

The Affordable Care Act

Where We're at Today, Decisions Ahead Tomorrow

Utah Legislature *Bagels and Briefing*
Office of Legislative Research and General Counsel
February 11, 2014

What's happened already?

COVERAGE OPTIONS

Insurance Plans	Online Marketplaces	Medicaid Eligibility
<p>Guaranteed issue in individual market</p> <ul style="list-style-type: none"> No more high risk pools <p>Community rating</p> <ul style="list-style-type: none"> Premiums are not based on health condition <p>Other rating changes</p> <ul style="list-style-type: none"> Premiums can't vary by gender Premium variation for age is limited <p>No pre-existing condition exclusions</p> <p>No annual or lifetime limits</p> <p>10 Essential Health Benefits</p> <p>No copays/deductible for preventive care</p>	<p>New Federal exchange (non-group policies)</p> <ul style="list-style-type: none"> Federal premium subsidies Federal cost sharing subsidies Consumer shopping tools <p>Continuation of Utah's Avenue H exchange (small group policies)</p> <ul style="list-style-type: none"> Now offers ACA compliant plans Qualifies employers for federal tax credits <p>Subsidies</p> <ul style="list-style-type: none"> Premiums (100%-400% FPL) Cost sharing (up to 250% FPL) Out of pocket caps Deductible caps (small group) <p>Consumerism</p> <ul style="list-style-type: none"> Choice Information 	<p>Mandatory expansion</p> <ul style="list-style-type: none"> 2020: 51,000 people 2020: \$25.7 million (GF) <p>Optional expansion</p> <ul style="list-style-type: none"> Utah considering No deadline "Reversible" Cost depends on option H.B. 153 (2013) <ul style="list-style-type: none"> 2021: 160,100 people 2021: \$60 million (GF) <p>Enhanced federal funding</p> <ul style="list-style-type: none"> 100% 2014-16 Phases-down to 90% by 2020 <p>Federal requirements</p> <ul style="list-style-type: none"> <100% FPL would require special permission to receive enhanced match

What's happened already?

STAKEHOLDERS

Consumers	Employers	Insurers	Providers
<p>Individual mandate</p> <ul style="list-style-type: none">• Purchase insurance or pay tax (penalty)	<p>Employer Mandate</p> <ul style="list-style-type: none">• Offer insurance or make fair share payment (penalty); implementation postponed	<p>Comply with new plan requirements</p> <ul style="list-style-type: none">• Rate review• Medical Loss Ratio	<p>Primary care</p> <ul style="list-style-type: none">• Short-term enhanced Medicaid reimbursement
<p>Federal subsidies</p> <ul style="list-style-type: none">• Available in federal exchange if employer does not offer qualified coverage	<p>New Taxes, revenue</p> <ul style="list-style-type: none">• Indoor tanning• Medical devices• Branded drugs• Employer deductions eliminated or limited	<p>New ACA taxes</p> <ul style="list-style-type: none">• Health Insurers• High-cost plans	<p>Hospitals</p> <ul style="list-style-type: none">• Reduction in payments for low income and uninsured• Reductions in Medicare rates
<p>New taxes, revenue</p>			
<p>Uninsured rates</p>			

What's ahead?

1. Consider optional implementation decisions
2. Watch for impacts
3. Influence federal rulemaking
4. Continue Utah reform

What's ahead?

1. Consider optional implementation decisions

- **Medicaid expansion**
 - No deadline
 - Cost depends on design
 - Enhanced funding depends on timing and may depend on design
- **State-run risk adjustment program**
- **SHOP (Avenue H) employer size**
 - 2014: mandatory: 1 – 50
 - 2015: optional: 51 – 100
 - 2016: mandatory: 1 – 100
 - 2017: optional: 100+
- **ACA super waiver**
 - May implement in 2017 or later
 - State permitted to use alternate approaches to accomplish ACA objectives
- **Basic Health Program**
 - May implement in 2015 or later
 - State-developed option for 139% – 200% FPL, using federal subsidy monies
 - Could be designed to reduce “churning” between Medicaid and private coverage

What's ahead?

