Patient Protection and Affordable Care Act Timeline

☛Focus on Coverage

July 21, 2010

Iowa Legislative Health Care Coverage Commission
Anne Kinzel, Commission Coordinator

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Health Care Reform Statutes

- HR 3590 – Patient Protection & Affordable Care Act
    - P.L. 111-148 – Enacted Mar. 23, 2010
- HR 4872 – Health Care & Education Reconciliation Act
    - P.L. 111-152 – Enacted Mar. 30, 2010
- Combined legislation referred to as the “Patient Protection and Affordable Care Act” (PPACA)
    - Also referred to as the “**Affordable Care Act**”

PPACA Timeline Overview

- Incremental reform - Significant elements starts in 2010
- Major incentives unfold in 2014:
  - Insurance Exchanges – Creation of an "Essential Benefits Package"
  - Medicaid Expansion
  - Shared responsibility for coverage aka "individual mandate"
- Nationally, coverage will expand to cover 94% of Americans (undocumented aliens are excluded from coverage)
- 196,000 Iowans will gain coverage by 2019. (Families USA)

PPACA Major Components

- Creation of new health insurance marketplace/ programs
- Reform within the health insurance market
- Creation of new coverage mandates and incentives
- Changes to Medicare, Medicaid and CHIP
- Seeks quality improvements and system efficiencies

Uninsured in Iowa: 2009 - 2010

- 9-11% of all adults are uninsured
- 81% are employed
- 2/3 without coverage for over 1 year; 20% for 10+ years
- 3/4 indicated they were in “good or excellent health”
- 3/4 never turned down a job with coverage
- 1/4 declined coverage offered through their work*

* University of Iowa Public Policy Center, http://ppc.uiowa.edu/uploaded/HealthNews/IC%20Public%20Library6_10.pdf

Employer Coverage in Iowa: 2009 - 2010

- In Iowa, 54% of employers offer health insurance
- Health insurance varies by number of employees
  - 97% – >50 employees
  - 85% – 11-50 employees
  - 54% – 4-10 employees
  - 30% – 1-3 employees
- 50% of employers pay entire premium
- Uninsured employees more likely to be low wage

* University of Iowa Public Policy Center, http://ppc.uiowa.edu/uploaded/HealthNews/IC%20Public%20Library6_10.pdf

PPACA 2010

- **Small Business Tax Credits**: Small businesses (25 or fewer employees/ave. wages < $50,000) that offer health care benefits will be eligible for tax credits of up to 35% of premium costs for 2 years. (51K Iowa small businesses)
- **Early Retirees**: A temporary reinsurance program to help offset costs of expensive premiums for employers providing retiree health benefits.
- **Young Adult Coverage**: Parents can keep adult children on their health policies until age 26.
- **Expanded Access**: $11 billion funding increase over 5 years for **community health centers** (& National Health Services Corps) to serve more low-income/uninsured people.
- **"Doughnut Hole" Rebates**: Medicare will provide $250 rebates to beneficiaries who hit the Part D Rx "doughnut hole" coverage gap.
- **High Risk Pools**: People with preexisting conditions and uninsured at least 6 months will have access to coverage through a temporary, subsidized high-risk pool. Premiums based on the ave. health status of a standard population.

PPACA 2010

- **Protection for Children**: No overall coverage denial for children with preexisting conditions or exclusion of a preexisting conditions from coverage.
- **Preventive Care**: All new group and individual health plans required to provide free preventive care for proven preventive services. (1.7 million) [In 2011, Medicare also will provide free preventive care.]
- **Yearly Review of Premium Increases**: Health insurers will be required to justify so-called "unreasonable" premium increases to federal/ state governments before they take effect, <u>and</u> to report the share of premiums spent on non-medical costs.
- **New Insurance Rules**: Insurance companies barred from:
  - ✦ Rescinding coverage when insured get sick (except in cases of fraud)
  - ✦ From imposing lifetime caps on coverage (6 months after enactment). Lifetime limits on coverage eliminated after 2014.

PPACA 2011

- **Benefit Disclosure**: Employers required to disclose the value of benefits provided for each employee's health insurance coverage on the employee's W-2 forms.

- **New Payment & Delivery approaches:** A new **Center for Medicare and Medicaid Innovation.** Goal: to test reforms that reward providers for quality rather than volume of services.

  - Medicare will increase payment for primary care physicians by 10% for primary care services.

