



The Affordable Care Act Workshop for Community Volunteers

Funded by:

Benedum Foundation

The Consumer Protection Alliance

Sisters of St Joseph Charitable Fund

West Virginia AFL-CIO

West Virginia Community Voices



Topics for This PowerPoint

- **Reform in Context**
- **Why Health Reform?**
- **What's in the Affordable Care Act (ACA)**
- **Coverage Expansions**
 - Medicaid
 - WV Health Benefit Exchange
- **Changes in Medicare**
- **Insurance Reforms**
- **Controlling Costs /Improving Quality**



100 Year Effort: Highlights

Social Security
1933-45



Medicare and Medicaid
1963 - 1969





Republican/Democrat Reform

Supports
system HMOs
1969-1974

Children's Health Insurance
Program (CHIP)
1993-2001



6/26/2011



Medicare
Part D
2001-2009

ACA
2009





March 23, 2010
**President Obama signs Affordable
Care Act (ACA)**



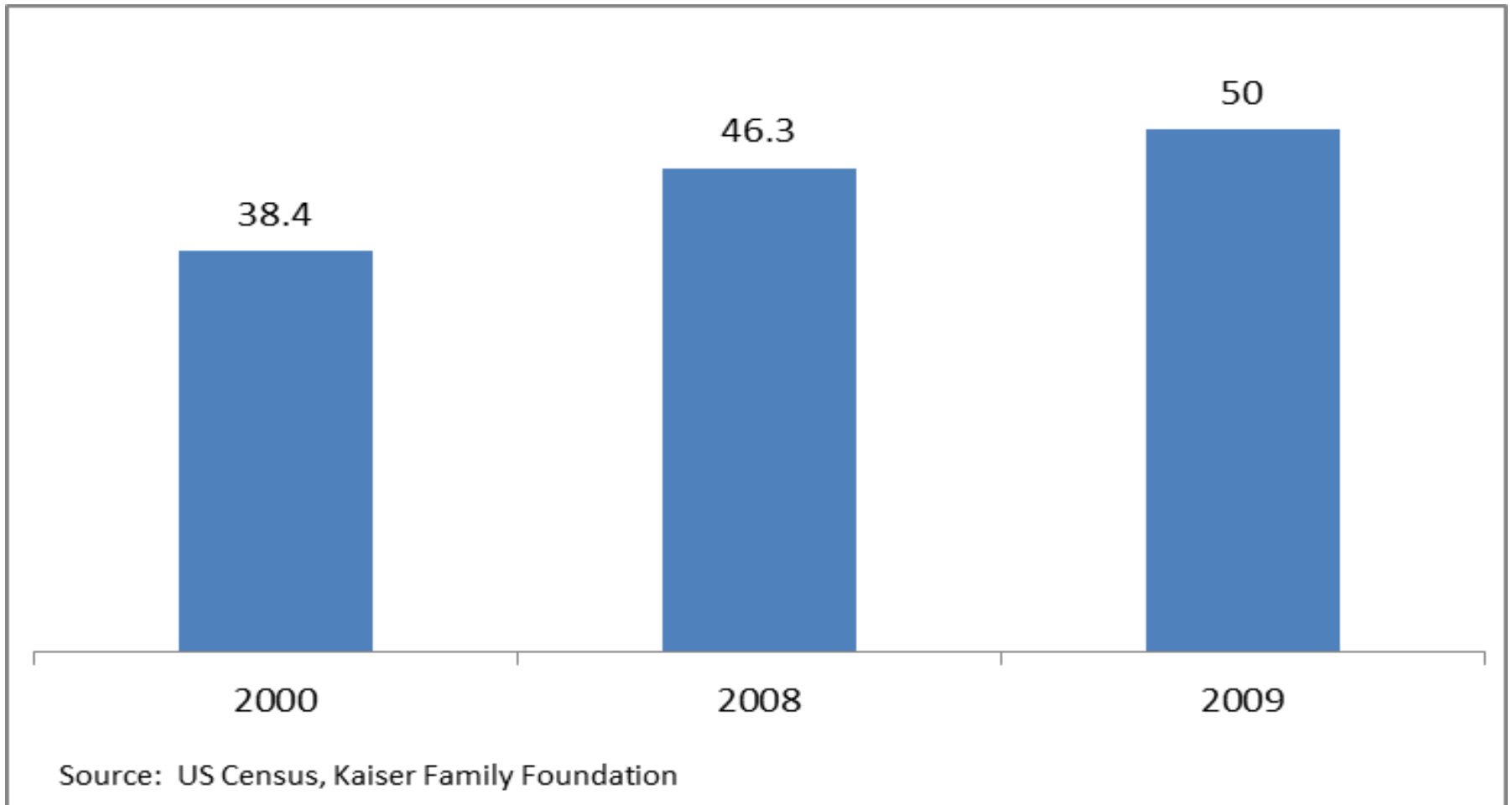
Why Health Reform?

