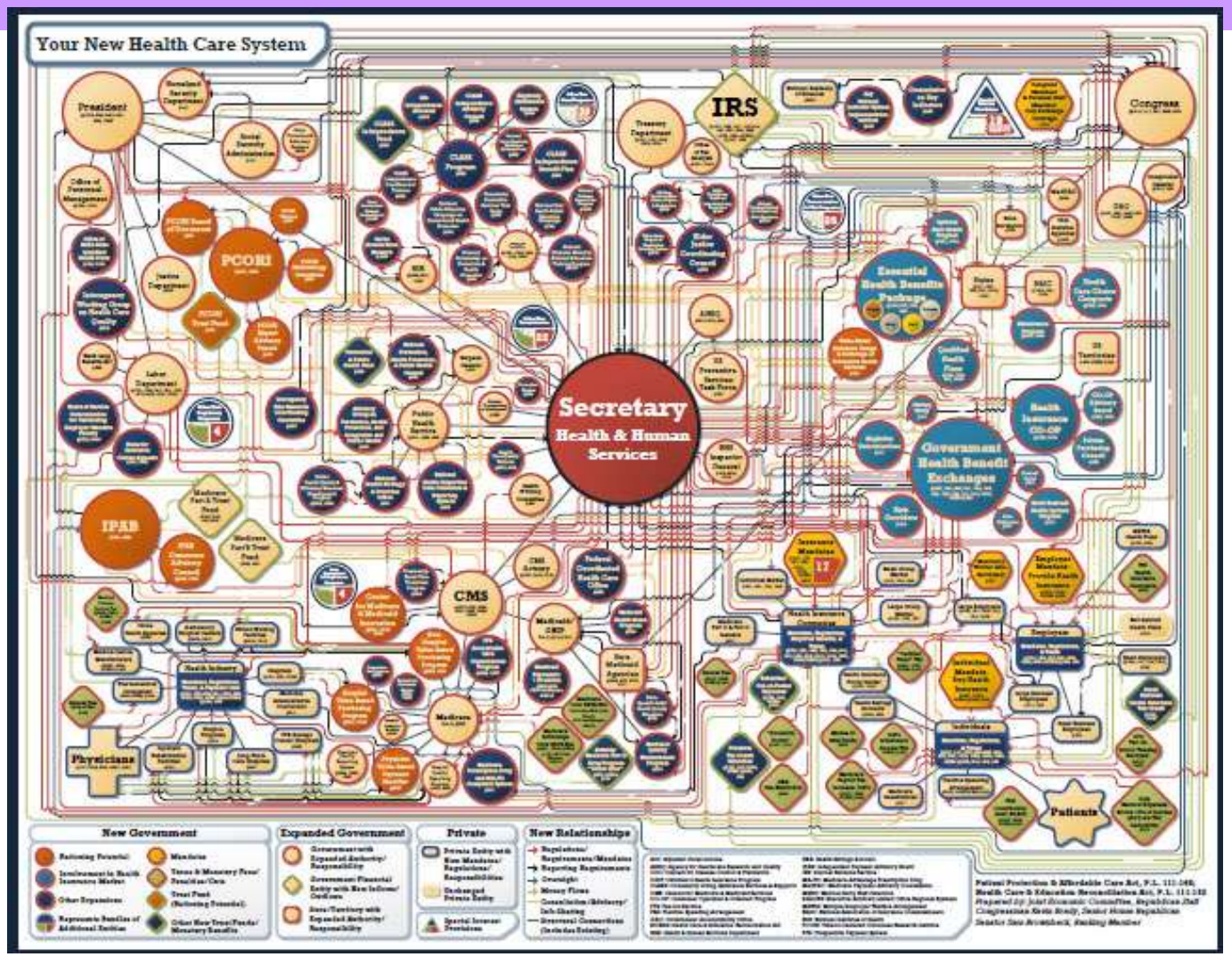
Health care reform – CT and US

Ellen Andrews, PhD
CT Health Policy Project
andrews@cthealthpolicy.org
Tunxis Community College
April 24, 2012

