Affordable Care Act: What to Expect for Older Adults and People with Disabilities

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What we’ll cover

- Background on ACA
- How the law affects your clients with Medicare & Medicaid, and those without insurance
- Medicaid expansion
- Health Insurance Exchanges
- What this means for you and your clients
- Resources
40% of Americans are Confused

- Kaiser Poll: “Six Months Before Open Enrollment Begins, Many Americans Remain Unaware of, or Confused about, the ACA”
  - 7% - Supreme Court overturned it
  - 12% - Congress repealed it
  - 23% - Don’t know
A little background

- Affordable Care Act (ACA) signed into law on March 23, 2010

- Key components of ACA are designed to:
  - Strengthen consumers’ health care choices and protections
  - Offer a wide-range of coverage options
  - Make health care affordable and accessible for all Americans

- Many changes, varying effective dates, bigger components in place by 2014
Supreme Court ruling – What about it?

- After health reform law was passed, 26 states filed a lawsuit against:
  - Individual Mandate
  - Medicaid Expansion

- On June 28, 2012, the Supreme Court:
  - Upheld that individual mandate is not unconstitutional
  - However, States cannot be “coerced” (lose current Medicaid funding) into expanding Medicaid
ACA - Implementation and Challenges

• ACA – survived the Supreme Court and the election
• More legal challenges ahead
• More political challenges
  • CLASS Act (provided for national voluntary LTC insurance program)
    • Not implemented by Administration
    • Repealed and replaced with LTC Commission
  ▪ Budget Woes
How ACA affects your clients with Medicare

- Closes Part D Coverage Gap:
  - In 2010, began with $250 rebate check
  - Increasing discounts and plan payments until 2020
  - Nearly 6 million people already saved over $5 billion on drugs in coverage gap

- Starting with the 2012 plan year, moved and extended annual Part D and Medicare Advantage open enrollment period (Oct 15-Dec 7)

- As of 2011, provides new and free preventive benefits under Medicare, including Annual Wellness Visit
  - To date, 34.1 million beneficiaries took advantage of one or more free preventive services
New Delivery Systems/New Acronyms

- Independent Payment Advisory Board (IPAB)
- Innovations in models of health care delivery
  - Accountable Care Organizations (ACOs)
  - Independence at Home
  - Bundled Payments
- Penalties for hospital readmissions
  - Hospitals payments reduced for readmissions within 30 days of discharge for certain conditions
How ACA affects your clients with Medicare and/or Medicaid

- Tests new models for better care, better coordination of services ([www.innovations.cms.gov](http://www.innovations.cms.gov))
  - In 2011, CMS awarded 15 states design contracts up to $1 million to develop integrated service and delivery payment models
  - 26 states submitted proposals to align the financing and benefits of the two programs under two models. Several have withdrawn proposals.
  - Six states have signed MOUs with CMS to move forward

- Give states more flexibility to offer Home and Community Based Services (HCBS)
The current state of the states: Demonstration proposals

State demonstration proposals to integrate care and align financing for dual eligible beneficiaries, May 2013

- MOU signed with CMS to implement demonstration (6 states)
- Proposal pending with CMS (15 states and WA's capitated proposal)
- Proposal submitted, will not pursue financial alignment but may pursue other administrative or programmatic alignment (2 states)
- Proposal withdrawn (3 states)
- Not participating in demonstration (24 states and DC)
How ACA affects those in need of insurance

- As of July 2010, establishes Pre-Existing Condition Insurance Plan (PCIP), helps people that could not get insurance due to pre-existing conditions

- Allows states option to expand Medicaid to those not traditionally covered beginning as soon as 2010

- For 2014, individuals must obtain health insurance or pay a penalty. Establishes the Health Insurance Exchanges (Marketplaces)

- And more (see www.healthcare.gov for complete list)
Medicaid Expansion – What’s happening?

- Will cover many of those not previously eligible:
  - Ages 19-64 and
  - Income under 138% (133% with a 5% disregard) of federal poverty level (FPL)
  - No resource test
  - Does not cover undocumented immigrants

- Federal government pays 100% of expansion for 2014-2016; phased down to 90% by 2020

- By 2019, Medicaid expansion estimated to cover ~16 million people who otherwise would be uninsured
Which states chose to expand?

Source: NASUAD’s Medicaid Expansion Tracker
Health Insurance Marketplaces (Exchanges) – What are they?

- Marketplaces available both for individuals and small employers
- One-stop shopping – single application for Exchange, Medicaid, and CHIP
- Affordable options for people with limited income (tax credits, reduced cost-sharing)
- Can’t be denied insurance even with pre-existing conditions (Guaranteed Issue)
  - Premiums can only vary by family size, geographic location, tobacco use and age, not by health status.
- Standard offering of health benefits (“Essential Health Benefits”)
Subsidies for Premiums and Cost-sharing

- There is a tax credit/subsidy to help lower the premiums for people with low and modest incomes who purchase insurance on the “exchanges.”
- Financial assistance to pay premiums is provided to individuals with incomes between 100 to 400% of FPL
- Financial assistance to pay other cost-sharing between 100 to 250% of FPL
  - But only for “silver” level plans
Question

• What happens to individuals who:
  • Are not currently eligible for Medicaid,
  • Live in a state that did NOT expand Medicaid to 138% of poverty,
  • And whose income is not 100% of FPL and therefore not eligible for the tax credit/subsidy?