**72 Percent of Americans think
health care system needs
major overhaul**

- **A Call for Change: The 2011 Commonwealth Fund Survey of Public Views of the U.S. Health System**



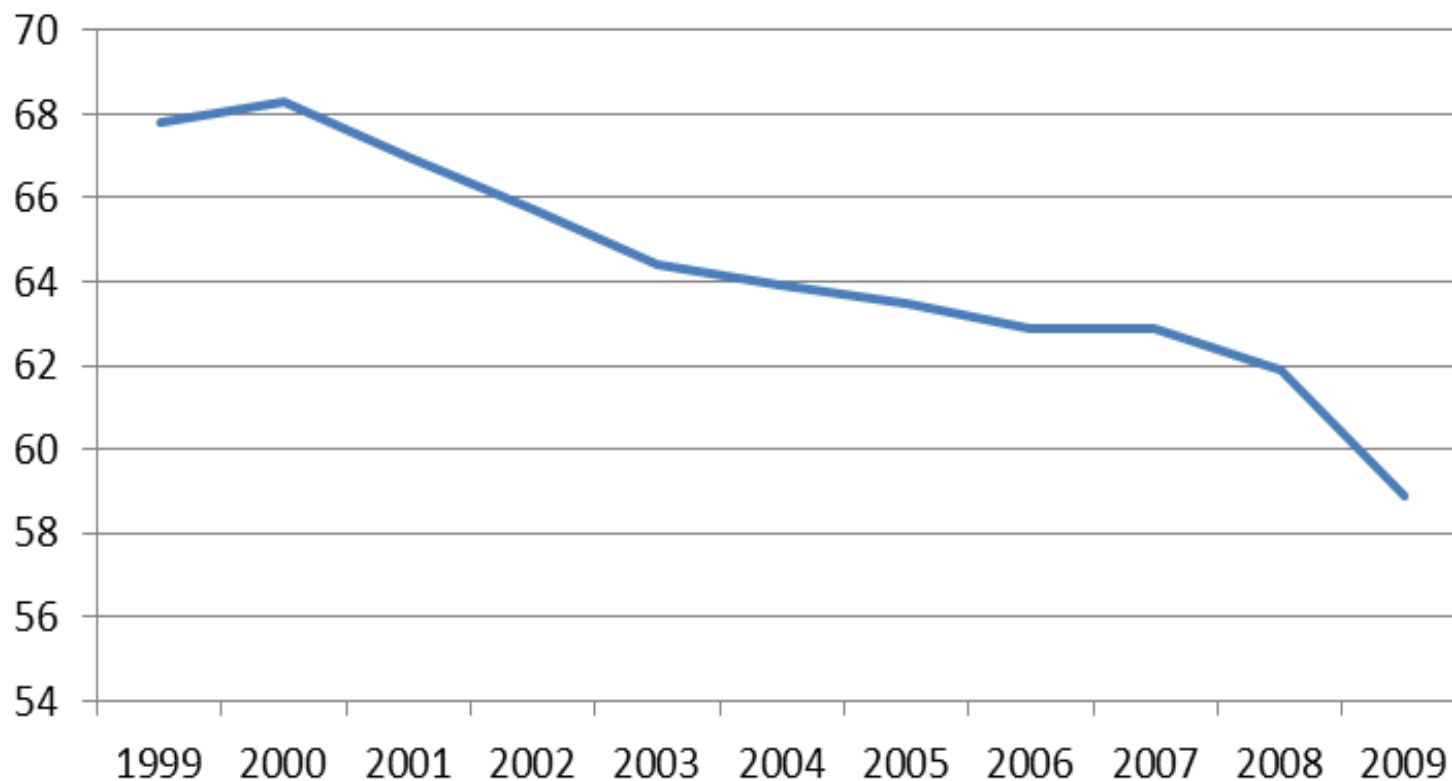
