

Health Reform Implementation: State Opportunities & Challenges

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Presentation Overview

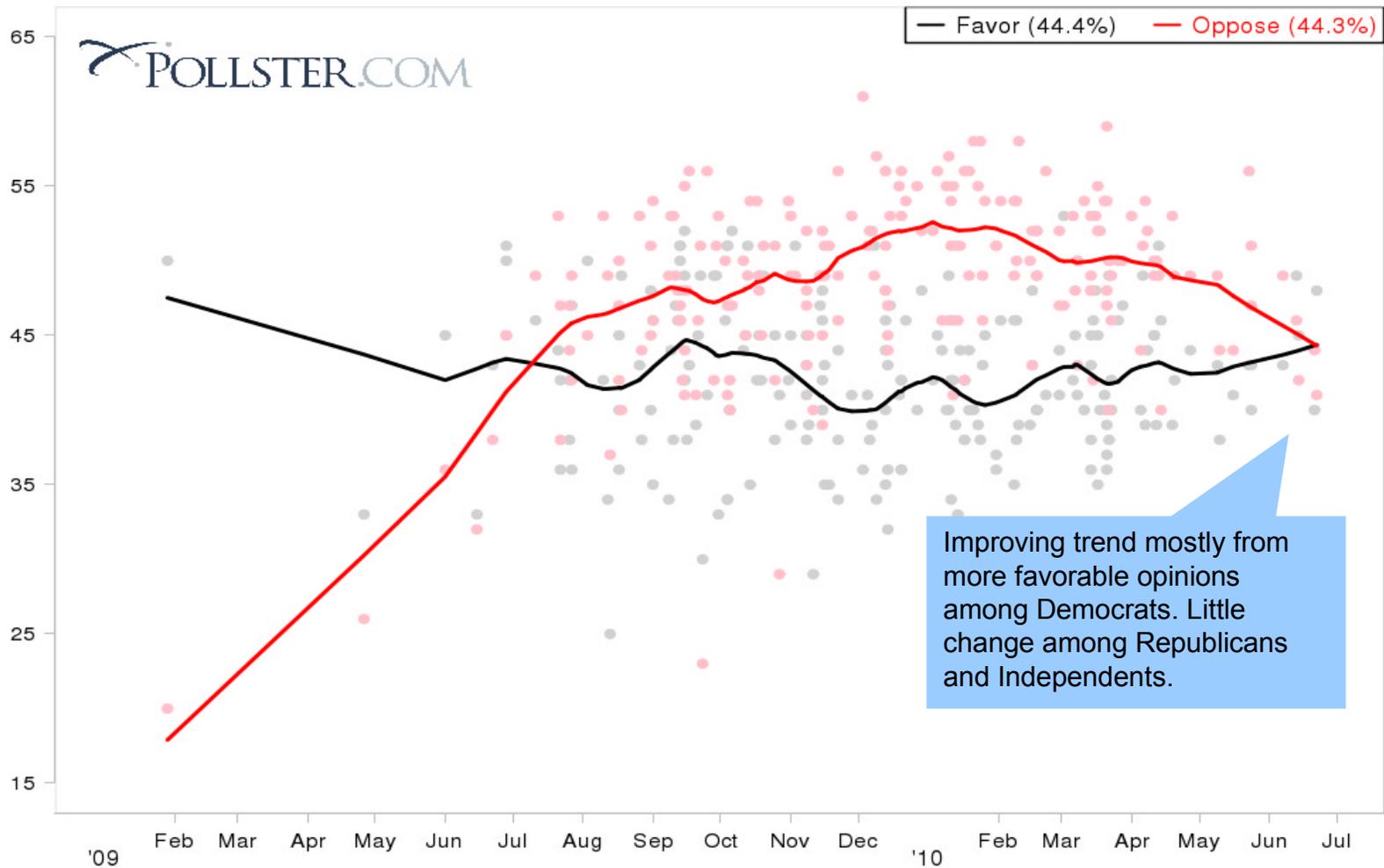
- > The Heartland Can Lead the Way
- > An Emerging Landscape of Health Reform (PL 111-148)
- > Insurance Markets & Coverage Affordability
- > State Health Insurance Exchanges
- > Long-term Services & Supports
- > Delivery System Improvements
- > Emerging Policy Challenges
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The Heartland Can Lead the Way

