The Patient Protection and Affordable Care Act (“ACA”): What’s Next?

Kristin Nealey Meier
Obamacare Video

http://kff.org/health-reform/video/youtoons-obamacare-video

What Happens in 2014?

- Individual mandate
- Assistance for low-income
- Employers: provide coverage or penalty ("Pay or Play") – moved to 2015
- State Exchanges
What Happens in 2014?

INDIVIDUAL MANDATE PENALTIES

Greater of:

- Percentage of “applicable income”* (1% in 2014, 2% in 2015, 2.5% after)
- Flat dollar amount ($95 in 2014, $325 in 2015, $695 after)
  
  *Amount by which an individual’s household income exceeds the filing threshold for the tax year

- Exemptions available

What are the Employer Requirements?

1. Offer Coverage or Pay Fine – “Pay or Play”

2. Minimum Essential Health Benefits Package
“Pay or Play”

If you employed less than 50 full-time (or equivalent, 120+ hours/month) employees, no fine.

- Can offer coverage
- Can send to exchanges
- Can access small business exchange…someday

“Pay or Play” (cont.)

If you employed an average of 50 full-time (or equivalent), non-seasonal employees, must offer health coverage that covers at least 60% of costs and meets:

“MINIMUM ESSENTIAL COVERAGE REQUIREMENTS”

OR

PAY A FINE

$$$$$$$$*

$2000/full time employee after first 30.
“Pay or Play” (cont.)

For example, if you have 50 employees, don’t offer coverage, you pay $2000 x (50-30) = $40,000

*If at least one of your employees receives a tax credit for health insurance

“Pay or Play” (cont.)

If you employed an average of 50 full-time (or equivalent), non-seasonal employees and offer health coverage that meets:

“MINIMUM ESSENTIAL COVERAGE REQUIREMENTS”

AND

One employee accesses a tax subsidy or cost-reduction benefit for health insurance,

YOU

PAY A FINE

$$$$$$*

$3000/full time employee who accesses subsidy/cost/benefit.
What are Minimum Essential Health Benefits?

- Ambulatory patient services, such as doctor’s visits and outpatient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Women’s services, including contraception (2015 for religious institutions)
- Mental health and substance use disorder services, including behavioral health treatment
- Prescription drugs
- Rehabilitative and habilitative services and devices

What are Minimum Essential Health Benefits?

- Laboratory services
- Preventive and wellness services and chronic disease management
- Pediatric services, including oral and vision care
What are Minimum Essential Health Benefits?

Coverage under any of the following:

- Certain government programs (i.e. Medicare, Medicaid);
- Coverage under an employer-sponsored plan;
- Plans in the individual market within a State;
- Grandfathered health plan coverage; or
- Other coverage recognized by HHS.

NOT Minimum Essential Health Benefits If You Only Offer:

- Accident, or disability income insurance;
- Coverage issued as supplement to liability insurance;
- Liability Insurance, including general liability insurance and automobile liability insurance;
- Workers’ compensation or equivalent;
- Automobile medical payment insurance;
- Credit-only insurance;
- Coverage for on-site medical clinics; and
- Other similar insurance coverage, specified in regulations, under which benefits for medical care are secondary or incidental to other insurance benefits.
Will Employers Change Coverage?

- 93% of employers with more than 50 workers offer health insurance (2012 – 95%)
- 57% of all employers offer coverage (2003 – 66%)
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- 57% of all employers offer coverage (2003 – 66%)
- 99% of employers with 200 or more workers offer coverage

Will Employers Change Coverage?

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- 57% of all employers offer coverage (2003 – 66%)
- 99% of employers with 200 or more workers offer coverage
- 45% of smallest companies offer coverage (2003 – 55%)
Will Employers Change Coverage?

- 93% of employers with more than 50 workers offer health insurance (2012 – 95%)
- 57% of all employers offer coverage (2003 – 66%)
- 99% of employers with 200 or more workers offer coverage
- 45% of smallest companies offer coverage (2003 – 55%)
- Workers pay 18% of premium costs for singles, 29% for family (little change since 2003)

Will Employers Change Coverage?

- Health premiums up 196% since 1999, worker contributions up 182%. Wages up 50%.
- 38% of workers with single insurance >$1000 deductible.
- Workers in small firms (<200) average deductible $1715
- Workers in large firms average $884.
Will Employers Change Coverage?