- **CLASS Act:** A national, voluntary insurance program for purchasing community living assistance services and support (CLASS) will be established. All working adults will be automatically enrolled—unless they opt out—through payroll deductions that, after five years, will qualify them for monthly payments toward services to help them stay at home should they become disabled.

- **Pharmaceutical Manufacturer Fee:** An annual, nondeductible fee imposed on pharmaceuticals and importers' branded drugs, based on market share.

- **OTC Drug Reimbursement Restrictions:** OTCS not prescribed by a doctor will no longer be reimbursable through flexible spending accounts or health reimbursement arrangements, or on a tax-free basis in health savings accounts.

PPACA 2011

- **Physician Quality Reporting:** Medicare will launch a Physician Compare web site where beneficiaries can compare physician quality and patient experience.

- **"Doughnut Hole" Discounts:** Medicare beneficiaries in Part D prescription drug coverage "doughnut hole" will receive 50% discounts on all brand-name drugs. By 2020, the "doughnut hole" coverage gap will be closed.

- **Premium Share Spending – Rebates:** Plans in the large-group market that spend less than 85% of their premiums on medical care, and plans in the small-group and individual markets that spend less than 80% on medical care, will have to offer rebates to enrollees.

PPACA 2012

- **Medicare Value-Based Purchasing:** Medicare will reward hospitals that provide higher quality or better patient outcomes.

PPACA 2013

- **Administrative Simplification:** Health insurers must follow new simplification standards for electronic exchange of health information to reduce paperwork/administrative costs.
  - ✦ Iowa must indicate by Jan. 1, 2013 whether it will participate in the exchange system.
    - ✦ PPACA provides grants to states to establish Exchanges. Grants available in 2011and terminate in 2015.
  - ✦ Non- participation leads to the federal government establishing an exchange in the jurisdiction.
- **CO-OP Plans:** Non-profit, member-run health insurance companies to offer qualified health plans in all 50 states.
  - ✦ PPACA appropriates $6 billion to finance Co-ops and will funds loans/ grants to establish CO-OPs by July 1, 2013. CO-OP can't be an existing insurer or sponsored by a state or local government. Any profits must be used to lower premiums, improve benefits or improve the quality of health care

PPACA 2014

- **Insurance Exchanges:** New state-based marketplaces for individuals without employer coverage & small businesses offering plans that meet "essential benefit standards.
  - 24 Mil. Americans will obtain coverage through Exchanges
  - **Essential Benefits:** ambulatory patient services; emergency services; hospitalization; maternity and newborn care; mental health and substance use disorders; prescription drugs; rehabilitative services and devices; laboratory services; prevention and wellness services and chronic disease management; and pediatric care – including oral health & vision care.
  - Provides "catastrophic plan" for young adults.
- **Tiered Plans:** bronze, silver, gold, platinum with actuarial values and levels of cost-sharing.
- **Premium subsidies:** Premium/cost-sharing assistance (sliding scale for families with annual incomes between $30,000 & $88,000 purchasing on an Exchange.

PPACA 2014

- **Medicaid expansion:** Medicaid eligibility expanded to all legal residents with incomes up to 133% FPL. Currently, states have different—and often much lower—eligibility thresholds, and most states do not cover adults without children.
  - ✦ For the newly eligible, the federal government will pay 100% of health care costs between 2014 – 2016.
  - ✦ In 2017, drops to 95%, and continues to decline:
    - ✓ to 94% in 2018, 93% in 2019, and 90% in 2020 and beyond
- **Basic Health Plans:** States will be permitted to create a Basic Health Plan for uninsured individuals with incomes between 133% – 200%FPL in lieu of premium subsidies for purchasing coverage in the exchanges. Basic Health Plans become effective Jan. 1, 2014

PPACA 2014

- **Independent Payment Advisory Board.** A new payment advisory board within the executive branch will identify areas of waste and federal budget savings in Medicare. The board's recommendations must not ration care, raise taxes, or change Medicare benefits, eligibility, or cost-sharing.

- **Insurance Industry Fee:** Insurers pay an annual fee, based on market share, to help pay for reform.

- **Medicare Managed Care Plans:** Four-& five-star Medicare private plans will receive 5% bonuses as a reward for providing better clinical quality and patient experiences.

- **New Insurer Rules:** Insurers will be banned from restricting coverage or basing premiums on health status. Annual, in addition to lifetime, limits on benefits are banned.

PPACA 2018

- **High Cost Insurance Plans**: Insurers will face a 40% excise tax on policies with premiums over $10,200 for individuals or $27,500 for family coverage.