

Health Reform: An Overview and Implications for States

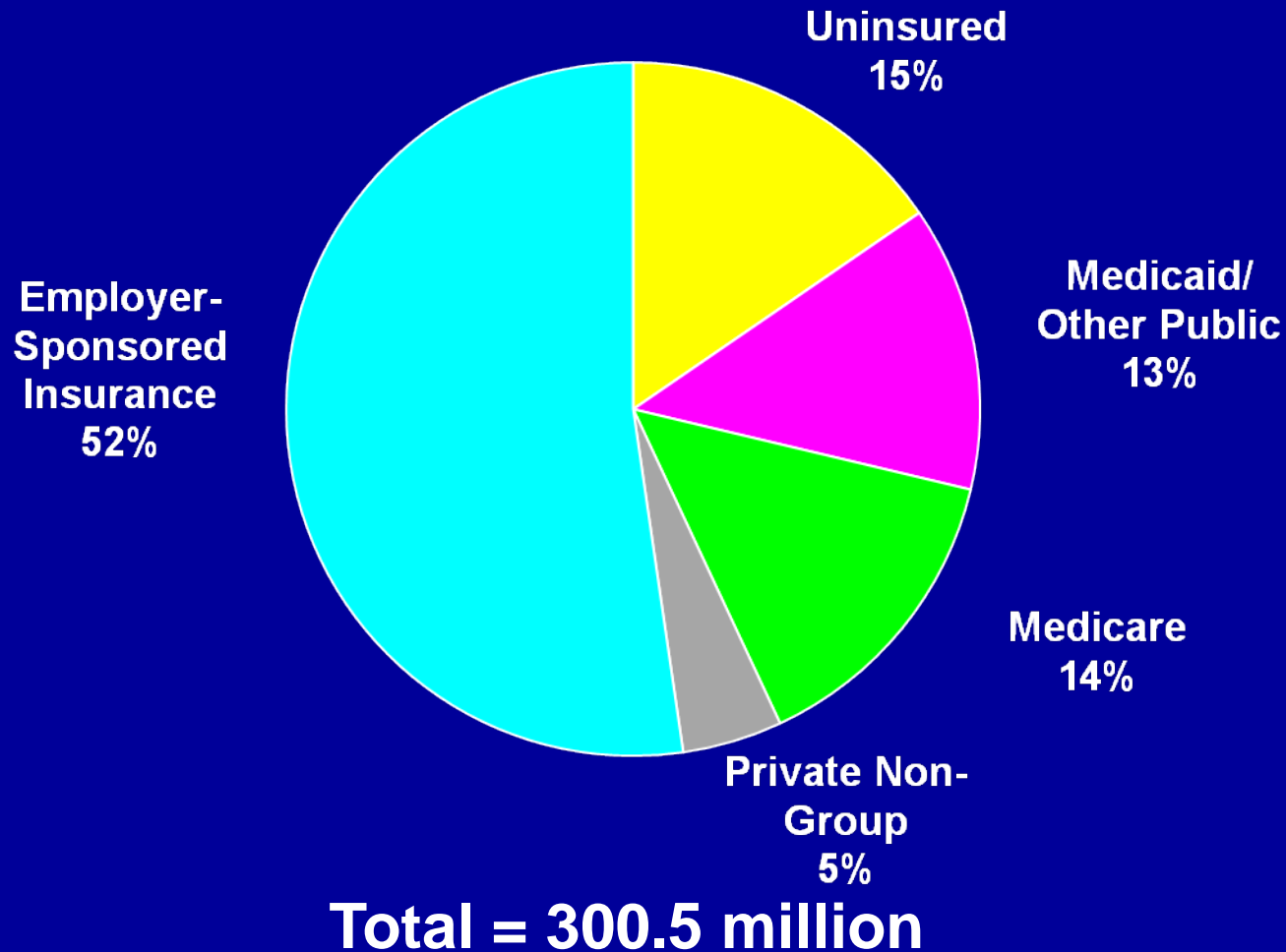
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for

Council of State Governments
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Figure 1