2. Watch for impacts

IMPACTS

Consumers	Employers	Insurers	Providers
<p>Premiums</p> <ul style="list-style-type: none">• Subsidized plans• Unsubsidized plans <p>Uptake</p> <ul style="list-style-type: none">• Affordability• Pay vs. play• Employer offers <p>Consumerism</p> <ul style="list-style-type: none">• Distinguishing real differences in value	<p>Insurance offering rates</p> <ul style="list-style-type: none">• Exchange crowd-out• Medicaid crowd-out• ESI crowd-in• Affordability <p>ACA avoidance behavior</p> <ul style="list-style-type: none">• Use of stop-loss arrangements• Use of non-QHPs• FTEs and hours <p>Taxes, revenue</p> <ul style="list-style-type: none">• Competitiveness and profitability	<p>Rates</p> <ul style="list-style-type: none">• Taxes, fees• Benefit changes• HIPUtah and Federal HIPUtah risk• Adverse selection <p>Plan design</p> <ul style="list-style-type: none">• EHB designs• Network adequacy <p>Viability</p> <ul style="list-style-type: none">• Adequacy of ACA risk mechanisms <p>Participation and Competition</p> <p>Broker participation</p>	<p>Primary care</p> <ul style="list-style-type: none">• Availability• Expiration of 2013 – 14 enhanced Medicaid reimbursement <p>Hospital payments</p> <ul style="list-style-type: none">• Reduction in payments for low income and uninsured• Reduction in Medicare reimbursement

What's ahead?

3. Influence federal regulations

- Preserve no-data-reporting requirement for SHOP (Avenue H)
- Preserve state flexibility in new essential health benefits definition for 2016
- Influence other rulemaking

*Recodify Utah Insurance Code when appropriate to reflect federal regulations.

What's ahead?