The Uninsured





Declining Employer-Sponsored Insurance

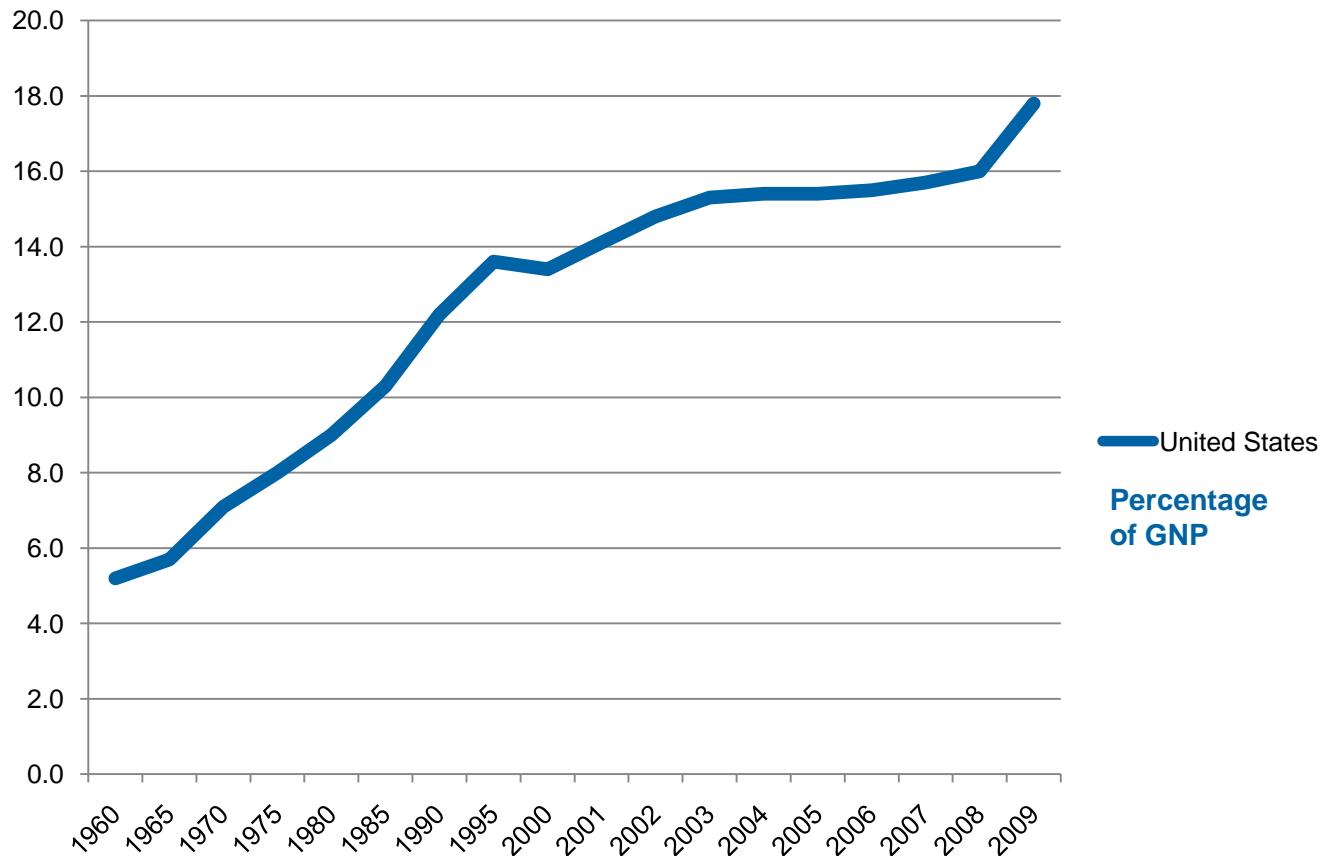
Share of the under-65 population with employer-sponsored insurance, 1999-2009





