2010 and March 2012
- **260,700 NY children** with pre-existing conditions are now protected
- **252,300 NY seniors** with Medicare who hit the “donut hole” received a rebate check in 2010

Profile: The ACA Triple Play



Megan Schley, Circleville, New York

- Bridge Plan
- Dependent (up to age 26) Coverage
- Consumer Assistance Program—(in NY, the Community Health Advocates Program!)

NYS Health Insurance Exchange: Executive Order

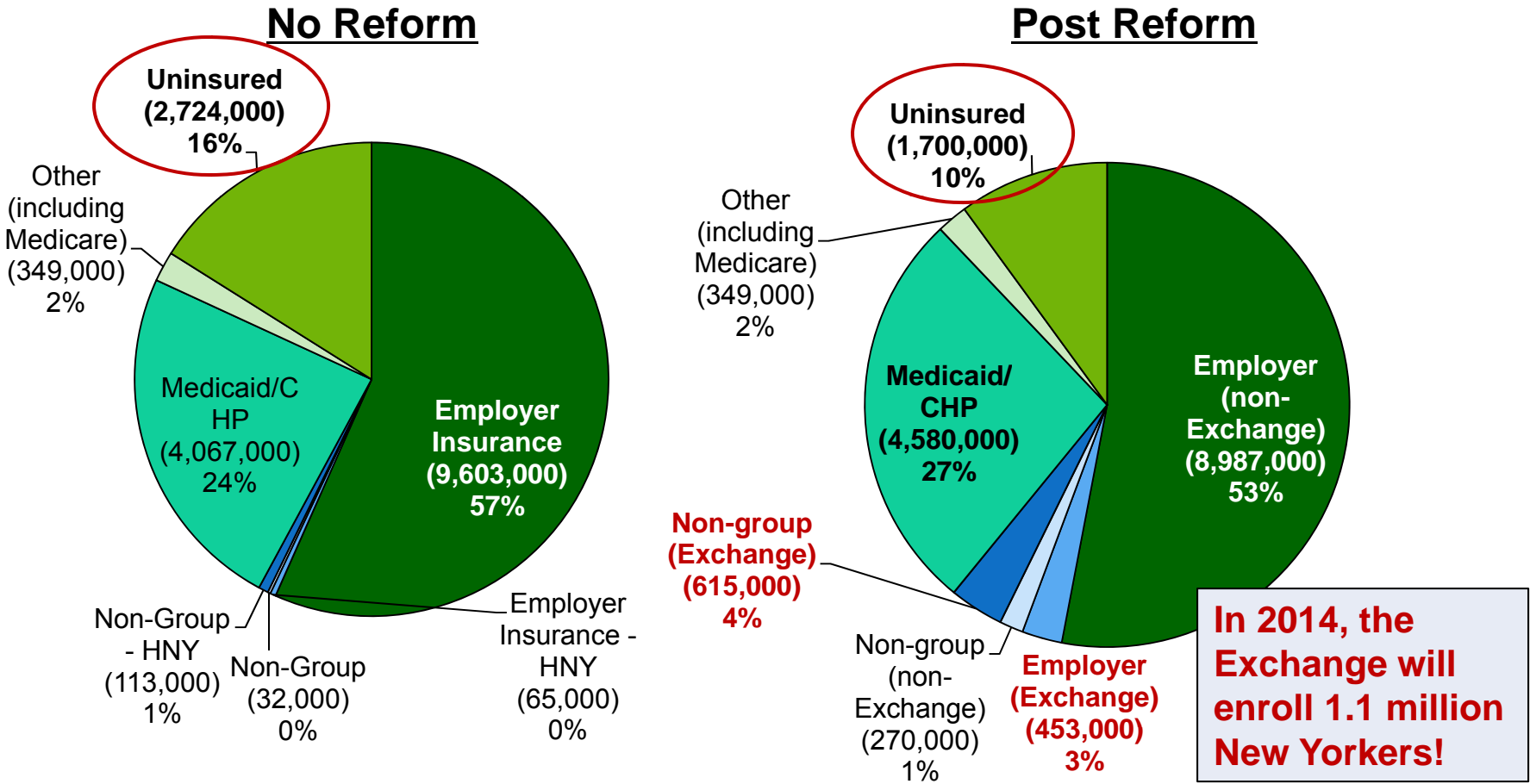


Refresher: What does an Exchange Do?