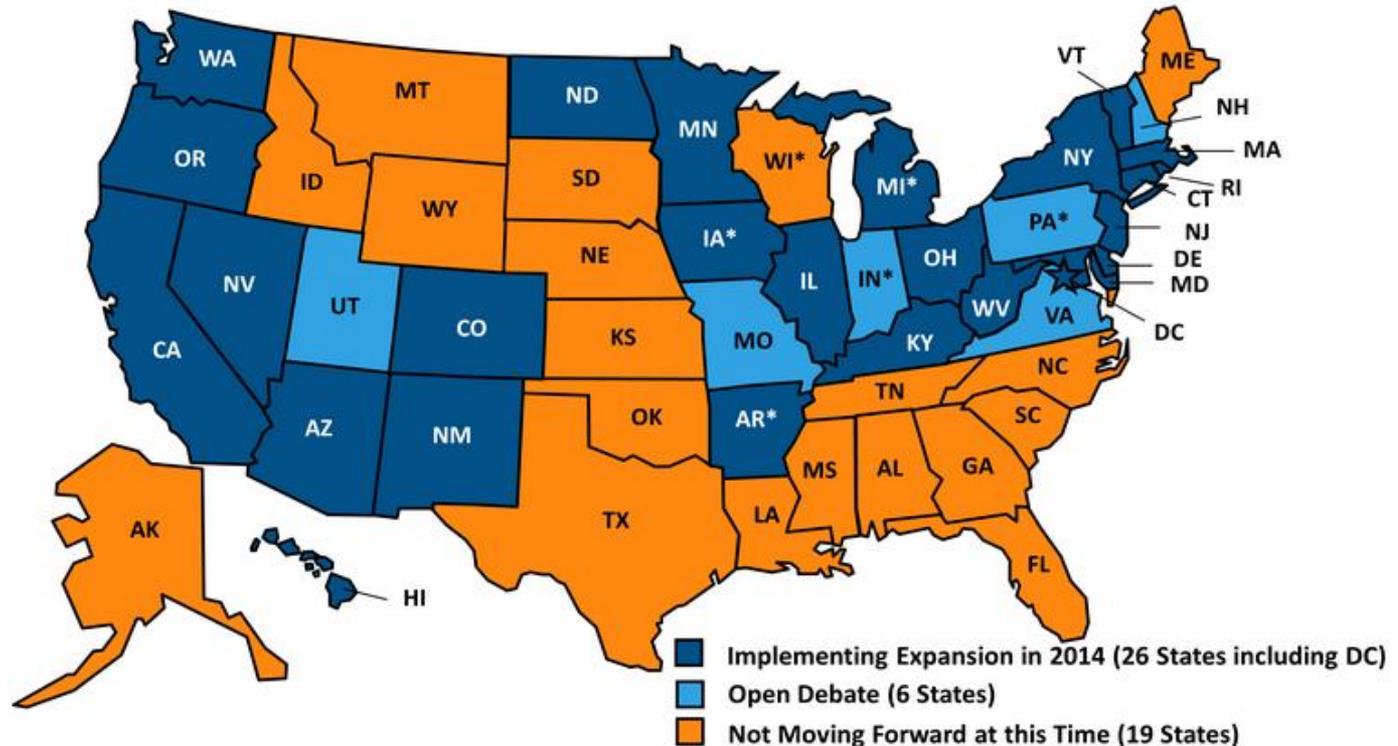
4. Continue Utah reform

- Payment and delivery reform (value vs. volume)
- All-payers health insurance claims database
 - Risk adjustment
 - Cost and quality reports
 - Pay-for-value systems
- Integration of physical and behavioral health services in Medicaid
- Charity care system
- PEHP, Medicaid as vehicles for pilot programs and other new developments
- Enhance consumerism
- Other value and cost containment strategies

Related Information

Medicaid Expansion

Current Status of State Medicaid Expansion Decisions, 2014



NOTES: Data are as of January 28, 2014. *AR and IA have approved waivers for Medicaid expansion; MI has an approved waiver for expansion and plans to implement in Apr. 2014; IN and PA have pending waivers for alternative Medicaid expansions; WI amended its Medicaid state plan and existing waiver to cover adults up to 100% FPL, but did not adopt the expansion.

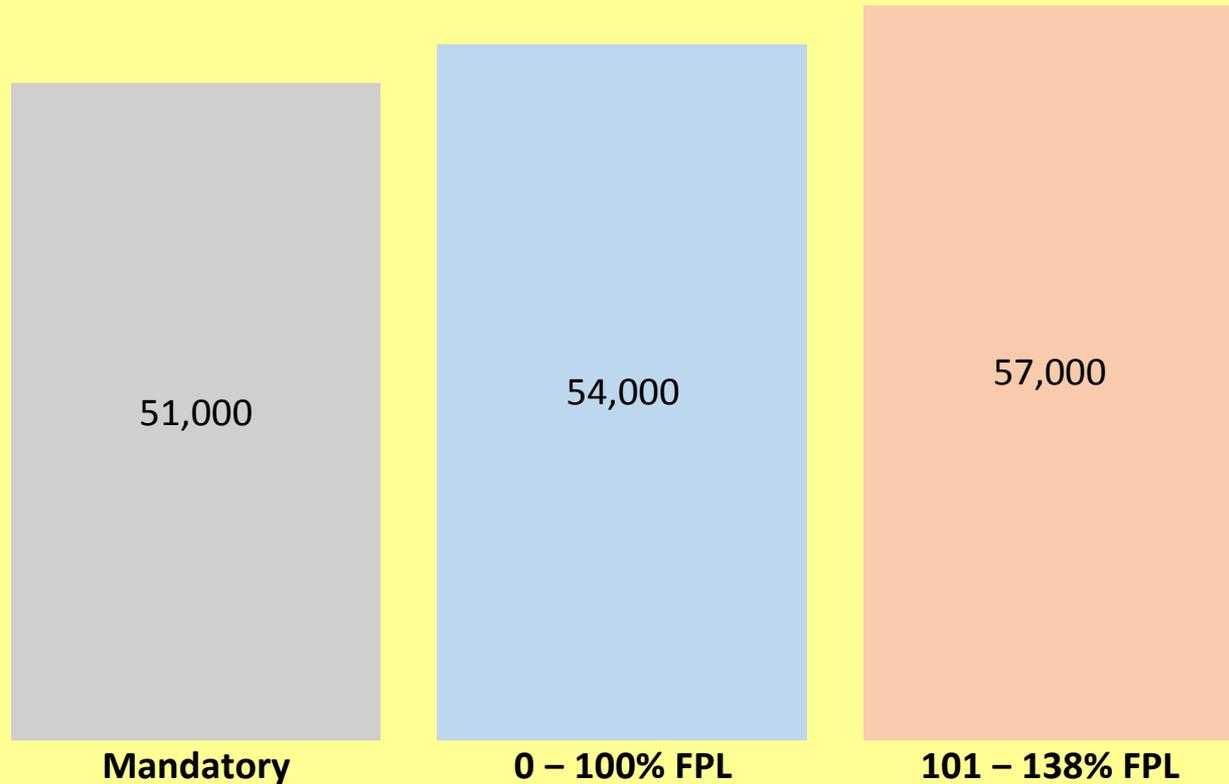
SOURCES: States implementing in 2014 and not moving forward at this time are based on data from CMS [here](#) States noted as "Open Debate" are based on KCMU analysis of State of the State Addresses, recent public statements made by the Governor, issuance of waiver proposals or passage of a Medicaid expansion bill in at least one chamber of the legislature.