National health reform



Source: Joint Economic Committee, Republican Staff Congressman Kevin Brady, Senior House Republican Senator Sam Brownback, Ranking Member

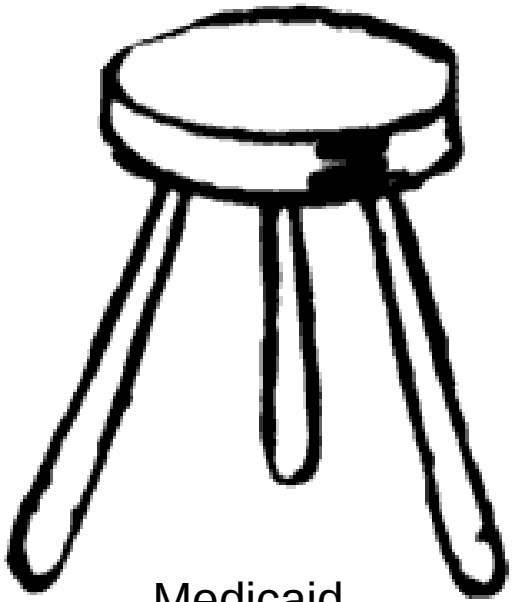
Not as complicated as all that

- Increases coverage to 32 million more Americans
- Insurance reforms
- Improving quality of care
- Supports primary care, care coordination
- Reducing rate of cost increases
  - “bending the cost curve”
  - Payment reforms, value-based purchasing
- Stabilizing Medicare’s future
- Reforming Medicaid
- Reduces federal deficit by $143 to $400 billion by 2019

More than you wanted to know

- Frontline
  - http://www.pbs.org/wgbh/pages/frontline/obamasdeal/view/?utm_campaign=viewpage&utm_medium=grid&utm_source=grid
- Kaiser Family Foundation
  - http://link.brightcove.com/services/player/bcpid1875349721?bclid=0&bctid=608833805001

Reform is a 3 legged stool



Medicaid

Employer sponsored coverage

Insurance exchange

What it means to Connecticut

- 170,000 less uninsured
- Little change in employer-sponsored coverage
- One in ten state residents covered by new insurance exchange
- 140,000 will get federal premium subsidies
- Medicaid enrollment up 130,000
- State spending up, but state will save $300 million from 2011 – 2020 due to federal subsidies
- Lots more state oversight, vigilance, regulation

Source: RAND Compare, 2011

What it means to the uninsured

- Affordable coverage options available
- Traps in policy fine print gone
- Subsidies for low income
- Basic benefit package
- Mandate to buy/get coverage
- Possible safety net capacity problem
- More options for coverage, more leverage in purchasing, can become a market driver
- Will need to change behavior i.e. ER use → PCMH
- Many/most will enter Medicaid

What it means to insured consumers

- More options
- Reductions in rising costs
- Insurance reforms
  - Rescissions
  - 26 year olds
  - No caps, pre-existing conditions
  - Guaranteed issue, renewal
  - Essential benefit package
  - Standard insurance documents
  - Community rating
- More information on options
- Consumer assistance programs
- Limits variation in rates, no variation for health status or gender

What it means to providers

- No more bad debt, or at least less of it
- More funding to medical care
- Pressure to coordinate care, join larger groups, ACOs
- More scrutiny on quality of care
- Support for care coordination, HIT → lower admin costs
- More Medicaid clients
- Higher primary care rates
- Workforce supports

What it means to employers

- Penalty if not covering workers for large companies
  - Level playing field for the 99% who provide coverage
- Lower health benefit cost increases
- Subsidies, options for small businesses
- Potential help for large businesses
- Wellness, prevention support
- Better information on value of benefits
- Need to work with other payers in data, delivery and payment reforms

Coverage expansions

- 32 million fewer uninsured Americans by 2014, 95%
  - 23 million remain uninsured in 2020
- Medicaid to 138% FPL
  - Mainly childless adults, more men, many young, working
  - Lower cost than current enrollees
- Insurance subsidies to 400% FPL
  - To purchase only through insurance exchange
- Individual mandate
- Employer mandate, exempts small businesses
- Small business subsidies
- Private coverage more affordable, easier to get