Increasing Costs

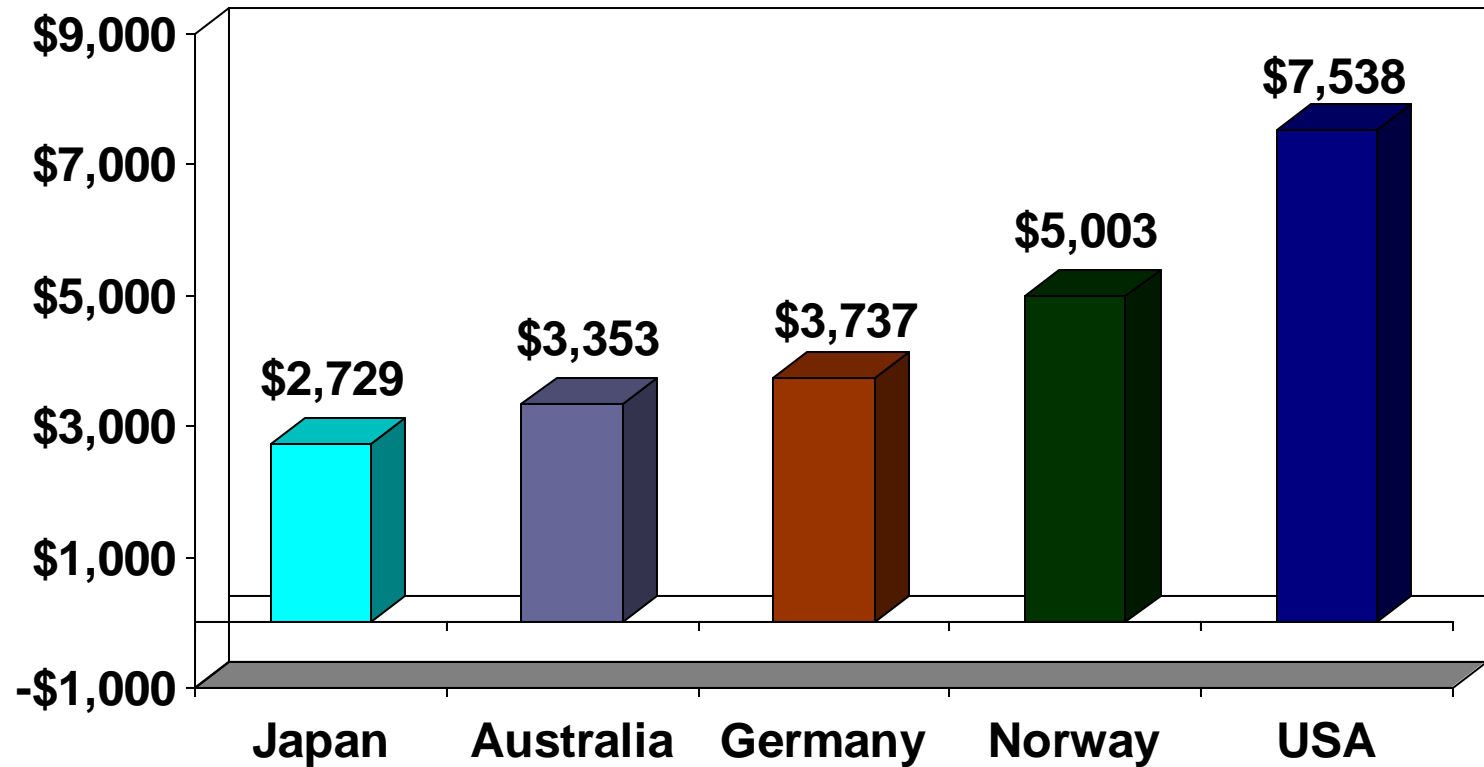
United States



OECD Health Data 2010



Comparison to Other Nations





Goals of the ACA

- **Expand coverage to most Americans**
- **New regulation of the insurance industry**
- **Control health care cost increases**
- **Improve the quality of care and work towards better health outcomes**



GETTING COVERED

6/26/2011

14



Two Basic Expansions of Coverage

- **Expand Medicaid to 133% of the federal poverty level (FPL)**
- **Create Exchanges, which we will discuss later**