- Up for debate, news stories conflict
- UPS recently announced it will not cover spouses who are eligible for coverage elsewhere.
- WellPoint (second biggest medical insurer in nation) announced in July that it will lose smaller employers because of the ACA
- WellPoint expects gains in self-insured employer/individual plans on the exchanges
- Report that cities and counties are reducing the hours part-time employees work

General Exchange Information

- Goals of the Exchange, to allow people to:
  - Make apples-to-apples comparisons between health plans that meet national and state standards
  - Check qualifications for tax credits or cheaper co-pays and deductibles
  - Get help choosing and enrolling in a health plan that:
    - Fits your personal health needs
    - Has your choice of doctors
General Exchange Information

- Coverage takes effect January 1, 2014
- People with 100%-400% of poverty level ($23,500 to $94,000 for family of four) can receive subsidies on a sliding scale
- Six month open enrollment (October 1, 2013 to March 31, 2014)

State Exchange Implementation

Potential Problems at the National Level

- Systems testing for the marketplaces is months behind schedule.
- Funding and training for navigators (outreach and enrollment workers) is behind schedule.
- The data hub, which routes information from the marketplaces to various federal databases, might not get its final stamp of approval until Sept. 30.
State Exchange Implementation (cont.)

IRS to Share Information

- IRS will use tax return data to check household income and confirm it matches applications.
- IRS will share income and tax filing status with states and other agencies to confirm whether or not people are eligible for tax credits to buy health insurance in new state-based marketplaces.
- Concerns with privacy and risk of identity and data theft.

State Exchange Implementation (cont.)

Other Postponements

- State exchanges do not have to verify income information until 2015, rely on consumer reporting.
- The limit on out-of-pocket costs not to exceed $6,350 for an individual and $12,700 for a family extended for some insurance companies until 2015.
Problems with Awareness and Approval

- Nearly 40% of those without insurance did not know that the law requires them to get health insurance next year.
- 56% of young adults know that buying insurance is mandatory or else they will face a fine.

Problems with Awareness and Approval

- 53% oppose the ACA.
- 42% support it.
- 32% of uninsured believe ACA will have a positive effect.
- 33% of uninsured say the impact will be negative.
Washington State Exchange

Individual Exchange
- Goes “live” for individuals to enroll on October 1, 2013

Small Business Health Option Plans (“SHOP”)
- Pilot program only available through Kaiser
- Only in Cowlitz and Clark counties
- Not enough insurer participation
- Unclear whether tax credits continue if no SHOP
REQUIRED NOTIFICATION TO EMPLOYEES

- BY OCTOBER 1, MAIL OR EMAIL TO ALL EMPLOYEES
- For employers who DO offer medical insurance to some or all employees
- For employers who DO NOT offer medical insurance
REQUIRED NOTIFICATION TO EMPLOYEES


- Nine insurance companies applied
- Four were initially approved
- In King, Pierce and Snohomish Counties:
  - BridgeSpan Health Company (affiliate of Cambia Health Solutions, the parent company of Regence BlueShield)
  - Group Health Cooperative
  - Lifewise Health Plan of Washington
  - Premera Blue Cross
Washington State Exchange (cont.)

- August 21, 2013 announcement that certification of Qualified Health Plans and Qualified Dental Plans delayed for two weeks
- Want to give more time for appeals for those insurers denied
- Asking HHS for an extension to get more plans included

Washington State Exchange (cont.)

- Board Member Don Conant, “I don’t want any one of these plans and I make over 400 percent of the federal poverty level.”
Washington State Exchange (cont.)

- Kreidler announced September 4 that he approved Molina in Pierce, King and Snohomish Counties after negotiation
- Final tally – 43 plans

Washington State Exchange (cont.)