Health Insurance Coverage in the U.S., 2008

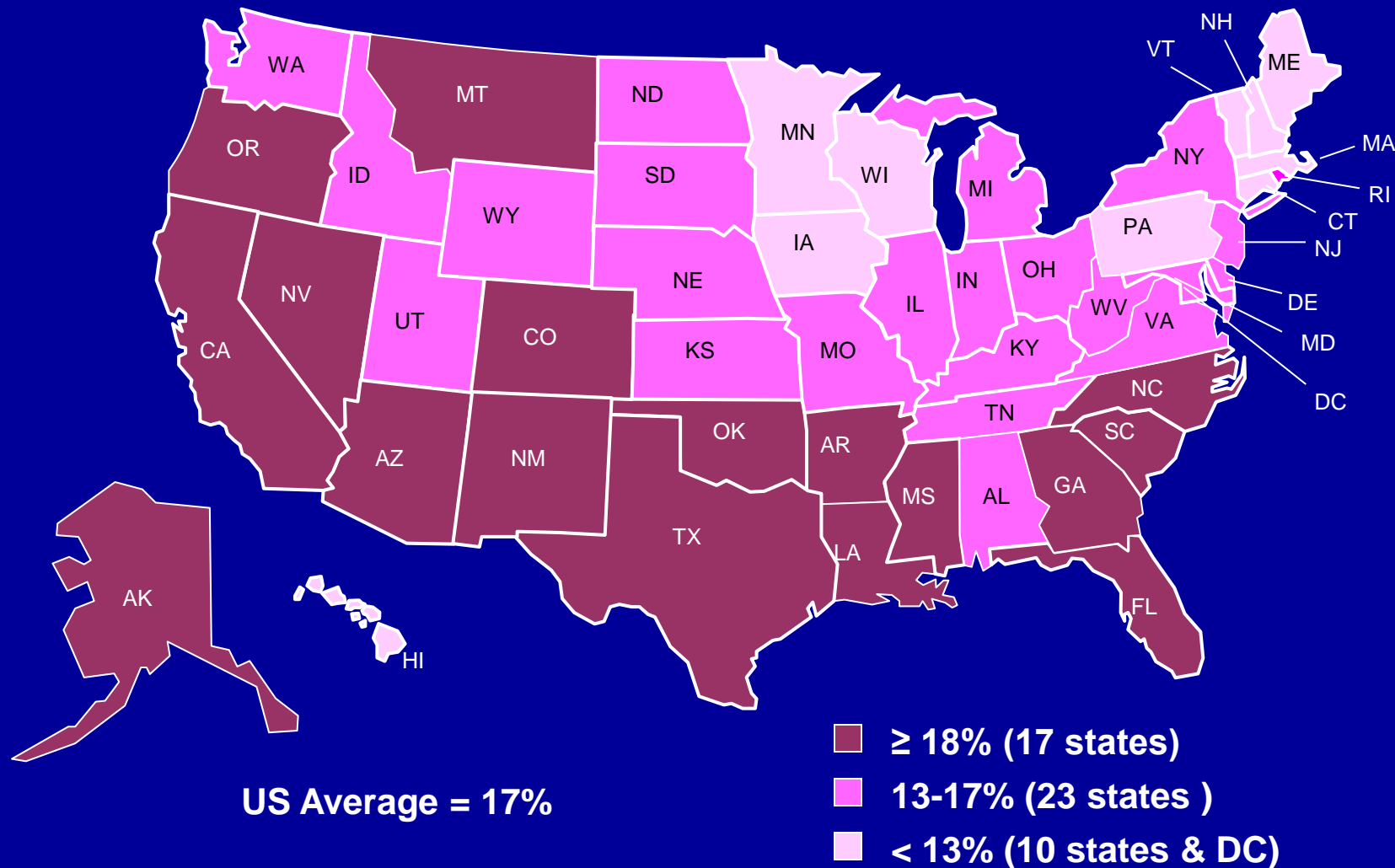


NOTE: Includes those over age 65. Medicaid/Other Public includes Medicaid, CHIP, other state programs, and military-related coverage. Those enrolled in both Medicare and Medicaid (1.9% of total population) are shown as Medicare beneficiaries.

