



The Affordable Care Act

What does it mean to Arkansans?

Little Rock Rotary Club – March 19, 2013

Cynthia C. Crone, APN
Health Benefits Exchange Partnership Division
Arkansas Insurance Department

Why Health Care Reform Is Needed

- **Poor Health Status of Arkansans**

- Ranked 48th on health indicators (3rd worst)
- High rates of chronic disease



- **Health Care Costs**

- Premium care costs have doubled in the past ten years.
- Many are paying > 10% of income on healthcare.
- 25% of adult Arkansans, under age 65, are uninsured (over 500,000)

The Affordable Care Act

The Affordable Care Act of 2010 was created to decrease health costs and improve health outcomes through:

- Public and Private Coverage Expansions*
- Change in Benefits and Access to Care
- Insurance Issuer Market Reforms
- New Individual Responsibility*
- Establishment of **Health Insurance Exchanges**

*Challenged to U. S. Supreme Court

How the Affordable Care Act Has Already Helped Consumers



Children can stay on their parents insurance policy until the age of 26.

- Insurance companies can no longer deny coverage of a child under age 19 due to his/her health conditions.
- Lifetime benefit limits are eliminated and annual benefit limits on insurance coverage are regulated until 2014.
- Rescinding coverage by insurance companies is prohibited unless due to fraud.

How the Affordable Care Act Has Already Helped Consumers

- Preventive services (such as mammograms colonoscopies, wellness visits, etc.) at no cost to the consumer.
- Rebates on health insurance premiums paid to consumers if the insurance company does not pay enough on health care claims (\$7.7 million to Arkansas consumers the first year).



How Has ACA Already Helped Consumers?

- Coverage for Early Retirees (55-64 years).
- Relief for more than a half-million Arkansas seniors who hit the Medicare “donut hole”.
- Decreased premiums for 446,000 Arkansans not enrolled in Medicare Advantage.
- 50% discount when buying Part D covered drugs until 2020.

How the Affordable Care Act Will Help Consumers in the Future

- Insurance companies cannot deny coverage *for anyone* due to health conditions or personal health history.
- Premiums cannot be increased due to gender, health conditions or personal health history.
- Premiums can only be increased due to age, geography, tobacco use, and whether individual or family coverage.

How the Affordable Care Act Will Help Consumers in the Future



- No annual or lifetime benefit limits.
- Close gaps in prescription drug coverage for Medicare (Gaps will be eliminated by 2020).
- Eligibility determinations are “real time.”
- Primary care physicians will be paid no less than 100% of Medicare payment rates for primary care services.

What is a Health Insurance Exchange?

- Competitive marketplace (*virtual insurance mega mall*) where individuals, families and small employers can shop for, select and enroll in high quality, affordable **private** health plans that meet their specific needs at competitive prices.
- Exchanges will also help eligible individuals receive premium tax credits and cost sharing reductions or help them enroll in other state or federal public health programs.

Requirements for Participation

- Every state will have a Health Benefits Exchange available to its residents, with open enrollment beginning October 1, 2013 and full coverage beginning January 1, 2014.
- If a state does not elect to operate a Health Benefits Exchange, the federal government will operate an Exchange in that state.

Who is in Charge of Exchange Planning?

- Arkansas Insurance Department is Lead Agency
- Broad, Inclusive Stakeholder Involvement
- Planning Grants of \$27.2 Million to Date
- Timing is a Critical Issue



Exchange Models

- State Based Exchange
 - State operates all Exchange Functions
- State Partnership Exchange
 - State operates Plan Management Functions, or
 - State operates Consumer Assistance Functions, or
 - State operates Both PM and CA Functions
- Federally Facilitated Exchange
 - State licenses plans to be sold in State

Plan Management Accomplishments

- Selection of Essential Health Benefit (EHB) Benchmark
- Defining Qualified Health Plan (QHP) Certification Requirements

Will be updated based on final federal regulations and state determination regarding Medicaid Expansion and Exchange Model

- Established QHP Certification Process
- Will Use Federal Risk Mitigation Strategies

Essential Health Benefits

- Ambulatory Services
- Hospitalization
- Emergency Services
- Maternity and Newborn Care
- Mental Health and Substance Use Disorder Treatment
- Prescription Drugs
- Rehabilitative and Habilitative Services/Devices
- Laboratory Services
- Preventive, Wellness, and Chronic Disease Management
- Pediatric Services, Including Oral and Vision Care

Arkansas's EHB Benchmark Plan is *Not the Federal Default Benchmark*

- AR Blue Cross Blue Shield Point of Service Plan
- With Substitutions
 - QualChoice Federal Mental Health and Substance Use Disorder Treatment
 - Arkansas Children's Health Insurance Program for Pediatric Dental and Vision
- With Habilitative Services Defined

Arkansas Health Connector

Your Guide to Health Insurance

Here to help Arkansans connect with the Health Insurance Marketplace.

