National Technical Assistance Center for Children's Mental Health

GEORGETOWN UNIVERSITY CENTER FOR CHILD AND HUMAN DEVELOPMENT

Affordable Care Act
Health Insurance Exchanges

Jim Wotring & Gary Macbeth

National Technical Assistance Center for Children's Mental Health, Georgetown University

What We Are Talking About Today

- Exchanges
- Interface with Medicaid
- Ways to get involved in shaping state decisions

Affordable Care Act

- Individual Responsibility
- Employer Responsibility
- Medicaid CHIP Expansions
- Exchanges
- Basic Health Program

What Does This Mean for Health Care Coverage in America?

Coverage for 41 Million Americans

- 16 million through Chip and Medicaid expansions
- 25 Million through Health Exchanges

Increased Demand for Behavioral Health Services

20% to 30% of uninsured individuals will have mental health and/or substance use problems

OVERVIEW OF HEALTH INSURANCE EXCHANGES

Goals of the Exchanges

"By **pooling people** together, **reducing transaction costs**, and **increasing transparency**, Exchanges create more **efficient** and **competitive** markets for individuals and small employers."

HHS Initial Guidance to States on Exchanges, Fall 2010

What Are Health Insurance Exchanges?

- An Exchange is a single place where an array of qualified health insurance plans are available for purchase by individuals and businesses
- It is run by a governmental agency, state government/non-profit partnership, or nonprofit entity. Exchanges must be in place by Jan. 1, 2014
- Exchanges must include both plans offered for individuals and a Small Business Health Options Program (SHOP)

State Health Insurance Exchanges

- Based upon an individual's income, Exchanges will enroll individuals in private market plans, Medicaid, CHIP, and Basic Health Plans
- States have wide discretion in setting the standards, requirements, and rates for plans offered in the Exchange and for monitoring plans to ensure quality and hold down costs
- States can choose to establish an Exchange or default some or all operations to the federal government

Health Insurance Exchanges Time Line

Fall 2010, 2011 and 2012:

- HHS Secretary awarded grants to states to plan for Exchanges
  http://www.healthcare.gov/news/factsheets/2011/05/exchanges05232011a.html

Summer 2012:

- HHS released final rules for the design and operation of Exchanges

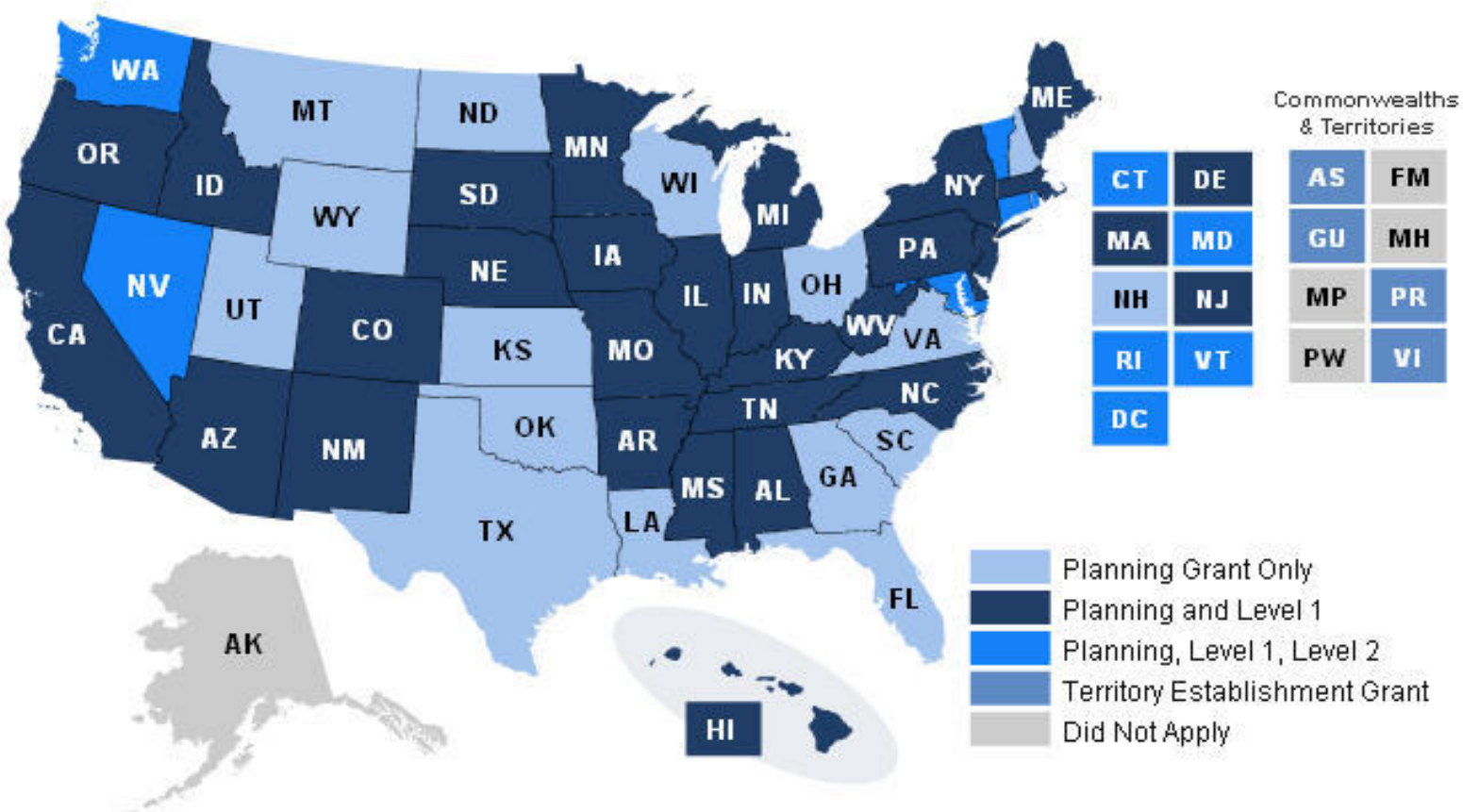
November 16, 2012:

- States operating their own Exchanges must submit a letter to HHS along with a preliminary plan

SHARE

Health Insurance Exchange Establishment Grants

Click on your state to see Exchange grant details.



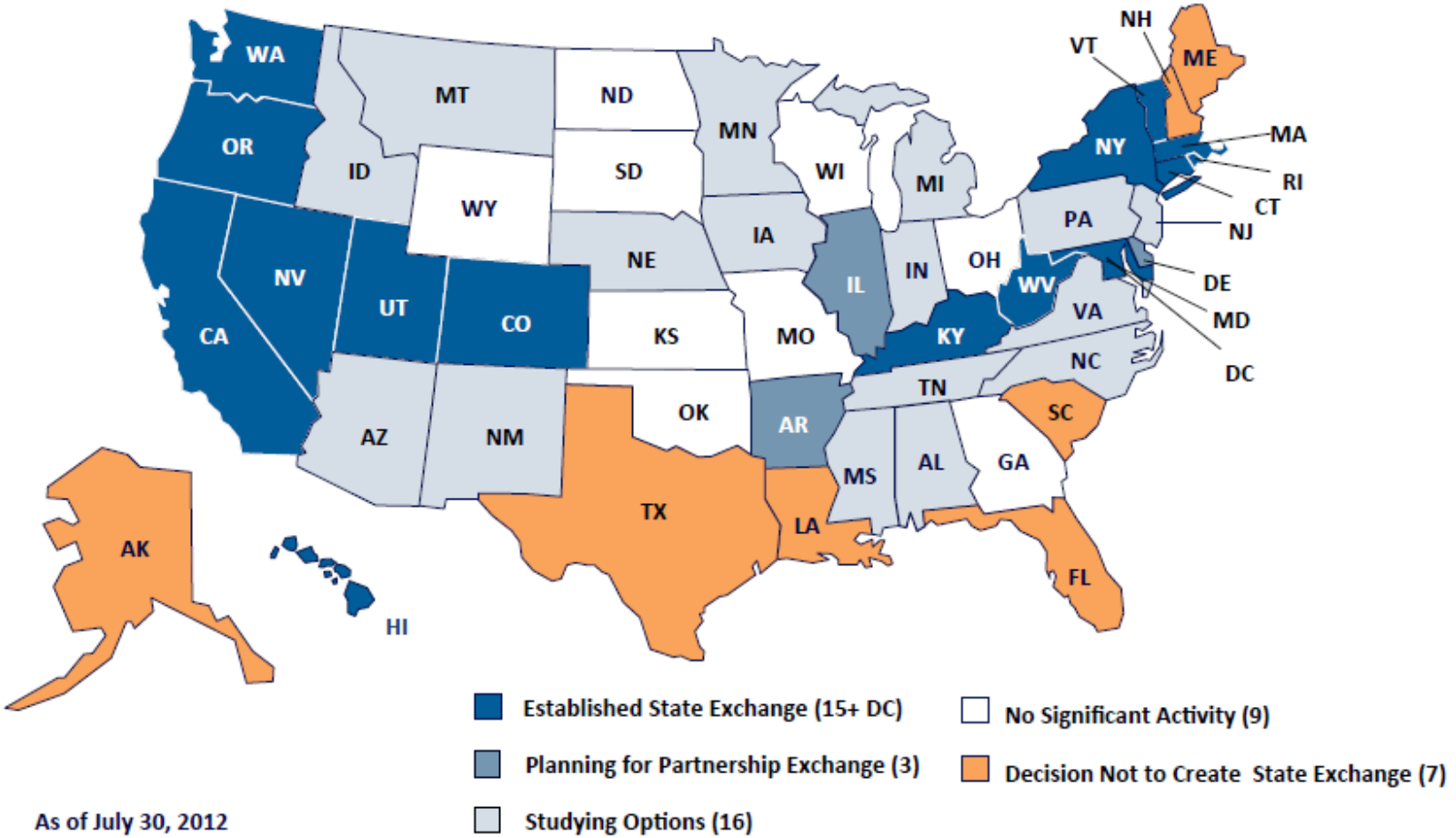
'AK, CA, CO, HI, IA, KY, MA, MH, NV, NY, and TN have received two or more Level 1 Establishment grants. MD, NY, OR, WI and a multi-state consortium led by the University of Massachusetts have also received Early Innovator Grants.