Medicaid Today in West Virginia

- **Federal/State Partnership: West Virginia receives \$2.85 from the federal government for every dollar we invest**
- **Covers low income children, seniors and people with disabilities**



Current Medicaid Coverage

- **Federal government sets minimum eligibility standards for children.**
- **In West Virginia, parents qualify for Medicaid if they make less than 35 percent of the FPL (about \$6,100 a year).**
- **Childless adults do not qualify even if they are penniless.**



Medicaid in 2014 under the ACA

- **Covers all low income adults to 133% of FPL, that is \$14,400 for a single person and \$24,400 for a family of three**
- **122,000 – 157,000 uninsured West Virginians will be covered**



Medicaid in 2014 and beyond under the ACA

- **Federal government pays 100% of the expansion for the first three years. In 2020 and beyond, the feds will pay 90% for the Medicaid expansion.**



Medicare and the ACA



- **Guaranteed Medicare Benefits**
- **Extends the life of Medicare**



Medicare and the ACA

- **Emphasis on prevention and wellness – many preventive benefits and screenings now free to encourage healthier lifestyles**
- **Will decrease and eliminate subsidy for Medicare Advantage plans and sets limits for their administrative costs**
- **Targets perpetrators of health care fraud and abuse**



Lowers out-of-pocket drug costs

The doughnut hole will gradually disappear



➤ **2011: 50% discount on brand name drugs; 7% discount on generics**

➤ **By 2020:**

- Coverage gap will disappear
- Part D cost sharing will remain





Health Exchange =
New Marketplace to Buy Health insurance



Health Benefit Exchange

- **An exchange is a marketplace that allows small businesses and individuals to compare insurance policies and choose policies that best suits their needs. Policies offered through a web site, 1-800 number, or in person.**



Health Benefit Exchange

- **Beginning on January 1, 2014 there will be significant tax credits for moderate and middle-income individuals. An estimated 178,000 West Virginians will qualify for tax credits in the exchange.**



An Example of Tax Credits for Individuals in the Exchanges

- **Family of four with annual income of \$55,000. They pay \$345 a month in premiums and the tax credits equal \$840 a month.**
- **Additional tax credits to assist with deductibles and copayments plus out-of-pocket maximum protection.**

Source: Kaiser Family Foundation's Subsidy Calculator: www.kff.org



The Exchange and Small Businesses

- **Eligibility for the exchange is 50 or fewer employees, about 42,000 West Virginia businesses employing 280,000 people.**

Source: Employee Benefits in West Virginia, Workforce (April 2006)



Small Business Tax Credits

- **2010 through 2013**
 - Employers with 10 or fewer employees and average salary of \$25,000 or less
 - 35% tax credit (25% for nonprofits)
 - Phased out to employers with 25 or fewer employees making on average \$50,000 or less.