Individual mandate

- Citizens and legal residents over tax filing level
- Tax penalty of $695 to $2,085/family/year
- Exemptions
  - financial hardship
  - religious objections
  - people without coverage 3 months
  - undocumented immigrants
  - Incarcerated
  - those for whom the lowest cost available plan is over 8% of income
- Implemented through withhold on tax refunds
- Will never be enough alone to get everyone covered

Insurance changes

- Medical Loss Ratio standards
- States must create a process to review rates
- Must cover children to age 26 on parents' plans
- No lifetime or annual limits on coverage
- No rescissions
- No pre-existing condition exclusions
- Guaranteed issue and renewal
- Essential benefit package
- Limits on deductibles, cost sharing, waiting periods
- Limits on rate variation
  - Can only base on age, tobacco use, geography
  - Cannot use gender, health status

Insurance Exchanges

- Standardized marketplace for people and small businesses to buy coverage
- Online by January 1, 2014 or sooner
- Only place for individuals to buy coverage with subsidies
- Expect to cover 24 million Americans
  - 280,000 in CT
- Run at state level
- Only citizens and legal immigrants
- Out of pocket cost limits
- Four benefit tiers
- Catastrophic option for young adults to age 30
- CT's exchange very controversial

Medicare

- Donut hole gone by 2020
- Ends Medicare Advantage Plan overpayments
- Creates an independent board to set payment levels
- Innovation Center created to test payment reform pilots
- Reduce payments for readmissions, hospital acquired infections
- Increase provider rates in underserved areas

Quality, delivery reform

- Over 100 demo projects and >$22 billion for innovation
- Medical malpractice demos
- CER support
- Medicare and Medicaid pilots of basing payments on quality rather than volume
- Care coordination for dual Medicare/Medicaid eligibles
- Enhanced Medicaid match for care coordination
- Increase Medicaid primary care payments – 2 years
- National quality strategy
- New data and reporting on disparities
- Numerous health care workforce initiatives

