The Affordable Care Act: Impact on NYS

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Presented by:

Trilby de Jung
Senior Health Law Attorney

Empire Justice Center

Today's Agenda

- Overview of Affordable Care Act's approach to reforming the health care system
- Focus on Coverage Expansion
  - Public Program Expansion in NY
  - State Exchange & Coordinated Enrollment
  - Navigators and Consumer Assistance Programs
- What we still don't know - questions/choices for NY policy makers

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ACA Vision

- ACA has a two-fold vision – universal coverage and cost control
- Cost control provisions relate primarily to changing the way we deliver care
  - Payment reforms
  - New service delivery models
- Universal coverage provisions utilize a “three-legged stool” approach

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The Three-legged Stool

- First leg is employer coverage
  - Reforms w/out reductions
- Second leg is ***affordable*** private insurance
  - Individual mandate & credits for small business
  - New marketplace (negotiating leverage for states) with tax subsidies up to 400% FPL
- Third leg is public programs
  - Eligibility streamlining and expansion
  - Coordinated enrollment with Exchange

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Who could benefit in NY?

- NY's uninsured rate is well below the US average (12.9 v 17.1 – nonelderly rate)
- NY's uninsured rate in families with incomes below 200% FPL is over 20%
- Over 1 million of NY's 2.6 million uninsured are actually eligible for public programs

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Who will gain coverage?

- More than 2 million New Yorkers will be eligible for coverage through the Exchange
- How many of these will actually enroll?
  - 1.2 M will be eligible for public programs – 160,000 to 510,000 expected to enroll
  - 700,000 will be eligible for tax subsidies – 570,000 are expected to gain coverage
  - An estimated 80,000 New Yorkers with income over 400 % of FPL will also gain coverage

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Who will be left behind?

- Overall, a dramatic expansion of coverage – another 1.2 million will be covered in NY.
- At the same time, many will likely be left behind:
  - Undocumented immigrants (400,000)
  - Eligible but unenrolled in public programs (up to 1 M could remain)
  - Those qualifying for hardship exemptions (200,000)
  - Those paying penalties (190,000)
- Between 1.4 and 1.8 million New Yorkers could remain uninsured

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Public Program Expansion

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NY both ahead and behind

- NY's Medicaid program already covers some of those in the ACA's new coverage group
  - Some coverage for single and childless adults in Medicaid
  - Family Health Plus provides critical assistance
- Have enacted many of the streamlining provisions required by the ACA
  - Eliminated face to face interview requirement
  - Eliminated the asset test for non-elderly/disabled
- However, still have significant local role in determining eligibility – uneven approach
- No Exchange legislation

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Coverage Expansion in Medicaid

- **Income levels raised to 133% FPL**
- **Traditional eligibility categories collapsed into three**
- **New mandatory eligibility category -- all who *are not:***
  - ***Age 65 or older***
  - ***Pregnant***
  - ***Entitled to or enrolled in Medicare***
  - ***Included in any other mandatory groups***

