Overview of Health Reform Implementation

May 21, 2012

Cancer: Compelling Case for Health Reform

• No more compelling case for health reform than cancer treatment and survivorship
  – 12 million survivors in US
  – 1.6 million new cases of cancer diagnosed annually
  – Cancer survivors living longer
    • Need comprehensive follow-up care over longer period of time

Cancer: Compelling Case for Health Reform

• Impacts of cancer and its treatment difficult even for those with reasonable financial means and strong support network
  – 11 percent of all cancer patients under 65 are uninsured
    • Higher for those members of racial and ethnic minority groups
  – 1 in 4 struggle with under-insurance
Pre-ACA Health Care System

- ~ 50 million without coverage
- Unstable insurance markets with discrimination against persons needing health care
- Fragmented—care coordination often poor
- Weak individual market
- Challenges intensify for uneducated, poor, uninsured and underinsured

Patient Protection and Affordable Care Act (ACA)

- Will result in health insurance coverage for about 92% of Americans
  - reduces uninsured by 32 million
  - Increases Medicaid by 16 million
  - Health Insurance Exchanges will cover approximately 20 million

Where Are We Headed?

Estimated Health Insurance Coverage in 2019

<table>
<thead>
<tr>
<th>Coverage Status</th>
<th>Total Nonelderly Population</th>
<th>With Health Reform</th>
<th>Without Health Reform</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insured</td>
<td>282 million</td>
<td>99%</td>
<td>1%</td>
</tr>
<tr>
<td>Medicaid</td>
<td>11%</td>
<td>73%</td>
<td>27%</td>
</tr>
<tr>
<td>Premium Assisted Medicaid</td>
<td>12%</td>
<td>70%</td>
<td>30%</td>
</tr>
<tr>
<td>Other Premium Assisted</td>
<td>12%</td>
<td>75%</td>
<td>25%</td>
</tr>
<tr>
<td>Underinsured</td>
<td>57%</td>
<td>50%</td>
<td>50%</td>
</tr>
</tbody>
</table>

Source: Kaiser Family Foundation, March 20, 2012
New CBO Estimate Out
March 2012

- ACA new net cost just under $1.1 trillion (2012–2021)—about $50 billion less than March 2011 estimate
- Two million fewer enrollees in insurance exchanges
- Enrollment in Medicaid and CHIP slightly more than previously estimated

How Do We Get There?

- Individual responsibility
- Employer responsibility
- Insurance market reforms (individual and group markets)
- Exchanges (American Health Benefit, SHOP)
- Medicaid
  - Restructuring and expansion
- Medicare
  - Payment reform (specific reductions and the IPAB)
  - Delivery system reform
- Tax reforms

Shared Responsibility

- 2014: All individuals required to obtain coverage or pay a penalty unless they have a religious objection or face financial hardship
- 2014: Large employers (50+ employees) will be subject to fees if employees receive subsidized coverage through a health insurance exchange
Key Insurance Market Reforms (2010)

- Health plans may not place lifetime limits on coverage, rescind coverage, or deny coverage to children with pre-existing conditions.
- Dependent coverage to age 26
- Preventive services with no cost sharing (USPSTF, ACIP recommended immunizations, additional HRSA-recommended preventive care for women and children)
- Pricing transparency and medical loss ratio/rebates
- “Patient protections”
  - Non network ED coverage
  - Direct access to pediatric and ob-gyn services
  - Internal and external appeals

Key Insurance Market Reforms (2014)

- Adults with pre-existing conditions cannot be denied coverage or pay more based on their health status
- Rating limitations
  - Premium rates for qualified health benefits plan can vary by only a few factors and with limitations
- Prohibits insurers from dropping coverage because an individual participates in a clinical trial.
  - Prohibits denial for coverage of routine care that would otherwise be provided.
  - Applies to all clinical trials that treat cancer or other life-threatening diseases.
"Grandfathered" Health Plans

• Coverage in place on date of enactment exempt from some market reforms
• No significant changes in benefits and coverage or in premiums and cost-sharing
• Some market reforms do not apply to grandfathered plans (i.e. annual limits, preventive services, appeals, emergency services etc.)

