

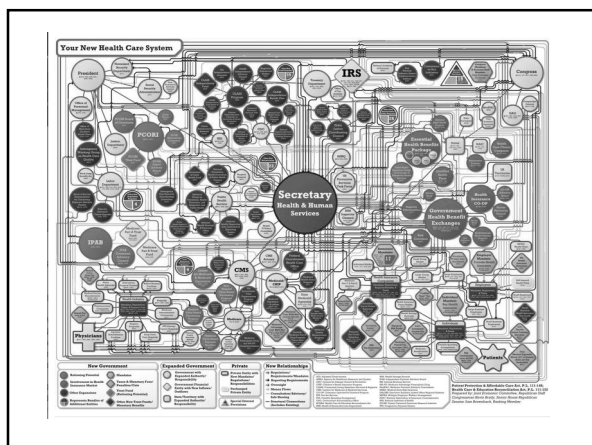
**Affordable Care Act
Overview**

**Satellite Conference and Live Webcast
Friday, January 15, 2016
12:00 – 1:30 p.m. Central Time**

Produced by the Alabama Department of Public Health
Video Communications and Distance Learning Division

Faculty

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ACA

- **Adopted March 2010 on a straight party line vote**
- **Based on Romneycare, a health care plan devised by the Heritage Foundation and adopted by the Commonwealth of Massachusetts when it had a Republican Governor and a legislature controlled by Democrats**

ACA

- **Full implementation on January 1, 2014, but some features were implemented earlier and others delayed**

Basic Elements

- **Three Legged Stool - Insurance Reforms, Subsidies, Mandate**
- **Marketplace Exchanges - Individual and Small Group Markets**
- **Large Employers - Pay or Play**
- **Medicaid Expansion – NFIB v. Sebelius (2012)**

“The Three Legged Stool”

- **Insurance Market Reforms**
- **Individual Mandate**
- **Premium and Cost Sharing Subsidies**

Insurance Market Reforms

- **Three Market Segments:**
 - **Individual**
 - **Small Group**
 - **Large Group**

Insurance Market Reforms

- **Some of the reforms apply to all three segments of the private insurance market - individual, small group, and large group**
- **Some reforms apply only to plans offered in the individual and small group markets**

Insurance Market Reforms

- **In the group market, some reforms do not apply to self - insured plans**
- **Most reforms do not apply to plans with ‘grandfathered’ status**

Insurance Reforms

- **Guaranteed issuance and renewal**
- **Pre - existing conditions covered**
- **No caps - lifetime or annual**
- **Adjusted community rating**

Essential Health Benefits

- **Small Group and Individual Market policies must include at least the following ten items and service:**
 - **Outpatient Care**
 - **Trips to Emergency Room**
 - **Treatment in the hospital for inpatient care**
 - **Maternity and newborn care**

Essential Health Benefits

- Mental health and substance use disorder services, including behavioral health treatment, counseling and psychotherapy
- Prescription drugs
- Rehabilitative services and devices to including physical and occupational therapy, speech therapy, etc.

Essential Health Benefits

- Laboratory services
- Preventive services including counseling, screenings, and vaccines and chronic disease management
- Pediatric services, including dental and vision care

Preventive Services

- All non - grandfathered private health plans including self - insured plans are required to provide coverage for preventive services including certain screenings and immunization without cost sharing

Preventive Services

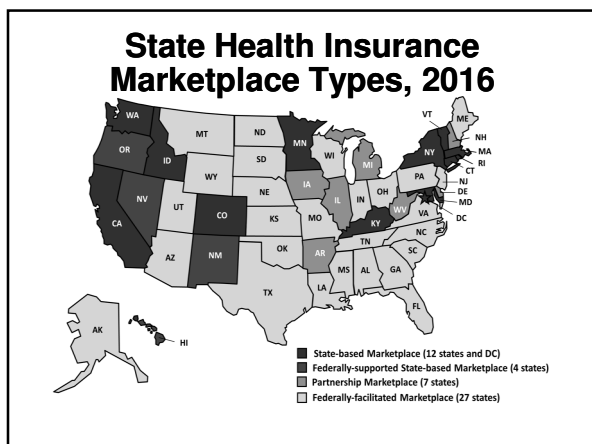
- The required preventive services are evidence-based and come from recommendations made by four expert medical and scientific bodies
- For women preventive coverage includes Contraceptives, EC (including Ella) and sterilization