Source: <http://kaiserfamilyfoundation.files.wordpress.com/2014/01/current-status-of-the-medicaid-expansion-decisions-healthreform.png>, 2/8/14.

Medicaid Expansion

Number of Uninsured
Covered by Three Medicaid Expansions



Source: Utah Department of Health.

Poverty Guidelines

2014 Federal Poverty Guidelines						
Size of Household	Percentage of Federal Poverty Level					
	100%	138%	200%	250%	300%	400%
1	\$11,670	\$16,105	\$23,340	\$29,175	\$35,010	\$46,680
2	\$15,730	\$21,707	\$31,460	\$39,325	\$47,190	\$62,920
3	\$19,790	\$27,310	\$39,580	\$49,475	\$59,370	\$79,160
4	\$23,850	\$32,913	\$47,700	\$59,625	\$71,550	\$95,400
5	\$27,910	\$38,516	\$55,820	\$69,775	\$83,730	\$111,640
6	\$31,970	\$44,119	\$63,940	\$79,925	\$95,910	\$127,880
7	\$36,030	\$49,721	\$72,060	\$90,075	\$108,090	\$144,120
8	\$40,090	\$55,324	\$80,180	\$100,225	\$120,270	\$160,360
9	\$44,150	\$60,927	\$88,300	\$110,375	\$132,450	\$176,600
10	\$48,210	\$66,530	\$96,420	\$120,525	\$144,630	\$192,840
11	\$52,270	\$72,133	\$104,540	\$130,675	\$156,810	\$209,080
12	\$56,330	\$77,735	\$112,660	\$140,825	\$168,990	\$225,320

Source: Based on 2014 Federal Poverty Guidelines, U.S. Department of Health and Human Services, <http://aspe.hhs.gov/poverty/14poverty.cfm>, 2/10/14.

Poverty Guidelines

		Number of people in your household					
		1	2	3	4	5	6
Private Marketplace health plans	You may qualify for lower premiums on a Marketplace insurance plan if your yearly income is between...	\$11,670 - \$45,960	\$15,730 - \$62,040	\$19,790 - \$78,120	\$23,850 - \$94,200	\$27,910 - \$110,280	\$31,970 - \$126,360
	<i>See next row if your income is at the lower end of this range.</i>						
	You may qualify for lower premiums AND lower out-of-pocket costs for Marketplace insurance if your yearly income is between...	\$11,670 - \$28,725	\$15,730 - \$38,775	\$19,790 - \$48,825	\$23,850 - \$58,875	\$27,910 - \$68,925	\$31,970 - \$78,975
Medicaid coverage	If your state is expanding Medicaid in 2014: You may qualify for Medicaid coverage if your yearly income is below...	\$16,105	\$21,707	\$27,310	\$32,913	\$38,516	\$44,119
	If your state isn't expanding Medicaid: You may not qualify for any Marketplace savings programs if your yearly income is below...	\$11,670	\$15,730	\$19,790	\$23,850	\$27,910	\$31,970

Source: HealthCare.gov, accessed at <https://www.healthcare.gov/how-can-i-save-money-on-marketplace-coverage-chart/>, 2/8/14.