Health Insurance Exchanges

• New market for individuals and small businesses/groups
• One stop shopping for insurance products that meet certain federal and state standards – Called "qualified health plans"
• Qualified health plans required to cover “essential benefits”
  – 10 broad benefit categories
  – Will reflect standard employer-sponsored plan—"typical employer coverage”

Health Insurance Exchanges

• Exchanges expected to assure quality of coverage, provide information and enrollment assistance, coordinate with Medicaid and calculate subsidy eligibility, among others
• Subsidies only in Exchanges
• State administered/federal default
  – Critical issues include: whether to operate at all; adverse selection; active purchaser vs. passive “shopping center”; geographic size (state vs. regional); Medicaid relationship; governance
Exchanges

• As of May 10, 2012, 10 states and the District of Columbia enacted legislation to establish state-based health insurance exchanges.
• Two states have established an exchange by executive order.
• Massachusetts and Utah passed laws prior to the enactment of the Affordable Care Act in March 2010.

Exchanges and EHB

• Several forms of guidance out from DOL, CCIIO and HHS on exchanges and EHB (see Table 4).
• Latest guidance May 16, 2012
  – General Guidance on Federally-facilitated Exchanges

Subsidies

• 2010: Tax credits for small employers
• 2010: Temporary high risk pools (pre-existing condition coverage) for people with pre-existing conditions
• 2014: Premium and cost-sharing subsidies for low and moderate income individuals and families; premium assistance for small employers purchasing Exchange products
**Medicaid**

- Fundamentally restructures Medicaid to cover all non-elderly, non-disabled citizens and legal US residents with family incomes below 133%
  - Primarily assists adults who have never had children or whose children are grown
- Benchmark coverage and preventive care for newly eligible persons
  - Benchmark coverage will resemble essential benefits package (approximation of employer coverage)

**Medicaid**

- Medicaid primary care payment raised to Medicare levels for two years
- Lacks elements found in insurance reforms
  - Clinical trials coverage not applicable to Medicaid (although could be coverage option for states)
  - Doesn't require coverage of preventive screening benefits for adults in “traditional” Medicaid eligibility categories
  - Creates gap in coverage for those most at risk of developing cancer

**Medicare**

- Sixty percent of cancer diagnoses occur among individuals age 65 or older
- Provides for annual wellness visit and personal prevention plan
- Expansion of preventive benefits classified as A or B by USPSTF as well as colorectal cancer screening
Delivery System and Quality

- Multi-payer, national quality improvement strategy
- First report to Congress delivered March 21, 2011
- Continued movement toward provider reimbursement tied to quality outcomes
- Demonstration projects on medical homes, gain sharing, medical liability, bundling, geographic payment variation, accountable care organizations

Delivery System and Quality

- Patient-Centered Outcomes Research Institute
  - Assists patient, clinicians and others with making informed decisions by identifying and analyzing national research priorities
  - FY 2012, direct appropriations of $150 million. FY 2013-2019, funding source sustained (trust fund plus per capita charges per enrollee from insurance plans)
  - Appointed Board of Governors

Controlling Costs

- Center for Medicare and Medicaid Innovation
- $5 million dollars for the design and implementation of models in FY 2010
- $10 billion funding for FY2011 through FY2019
- Numerous initiatives underway: ACOs, bundled payments, value-based purchasing
Controlling Costs

- New Independent Payment Advisory board with expanded powers (IPAB)  
  - $15 million funded for FY2012  
- High cost plans taxed at a higher rate  
- Increased scrutiny and control over health insurer cost increases

Public Health

- Sustained funding for prevention and public health (Prevention and Public Health Fund)  
  - $15 billion over 10 years  
  - Mandatory appropriation  
  - To invest in community prevention, core capacity and building the evidence  
- National Prevention and Health Promotion Strategy (and Council)