- Website
- Resource Center
- Guides
- Speakers Bureau
- Outreach and Education

How Will Consumers Enroll?

Access to Exchange must be provided:

- By Web – *Health Insurance Marketplace*
- By Phone – *Federal Call Center/AID Consumer Services Division*
- By Mail – least expected
- Certified “Assisters”
 - Licensed Insurance Agents and Brokers
 - *Federal Navigators*
 - Arkansas Guides

Who Can Shop in the Exchange?

- Legally present, non-incarcerated Individuals
 - Individuals/Families between 100-400% FPL are eligible for premium tax credits *if purchasing through the Exchange.*
- Small Businesses (defined as 50 or fewer employees in 2014-2015)
 - Small employers may also be eligible for tax credits.
- If Arkansas chooses to expand Medicaid as allowed under ACA
 - Medicaid will pay private insurance plan premium for High Value Silver Plan for individuals/families with incomes below 138% FPL

2012 Federal Poverty Guidelines

FAMILY SIZE	100%	138%	200%	400%
1	\$11,170	\$15,415	\$22,340	\$44,680
2	\$15,130	\$20,879	\$30,260	\$60,520
3	\$19,090	\$26,344	\$38,180	\$76,360
4	\$23,050	\$31,809	\$46,100	\$92,200
5	\$27,010	\$37,274	\$54,020	\$108,040
6	\$30,970	\$42,739	\$61,940	\$123,880
7	\$34,930	\$48,203	\$69,860	\$139,720
8	\$38,890	\$53,668	\$77,780	\$155,560
Each Additional Person	\$3,960			

Example: Family of 4 with income of \$50,000 at 217% of FPL

	If Family Purchases Benchmark Plan:	If Family Purchases Less Expensive Plan:	If parent(s) between 55 and 64
Expected Family Payment *	\$3,570	\$3,570	\$3,570
Premium for Benchmark Plan	\$9,000	\$9,000	\$14,000
Premium Tax Credit (Amount Paid by Government)	\$5,430 (\$9,000 - \$3,570)	\$5,430 (\$9,000 - \$3,570)	\$10,430 (\$14,000 - \$3,570)
Premium for Plan Family Chooses	\$9,000	\$7,500	\$14,000
Actual Family Payment (Monthly)	\$3,570 (\$297.50)	\$2,070 (\$172.50)	\$3,570 (\$297.50)

* 7.14%

Adapted from CMS Office of Public Affairs,
Press Release Dated 8/12/2011
3/19/13

Rotary Club 99

Examples of Contributions & Tax Credits

Coverage Tiers	Federal Poverty Level	Income	Maximum Premium Contribution	Estimated Annual Premium	Consumer Annual Payment	Consumer Monthly Payment	Annual Subsidy Amount
SELF	100%	11,170	2%	\$5,600	\$223	\$18.58	\$5,377
	200%	\$22,340	6.3%	\$5,600	\$1,407	\$117.25	\$4,193
	300%	\$33,510	9.5%	\$5,600	\$3,183	\$265.25	\$2,417
	400%	\$44,680	9.5%	\$5,600	\$4,234	\$352.83	\$1,366
FAMILY OF FOUR	100%	\$23,050	2%	\$15,700	\$461	\$38.42	\$15,239
	200%	\$46,100	6.3%	\$15,700	\$2,904	\$242.00	\$12,796
	300%	\$69,150	9.5%	\$15,700	\$6,569	\$547.42	\$9,131
	400%	\$91,970	9.5%	\$15,700	\$8,737	\$728.08	\$6,963

What are Penalties for Not Enrolling?

- 2014 - \$95 per adult (up to \$285) or 1% of household income, whichever is greater.
- 2015 - \$325 per adult (up to \$975) or 2% of household income, whichever is greater.
- 2016 - \$695 per adult (up to \$2,085) or 2.5% of household income, whichever is greater.
- Penalties for child is one-half that for adult.

Exemptions

- Limited exemptions
 - Those with minimal essential coverage otherwise
 - Those living outside US
 - Those not lawfully present
 - Prisoners
 - Those covered by healthcare sharing ministries
 - Those with a religious conscience objection
 - Those suffering financial hardship (coverage >8% income)
- The Congressional Budget Office (CBO), a non-partisan agency, estimates that 4 million individuals or 1.2% of the total population will pay penalties to the IRS in 2016.

What Are Employer Requirements?

- No coverage requirement for employers with 50 or fewer FTE employees.
- If > 50 FTE, employers must provide affordable insurance options for full-time employees.
- *Grandfathered plans* are continuing plans that covered employees on March 23, 2010.

What are Employer Penalties?