- > Tradition of civic engagement and commitment to social well-being
- > Long-standing bi-partisan state health policy engagement and experimentation; builds collective expertise
- > Strong, stable, and respected public health and private insurance sector leadership
- > Iowa ahead of the curve on many key health indicators
- > A state grounded in Midwestern values and sensibilities

An Emerging Landscape -- Support for HCR Improving



An Emerging Landscape -- Favorable Policy Elements

Large Bipartisan Majorities Favor Specific Policy Elements of New Health Law

| Favor Reform Policy | Republican | Democrats | Independents |
|--|------------|-----------|--------------|
| Tax credits for small businesses | 84 | 91 | 85 |
| Make it harder for insurers to drop coverage when individual has major health problems | 79 | 85 | 80 |
| Requiring plans to offer preventive care with no cost-sharing | 71 | 92 | 78 |
| Rebate for seniors in the Medicare doughnut hole | 66 | 90 | 74 |
| Children on parents' plan until 26 | 64 | 86 | 71 |
| No coverage denials for children | 61 | 79 | 68 |
| Temporary high-risk pools | 60 | 88 | 73 |
| Ban on lifetime spending limits | 56 | 75 | 63 |
| Rebate for overspending on admin costs/profits | 52 | 78 | 66 |

SOURCE: Kaiser Family Foundation, 4/9-14/10

Challenges to the Law

- > Strategies in Congress – introduce repeal bills, block appropriations
- > Attorneys General lawsuits in VA and FL (McCollum Case) – Constitutional challenges
- > State ballot initiatives in AZ, CO, FL, OK, and MO in 2010
- > Strategies for mid-term elections -- fire up base
- > Proposed new state legislation and non-binding resolutions in >40 states; action expected to continue in 2011

AARP Commitment to Education for Increasing Public's Understanding

- > Every AARP state office engaged; plans tailored to state environments
- > 8 page brochure in AARP Bulletin
- > Bulletin print and online stories: high risk pool, doughnut hole rebate; weekly Q&A
- > AARP Magazine June story on access to physicians
- > AARP.org/getthefacts
- > 18 consumer fact sheets on key elements of law (in many languages)
- > 12 Public Policy Institute fact sheets on specific issues
- > 34 tele-town halls and >100 state in-person events
- > AARP Foundation Call Center reached 20,000 consumers warning of fraud re: doughnut hole rebate
- > 10 webinars underway for members & consumers
- > 5 videos launched July; working with Iowa on 25-min PBS video
- > Building website to give customized information on coverage available to individuals

Insurance Markets and Coverage Affordability

- > Immediate benefits: small business tax credits, temporary high risk pools, allow young adults to stay on parents plan until 26 years, prohibit rescissions
- > Premium rate review grants available, but states not required to alter insurance regulations now
- > Limits amount insurers may spend on administration & overhead -- medical loss ratio requirements (1/2011)
- > The law assures no denial of coverage for pre-existing medical conditions, limits premium variation, ends lifetime and annual caps on benefits by 2014
- > Individual coverage mandate essential to promoting a “culture of coverage” and assuring improvements in insurance market
- > The law expands Medicaid for the lowest income Americans (<133% FPL)
- > The law extends tax credits (subsidies) to help offset the price of insurance (133% and 400% FPL)

Insurance Markets and Exchanges

- > States have many choices about how to create an exchange – several elements to consider:
 - Governance
 - Integration with Medicaid, subsidies
 - Strong oversight / consumer protection
 - IT platform
 - Selection of plans
 - Rate review
 - Risk adjustment mechanism



Policies to Assure a Pro-Consumer Health Exchange

| | Weak Exchange | Strong Exchange |
|----------------|--|--|
| Governance | Consumers & businesses not majority Wasteful spending | Fully transparent Stakeholder & public input Strong relationships with employers Frugal spending |
| Oversight | Takes prices set by insurers No standards for benefit design, call centers, quality, & costs | Negotiates rates & benefits Sets high & realistic standards that improve value |
| Usefulness | Exchange is invisible Too many options & few tools for comparison Customer service limited & underfunded Awkward eligibility mechanisms | Robust outreach to consumers/business Manageable number of meaningful choices for consumers Culture of problem solving & quality service Seamless, as personal circumstances change |
| Integration | Connection across Medicaid, plans, and subsidies is cumbersome/confusing IT system and business processes antiquated | Provides consistency & stability in coverage as individuals' circumstances change Links seamlessly to Medicaid and subsidies IT platform enables communication |
| Sustainability | Allows outside market to offer products on favorable terms Fails to keep up with market & clinical change | Protects against adverse selection Adjusts to Medicaid breakthroughs of health transactions Cuts waste & raises efficiency |
| Size | Too small to drive significant value improvements in market or achieve cost savings | Large enough to enable quality improvements & cut costs Large enough to assure risk pool stability & economies of scale |

