National Health Care Reform

January 7, 2013

Amanda Menzies
Senior Consultant
The Intent of Federal Reform

- Expand health care coverage
- Address increased demand for care
- Foster quality improvement
Health Centers Disproportionately Serve Poor, Uninsured, and Medicaid Patients, 2010

- ≤100% FPL: 72% (71% in health centers vs. 15% in U.S. population)
- <200% FPL: 93% (34% in health centers vs. 15% in U.S. population)
- Uninsured: 38% (16% in health centers vs. 16% in U.S. population)
- Medicaid: 39% (16% in health centers vs. 16% in U.S. population)

SOURCE: Kaiser Commission on Medicaid and the Uninsured, March 2012
Future Role of FQHCs?

- Continue to provide a solid source of high-quality care for the same population they have been serving
  - But, more with Medicaid and private coverage
- Supported by
  - Health Center Trust Fund (supposed to be $11B over 5 years) to expand health center capacity
  - Expansion of the National Health Service Corps ($1.5B additional funding)
Expanding Health Care Coverage

THE POPULATION
Insurance Coverage in Michigan

1.2 million non-elderly uninsured in Michigan

- Employer: 59%
- Individual: 19%
- Medicaid: 15%
- Other public: 2%
- Uninsured: 6%

SOURCE: Kaiser Family Foundation: statehealthfacts.org
The Uninsured in Michigan

Family Work Status

- At least 1 Full Time Worker: 54%
- Part Time Workers: 22%
- Non Workers: 24%

Ratio of Income to FPL

- < 100%: 39%
- 100-138%: 34%
- 139-400%: 15%
- 400%+: 13%

SOURCE: Kaiser Family Foundation: statehealthfacts.org
Expanding Coverage

HOW IT WILL HAPPEN
Requirements for Employers

- Employers with 50 or more FTEs required to offer coverage or face penalty
  - Penalty = $2,000/year/worker
  - First 30 employees exempt from calculation of penalty
  - 98% of these employers already offer coverage in Michigan

- No mandate for employers with <50 employees
  - 37% currently offer coverage
  - Comprise about 75% of Michigan businesses
Requirements for Individuals

- Must obtain coverage that meets minimum standards
- Penalties: Higher of
  - $95 (2014), $325 (2015), and $695 (2016)/yr/family member up to $2,085 or
  - 2.5% of household income
- Exemptions: financial hardship, religion, American Indians
Subsidies and Tax Credits

- **Premium tax credits** for individuals to purchase insurance through an Exchange
  - Incomes between 100-400% FPL (up to $92K for family of four)
- **Subsidies** for individuals to limit premium contributions based on income
- **Tax credits** for small businesses (<25 employees with avg. annual wage of $25K)
  - No mandate, no credits for employers with 26-50 employees
Health Insurance Exchanges

- Exchanges starting in 2014
- Federal tax credits available for incomes between 100 and 400% FPL
- Plans in the Exchange must cover at least the minimum essential health benefits
- Goal: Sustainable, financially viable, and transparent options that offer meaningful coverage
- Michigan submitted short declaration of intent on November 16, 2012 for state-federal partnership (HHS approval by 1/1/13)
Minimum Essential Health Benefits

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Mental health and substance use disorder services
- Prescription drugs
- Rehabilitative and habilitative services and devices
- Laboratory services
- Preventive and wellness services and chronic disease management
- Pediatric services (including oral and vision care)
If Michigan chooses:
  • In 2014, Medicaid eligibility will expand to non-elderly adults up to 138% FPL ($31,809/family of four)--Michigan covers childless adults now up to 37% FPL

Feds fund
  • 100% of expansion population from 2014-16
  • 95% for 2017
  • 94% for 2018
  • 93% for 2019
  • 90% after that

State will save $1.3B over 10 years from expansion
Changes to Medicaid Eligibility

- Current eligibility determination:
  - In one of 25 eligible categories (some mandatory, some optional)
    AND
  - Meet financial need criteria

- Future eligibility determination
  - Four broad groups (adults, parents, pregnant women, children under age 19)
    AND
  - MAGI (Modified Adjusted Gross Income)
MAGI and Simplified Enrollment

New rule:

- Continues use of *income at time of application* for determining eligibility
- Adopts MAGI methods for counting household income
- Aligns references to “family size” in current Medicaid rules with definition of “household” used under MAGI
- Gives states option to use projected annual income for beneficiaries
- Requires a single streamline application for all insurance affordability programs
Medicaid Benefits

- Expansion population guaranteed a benchmark benefit package that meets essential health benefits
- Coverage for tobacco cessation services for pregnant women
- Eliminates smoking cessation drugs, barbiturates, and benzodiazepines from excluded drug list
- Requires coverage for free standing birth center services
- Allows Medicaid eligible children to receive hospice services concurrent with other treatment
- State incentives to provide coverage for preventive services with no cost sharing
Expanding Health Care Coverage

WHERE WILL WE END UP?
Covering Everyone?

- Michigan

  - Estimated 1M people will be eligible for subsidies through the exchanges; 640,000 will actually enroll (includes insured and uninsured)
  
  - Estimated 969,000 newly eligible for Medicaid; 400,000-600,000 will actually enroll
Health Center Patients by Source of Insurance (U.S.)

**2010**
- Uninsured: 37%
- Medicaid: 38%
- Medicare: 8%
- Other public: 3%
- Private: 14%

**2019 (Projected)**
- Uninsured: 23%
- Exchange: 9%
- Medicare: 8%
- Medicaid: 45%
- Other public: 1%
- Private: 14%
Without Expanded Medicaid Eligibility

If Michigan does not expand eligibility for low-income adults, a hole will be left unfilled

- <100% FPL (40% of current non-elderly uninsured will continue to have limited access to health care coverage)
- 139 - 250%
- 251 - 399%
- 100 - 138%
- 400%+
ADDRESSING INCREASED DEMAND
Increased Reimbursement for Primary Care

- In 2013 and 2014, payments for Medicaid primary care providers will increase to 100% of Medicare rates
- In 2011–2015, primary care physicians in Medicare will receive a 10% bonus payment
Workforce Strategies

- Increase GME training positions; promote training in outpatient settings
- Increase residency programs in rural/underserved areas
- Establish Teaching Health Centers
  - Community-based, ambulatory patient care centers, including FQHCs
- Scholarships and loans for training of health professionals
FOSTERING QUALITY IMPROVEMENT
Medicaid Reforms & Demonstrations

- Allows states to provide coordinated care through a health home for individuals with chronic conditions.

- New demonstration projects to:
  - Pay bundled payments for episodes of care that include hospitalizations
  - Make global capitated payments to safety net hospital systems
  - Allow pediatric medical providers organized as ACOs to share in cost-savings
QUESTIONS?