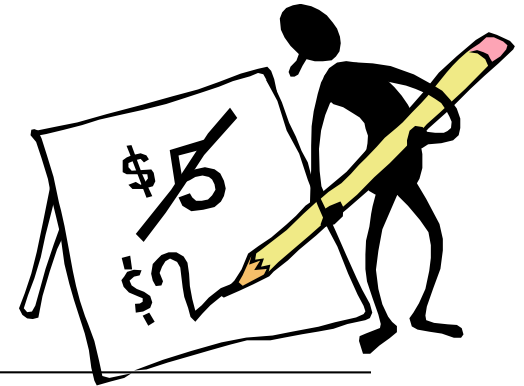
- ACA mandates that all states set up health insurance Exchanges in 2014, or default to a federal Exchange
- Exchanges are health insurance “marketplaces” that allow people and small businesses to:
 - Enroll in Medicaid or get government subsidies to buy commercial coverage
 - Compare plans on an “apples to apples” basis
 - Use a website or telephone hotline to help enroll into “qualified health plans”
- Only citizens and immigrants who are lawfully present can use the Exchange

Urban Institute NY Coverage Estimates With and Without Health Reform



Source: Urban Institute, "The Coverage and Cost Effects of Implementation of the Affordable Care Act in New York State," March 2012 (Post reform model is the "standard implementation.")

Why Does an Exchange Benefit New York?



- Exchange (with the mandate) will offer much more affordable insurance
 - **Costs of direct pay individual and family coverage will drop by 66%** (now costs \$1,200 per month for an individual; \$3,400 for family of 4)
 - New Yorkers will receive \$2.4 billion in tax credits annually for coverage
 - **Costs of small business coverage will drop by 5-22%**
 - \$220 million in tax credits annually
 - Nearly 800,000 NY workers have lost coverage in past 10 years
- Exchange will reduce numbers of folks using hospital indigent care
 - Indigent care adds \$800 per family's average premium costs each year
- Medicaid savings
 - Urban Institute estimates annual Medicaid savings of \$2.3 billion
 - Increases funding for 800,000 Medicaid waiver enrollees
 - 90% funding for childless adults up to 138% of FPL

Who is eligible for subsidies in the Exchange?



If you earn less than 400% of the federal poverty level, you may be eligible for subsidies – advanceable and refundable “tax credits” – to buy insurance through the Exchange.

- Refundable payments will be issued to the enrollee via tax returns, advanceable payments will be issued directly to the health plan.
- Subsidies may only be used for private insurance purchased on the Exchange.

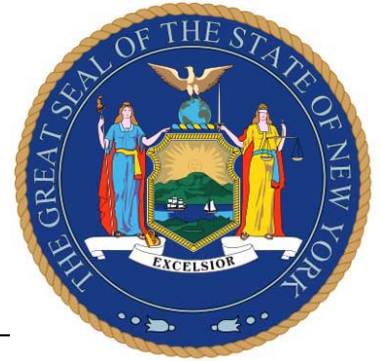
Annual Income Range (for a family of three)		Maximum annual premium costs	Maximum annual co-pays and deductibles
< 133% FPL	< \$24,352	\$487	\$3,867
134%-150% FPL	\$24,352 - \$27,465	\$730 - \$1,098	\$3,867
151%-250% FPL	\$27,465 - \$45,775	\$1,098 - \$2,883	\$3,867 - \$5,800
251%-300% FPL	\$45,775 - \$54,930	\$2,883 - \$4,421	\$5,800
301%-400% FPL	\$54,930 - \$73,240	\$4,421 - \$6,957	\$7,733

What is in the Governor's Executive Order?



- Very short – 2 pages
 - 10 “whereas” clauses indicating need for an Exchange
 - 7 operational paragraphs
- Order is broadly written (uses term “among other things” a lot)
- 7 Operational Paragraphs state:
 - 1. Exchange is established in the Department of Health**
 - DOH will work with Dept. of Financial Services and other agencies to perform the functions of the ACA
 - 2. Exchange will enroll people into coverage:**
 - Facilitate enrollment in health coverage and purchase and sale of Qualified Health Plans in the individual market
 - Enroll individuals in health coverage for which they are eligible under federal law
 - 3. Enable eligible individuals to get tax credits and cost-sharing reductions and eligible small business to get tax credits**

What is in the Executive Order cont...