Long-term Services and Supports

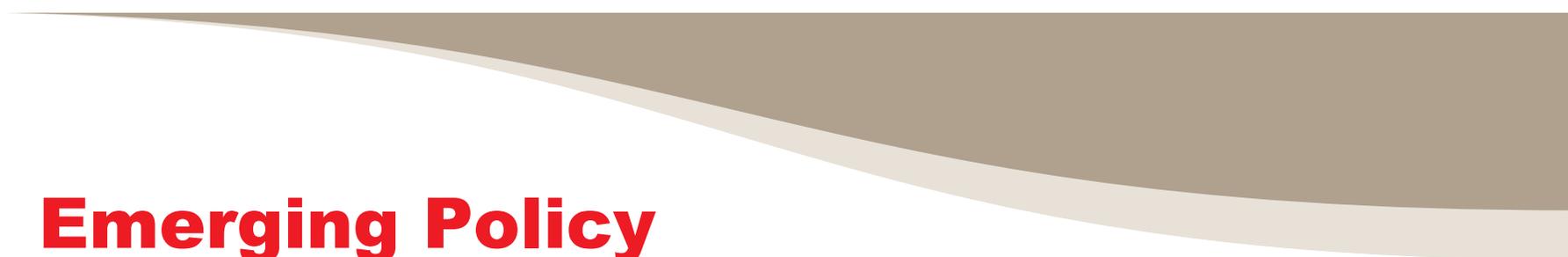
- > Several provisions in PPACA provide strong incentives to build improved home and community-based services and increase nursing home quality:
 - Community First Choice (10/11)
 - Balancing Incentives Payment Program (10/11)
 - MFP Extension (through 2016)
 - CLASS
 - New nursing home quality and transparency requirements



Delivery System Reforms -- Examples

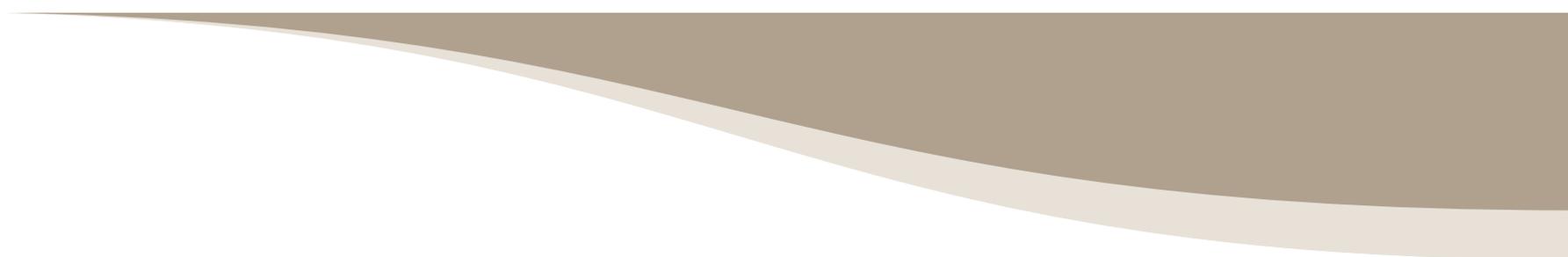
- > Many provisions intended to improvement health care delivery and quality
 - Expand health workforce – training, residencies, and physician payment
 - Transform Medicaid: test bundled payments, offer incentives for healthy lifestyles, design Medicaid health homes
 - Grants for community health workers, community transformation, lower pre-Medicare costs
 - Grants to improve trauma care and public health, and reduce health disparities





Emerging Policy Challenges to State Implementation

- > The economy as it affects federal and state policymaking and priorities
- > Public anxiety about high level of mandatory and discretionary federal spending
- > State budget shortfalls and program sustainability
- > Health and insurance expertise leaving state service
- > Aging IT infrastructure
- > Caution about the impact of lawsuits and nullification



Qs & As