SOURCE: KCMU/Urban Institute analysis of March 2009 CPS

Figure 2

Uninsured Rates Among the Nonelderly, by State, 2007-2008



SOURCE: Urban Institute and KCMU analysis of the March 2008 and 2009 Current Population Survey. Two-year pooled estimates for states and the US (2007-2008).

Goals for Health Reform

- “Shared responsibility” in which employers, consumers, health plans, providers, and state and federal governments participate in and help pay for reform
- Make health insurance work for consumers
 - Insurance market reforms
 - Health insurance exchanges
- Make health insurance more affordable
 - Medicaid expansion
 - Federal premium and cost-sharing subsidies
- Reform delivery system to reduce health care cost growth and improve access to and quality of care

Health Reform This Year

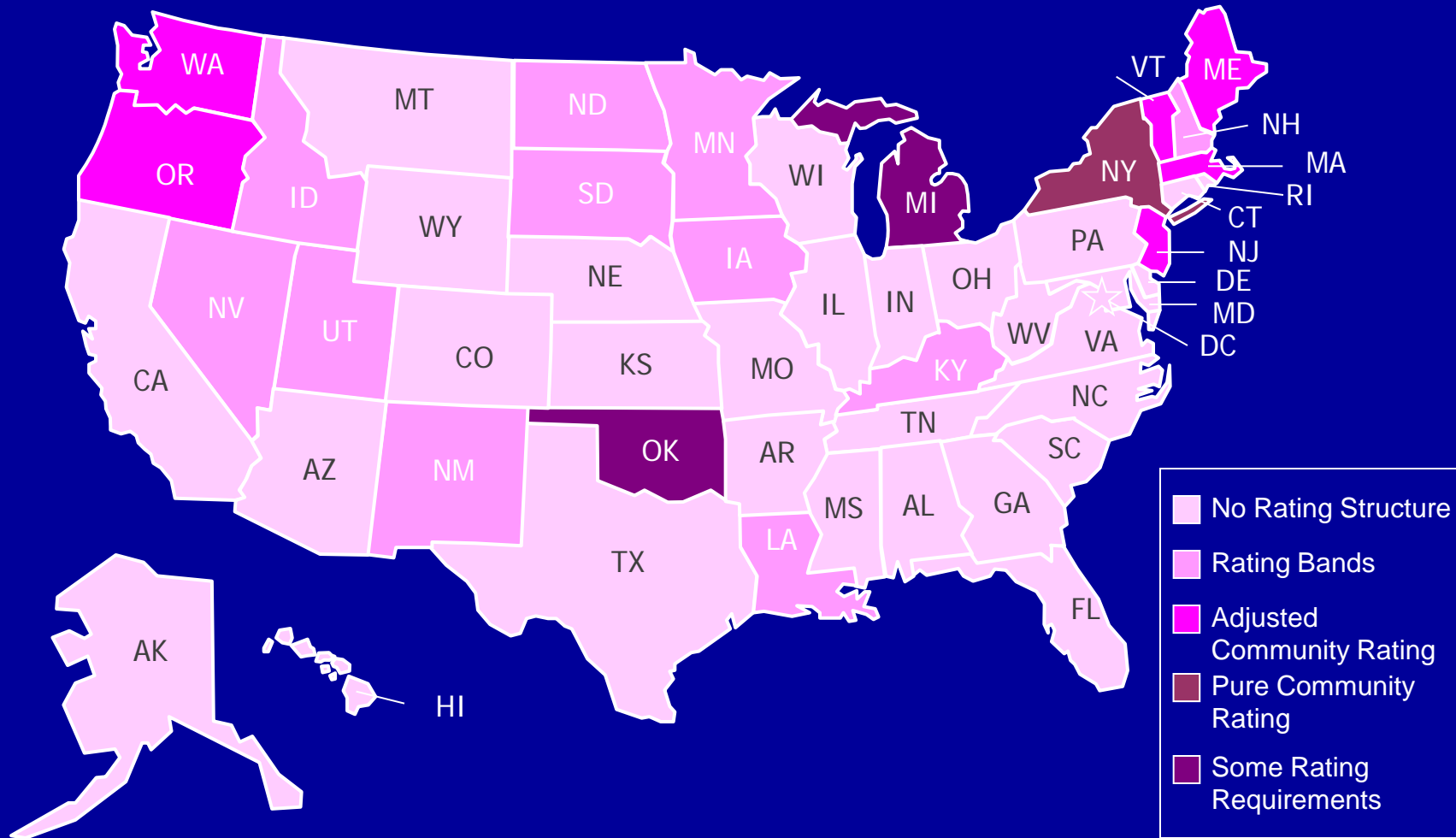
- Temporary high-risk pool
- Extend dependent coverage to age 26
- No lifetime limits or rescissions; restricted annual limits
- No pre-existing condition exclusions for children
- No cost-sharing for preventive services
- Review increases in health plan premiums
- Establish web portal to identify coverage options
- Tax credits for small businesses
- \$250 rebate for reaching Medicare Part D coverage gap