Answer: They may not be eligible for either Medicaid or the subsidy.
How are the Exchanges (Marketplaces) run?

- **Exchanges (aka Marketplaces):**
  - Must be a government agency or non-profit
  - Must serve both individual and businesses
  - Can form regional Exchanges, or have multiple exchanges operating in one state

- **States can choose from three models:**
  - State-based exchange
  - State-federal partnership
  - Federally-facilitated exchange (FFE)
Exchange models

- **State-based exchange**
  - State runs its own exchange
  - May have an Exchange Board to settle on policy decisions (i.e., model type, benefits package, IT structure, contracts)

- **State-federal partnership**
  - State works with federal government, likely help with plan management functions such as certifying qualified health plans, oversight, etc.

- **Federally-facilitated exchange (FFE)**
  - Federal government ensures state has Exchange in place, will still need help from states
  - Default model if states do not choose a model by Feb 15, 2013
Health Exchange Status

State, Partnership, or Federal Health Insurance Exchange? Where States Stand So Far (as of May 10, 2013)

Key:
- Green: 16 states and DC have been conditionally approved for a state-based exchange
- Yellow: 7 states conditionally approved for a partnership exchange
- Red: 27 states will have a federal exchange

* UT will have a federally facilitated individual exchange and a state-run SHOP

KS, ME, MT, NE, OH, SD, and VA will take on additional plan management functions in a "Marketplace Plan Management" model

Sources:
- State Reform Exchange Governance Chart: http://statereform.org/exchange-governance-chart
- State Reform Exchange Blueprint Chart: http://www.statereform.org/exchange-blueprint-chart
- State Reform Exchange Policy Decisions Chart: http://statereform.org/exchange-policy-decisions-chart
Streamlined, Dynamic Application Process

- **Streamlined application can be used to apply for:**
  - Insurance through the Individual or SHOP Exchanges
  - Medicaid
  - SCHIP
  - http://www.cms.gov/CCIIO/Resources

- **Applications can be submitted:**
  - Online via the Exchange Website
  - Call Center
  - By Mail
  - In-Person

- **Information collected includes:**
  - Baseline information
  - Income information (for Medicaid or tax credits)
  - Program specific information
What Plans will be Available?

- Qualified health plan
- Required to offer uniform benefits package
- Scope of benefits: 10 “general” services
- Four levels of coverage: bronze, silver, gold and platinum

- Basic Health Plan: At state option for uninsured at 133% - 200% of FPL **DELAYED**
Penalty if don’t get insurance

- 2014 - $95 per adult ($47.50 per child) or 1% of family income, whichever is greater
  - up to $285 for a family
- 2015 - $325 per adult ($162.50 per child) or 2% of income, whichever is greater
  - up to $975 for a family
- 2016 and beyond - $695 per adult ($347.50 per child), or 2.5% of income, whichever is greater
  - up to $2,085 for a family
- No penalty if family income is below the threshold for filing tax return
Who will help consumers of the Exchanges?

- Exchanges will contract with **Navigators**
  - Similar to SHIP model – objective, trustworthy
  - Provides public education
  - States required to contract with at least two agencies/organizations, with one being a community-based partner
  - Receive grant funding by the Exchange

- Exchanges may also have **Assisters**
  - Only available for state-based and partnership exchanges, **not** federal facilitated exchanges
  - For example, brokers and agents can continue to help people with the health insurance marketplace and enroll in health plans

- Certified Application Counselors
Key Enrollment Dates through the Exchanges

- **Initial Open Enrollment Period:**
  - October 1, 2013-March 31, 2014
  - Coverage effective no sooner than January 1, 2014

- **Annual Open Enrollment Period (starting in 2015):**
  - October 15 – December 7, coverage effective following January 1

- **Also, Special Enrollment Periods (SEP) for exceptional situations**

*Note:* Medicaid & CHIP apps can go through the Exchange or through Medicaid offices, and anytime of the year
What might an Exchange website look like?

- Example, Colorado’s Exchange website at: www.getcoveredco.org
What does this mean for you and your clients?

- Still a lot unknown, stay tuned for updates

- Consider the benefits already in place, take advantage

- Be ready to explain the basics of health care reform, and how the law enhances their Medicare benefits
  - Urge clients to sign up for Medicare as soon as eligible unless they have employer coverage due to active employment

- Use online resources to stay up-to-date on changes, updates in your state
Resources

- Affordable Care Act and Health Exchanges status: [http://healthreform.kff.org/](http://healthreform.kff.org/)
- NASUAD: [www.nasuad.org/medicaid_expansion_tracker.html#WA](http://www.nasuad.org/medicaid_expansion_tracker.html#WA)
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