- 4. Authorizes Exchange to enter into agreements with federal, state and local agencies**
 - Must incorporate adequate protection for confidentiality regarding shared information
- 5. Exchange shall convene regional advisory committees to offer advice and make recommendations about establishment and operation of the Exchange:**
 - consumer advocates
 - small businesses consumer representatives
 - health care providers
 - agents, brokers
 - insurers
 - labor organizations
 - any other appropriate stakeholders
- 6. Must be financially sustainable by Jan 2015.**
- 7. No preemption of duties of DOH, DFS or other State agency.**

Next Steps: Advocate to get on Regional Committees!



- Regional Advisory Committees
 - Probably 5 regions (Western NY, Central NY, Metro NYC, Long Island and Cap/Hudson/NC)
- Principle:
 - The majority of members of the Regional Advisory Committees should represent the interests of the users of the Exchange:
 - consumers
 - small businesses.

Action Steps:

1. Call for majority consumer/small biz reps
2. Nominate yourself by writing to:
 - Jim Introne, Secretary of Health and Human Services
 - and
 - Donna Frescatore, Deputy Secretary of Health and Human Services
 - Executive Chamber
 - State Capitol
 - Albany NY 12224

Studies, studies, studies...

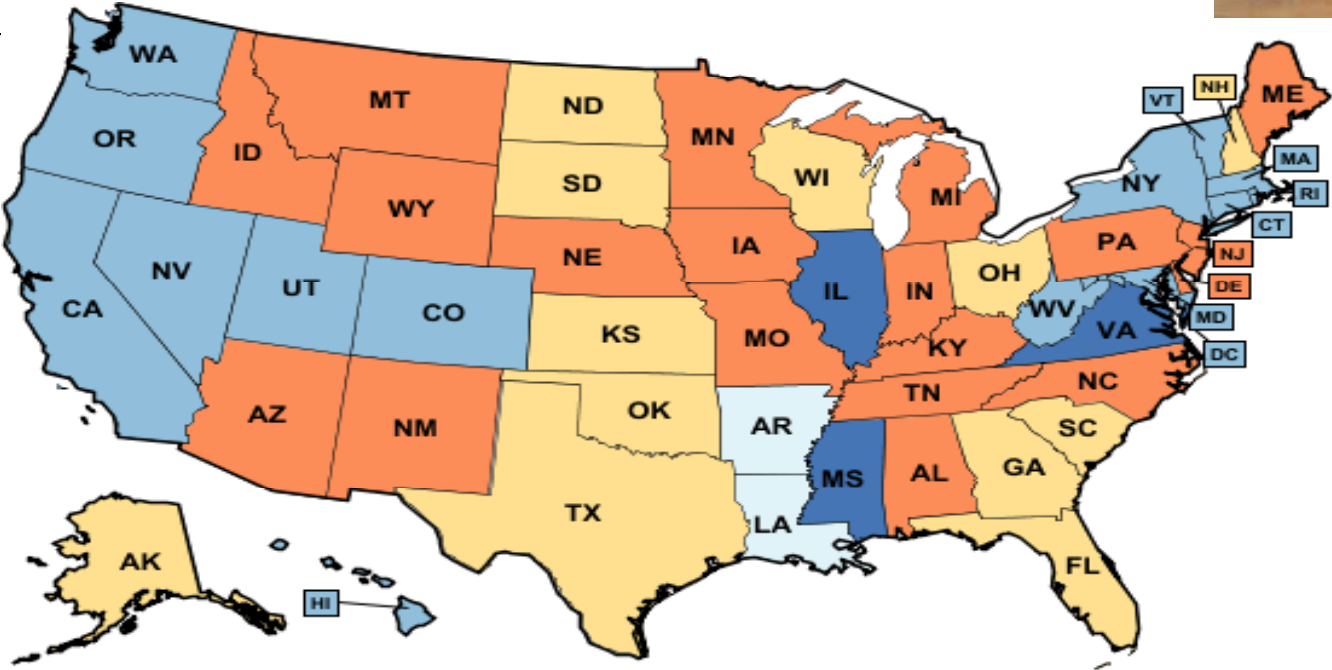


- NY's Exchange plan must be approved by federal government Jan. 2013.
 - Must have: authority, governance, consumer assistance/outreach, plan certification process, and SHOP
 - Staffing
- Studies and milestones for certification:
 - Electronic portal, eligibility and enrollment processes (1-10-2012)
 - Call center
 - Navigator program
 - Certification process for QHPs
 - Essential Health Benefits, Benchmark plan for MA, Basic Health Plan Option?
 - Reinsurance/Risk Adjustment
 - Financial plan
 - SHOP
 - Oversight, monitoring procedures
 - Appeals process
 - Financing & sustainability plan

What's up Federally?



The Blue State Exchange Squeeze...



- Studying Options
- No Significant Activity
- Established Exchange
- Plans to Establish
- Decision Not to Create

State Action Toward Creating Health Insurance Exchanges, as of April 13, 2012: Status of State Action

What's in the Federal Exchange Regulations?



- HHS issued 2 sets of Exchange (3/12) rules & Medicaid rules (4/12)
- Exchange Rules – Good Stuff
 - Promotes good governance, limits conflicts
 - Strong Navigator programs
 - At least one must be community or consumer-oriented non-profit
 - Strong training programs w/competencies in serving underserved
 - Can't receive compensation from a health plan
 - Seamless interface with Medicaid, Subsidies, and QHPs
 - QHPs must have adequate provider network to ensure reasonable & timely access