Will Your State Operate Its Health Insurance Exchange?

- Two states, Massachusetts and Utah, already have Health Exchanges that operate on very different models
- 15 states have enacted legislation, 3 states and DC have legislation pending, and 3 states have Executive Orders to begin Exchange planning
- Lets look at the current thinking among states:

http://www.kff.org/healthreform/upload/8213-2.pdf

State Action Toward Creating Health Insurance Exchanges



As of July 30, 2012

Eligibility for Participation in Exchanges

- U.S. citizens and legal immigrants & individuals not incarcerated with incomes up to 400% of the Federal Poverty Level
- Small businesses
- After 2017, large employers can participate in Exchanges

Small Business Health Options Program (SHOP) Exchange

- Sells health insurance coverage to qualified employers
- "Qualified employers" = 50 or fewer (or 100 or fewer, at state option) employees; elect to make all full-time employees eligible for one or more qualified health plans
- Beginning in 2017, large employers may be considered "qualified employers" to purchase coverage through a SHOP, at state option
- Can be combined with Individual Exchange

WHAT ARE STATE EXCHANGES REQUIRED TO DO?

Health Exchange Functions

- Set up a Governance Structure
- Define a market approach with "state specific need" plan choices
- Define "benchmark plans"
- Determine "essential benefits" for plans
- Set benefit and cost criteria for Exchange plans
- Offer plans with different benefit levels and co-pays
- Define standards plans have to meet
- Provide plan regulation and oversight
- Coordinate with Medicaid and CHIP
- Set up Express Lane Eligibility
- Ensure plan "transparency"
- Establish Navigator Programs
- Do community outreach, marketing, and education
- Create an impartial appeals process
- Have a quality improvement plan

Health Exchange Governance

- States choose the governance structure. Must be:
  - A state agency
  - An independent, non-profit organization
  - A quasi state agency/private non- profit partnership
  - Shared governance with the Federal Government
- Can be regional, statewide or subsidiary
- Must have a board that *represents consumer interests* and holds public meetings
- http://www.statereforum.org/node/10222

Health Exchange Insurance Plans

- Exchange Health Plan Benefits Packages must offer essential benefits, including **rehabilitative and habilitative services, and allows for additional mental health and addiction services**
- Exchanges will offer plans with different levels of benefits, deductables, and co-pays

Plan “Essential Benefits”

Plans must include ten categories of benefits:

1. Ambulatory patient services
2. Emergency services
3. Hospitalization
4. Maternity and newborn care
5. **Mental health and substance use disorder services, including behavioral health treatment**
6. **Prescription drugs**
7. **Rehabilitative and habilitative services and devices**
8. Laboratory services
9. **Preventive and wellness services and chronic disease management, and**
10. Pediatric services, including oral and vision care

Benefit Package Levels

Exchange plans will provide different levels of cost-sharing:

- Bronze (plans must pay for 60% of costs),
- Silver (70%),
- Gold (80%), and
- Platinum (90%).