ACA Federal Spending, Revenue

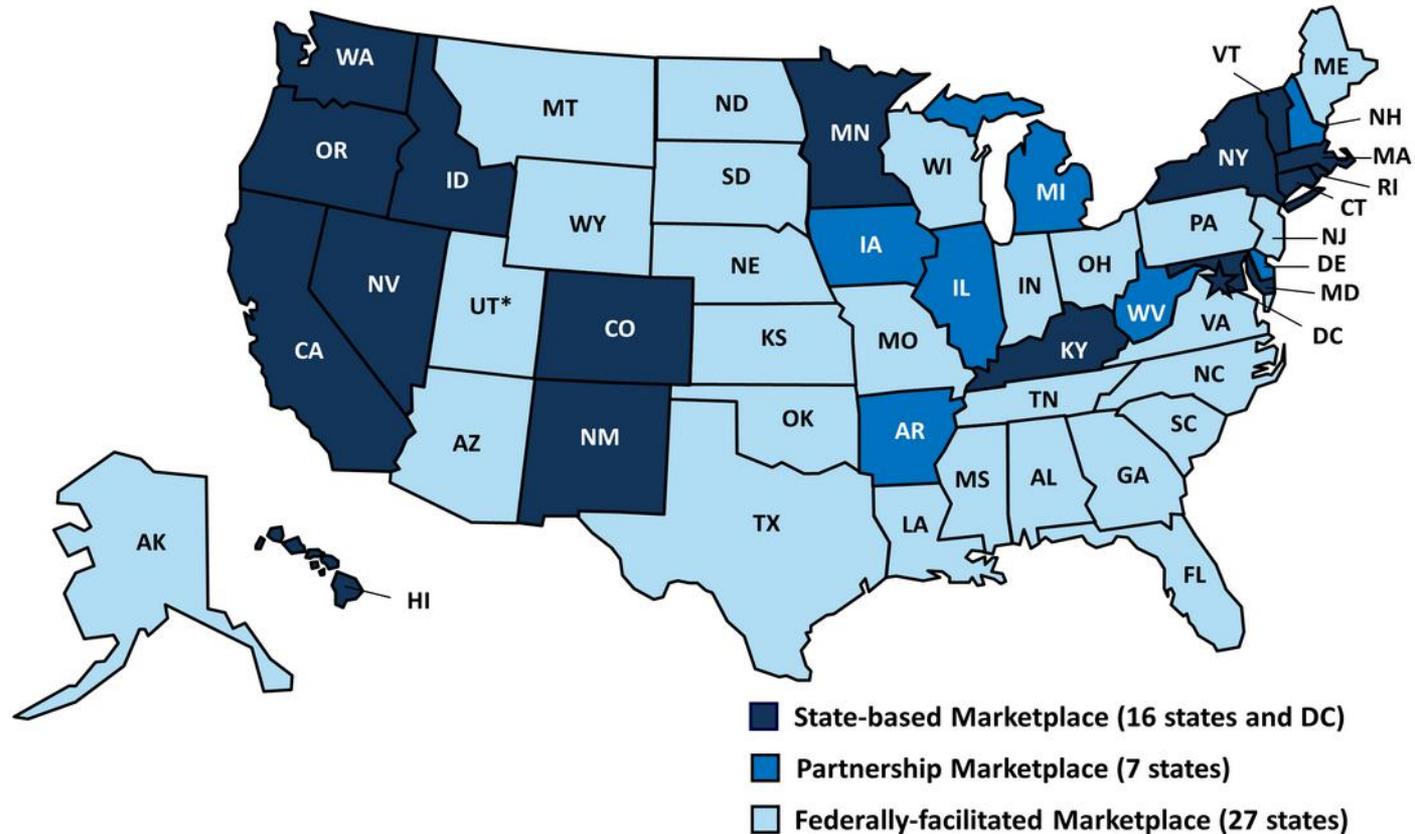
	2013-22 Annual Average	
FEDERAL SPENDING IN UTAH		
1. Health Insurance Exchanges		
a. Premium and Cost Sharing Subsidies	\$ 709,886,780	* More if no Medicaid expansion
b. Other	\$ 4,475,957	
2. Medicaid and CHIP---Coverage	\$ 575,608,070	* Less if no Medicaid expansion
3. Reinsurance & Risk Adjustment	\$ 158,448,878	
4. Other Medicaid/Medicare/CHIP		
a. Reductions in Annual Update to FFS Rates	\$ (371,504,431)	
b. MA Rates Based on FFS Rates	\$ (139,649,858)	
c. Medicare and Medicaid DSH	\$ (50,130,718)	
d. Other	\$ (102,051,820)	
5. Other	\$ 12,532,680	
NET SPENDING	\$ 797,615,537	
FEDERAL REVENUE FROM UTAH		
1. Coverage-related provisions		
a. Exchange Premium Tax Credits	\$ (198,732,491)	* More if no Medicaid expansion
b. Small Employer Tax Credits	\$ (17,903,828)	
c. Penalty Payments by Individuals	\$ 49,235,527	
d. Penalty Payments by Employers	\$ 94,890,288	
e. Excise Tax on High-premium Plans	\$ 99,366,245	
f. Associated Effects of Coverage Provisions on Tax Revenues	\$ 193,361,342	
g. Reinsurance and Risk Adjustment Collections	\$ 164,715,218	
2. Other Provisions	\$ -	
a. Fees on Certain Manufacturers and Insurers	\$ 147,706,581	
b. Additional Hospital Insurance Tax	\$ 284,670,865	
c. Other Revenue Provisions	\$ 77,881,652	
NET REVENUE	\$ 895,191,400	