 - State flexibility on “active” purchasing
 - Default to federally-facilitated Exchange if not enough progress by State

Challenges to the ACA & The Supreme Court

Three days of oral arguments heard March 26th – March 28th.

- Day 1: Insurance mandate and Anti-injunction Act – whether the individual mandate can be challenged before it goes into effect.
- Day 2: Whether or not Congress is actually allowed to set an individual mandate that requires folks to have insurance.
- Day 3: Severability of the individual mandate from the rest of the law and the Medicaid expansion under the ACA.

Final ruling will be issued in June, 2012.



The Justices: How are they likely to vote?

The ACA needs five votes on the Supreme Court for a victory



Liberal justices:

- Stephen Breyer
- Ruth Bader Ginsburg
- Elena Kagan
- Sonia Sotomayor

Conservatives:

- Samuel Alito
- Anthony Kennedy*
- John Roberts, Jr.*
- Antonin Scalia
- Clarence Thomas

*Potential swing votes per Adam Liptak of the New York Times

What are the potential outcomes?



Option #1: Supreme Court upholds all aspects of the law. Legal challenges go away, political fight remains.

Option #2: Court decides that the constitutional challenge is premature. Would allow the ACA to continue to be implemented until the penalty for not having insurance goes into effect in 2015.

Option #3: Just the individual mandate is struck down. This would take the teeth out of the ACA's ability to lower insurance costs and increase coverage, but many other provisions will still benefit consumers and small businesses.

Option #4: The Medicaid expansion is struck down. This would greatly reduce the number of low-income uninsured who gain coverage.

Option #5: Supreme Court strikes down entire law. The parts of the law already in place will have to be rolled back. Consumers and small businesses, including the 50 million Americans currently without insurance, will be out of luck; insurance prices continue to soar...

Resources

- Health Care For All New York: www.hcfany.org
 - Check out our website to find out more about the law and to keep up with what's going on with health reform implementation or call: (212) 614-5337.
- Community Health Advocates: www.communityhealthadvocates.org
 - For help enrolling and using insurance or health care, call toll free: 1-888-614-5400.
 - Also runs the Small Business Assistance Program
- Find coverage: www.healthcare.gov
- Updates on NY State Implementation: www.healthcarereform.ny.gov
- Congressional Budget Office:
<http://www.cbo.gov/publications/collections/health.cfm>
- Kaiser Family Foundation: <http://healthreform.kff.org/>
- Community Catalyst: <http://www.communitycatalyst.org/>



Thanks!