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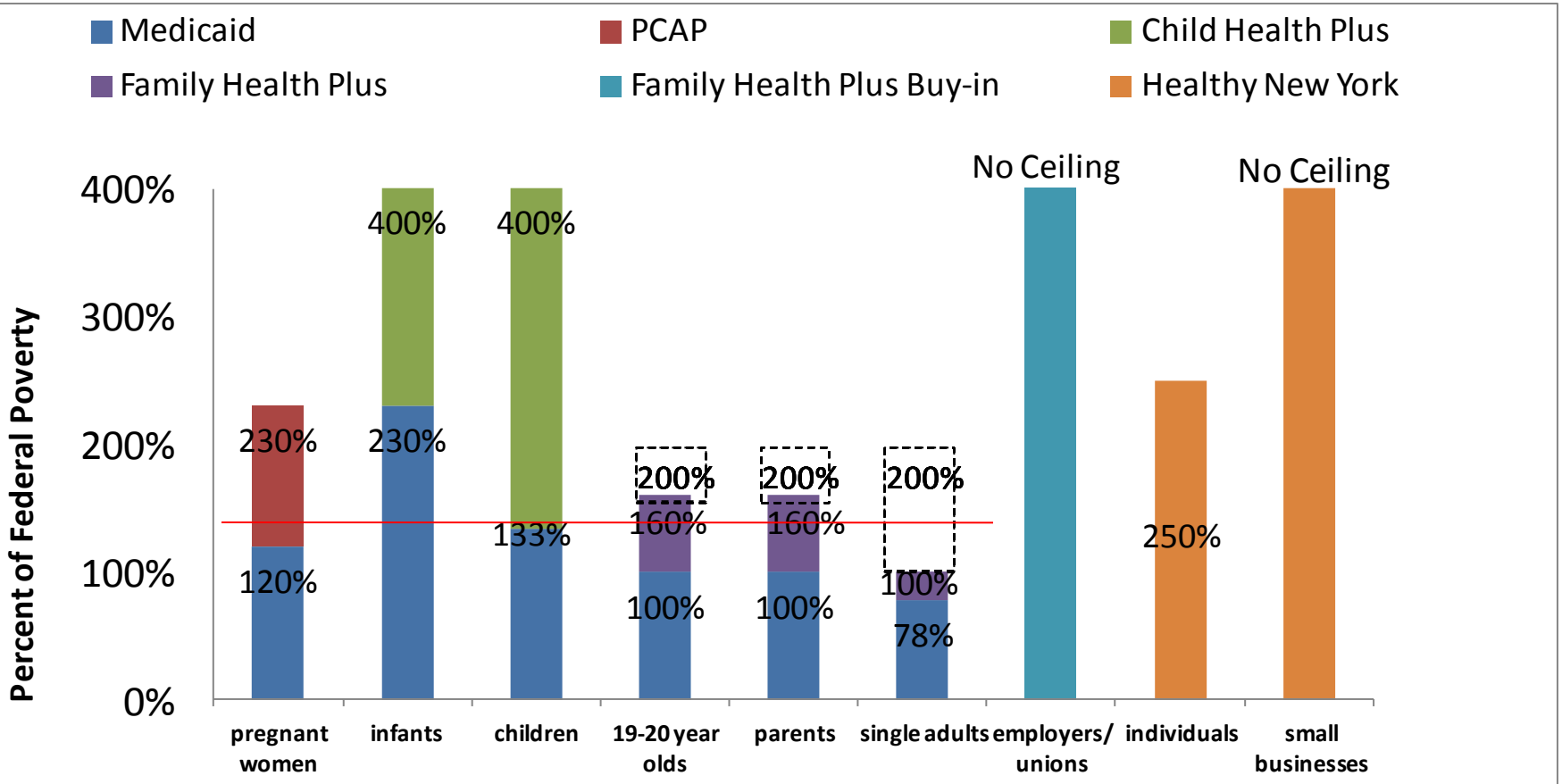
Public Program Eligibility in NYS, 2010

Slide courtesy of the United Hospital Fund



Notes: Eligibility for all programs is expressed as a gross income standard. The 2009 Federal Poverty Level (FPL) is $10,830 for an individual and $18,310 for a family of three. Children with gross family income above 160% FPL are charged an income-related premium in Child Health Plus.

" " refers to the federal minimum Medicaid eligibility level under the Patient Protection & Affordable Care Act.

"----" refers to the enacted Family Health Plus eligibility expansion which is contingent upon federal approval .

"No ceiling" refers to the fact that workers with income above Medicaid/Child Health Plus/Family Health Plus levels are eligible for the FHP buy-in although they are not eligible for state premium subsidies; and small businesses are eligible for the HNY program if at least one third of their employees have income below $40,000 and one lower-income employee enrolls.

MAGI Budgeting

- New Income test based on Modified Adjusted Gross Income of 133% FPL
  - Flat deduction of 5% takes income up to 138%
- MAGI will not apply to the following groups, absent a waiver (waivers for duals are explicitly mentioned)
  - Those over 65
  - SSI recipients, SSI-related & foster care kids
  - Medically needy
  - MSP enrollees
  - Those using chronic care services

