

Health Reform Implementation: State Opportunities & Challenges

Iowa Legislative Health Care Coverage Commission
July 21, 2010

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Presentation Overview

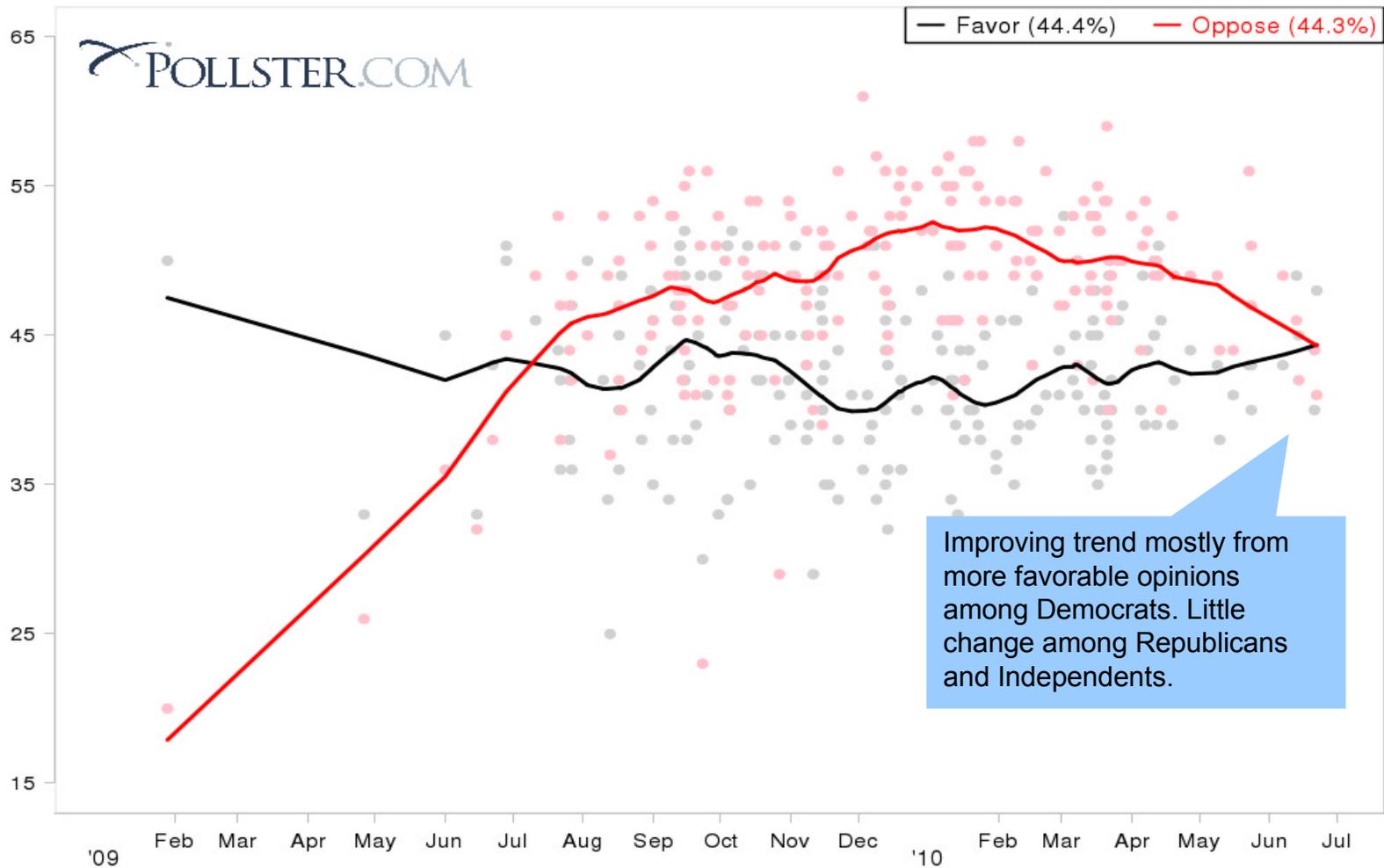
- > The Heartland Can Lead the Way
- > An Emerging Landscape of Health Reform (PL 111-148)
- > Insurance Markets & Coverage Affordability
- > State Health Insurance Exchanges
- > Long-term Services & Supports
- > Delivery System Improvements
- > Emerging Policy Challenges
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The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

