Health Care Reform: A 2012 Post Election Follow Up

Kansas City Healthcare Communicators Society
Kansas City, Missouri
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Agenda

• CMPCN Overview
• The 2012 Election Wrap Up
• The Affordable Care Act’s Implementation –
  – What are the Big Issues on the Horizon?
  • Medicaid Expansion (MO & KS)
  • Health Insurance Exchanges (MO & KS)
  • Looming Healthcare Spending Reductions
  • Medicaid/Medicare Rate Leveling for Primary Care Providers
• Questions
Children’s Mercy Pediatric Care Network

CMPCN is an integrated pediatric care network. Our mission is to improve the health and well-being of children through an integrated pediatric network in the greater Kansas City area that is value-based, community-focused, patient-centric, and accountable for the quality and cost of care.
The 2012 Election Wrap Up
2012 Presidential Election

2012 U.S. Senate Election Results

2012 U.S. House Election Results

Elections Have Consequences:

What happens if Obama wins?  
What happens if Romney wins?
Obama Wins, Senate (D’s Control)

ACA Implementation Largely Stays on Track

• Exchanges & Medicaid Expansion (Intact but with State Discretion)
  – 2014 is a huge year:
    • Expansion of coverage - 20 million new Americans on Medicaid and 17 million new Americans receive ‘subsidized health’ by way of the Exchanges
    • Significant Increase in Costs to the Fed/State Governments due to these public program expansions
    • Individual mandate effective
    • Employer penalties kick in for those not providing ‘qualifying and affordable coverage’
ACA Implementation

BIG ISSUE #1:
State/Federal Issues related to Medicaid Eligibility Expansion
ACA Medicaid Expansion

• Expands to 133% of the federal poverty level without regard to family structure as of January 1, 2014
• Maintains children’s CHIP and Medicaid eligibility levels through 2019
• Provides benchmark benefit package based on essential health benefits package for new adults
• Full federal funding for individuals newly eligible for Medicaid for 2014-2016, phasing down to 90% in 2020 and beyond
• HHS cannot enforce against states that decline
Complexity of Medicaid Estimates

- Enrollment rates
- Woodwork effect
  - Per-enrollee cost estimates of the Newly Eligible
  - Already eligible but not enrolled
- Administrative costs
- Existing state spending
- Uncompensated care burden
- Time horizon
- Economic stimulus
 ACA Medicaid Expansion

Where the States Stand - March 1, 2013
24 Governors Support Medicaid Expansion

Note: As of 3/1/13 all policies subject to change. The District of Columbia plans to participate in Medicaid expansion and will operate its own exchange.

Learn more about the Medicaid expansion at advisory.com/MedicaidMap

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Medicaid Expansion - Missouri

- The Medicaid expansion will provide basic health coverage for nearly 260,000 very low-income Missourians in 2014 with the number increasing to over 300,000 over time.
- From 2014 to 2020, Missouri will contribute in excess of $332 million to the Medicaid Expansion.
- During that same time frame, it’s estimated that the federal share will contribute more than $8.2 billion to Missouri’s Medicaid expansion.
- Dramatic DSH implications without an expansion.
Medicaid Expansion - Missouri

What’s the downstream economic ripple effect?

– **24,008 new jobs** in 2014 (more than the employment of Missouri’s 10 Fortune 500 companies in the state)

– Increase Missouri’s Gross State Product more than by more than a half a percent (0.53%) or **$9.6 billion** between 2014 and 2020

– Increase state and local tax revenue by more than $856 million

The Economic Impacts of Medicaid Expansion in Missouri; University of Missouri School of Medicine, Department of Health Management and Informatics and Dobson DaVanzo & Associates, LLC; prepared for the Missouri Hospital Association and Missouri Foundation for Health; November 2012
Expansion in Missouri – Public Opinion

- Missourians are more knowledgeable of and positive about Medicaid than voters in many other states. In other states, the program often requires defining in order to elicit an impression; in Missouri, that is not the case. Over 71% favor “Medicaid” without any description. “Medicaid” is far better known and regarded than “MO HealthNet.”

- Most Missourians support Medicaid expansion: 52% favor and 18% oppose. Not only is this a majority position, but 40% of voters indicate strong support.

Missouri Foundation for Health commissioned Lake Research Partners and The Tarrance Group to assess the attitudes of the state’s residents on health care issues, including the ACA. Survey was conducted between October 18th and October 24th, 2012. The survey reached 1,416 adults in Missouri, all of whom were registered and likely to vote in the 2012 General Election. The margin of error for the sample is +/- 2.6%.
Expansion in Missouri – Public Opinion

• A more recent poll (3/1/13), conducted by the Republican firm American Viewpoint, found that 47% of the 1,000 Missourians surveyed support expanding the low-income health care program, with 37% opposed.

• That support grows to 56% when the economic and health benefits of the plan are explained.

• While the percentage supporting the expansion contracted, it’s still a plurality that support it.
Medicaid Expansion - Kansas

• The Medicaid expansion will provide basic health coverage for nearly **169,000** very low-income Kansans in 2014 with the number increasing to over to more than **222,000** when adding the ‘already eligible but not enrolled’ group

• From 2014 to 2022, Kansas could cost in excess of **$525 million** to participate in the Medicaid Expansion

• During that same time frame, it’s estimated that the federal share will contribute more than **$3 billion** to Kansas’ Medicaid expansion

*Economic and Employment Effects of Expanding KanCare in Kansas; Brown, Chris, et al.; funding by Kansas Hospital Association; February 2013*
Medicaid Expansion - Kansas

What’s the downstream economic ripple effect?