Benchmark Plans

The ACA allows states to choose a "benchmark" plan from:

- Any of the three largest state employee health plans
- Any of the three largest federal employee health benefits program (FEHBP) options
- The largest insured commercial non-Medicaid HMO plan operating in the state
- Any of the three largest small-group plans in the state (Federal default benchmark plan for states which don't choose a plan)
- http://www.statereforum.org/state-progress-on-essential-health-benefits

Qualified Health Plans

Plans sold through the Exchange must:

- Meet marketing requirements
  - May not use marketing and benefit design to keep individuals with significant health needs out
- Charge same premium rate inside and outside of Exchange, whether offered through agent or not
- Ensure sufficient choice of providers; include within networks essential community providers that serve low-income, medically-underserved individuals
- Be accredited with respect to local performance on clinical quality measures such as HEDIS & CAHPS
- Implement a quality improvement strategy

Health Insurance Exchanges

Easy Access:

- "Express Lane Eligibility" allows individuals to apply for and enroll in Medicaid, CHIP, Basic Health Program, or Exchange plans using a single application form

Assistance in Enrolling:

- Exchanges are required to have Navigator Programs to assist individuals in filling out the applications and getting into the correct plan

Navigators

- Available in both individual Exchange and SHOP
- Provide expertise and fair, impartial coverage information; facilitate enrollment in qualified plans, Medicaid, and CHIP
- Must demonstrate existing relationships with employers, employees, consumers (including underinsured and uninsured), or self-employed
- Must meet licensing standards established by the Exchange

Impacts Go Beyond the Exchanges

Impact of Exchange "Essential Benefit Packages" for Americans who purchase their own individual private health insurance:

- 8.7 million gain maternity coverage
- 4.8 million gain substance abuse coverage at parity with medical and surgical benefits
- 2.3 million gain mental health coverage at parity with medical and surgical benefits
- 1.3 million gain prescription drug coverage

Department of Health and Human Services, *ASPE Issue Brief*, December 16, 2011.

Will Consumer Voices Be Heard?

Critical legislative, policy, regulation and funding decisions are being made. Families with children who have special needs must ensure their voices are heard!

- As members of Exchange governance structures, advisory committees and workgroups
- As formal respondents into Exchange policy and implementation decisions
- As advocates on implementation of Exchange consumer-serving functions

Source: NASHP. *Building a Consumer-Oriented Health Insurance Exchange.* February 2012.

Critical Decision Areas Requiring Consumer Voice

- Setting up Exchange governance structures and defining their roles and responsibilities.
- Defining plan “essential benefits”
- Setting requirements on coverage options and costs for insurance plans participating in the Exchange
- Ensuring plan options are available with a range of behavioral health services and supports
- Ensuring plans achieve parity

Source: NASHP. *Building a Consumer-Oriented Health Insurance Exchange.* February 2012.

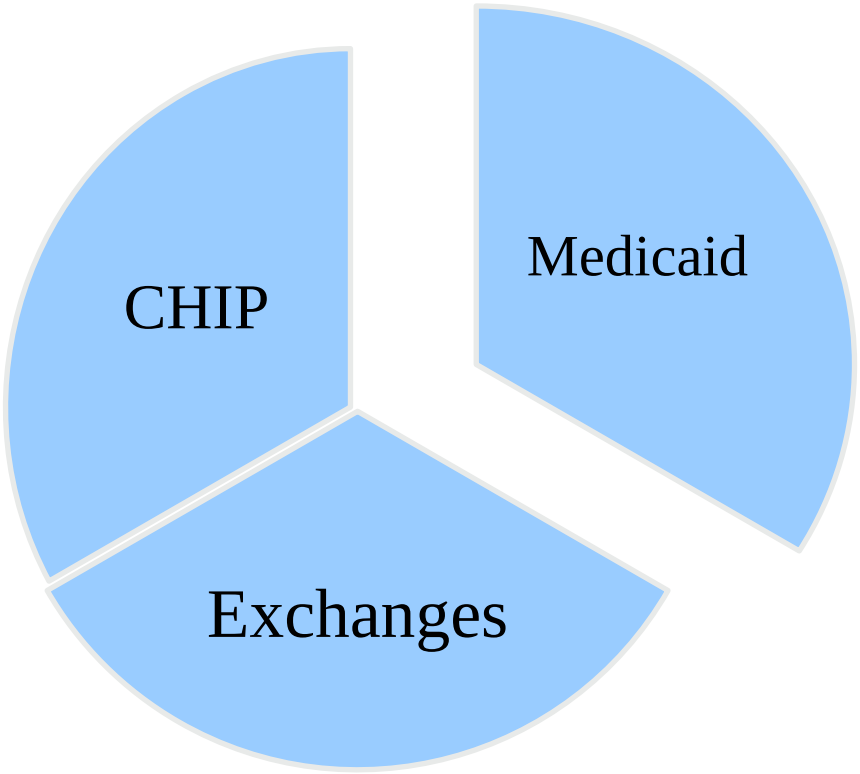
Critical Decision Areas Requiring Consumer Voice