Other Important ACA Provisions and Progress to Date
Affordable Care Act

• Between date of enactment and September 1, 2019, more than 540 provisions of federal law go into effect
• Three primary implementing agencies: HHS, Labor and Treasury
• Tremendous discretion given to the respective agencies
• Subject to Congressional oversight and judicial review

Other Provisions

• Understanding Health Disparities
  – All Federally-funded health programs must collect and report data on race, ethnicity, sex, primary language and disability status
  • Oct. 2011: ASPE issued implementation guidance

Other Provisions

• National Center for Health Workforce Analysis
  – HRSA
  • $7.5 million through FY2014, Additional $4.5 million per year through FY2014.
• Medicare’s Shared Savings Program
  – Final rule released Oct. 20, 2011
  – 27 health systems selected
Other Provisions

• Hospital Readmissions Reduction Program
  – Reduces Medicare payment to hospitals with high readmissions for certain conditions
  – Final rule for FY 2012 released on Aug. 18, 2011

Examples of Regulatory Guidance

• Regulation on Pre-Existing Condition Insurance Plan (Issued by the Office of Consumer Information and Insurance Oversight)
• Request for Comment on Health Insurance Exchanges (Issued by the Office of Consumer Information and Insurance Oversight)
• Regulation on Consumers’ Right to Appeal Health Plan Decisions (Issued by the Office of Consumer Information and Insurance Oversight)
• Preventive Services: Regulations and Recommendations
• Patient’s Bill of Rights (Issued by the Office of Consumer Information and Insurance Oversight)
• Regulation on “Grandfathered” Health Plans under the Affordable Care Act (Issued by the Office of Consumer Information and Insurance Oversight)
• Dependent Coverage of Children Who Have Not Attained Age 26 (Issued by the Office of Consumer Information and Insurance Oversight)

Supreme Court
Constitutionality of Health Reform

- Is the individual requirement to maintain coverage a legitimate exercise of federal power?
- If unconstitutional, is the individual requirement severable?
- Is the Medicaid expansion unconstitutionally coercive?
- Does the Anti-Injunction Act bar consideration of the individual coverage requirement?
- Decision expected in June.

Most Elements Of Law Viewed Favorably By Majority Of Public; Exception: Individual Mandate

Next, I'm going to read you several elements of the health reform law. As I read each one, please tell me whether you feel very favorable, somewhat favorable, somewhat unfavorable, or very unfavorable about it.

<table>
<thead>
<tr>
<th>Element</th>
<th>Very Favorable</th>
<th>Somewhat Favorable</th>
<th>Somewhat Unfavorable</th>
<th>Very Unfavorable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Require easy-to-understand plan summaries</td>
<td>50%</td>
<td>35%</td>
<td>7%</td>
<td>11%</td>
</tr>
<tr>
<td>Guaranteed issue</td>
<td>45%</td>
<td>24%</td>
<td>11%</td>
<td>17%</td>
</tr>
<tr>
<td>Tax credits to small businesses</td>
<td>44%</td>
<td>25%</td>
<td>13%</td>
<td>10%</td>
</tr>
<tr>
<td>Mental illness coverage to individuals</td>
<td>32%</td>
<td>27%</td>
<td>11%</td>
<td>29%</td>
</tr>
<tr>
<td>No cost sharing for preventive services</td>
<td>31%</td>
<td>26%</td>
<td>15%</td>
<td>28%</td>
</tr>
<tr>
<td>Health plan decision appeals</td>
<td>30%</td>
<td>24%</td>
<td>12%</td>
<td>34%</td>
</tr>
<tr>
<td>Medicaid expansion</td>
<td>29%</td>
<td>24%</td>
<td>12%</td>
<td>34%</td>
</tr>
<tr>
<td>Medical loss ratio</td>
<td>28%</td>
<td>22%</td>
<td>13%</td>
<td>32%</td>
</tr>
<tr>
<td>Employer mandate/penalty for large employers</td>
<td>26%</td>
<td>19%</td>
<td>10%</td>
<td>45%</td>
</tr>
<tr>
<td>Increase Medicare penalty tax on upper income</td>
<td>26%</td>
<td>17%</td>
<td>14%</td>
<td>43%</td>
</tr>
<tr>
<td>Basic benefits package, defined by government</td>
<td>24%</td>
<td>14%</td>
<td>15%</td>
<td>46%</td>
</tr>
<tr>
<td>Individual mandate</td>
<td>19%</td>
<td>14%</td>
<td>14%</td>
<td>53%</td>
</tr>
</tbody>
</table>