Qualified Health Plans

- Certified by the Health Insurance Marketplace and offered in the individual and small group markets
- Provide essential health benefits
- Follow established limits on cost-sharing (like deductibles, copayments, and out - of - pocket maximum amounts)

Marketplace Exchanges

- States were supposed to establish exchanges to facilitate purchase of “qualified health plans” by individuals and small businesses from private insurers
- But several state refused so Federal Government set up many of the exchanges



- ### Marketplace Exchanges
- **Qualified health plans (QHPs) are available in the individual and small group markets on the exchanges during annual enrollment periods or after qualifying events**
 - **Individuals may also purchase QHPs outside of exchanges but no subsidies are available**

Metallic Plans

QHPs must provide plan designs consistent with actuarial values

Costs covered by a plan	Platinum	90% actuarial value	Premiums paid by consumer
	Gold	80% actuarial value	
	Silver	70% actuarial value	
	Bronze	60% actuarial value	

- ### Catastrophic Coverage
- **High Deductible – Can be coupled with HSA**
 - **Annual Limit on out - of - pocket costs: \$6,600 for individual; \$13,200 for family**
 - **Outside deductible it includes 3 annual primary care visits**
 - **Lower premium**

- ### Catastrophic Coverage
- **Only available for those age < 30 or with hardship exemptions**
 - **No premium or cost sharing subsidies available**

- ### AL Marketplace Exchange 2015
- **171,641 consumers selected or were automatically re - enrolled in quality, affordable health insurance coverage through the Marketplace as of February 22**
 - **Nationwide, nearly 11.7 million consumers selected a plan or were automatically enrolled in Marketplace coverage**

AL Marketplace Exchange 2015

- 89 percent of Alabama consumers who signed up qualified for an average tax credit of \$266 per month
- 70 percent of Alabama Marketplace enrollees obtained coverage for \$100 or less after any applicable tax credits in 2015, and 90 percent had the option of doing so

AL Marketplace Exchange 2015

- In Alabama, consumers could choose from 3 issuers in the Marketplace in 2015 – up from 2 in 2014
- Alabama consumers could choose from an average of 17 health plans in their county for 2015 coverage – up from 6 in 2014

AL Marketplace Exchange 2015

- 59,980 consumers in Alabama under the age of 35 are signed up for Marketplace coverage (35 percent of plan selections in the state)
 - And 54,839 consumers 18 to 34 years of age (32 percent of all plan selections) are signed up for Marketplace coverage

AL Marketplace Exchange Enrollment 2016

- 169,596 people had enrolled in private plans through the Alabama exchange by December 19, 2015, including most of the exchange's eligible auto – renewals

AL Marketplace Exchange Enrollment 2016

- There were still six weeks left in the 2016 open enrollment period, and Alabama's exchange had already enrolled nearly as many people as they enrolled in the entire three - month open enrollment period a year earlier (171,641 enrolled in 2015)

AL Marketplace Exchange Enrollment 2016

- Open enrollment continues until January 31
 - Enrollments completed by January 15 will have coverage effective February 1, while enrollments completed between January 16 and January 31 will have coverage effective March 1

AL Insurance Marketplace 2015

- “Alabama consumers will see more competition when the health insurance marketplace opens next month for its second year. United Healthcare took a cautious approach to the marketplaces the first year and chose not to participate in most states, including staying out of Alabama’s federally operated exchange. It decided to jump into Alabama and other states for the second year, and it plans to offer policies in all 67 Alabama counties, regulators said.