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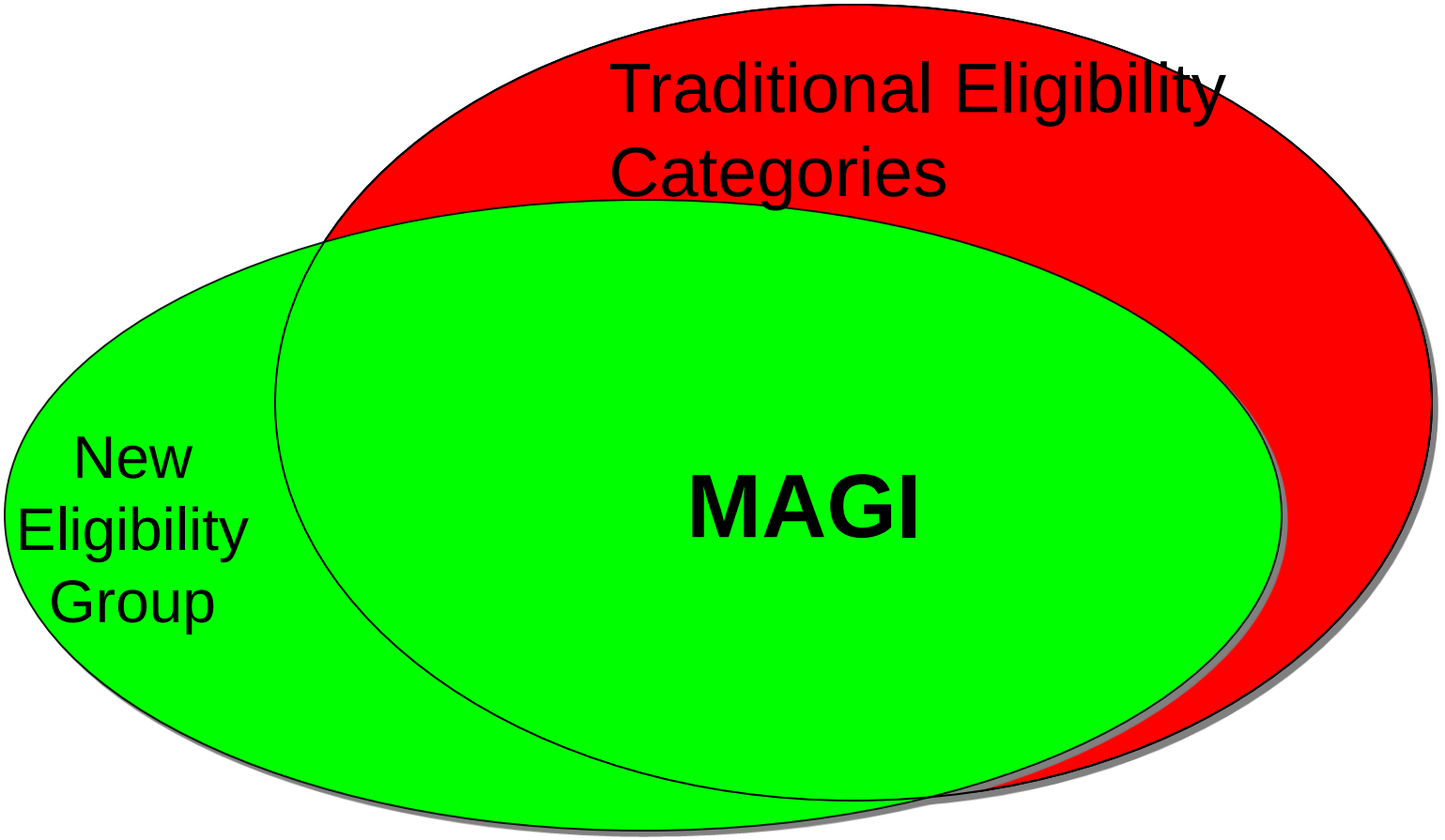
Alignment is not perfect…



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MAGI Budgeting

- No asset test
- Gross test – no disregards for earned income, child care
- However, certain income is not counted under IRS rules
  - Child support
  - Social Security benefits
- Some differences re household size between IRS rules & Medicaid rules
  - Grandparents
  - Step-parents and step-siblings

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Benchmark Benefits

- Mandatory expansion requires only “benchmark” benefits for most newly eligible (medically fragile exception)
- Benchmark coverage to include at least essential health benefits required of plans in the exchange
- Secretary approved benchmark can include full Medicaid benefits, but not seen as likely

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Basic Health Plan Option

- States can create a Basic Health Plan for those between 133% and 200% of FPL
- States will receive 95% of what the federal government would have paid in subsidies for enrollees
- Federal funding for lawfully present immigrants subject to 5 year bar
- Might replace Family Health Plus and Child Health Plus in New York

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State Exchanges & Coordinated Enrollment

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State Insurance Exchanges

- ACA requires functioning state Exchanges by January 1, 2014 (certification by 1/1/113)
- Exchange organizes health insurance market --
  - Market size – merger of individual & small group?
  - Certify qualified health plans - Clearinghouse v. Active Purchaser. States can:
    - Establish network, marketing requirements
    - Assign quality ratings to plans
    - Make plan info available, including denied claims & ratings
  - Eligibility for public programs/subsidies/ mandate exemptions
  - Provide consumer support (website, hotline, calculator, Navigator)

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Coordinated Enrollment

- Single application for tax subsidies, Medicaid and Child Health Plus
- Applications must have on line, in person, mail and telephone options
- Data matching through SSA, Treasury & Homeland Security
- Both Exchange & Medicaid agency must screen for all programs &, if agreement:
  - *Governmental* Exchange can enroll in Medicaid
  - Medicaid agency can enroll in subsidies

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Who can Participate?