Concerns from the Right

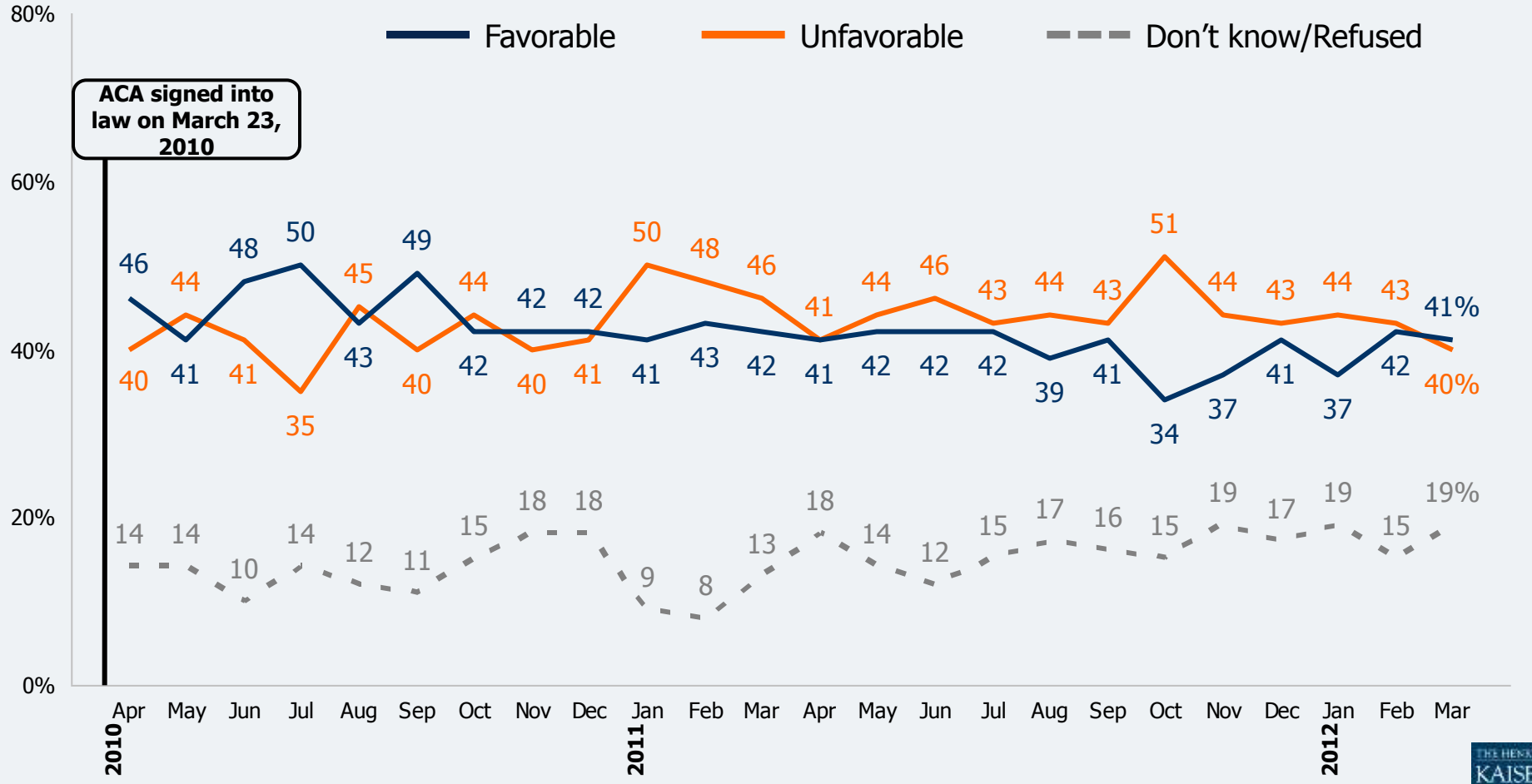
- “Government takeover” of health care
- Limits on profits will hinder innovation
- Not enough cost control in bill
- Individual mandate
- Costs too much
- Too little flexibility for states

Concerns from the Left

- Insurance and drug industry “wrote the bill”
  - Too many deals
- No public option
- No discussion of single payer
- Not universal
- Subsidies are too weak to be meaningful
- Too much reliance on states
- Leaves out undocumented immigrants