– 3,400 new jobs in 2014
– 4,000 new jobs by 2020
– Net savings to the state of Kansas with Medicaid expansion would be $82 million from 2014 to 2020
Expansion in Kansas – Public Opinion

- Poll for KHA showed that 60% of the 610 Kansans surveyed supported expanding the Medicaid program, with just 24% opposed.
- More than 70% said that keeping federal dollars from going to other states was a good reason to expand the Medicaid program in Kansas.

ACA Implementation

BIG ISSUE #2:
Health Insurance Exchanges
Health Insurance Exchanges
Major Components

• Under the ACA every state must have an exchange where individuals and small businesses can obtain affordable coverage by 1/1/2014

• States have three options to meet the requirement:
  1. Run their own state-based exchange
  2. Participate in a federally-facilitated exchange (FFE)
  3. Partner with the feds to share responsibility for certain exchange functions
Health Insurance Exchanges
Major Components

• The marketplace where individuals and families with incomes between 100 and 400% FPL can use their tax credits to purchase coverage.

• There are two types of subsidies:
  – Individuals and families earning between 133 percent and 400 percent of the FPL (income between $29,725 and $89,400 for a family of four in 2011) will qualify for sliding scale premium tax credits.
  – Individuals and families earning between 100 percent and 250 percent of the FPL (income between $22,350 and $55,875 for a family of four in 2011) will qualify for cost-sharing tax credits.
Health Insurance Exchanges

Major Components

• To participate in the exchange, qualified health plans (QHPs) must cover “essential health benefits,” which include: preventive services, prescription drugs, hospitalizations, and emergency services.

• Exchanges are required to operate a telephone hotline and a website where consumers can:
  – Calculate the cost of coverage for each qualified health plan;
  – Compare and select a plan;
  – Determine eligibility for a federal tax credit; and
  – Learn if they qualify for Medicaid or other public programs.

http://covermissouri.org/docs/HealthExchange-Components.pdf
Health Insurance Exchanges
EHB’s Continued

• HHS issues a proposed rule in Nov. 2012 outlining the standards for EHBs. The rule proposed to define EHBs based on a state-specific benchmark plan.

• See the website below for details on Missouri and Kansas’ benchmark plan details.

http://cciio.cms.gov/resources/data/ehb.html#review benchmarks
Health Insurance Exchanges Take Up

- The Congressional Budget Office estimates that 11.5 million people will use the exchanges in 2014 and 24 million people will use them by 2019.
- In 2014, nearly 500,000 Missourians and 250,000 Kansans may seek coverage through the Federally Facilitated Exchange.

http://www.urban.org/uploadedpdf/412310-Health-Reform-Across-the-States.pdf
ACA Implementation

BIG ISSUE #3:
Looming Healthcare Spending Reductions
### Two Laws at Play:

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<thead>
<tr>
<th>Expiration of certain income tax cuts and reduced rates for estate and gift tax provisions, and the indexing of the AMT for inflation</th>
<th>$221</th>
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<tbody>
<tr>
<td>Expiration of the payroll tax holiday</td>
<td>$95</td>
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<td>Defense cuts, mandated by the sequester</td>
<td>$55</td>
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<tr>
<td>Non-defense spending cuts, mandated by the sequester</td>
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<td>Expiration of emergency unemployment insurance benefits</td>
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<td>Doc fix</td>
<td>$11</td>
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<td>Expiring tax extenders</td>
<td>$65</td>
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**The Fiscal Cliff**

Cost of the expiring tax provisions and spending cuts for fiscal year 2013 (in billions)

Sources: Congressional Budget Office; Bipartisan Policy Center; Eurasia Group
Looming Healthcare Spending Reductions

• ATRA (the American Taxpayer Relief Act of 2012) signed into law on 1/2/13 which extended the tax reductions provisions (see prior slide for those laws) for individual taxpayers whose taxable income is below $400,000 ($450,000 married filing jointly).

• ATRA also extended the so called ‘doc fix’ for one year (avoiding the automatic spending cuts of 26.5%) to Medicare payments as well as cuts to other services.

*AHLA Connections; “Top 10 Health Law Issues – 2013”; February 2013*
Looming Healthcare Spending Reductions

• Sequestration **deadline** came & went (March 1, 2013)
  – The Budget Control Act (BCA) stipulates that if the Joint Select Committee on Deficit Reduction fails to produce a bill to reduce the deficit, there will be across-the-board cuts sufficient to reduce the deficit by a total of **$1.2 trillion**, starting in 2013.
  – The BCA’s formula for establishing specific cuts begins by reducing $984 billion in spending through equal amounts of cuts in each of the nine years between fiscal years 2013 and 2021, or about **$109 billion** per year.
  – The total annual spending cut of about $109 billion is divided equally between defense and nondefense spending ($55 billion annually).
  – Large number of mandatory programs **exempt from sequestration**, including Social Security, **Medicaid**, Federal retirement programs, and many programs that assist those with low incomes. There also are special rules that apply in some cases, such as the 2 percent limit on cuts to Medicare.

ACA Implementation

BIG ISSUE #4:
Medicaid PCP Rate Increase to Medicare Level
ACA Implementation & Regulatory Milestones in 2013

• January 1st – Medicaid must reimburse family medicine, general internal medicine, pediatric medicine and related subspecialists on par with Medicare in CY 2013 and 2014.

• 2012 Medicaid-to-Medicare Fee Index
  – Missouri = 59%
  – Kansas = 82%

Questions?

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