- **BridgeSpan** – King, Kitsap, Pierce, Skagit, Snohomish, Thurston, and Spokane
- **Community Health Plan of Washington** – Adams, Benton, Chelan, Clark, Cowlitz, Douglas, Ferry, Franklin, Grant, Grays Harbor, King, Kitsap, Lewis, Okanogan, Pacific, Pend Oreille, Pierce, Skagit, Snohomish, Spokane, Stevens, Thurston, Wahkiakum, Walla Walla, Whatcom, Yakima
- **Coordinated Care** – Adams, Benton, Chelan, Douglas, Franklin, Grant, Grays Harbor, Jefferson, King, Kitsap, Mason, Pierce, Skagit, Snohomish, Spokane, Thurston, Walla Walla, Yakima
- **Group Health Cooperative** – Benton, Columbia, Franklin, Island, King, Kitsap, Kittitas, Lewis, Mason, Pierce, San Juan, Skagit, Snohomish, Spokane, Thurston, Walla Walla, Whatcom, Whitman, and Yakima
- **LifeWise Health Plan of Washington** – All 39 counties
- **Molina Health Care of Washington** – King, Pierce and Spokane
- **Premera Blue Cross** – All counties except Clark
Washington State Exchange (cont.)

[Image of a map of Washington State divided into different regions, possibly indicating coverage areas for insurance]

Washington State Exchange (cont.)

**Extending coverage**

<table>
<thead>
<tr>
<th>Approval plans</th>
<th>Exchange and Social Level</th>
<th>Washington State Exchange</th>
<th>Palomino</th>
<th>Premier Blue Cross</th>
<th>Leverage</th>
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<tbody>
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<td>Group Health Cooperative</td>
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<td>4 plans</td>
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<tr>
<td>Individual</td>
<td>3 plans</td>
<td>3 plans</td>
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**Premiums for King County**

<table>
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<tr>
<th>Age</th>
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<th>Leverage</th>
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<td>$355</td>
</tr>
</tbody>
</table>

**Notes:**

- Individual plans were from the Washington State Exchange.
- **Extending coverage** plans were from Premier Blue Cross.

*In millions*

**Source:** Washington State Exchange
Washington State Exchange (cont.)

http://www.wahealthplanfinder.org/calculator/index.html

Washington State Exchange (cont.)

How Much Will a Family Save Under the New Federal Health Law?

Under the Affordable Care Act, beginning in 2014, many individuals and families will be eligible to receive subsidized coverage in the Exchange of the types covered by the Medicaid, Children’s Health Insurance Program, and any other affordable option coverage through their employer.

1. Taxpayer assistance available for all individuals and families.
2. Family assistance available to low-income families.
3. Assistance available to individuals.

The information provided here is a summary of how much individuals and families will save in premiums. The estimates are based on the following assumptions:

- Married couple with two children (ages 1 and 4)
- Annual household income of $50,000
- Individual age 25
- Individual age 25

The estimates are based on the average family size and income level for the Washington State Exchange. The estimates are not necessarily representative of the average family size and income level in the United States.

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Awareness

NEW LOW-COST HEALTH PLANS.  
EASY COMPARISON SHOPPING.  
DON'T LEAVE IT TO CHANCE.
More than 1,000 registered brokers

Received training from Exchange

Can make recommendations (Navigators cannot)

Receive commissions from insurance companies

Consumers can find through search of zip code or name
Private Insurance Plans

- Private individual plans outside the exchange
  - Group Health, Premera and Lifewise (a Premera subsidiary) approved
  - Six other insurers have applied
  - Decision by Insurance Commission at end of September

Private Insurance Plans (cont.)

- Must cover the same essential health benefits
- Must follow the same rules under the ACA
- Do not have to conform to the exchange’s technology and payment system requirements
Private Insurance Plans (cont.)

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- Must follow the same rules under the ACA
- Do not have to conform to the exchange’s technology and payment system requirements

Will ACA Survive?

- House has voted 40 times to repeal ACA
- Letter in August from 80 Republican House members urged speaker John Boehner to “trigger a government shutdown rather than fund the implementation” of the ACA
- Possible part of debt ceiling debate
Will ACA Survive?

- Court cases challenging Congress’ power to penalize employers for not providing coverage under the Commerce Clause
- Court cases challenging the constitutionality of the contraception requirement

Resources

- Full cartoon can be seen at http://kff.org/health-reform/video/youtoons-obamacare-video/
- Washington State Exchange, including policy briefs: http://www.wahbexchange.org/
- Washington Healthplanfinder http://www.wahealthplanfinder.org/
- Department of Labor
- National Association of Insurance Commissioners
- U.S. Chamber of Commerce
- Small Business Majority
- National Business Group on Health
- U.S. Small Business Association
Thank you!

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