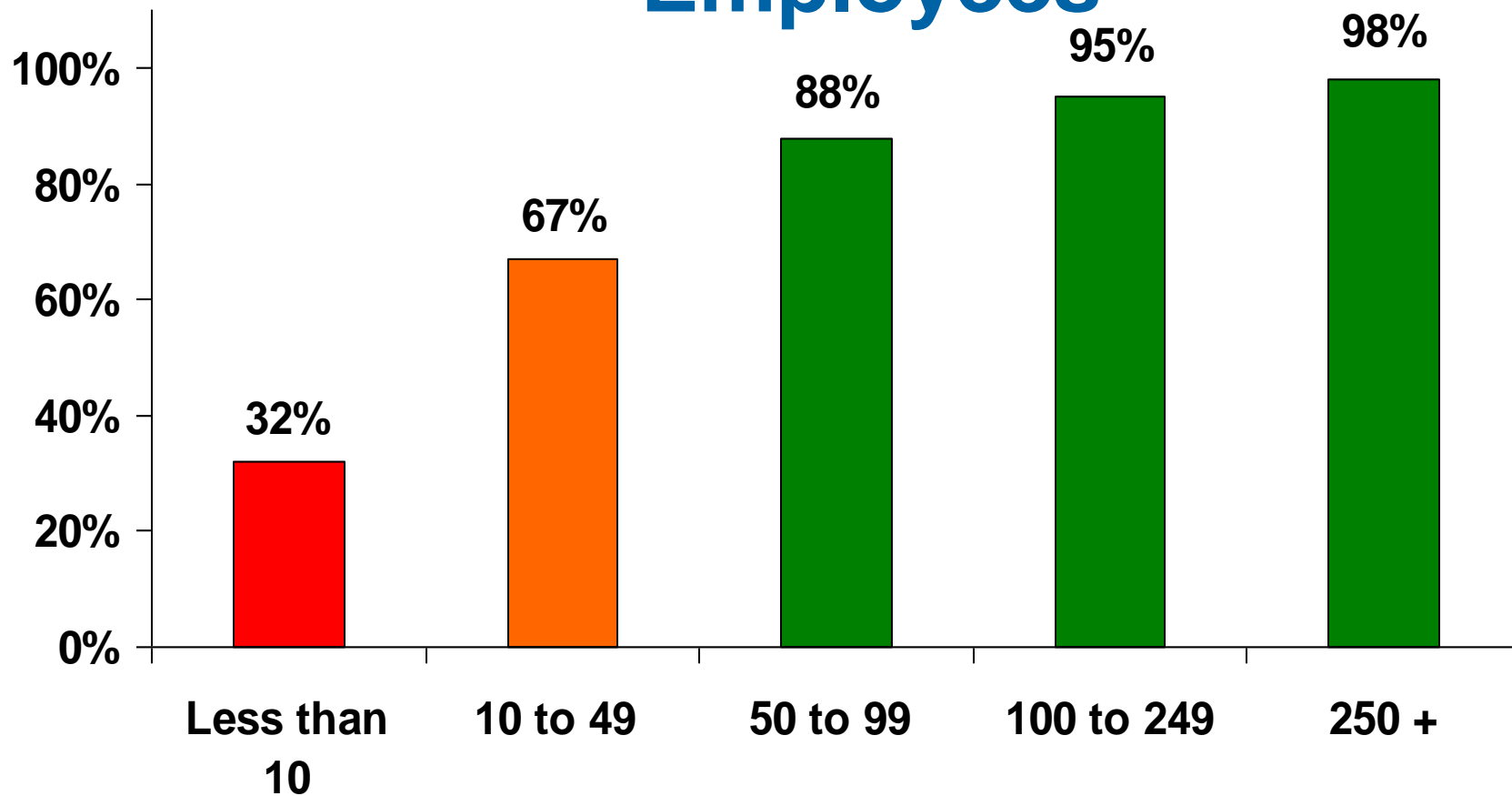


Small Business Tax Credits

- **2014 and beyond**
 - Same focus on very small businesses
 - The tax credit is increased to 50% of the employers' premium contribution (35% for nonprofits).
 - Limited to two years after 2014.



Employers Who Offer Insurance By Number of Employees



Source: Employee Benefits in West Virginia, Workforce (April 2006)



Senate Bill 408

- **Adopted in March 2011, SB 408 establishes the West Virginia Health Benefit Exchange. Only the second exchange established in the country, since passage of the ACA.**
- **Housed in the Offices of the Insurance Commissioner, and governed by a ten member board.**



Board Composition

- **Four agency heads:**
 - **Insurance Commissioner**
 - **Chair of the Health Care Authority**
 - **Commissioner of Medicaid**
 - **Director of the state's CHIP program**



Board Composition Continued

- **Three consumer representatives**
 - Individual consumers
 - Small business
 - Organized labor
- **Three industry representatives**
 - Insurance companies
 - Medical providers
 - Insurance agents



What Is the Mission of the Exchange in West Virginia?