Figures other than those asterisked would also vary due to Medicaid expansion decisions

Source: Congressional Budget Office, Letter to the Honorable John Boehner on the direct spending and revenue effects of H.R. 6079, "Repeal of Obamacare Act", July 24, 2012. Accessed 2/10/14 at http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CDOQFJAA&url=http%3A%2F%2Fwww.cbo.gov%2Fsites%2Fdefault%2Ffiles%2Fcbfiles%2Fattachmentsh%2F43471-hr6079.pdf&ei=XiH6UuXXkajL2QXoh4DYCA&usq=AFQjCNE0A8oPaibI2gahPxi3c5M-5E19RQ&sig2=Esmih_tokqAD9zVVPRh5FA&bvm=bv.61190604,d.b2l. Figures calculated by prorating 2013-22 national totals to Utah according to April 1, 2010, population estimates (http://www.census.gov/popest/data/historical/2010s/vintage_2011/index.html) and dividing by 10.

Marketplace Model

State Health Insurance Marketplace Decisions, 2014



* In Utah, the federal government will run the marketplace for individuals while the state will run the small business, or SHOP, marketplace.

SOURCE: State Decisions For Creating Health Insurance Marketplaces, 2014, KFF State Health Facts: <http://kff.org/health-reform/state-indicator/health-insurance-exchanges/>.

Source: <http://kff.org/health-reform/slide/state-decisions-for-creating-health-insurance-exchanges/>, 2/10/14.

Maximum Exchange Premium

Preliminary Subsidy Charts



Available in Individual Exchange Marketplace Only

Maximum Monthly Premium For Silver Coverage after Subsidy Applied

Not Eligible for Subsidy:

- Medicaid & Medicare eligible
- Those eligible for *affordable* group coverage.
- Undocumented residents

Source: UC Berkeley Calculator

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Annual Household Income	Persons in Family/Household							
	1	2	3	4	5	6	7	8
10,000								
15,000	TBD							
20,000	\$89	TBD	TBD					
25,000	\$149	\$98	TBD	TBD				
30,000	\$215	\$156	\$108	TBD	TBD			
35,000	\$277	\$216	\$161	\$119	TBD	TBD	TBD	
40,000	\$317	\$282	\$221	\$169	\$128	TBD	TBD	TBD
45,000		\$353	\$283	\$228	\$178	\$135	TBD	TBD
50,000		\$396	\$350	\$287	\$234	\$189	\$143	TBD
55,000		\$436	\$420	\$351	\$295	\$242	\$199	\$151
60,000		\$475	\$475	\$417	\$354	\$301	\$250	\$210
65,000			\$515	\$486	\$418	\$360	\$307	\$259
70,000			\$555	\$554	\$485	\$421	\$368	\$314
75,000			\$594	\$594	\$553	\$486	\$428	\$373
80,000				\$633	\$626	\$553	\$488	\$433
85,000				\$673	\$673	\$620	\$554	\$492
90,000				\$713	\$713	\$682	\$620	\$555
95,000					\$752	\$752	\$688	\$621
100,000					\$792	\$792	\$754	\$688
105,000					\$831	\$831	\$831	\$755
110,000						\$871	\$871	\$825
115,000						\$910	\$910	\$898
120,000						\$950	\$950	\$950
125,000							\$990	\$990
130,000							\$1,029	\$1,029
135,000							\$1,069	\$1,069
140,000								\$1,109
145,000								\$1,149
150,000	TBD							\$1,189
155,000								\$1,228
160,000								

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