New Insurance Market Regulations

- Guarantee issue and renewability
 - Provide coverage to everyone regardless of health status
- Modified community rating
 - Prohibit insurers from charging people more based on gender, health status, or occupation
 - Variations in premiums based on age (3 to 1) and tobacco use (1.5 to 1) would be limited
- Benefit Standards
 - Provide uniform benefits packages within tiers of coverage
- These changes take effect in 2014

Figure 6

Individual Market Rating Regulations



- No Rating Structure
- Rating Bands
- Adjusted Community Rating
- Pure Community Rating
- Some Rating Requirements

NOTE: Michigan requires Blue Cross Blue Shield, their insurer or last resort, to use community rating. Oklahoma requires HMOs to use community rating.

SOURCE: Kaiser State Health Facts. <http://www.statehealthfacts.org/comparable.jsp?ind=354&cat=7>.



The Health Insurance Exchanges

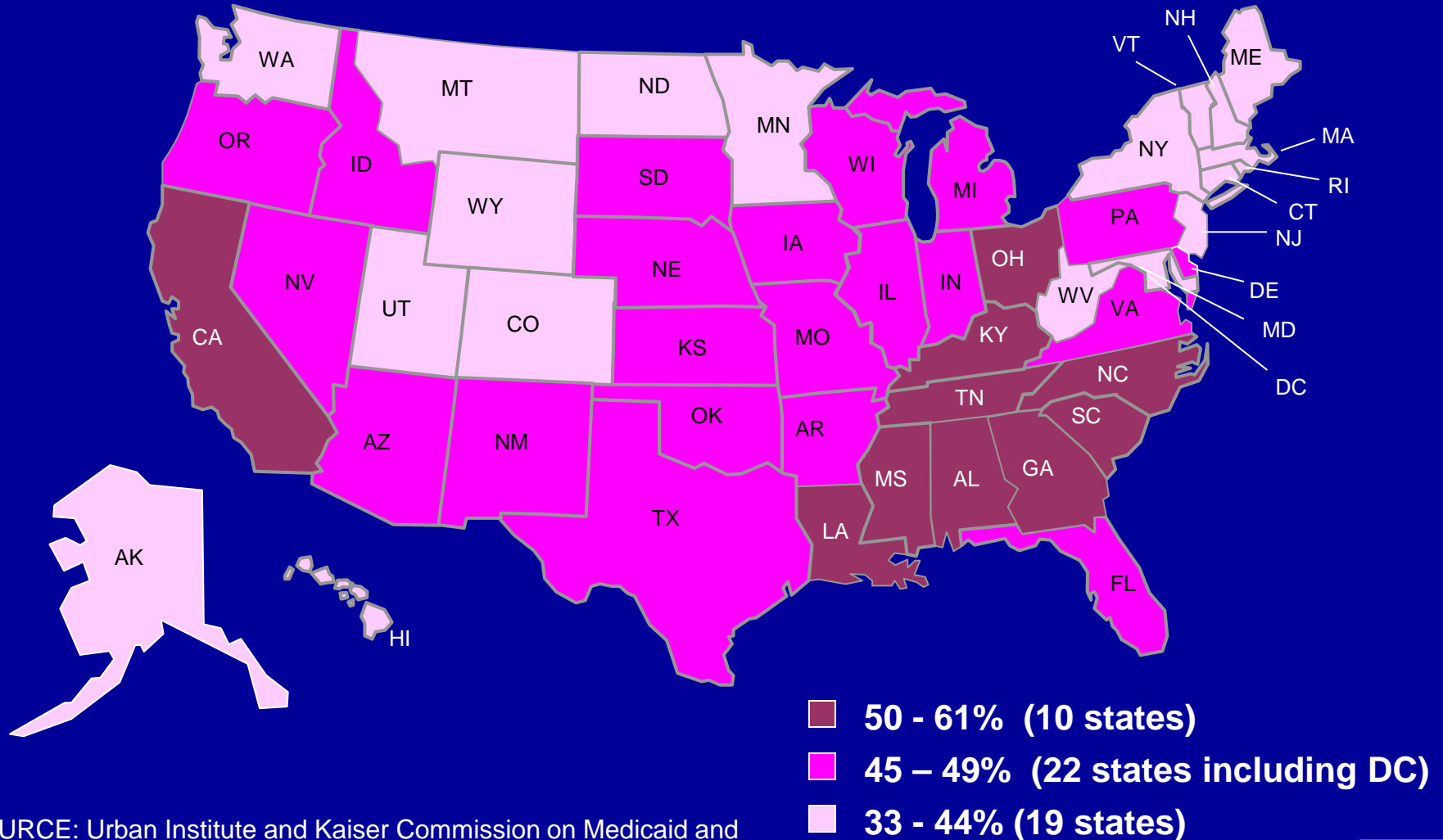
- Individuals without other coverage and small employers will be able to purchase coverage through state-based exchanges in 2014
- Standardized information to facilitate plan comparisons
- Premium and cost-sharing subsidies available
 - Premium tax credits for eligible individuals and families with incomes up to 400% of poverty (\$88,000 for family of four) who purchase coverage in Exchanges
 - Cost sharing subsidies for those with incomes 100-250% FPL to reduce out-of-pocket costs
- Applicants must verify income and citizenship status