- **Three models:**
 - **Utah: market organizer**
 - **Massachusetts: active purchaser**
 - **Negotiations with insurance companies**



Insurance Reforms





Insurance Reforms for Plan Year Beginning After September 23, 2010

- **Ends pre-existing exclusions for children**
- **Young adults can stay on their parent's policy until age 26**
- **Prohibits lifetime caps and limits annual caps on benefits**
- **Limits on insurance companies' administrative cost**



Insurance Reforms Effective for Plan Year Beginning After September 23, 2010

- **Prohibits cancelling policies, except for non-payment or fraud**
- **For new plans sold after September 23, 2010:**
 - **Must cover effective preventive measures with no cost sharing**
 - **Patient protections**



Insurance Reforms 2014

- **An end to pre-existing exclusions for everyone**
- **An end to gender underwriting**
- **Guarantee issuance and renewal**



Impact of the ACA

- **Expanding health insurance coverage and the new regulations of the insurance industry will have an impact on:**
 - **Entrepreneurship**
 - **How insurance companies will compete in the future**



Individual Responsibility

- **Beginning in 2014, individuals must have health insurance or pay a penalty.**
- **Exemptions for religious objections and financial hardship.**
- **Without individual responsibility, we cannot adopt the major insurance reforms.**



Two Ways to Reduce Costs in Health Care

- 1. Focus on prevention, primary care and public health**
- 2. Innovation in how we pay for health care and how health services are provided**



Focus on Prevention, Primary Care and Public Health

- **Expands Community Health Centers**
- **Expands National Health Service Corp**
 - **More doctors**
 - **More doctors for rural areas**
- **New funding for Public Health**



Cost Containment

“The current (payment) system, based on volume and intensity, does not disincentivize, but rather pays more for overuse and fragmentation.”

Mark McClellan



Innovation in Health Care Delivery

- **Accountable Care Organizations**
- **Independent Payment Advisory Board**
- **Value-based purchasing**
- **Patient-Center Outcome Research Institute**
- **Innovation Center within CMS**



Reduction in the Growth of Medicare

- **Reduces the annual growth
from 6.8 % to 5.5%**

Commonwealth Fund: The Impact of Health
Reform on Health System Spending, May 2010



GETTY IMAGES



What Does the ACA Cost?

Medicaid and CHIP	\$434 Billion
Tax credits for moderate and middle-income families in the exchange	\$464 Billion
Tax credits for small businesses	\$40 Billion
Total over 10 years	\$938 Billion



How Can We Afford That?

- **New Taxes and reduced growth in Medicare**
- **ACA will reduce the deficit by \$210 billion**
- **Who says so? The Congressional Budget Office**



Revenues Tax Increases

Increases in Medicare payroll taxes for individuals making more than \$200,000 & couples more than \$250,000 plus making unearned income taxable	\$210 Billion
Annual fee on insurance companies	\$60 Billion
Annual fee on drug manufacturers	\$27 Billion
Excise tax on medical device manufacturers	\$20 Billion
40% excise tax on health coverage above \$10,200 single and \$27,500 family coverage	\$32 Billion (2018 & 19)
Total taxes (including other items not listed)	\$438 Billion



How will ACA Save Money?





Revenues: Reductions in the Growth in Medicare

Payment to Medicare Advantage reduced to traditional Medicare FFS payments	\$136 Billion
Revision to annual updates for hospitals, etc.	\$196 Billion
Total (including other items not listed)	\$533 Billion



Threats to the ACA

- **Court cases. The partisan divide continues. US Supreme Court is likely to make the final decision on the individual mandate.**
- **Repeal or repeal and replace.**