AL Insurance Marketplace 2015

- In the first year, Alabama’s largest health insurance provider, Blue Cross and Blue Shield of Alabama, was the only company offering plans in all 67 counties. It will be back for the second year in all counties. Humana offered policies the first year in Jefferson, Shelby and Madison counties and will do the same for the second year, said Mark Fowler, spokesman for the state Insurance Department.”

United Healthcare to Join Alabama Health Insurance Exchange, Insurance Journal, October 2014

AL Insurance Marketplace 2016

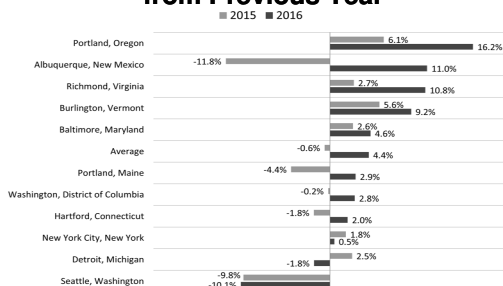
- “In the individual market, Blue Cross Blue Shield of Alabama and UnitedHealth Group will offer statewide coverage through the state’s federally run exchange. No new carriers have applied to sell coverage through the exchange, says Mark Fowler, chief of staff for the Alabama Dept. of Insurance. According to CMS, the Alabama Blues plan requested a 27% rate increase for its Value Silver individual plan and a 54% increase for its Blue Access Gold plan.

AL Insurance Marketplace 2016

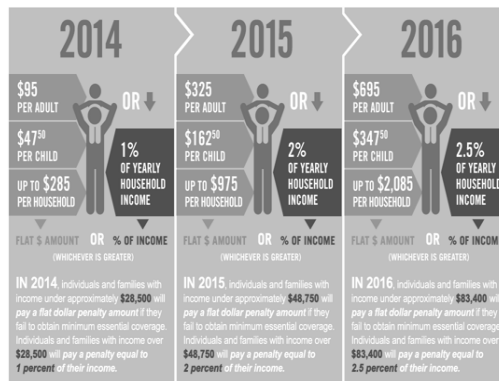
- The insurer also requested a 71% increase for its platinum-tiered plan. For its small-group plans, the Blues plan requested an average increase of 14%. Rate increases will affect 175,000 members, according to the filing. UnitedHealth Group requested a 24.5% average rate hike for its off-exchange individual plans, according to CMS data.”

AIS, June 2015, <https://aishealthdata.com/news/nearly-all-exchange-participants-have-applied-continue-2016>

Silver Premium Percent Change from Previous Year



Second-lowest priced silver plan change, in a major city in 10 states and the District of Columbia, where 2016 data are available



Individual Mandate Exemptions

- Financial hardship
- Religious objections
- Member of Health Care Sharing Ministry
- Indian Tribes
- Short coverage gap < 3 months
- Undocumented immigrants

Individual Mandate Exemptions

- Incarceration
- Affordability: Those for whom the lowest cost plan option > 8% income
- Those with incomes < tax filing threshold
- Hardship

Premium Subsidies to Individuals

- Sliding scale limiting premiums to % of income
 - Up to 133 %-2%
 - 133-150% FPL: 3 – 4%
 - 150-200% FPL: 4 – 6.3%
 - 200-250% FPL: 6.3 – 8.05%
 - 250-300% FPL: 8.05 – 9.5%
 - 300-400% FPL: 9.5%

Alabama Average Second-Lowest Cost Silver Premium: 40-Year-Old Non-Smoker with \$30,000 Income

- 2015: \$264 before tax credit; \$208 after tax credit
- 2016: \$288 before tax credit; \$206 after tax credit