- If 50 or fewer FTEs, no penalty.
- If >50 FTEs, must offer affordable coverage (< 9.5% of wages for individual premium portion) of at least 60% actuarial value.
- Penalties if employee(s) get subsidy on Exchange
 - \$2,000 per employee (after first 30) if not offering coverage
 - If offering coverage, \$3,000 per *each* employee that has unaffordable option or coverage at <60% actuarial value.

Benefits To Using The Exchange

- It is conservatively estimated that:
 - Arkansans will experience a 60% decrease in uninsured residents post-ACA implementation.
 - There will be a \$615 million reduction in uncompensated care among non-elderly. (a 68% change post ACA).
 - There will be \$478 million in federal subsidies provided for Arkansans to purchase insurance.

Source: *State Progress Toward Health Reform Implementation: Slower Moving States Have Much to Gain*, Timely Analysis of Immediate Health Policy Issues, January 2012 Urban Institute analysis, HIPSM

Positive impact will be much greater if Medicaid is also paying private plan premiums for an additional 225,000 individuals

Economic Impact of ACA in Arkansas

RAND Health (Price & Saltzman, 2013)

- Released January 3, 2013
- Predicts economic benefit to AR in 2016 of \$550 Million with implementation of Exchange and Medicaid expansion as allowed by ACA – more with robust outreach, education, and enrollment
- Predicts 2,300 saved lives annually
- Predicts 6,400 additional jobs in Arkansas

Continuity of Coverage Study

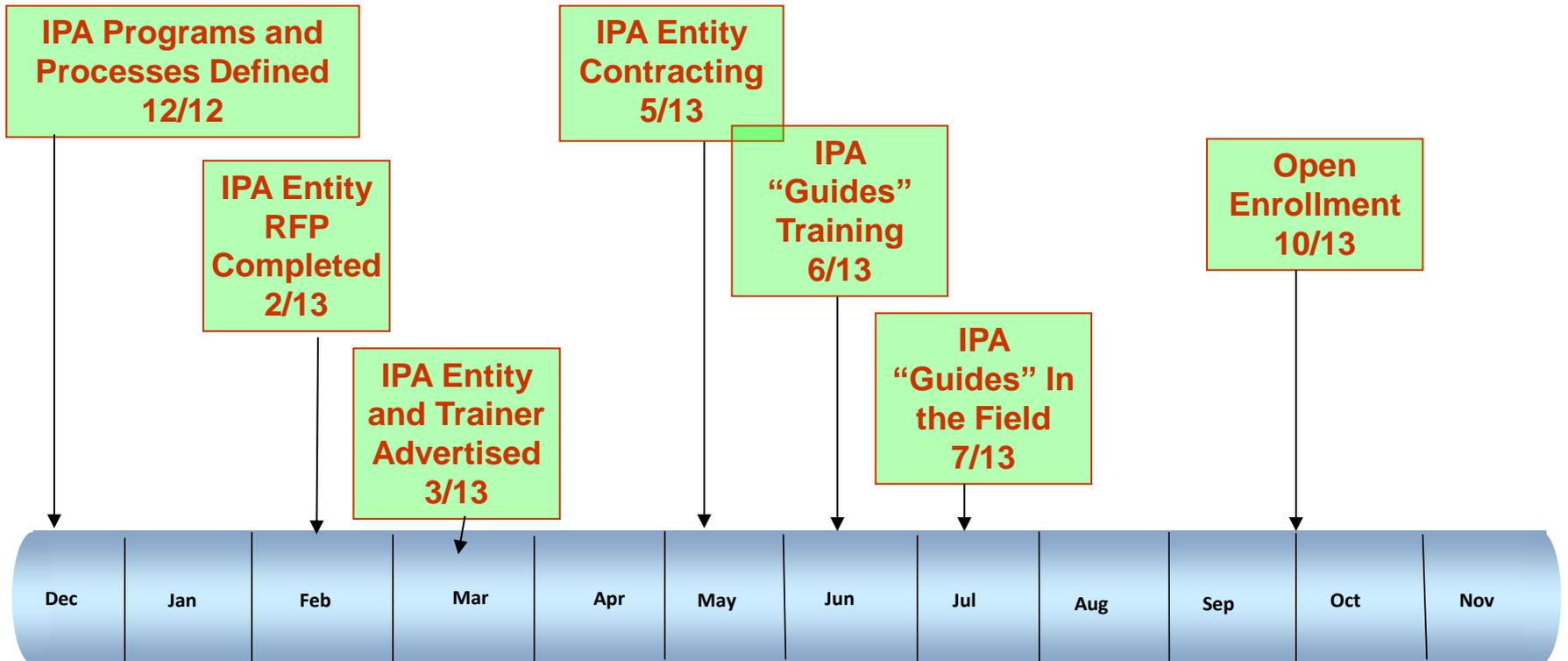
Manatt and Optumas – *In Process, 2013*

- Began as a look at how to minimize the impact of “churning” between Medicaid coverage and private, subsidized plan coverage.
- Following Republican House and Senate Leaders expressing interest in privatizing Medicaid through the Exchange, Governor Beebe took this concept to Washington DC and obtained DHHS Support.
- Contractors began legal research and economic modeling to assess the feasibility of this innovative “premium assistance” plan.
- Results are positive.