Two Years Of Closely Divided Opinion On ACA

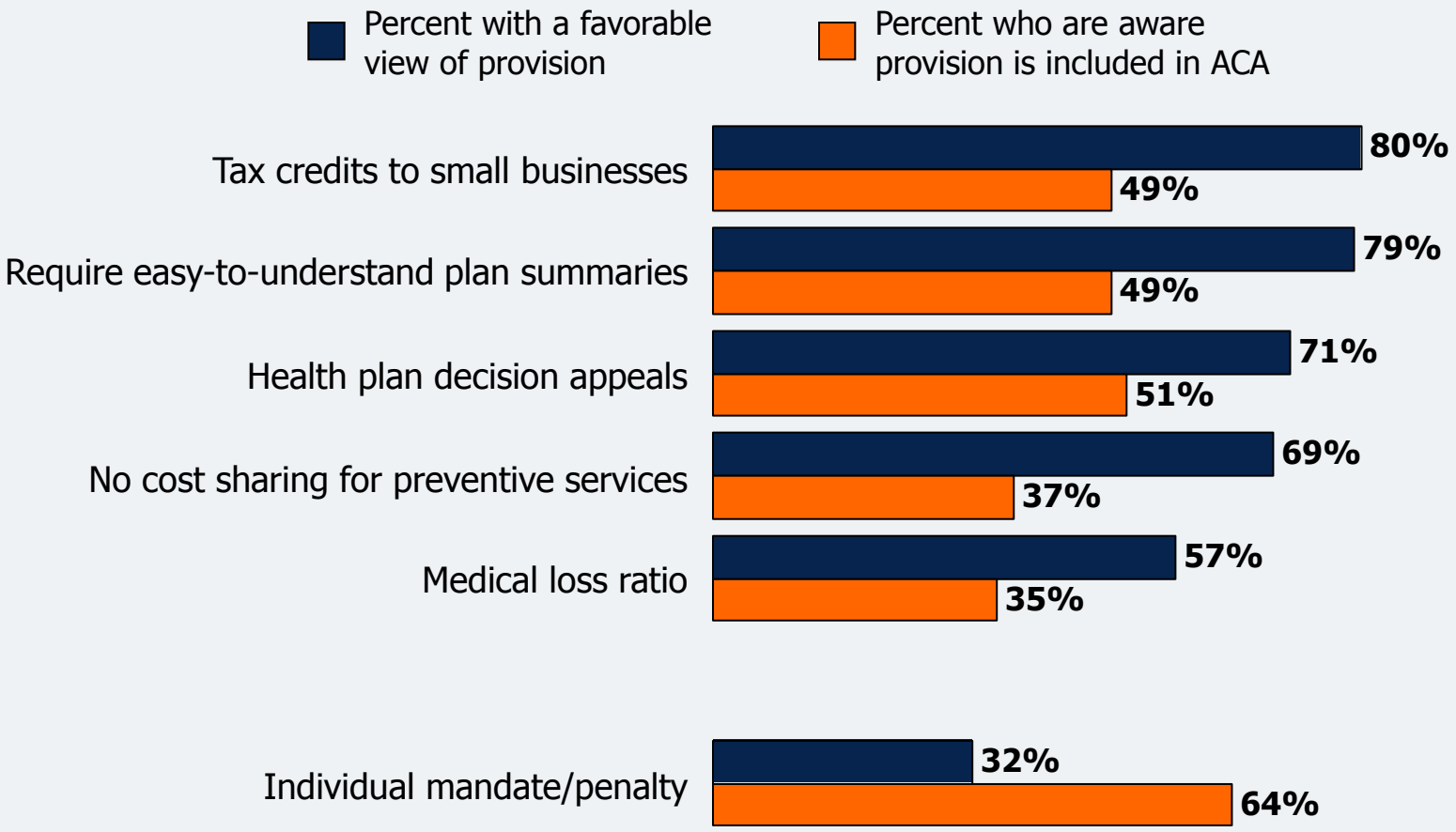
As you may know, a health reform bill was signed into law in 2010. Given what you know about the health reform law, do you have a generally favorable or generally unfavorable opinion of it?



Source: Kaiser Family Foundation *Health Tracking Polls*

Most Popular Provisions Among Least Widely Recognized (And Vice Versa)

Percent who say they have a favorable opinion of each of the following and percent who say they are aware each is included in the health reform law:



Note: Items asked of separate half samples.
Source: Percent favorable, Kaiser Family Foundation *Health Tracking Poll* (conducted February 29 - March 5, 2012); Percent aware, Kaiser Family Foundation *Health Tracking Poll Omnibus Supplement* (conducted March 1-4, 2012)

Future, politics

- Republicans stated goal to reverse ACA
  - Repeal failed
  - Trying to defund, delay implementation
  - Whittle away at the stool's legs
- States pushing back on ACA implementation
  - Some refusing the money, refusing to implement
  - Some take the money but still refuse to implement
  - Ballot referendums to over-ride individual mandate
- Supreme Court
  - How to fix so it complies with ruling if necessary
  - Is gridlock too strong?
  - Will states pass their own individual mandate laws?

CT gets a C+ so far

- April CT thoughtleader survey
  - Medicaid gets a B
  - Data-based policymaking, engaging consumers, and insurance market reforms get a D
- April Dashboard – 10.8% of the way to reform
  - At this rate, will be done in 48 years
- www.cthealthreform.org to track progress

For more information

National reform updates -- Kaiser Foundation site
http://healthreform.kff.org

For more on CT health reforms – dashboard, thought leaders survey
www.cthealthreform.org

Follow our blogs:
www.cthealthblog.org
www.ctexchangewatch.org

For health policy resources
www.cthealthbook.org
www.cthealthpolicy.org