Alabama: Reduction in Monthly Premiums from Advance Premium Tax Credit

- Total Number of Individuals with a Plan Selection: 142,525 (as of 1-30-15)
- Percent of Plan Selections with APTC: 89%
- Average Monthly Premium before APTC: \$360
- Average Monthly APTC: \$268
- Average Monthly Premium After APTC: \$92
- Average Percent Reduction in Premium after APTC: 75%

Cost - Sharing Subsidies

- Reduces out of pocket maximum in silver plan for households with incomes 100 - 250% FPL
- Increases actuarial value of silver plan for households with incomes of 100 - 250% FPL
 - 100 - 150% FPL : 94%
 - 150 - 200% FPL : 87%
 - 200 - 250% FPL : 73%

Large Employers

- Beginning in 2016, employers with more than 50 FTEs are subject to employer shared responsibility payment provisions
- If employer fails to offer “minimum essential coverage” to 95 percent of its FTEs and one FTE receives a subsidy through the exchange, then employer will be assessed \$2000 per full time employee (excluding first 30 employees)

Large Employers

- If Employer offers “minimum essential coverage”, but the coverage not “affordable” or fails to provide “minimum value” and one fulltime employee receives subsidy, employer will be assessed the lesser of \$3000 for each employee receiving a subsidy or \$2000 per full time employee (excluding first 30 employees)

Small Employers

- < 50 FTEs
 - Not required to provide coverage or make contributions to coverage provided through exchanges
 - If purchase coverage outside or through exchange, then subject to adjusted community rating (ACR) and EHBs unless “grandfathered”

Incentives for Employers to Self-Insure

- Self insured plans not subject to EHBs and Adjusted Community Rating (ACR)
- For plan years beginning in 2016, the Affordable Care Act (ACA) expands the definition of small groups for rating purposes to include firms with up to 100 FTEs

Incentives for Employers to Self-Insure

- Beginning in 2016 fully insured plans for groups of 51-100 employees will be subject to EHB and ACR requirements but employers could avoid the impact of these requirements by shifting to self insurance

Incentives for Employers to Self-Insure

- Fully insured large group plans (>100 FTEs) are not currently subject to EHB requirement and ACR but this could change in 2017 if States open up Exchanges to large employer groups

Cadillac Tax - PPACA

- Beginning in 2018 Imposes 40% tax on the value of ESHI plans that exceeds these thresholds: >\$10,200 single coverage and \$27,500 for family coverage
- Threshold pegged to CPI but health insurance costs have historically increased at a rate > CPI
- Over time more plans will be subject to Cadillac tax

Medicaid Expansion

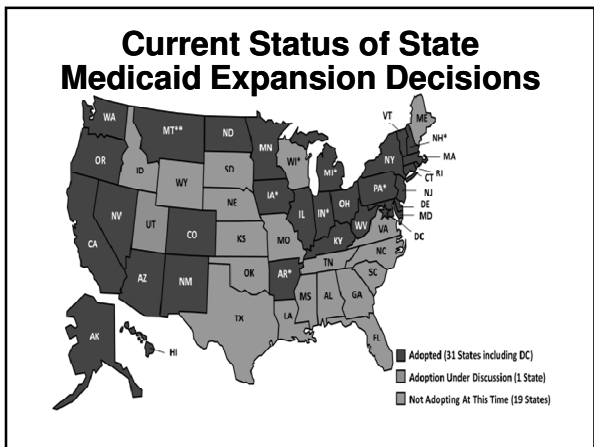
- Expands Medicaid eligibility to all <age 65 w/ incomes below 133% FPL (actually 138% because of 5% income disregard)
- All newly eligible adults to get at least essential benefits package

Medicaid Expansion

- Increased Federal Funding for Medicaid Expansion
 - 2014 - 2016 - 100%
 - 2017 - 95%
 - 2018 - 94%
 - 2019 - 93%
 - > 2020 - 90%