Threats to the ACA Continued

- **Debt ceiling process**
- **2012 budget debate**
- **2012 election**

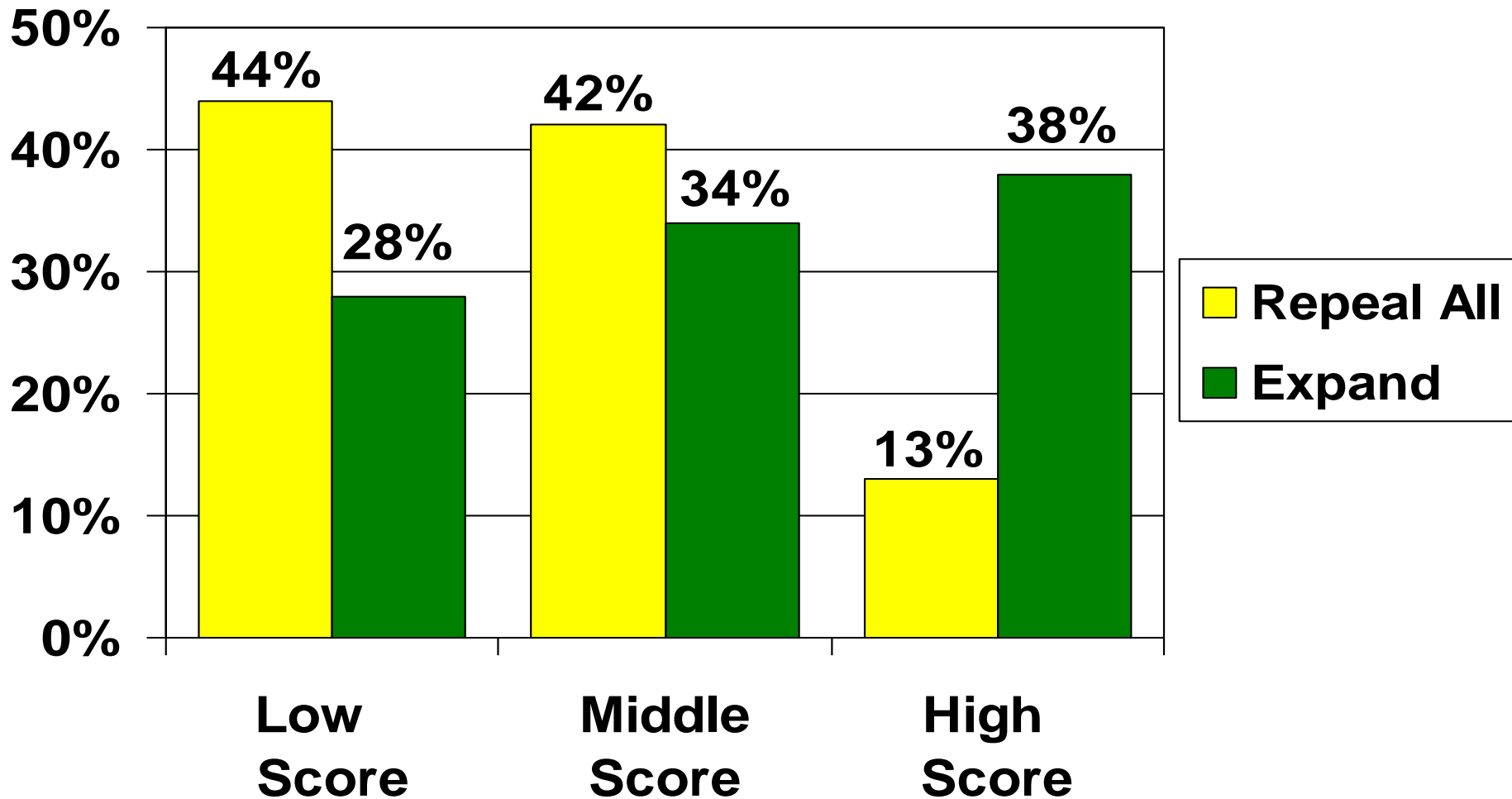


Kaiser Family Foundation Quiz

- **Ten true or false questions**
- **36% of Americans got 0 to 4 questions right**
- **40% got 4 to 5 questions right**
- **25% got 7 to 10 questions right**
- **Only 0.4% of Americans got all ten questions right**



Knowledge Equal Support?





Opportunities to Be Involved

- **OIC has scheduled Consumer Advocate meetings on the development of the exchange on the third Monday of the month at 1 pm. You can participate by conference call or in person. Contact Perry Bryant to participate.**



Opportunities to Be Involved

- **Health Care Implementation Coalition meets every other month. You can participate by conference call or in person. Contact Perry Bryant to be involved in the Health Care Implementation Coalition.**



We have an Opportunity to:

- **Expand health insurance to virtually every West Virginian. You are the critical link in the public education campaign.**
 - **Educate 50 co-workers, friends, etc.**
 - **Participate in the OIC's development of the health insurance exchange**
 - **Join the Implementation Coalition**



Need Help: Contact Us

- Perry Bryant – perrybryant@suddenlink.net
- Renate Pore – renatepore@gmail.com
- Lisa Diehl -- lisadiehl@zoominternet.net
- www.wvahc.org
- www.healthreformwv.org
- www.healthcare.gov



The 100 Year Wait Is Over