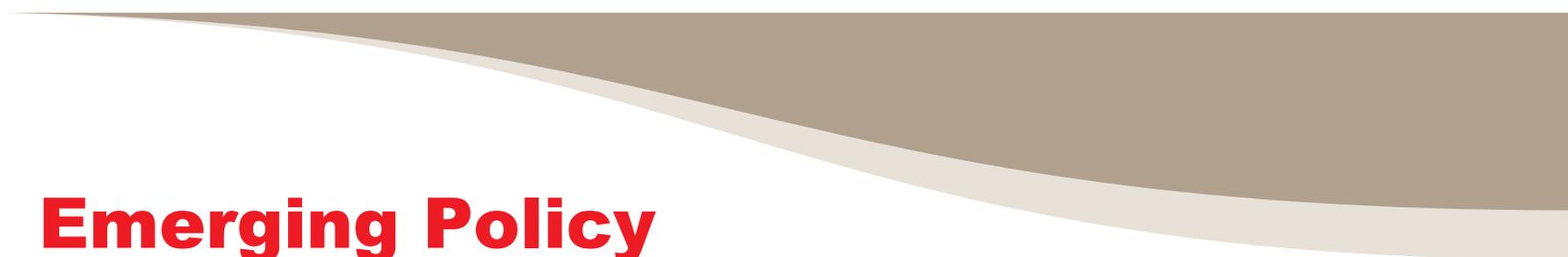
- > Several provisions in PPACA provide strong incentives to build improved home and community-based services and increase nursing home quality:
 - Community First Choice (10/11)
 - Balancing Incentives Payment Program (10/11)
 - MFP Extension (through 2016)
 - CLASS
 - New nursing home quality and transparency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



Delivery System Reforms -- Examples

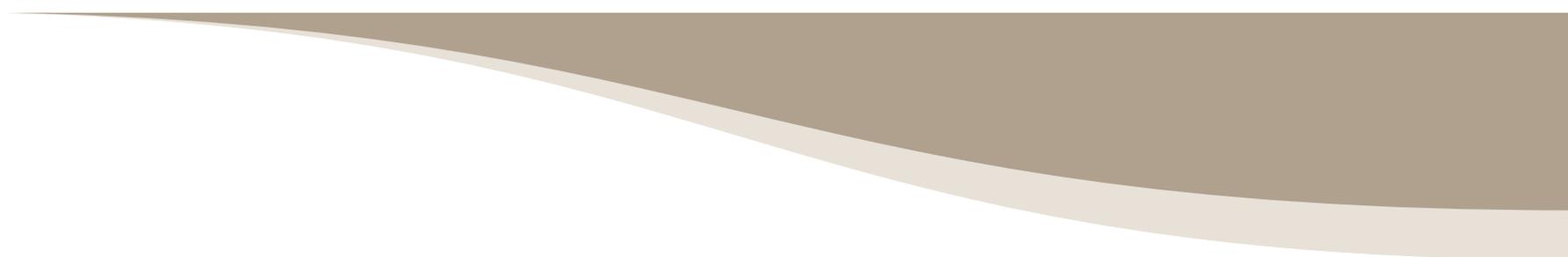
- > Many provisions intended to improvement health care delivery and quality
 - Expand health workforce – training, residencies, and physician payment
 - Transform Medicaid: test bundled payments, offer incentives for healthy lifestyles, design Medicaid health homes
 - Grants for community health workers, 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