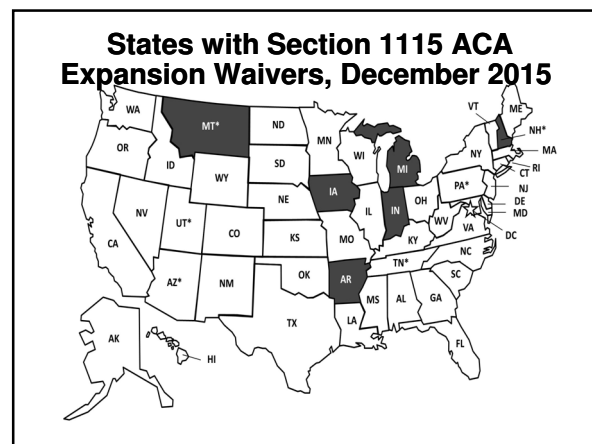
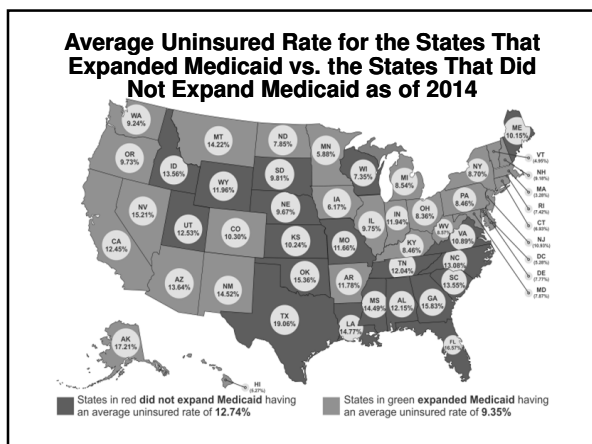
Medicaid Expansion

- Governors in several states including Alabama have rejected Medicaid expansion
- Some states have expanded under section 1115 waivers



Alabama Uninsured Rate

- Alabama’s uninsured rate dropped 2.6 percentage points following the 2014 Obamacare open enrollment period, falling to 15.1 percent from 17.7 percent as of mid - 2014 survey
- The 2.6 point drop is slightly above the average decrease seen in other states that did not expand Medicaid and relied on FFM



Impact of Medicaid Expansion in Alabama

- “We provide estimates of the number of new expansion enrollee, the costs of the coverage expansion to state and federal governments, the impact of the expansion on the Alabama economy and budgetary impact on the state during the first seven years of the program (2014-2020). Using our ‘intermediate’ scenario we project that a coverage expansion would reduce the state’s uninsured population by approximately 232,000 individuals while generating \$20 billion in new economic activity and a \$935 million increase in net state tax revenues.”

Medicaid Eligibility Requirements in Alabama - 2015

Age	Other Characteristics	Either one of these Criteria	
		Income	Disability Status
0-18	Not otherwise insured	below 146% FPL	Eligible for Federal Supplemental Security Income due to low family income and verified disability
19+	Female, while pregnant, not otherwise insured	below 146% FPL	Eligible for Federal Supplemental Security Income due to low family income and verified disability
19+	Parent or caregiving relative to child on Medicaid, not otherwise insured	below 11% FPL (based on state guidelines for income supplementation (welfare))	
19-55	Male and female, Family planning only, not otherwise insured	below 146% FPL	

Alabama Medicaid Expansion

- “Is Gov. Robert Bentley nudging closer to expanding Medicaid under the Affordable Care Act? Listen to what the governor said Tuesday when asked the question. ‘You know I wouldn’t say nudging toward it,’ said Bentley. ‘But we are certainly looking at that; not right now. We are not at that stage right now...’ Bentley has been personally involved in negotiations with the Department of Health and Human Services Secretary Sylvia Mathews Burwell about the ACA and waivers the state is seeking from some requirements of the law.”

Charles J. Dean, Is Gov. Robert Bentley nudging toward expanding Medicaid?, AI.com, Oct. 20, 2015

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