- **Only qualified individuals can buy insurance and apply for subsidies**
  - **Residence in state running the Exchange**
  - **“Lawfully present” immigration status (no five year ban)**
- **We are urging an open door to all, even those who cannot get coverage through the Exchange**
  - **Information on Charity care**
  - **Prescreening for Emergency Medicaid?**

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Consumer Education & Navigational Assistance

- **ACA requires states to create and fund a Navigator function within their Exchanges**
- **ACA also provides for Consumer Assistance Programs (CAPs)**
- **Considerable functional overlap between the two programs has created confusion**

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Comparing the Programs

	Navigators	CAPs
Functions	Navigators must "at least" perform the following duties: •Maintain expertise in eligibility, enrollment, and program specifications and conduct public education; •Provide information and services in a fair, accurate and impartial manner; •Facilitate enrollment in QHPs; •Refer enrollees with questions, grievances or complaints about health plans or coverage to CAPs or other appropriate state agency; •Provide information in a culturally and linguistically appropriate way, ensuring access for consumers with disabilities.	CAPs must perform the following duties: •Assist consumers with appeals and grievances; Collect, track, and quantify problems and inquiries from consumers; •Educate consumers on their rights and responsibilities with respect to health insurance coverage; •Assist consumers with enrollment by providing information, referral and assistance; •Resolve consumer problems with obtaining tax credits.

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Policy Choices for New York

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State decisions

- States have a lot of discretion re Exchanges, as long as they meet the timelines.
- States that fail to establish an Exchange --
  - Federally facilitated Exchange
  - State Partnership Model as a transition to an independent State Exchange
- Legislation proposed in NY but nothing has passed both houses – time is running out
  - Public Authority takes time to establish
  - Funding opportunities will diminish

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Why no Exchange Bill?

- Governor's bill came out late in the session
- Three-way agreement negotiated with Assembly and Senate leaders
- Assembly passed the compromise bill
- Senate only passed a one-house bill
- No return to the table - end of session consumed with gay marriage debate
- Increasing polarization at national level

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What will NY's Exchange look like?

- **A. 8514/S. 5849 creates a public benefit corporation - NY Health Benefit Exchange**
- **Seven voting directors**
- **Conflict provisions of the public authorities law**
- **Functions Senate did not include:**
  - **Regulatory power**
  - **Broad exemption from procurement requirements**
  - **Inform and enroll in public health insurance**
  - **Establish a Navigator plan**
  - **Review rates**
  - **Assign ratings to plans**
  - **Potentially: standardize benefits, assess fees, selectively contract, combine markets, rate justifications**

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Studies on Design Decisions

- **Thirteen studies to advise policy makers – Exchange cannot implement – issue areas:**
  - **Maintaining currently mandated benefits (market effects, cost)**
  - **Standardization of benefits**
  - **Reinsurance and Risk Adjustment**
  - **Merger of individual and small group markets for ratings**
  - **Definition of small employer (50 or 100 max)**
  - **Large Employer Participation**
  - **Role of producers**
  - **Basic Health Plan**
  - **Family Health Plus**
  - **Fee assessments to achieve self-sustaining Exchange**

In the meantime…

- **What will New York's essential benefits/benchmark benefits look like?**
- **Will New York replace Family Health Plus with a Basic Health Plan?**
- **How will NY design it's Navigator and Consumer Assistance Programs?**
  - **Stakeholders in this region have weighed in on this question (NYSHF report)**
  - **Another consultant report in the works**

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Recommendations re State Takeover of Medicaid

- **What role will counties play in eligibility and enrollment?**
  - **Medicaid Redesign Team Work Group on Local & State Responsibility**
  - **Financial recommendation**
  - **Counties to retain responsibility for "non-MAGI" - other eligibility determinations centralized**
- **Approved by full MRT on Nov. 1**

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For questions or comments:

Trilby de Jung
Senior Health Law Attorney

585-295-5722
tdejung@empirejustice.org