Exchange Implementation on Tight Timeline

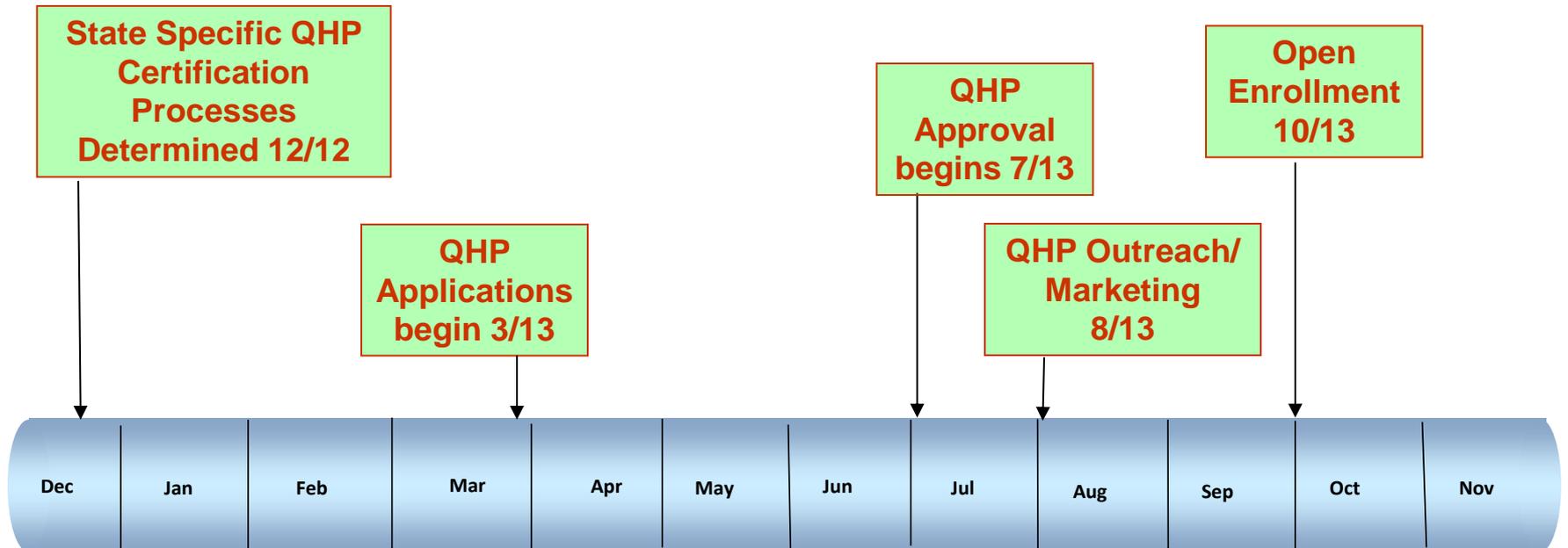
- Consistent progress in 2012 led to Partnership Declaration by Governor Beebe in December, 2012
- State Partnership Conditional Approval – January 2013
- Design Review II – Spring 2013
- Implementation Review – Summer 2013
- Open Enrollment – October 1, 2013
- Full Operations – January 1, 2014

In Person Assisters-Key Dates



Qualified Health Plans (QHP)

Key Dates



Arkansas Awaits Legislative Decisions on Exchange

- Appropriation for continued Exchange Planning and Implementation
- Approve Medicaid “Buy In” to Exchange
- Determine ongoing Exchange Model – sustain Partnership or transition to State Based Exchange or full Federal Exchange

- Timing is critical.

Summary

- Cost and quality improvements in Arkansas's healthcare system will benefit all Arkansans.
- The ACA has already resulted in improved coverage for many.
- More enhancements will become effective January 1, 2014, including access to quality, affordable insurance coverage through the state chosen Health Benefits Exchange model (**Open enrollment begins 10/01/13**). Will Medicaid be in?
- Increased coverage will help keep health care local.
- Arkansas is at forefront of innovation.

Additional Information

www.HealthCare.gov

www.hbe.arkansas.gov

www.healthy.arkansas.gov

www.achi.net

<http://healthreform.kff.org/subsidycalculator.aspx>

Questions/Comments

501-683-3634

Cynthia.Crone@Arkansas.Gov