Medicaid Expansion

- Expand Medicaid to all individuals with incomes up to 133% FPL in 2014
 - Enhanced federal funding for new eligibles
 - Provide states option to expand Medicaid to childless adults at regular FMAP starting April 1, 2010
- Fund CHIP program until 2015; maintain Medicaid/CHIP coverage for children through 2019
- Simplify enrollment processes and coordinate eligibility determinations with Exchanges

Figure 9

Share of the Nonelderly Uninsured At or Below 133% FPL by State, 2007-2008



SOURCE: Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates based on the Census Bureau's March 2008 and 2009 Current Population Survey (CPS: Annual Social and Economic Supplements).

Individual and Employer Requirements

- Individuals required to have health coverage in 2014
 - Enforced through the tax system
 - Exemptions for certain circumstances
- Larger employers will face penalties in 2014 if don't offer coverage or if coverage is unaffordable
- Small employers with up to 50 employees exempt from penalties
 - Tax credits for small businesses that offer health benefits

New Opportunities for States

- Prevention (\$500 million available 2010)
 - Outreach, oral health, community health, wellness
- Workforce development
 - Focus on primary care, increasing capacity in rural and underserved areas
- Emergency and trauma care
- Long-term care
 - CLASS Act, options to promote home and community-based services

Implementation: What Will It Take?

- Strategic planning on part of states
 - Identification of goals and priorities
 - Targeting resources
- Coordination across Medicaid and private insurance
 - Eligibility and enrollment
 - Health care service delivery
- Expansion of provider and health system capacity
- Federal assistance and leadership with funding, systems development, regulatory and other guidance
- Engagement from the public and other stakeholders
- Resources, resources, resources

Looking Ahead

- Health reform, if done right, provides opportunities to improve our health care system
 - Reduce the number of people who are uninsured
 - Make the health insurance system work better for all consumers
 - Transform delivery and payment systems to get better value for our health care dollars
 - Reorient health care to focus on prevention and primary care
- States will play pivotal role in implementation
- Preparing for 2014 begins now

For more information on health reform
and additional resources for states:

www.healthreform.kff.org

www.statehealthfacts.org