Note: Items asked of separate half samples. Response wording abbreviated. See Topline: http://www.kff.org/kaiserpolls/8285.cfm for complete wording. Don't know/Refused answers not shown.

Source: Kaiser Family Foundation Health Tracking Poll (conducted February 29 - March 5, 2012)

Partisan Gap In Reactions If Supreme Court Rules Mandate Constitutional

If the Supreme Court rules that the part of the law requiring all Americans to have health insurance is constitutional and should be upheld, how would you feel about this decision?

<table>
<thead>
<tr>
<th></th>
<th>Enthusiastic</th>
<th>Satisfied but not enthusiastic</th>
<th>Angry</th>
<th>Disappointed but not angry</th>
<th>Envy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>13%</td>
<td>26%</td>
<td>30%</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>Democrats</td>
<td>26%</td>
<td>39%</td>
<td>20%</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>Republicans</td>
<td>3%</td>
<td>14%</td>
<td>37%</td>
<td>43%</td>
<td></td>
</tr>
<tr>
<td>Independents</td>
<td>11%</td>
<td>25%</td>
<td>33%</td>
<td>25%</td>
<td></td>
</tr>
</tbody>
</table>

Note: Some other emotion (vol.), Would not care (vol.) and Don't know/Refused answers not shown.

Source: Kaiser Family Foundation Health Tracking Poll (conducted February 29 - March 5, 2012)
What If Entire Law Is Struck Down? Public Again Divides On Partisan Lines

If the Supreme Court strikes down the entire health care law, how would you feel about this decision?

- **Total**: Enthusiastic: 18%, Satisfied but not enthusiastic: 22%, Disappointed but not angry: 33%, Angry: 11%
- **Democrats**: Enthusiastic: 3%, Satisfied but not enthusiastic: 17%, Disappointed but not angry: 54%, Angry: 22%
- **Independents**: Enthusiastic: 18%, Satisfied but not enthusiastic: 36%, Disappointed but not angry: 29%, Angry: 15%
- **Republicans**: Enthusiastic: 43%, Satisfied but not enthusiastic: 40%, Disappointed but not angry: 13%, Angry: 4%

Note: Some other emotion (vol.), Would not care (vol.) and Don’t know/Refused answers not shown.

Source: Kaiser Family Foundation Health Tracking Poll (conducted April 4-10, 2012)

Six In Ten Want Lawmakers To Keep Working On Proposals To Improve Access To Care If Supreme Court Rules ACA Unconstitutional

If the Supreme Court rules that the health care law is unconstitutional, do you think lawmakers should focus on developing new proposals to improve Americans’ access to affordable health care, or should they stop talking about health care and focus on other national problems?

- **Stop talking about health care and focus on other national problems**: 29%
- **Focus on developing new proposals to improve Americans’ access to affordable health care**: 34%
- **Do something else (vol.)**: 9%
- **Don’t know/Refused**: 24%

Source: Kaiser Family Foundation Health Tracking Poll (conducted February 29 - March 5, 2012)

Resources

- HHS Key provisions by date: [http://www.healthcare.gov/law/timeline/full.html](http://www.healthcare.gov/law/timeline/full.html)