- Ensuring website accessibility and user interface
- Designing Navigator Programs
- Marketing and outreach to diverse populations
- Coordinating across state agencies and programs to ensure seamless interfaces for families
- Oversight of insurance plans, including licensing, certification, and quality monitoring
- Collecting and monitoring data to improve quality

Source: NASHP. *Building a Consumer-Oriented Health Insurance Exchange.* February 2012.

What Can Happen if A State Does Not Choose to Expand Medicaid Eligibility by 2014?

Affordable Care Act



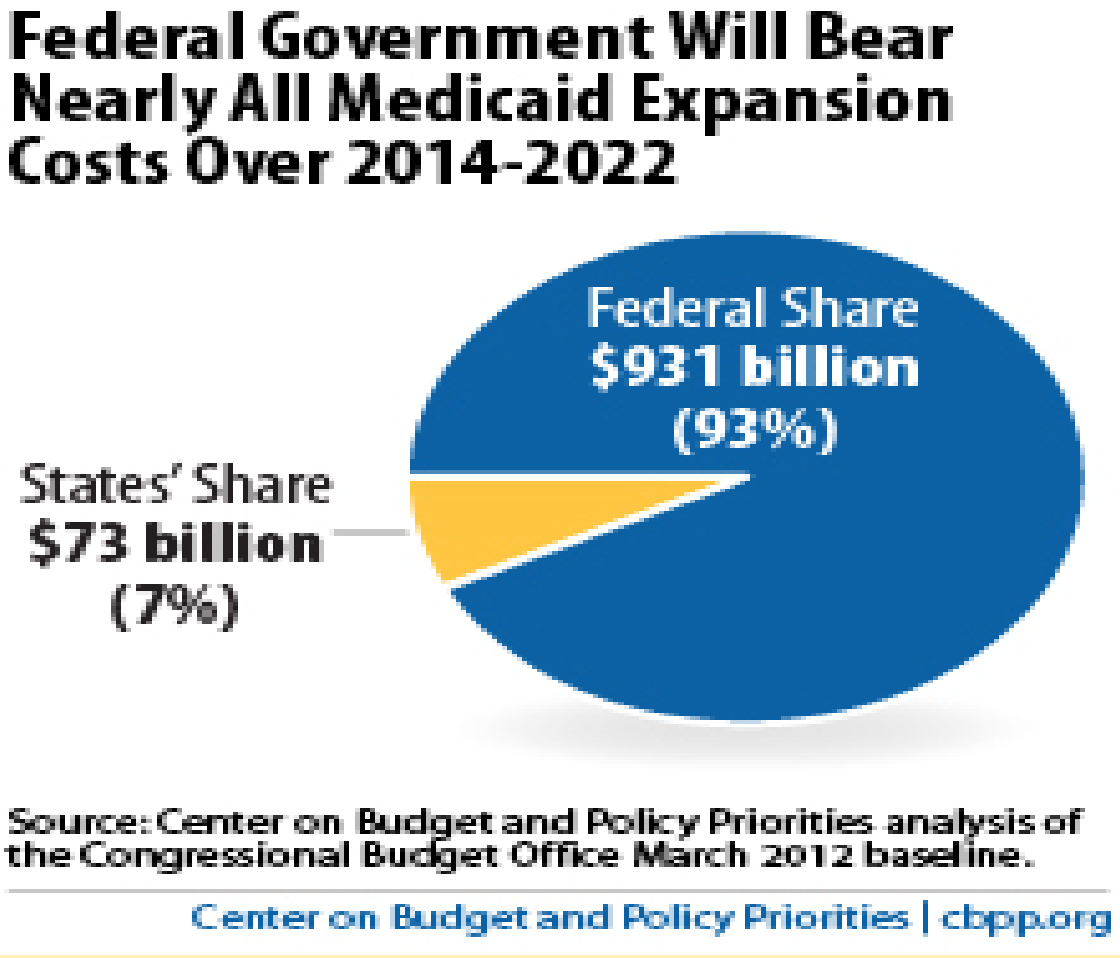
Medicaid Expansion

Why Is This Expansion Important For Behavioral Health and Developmental Disability Agencies?

- Federal Medical Assistance Percentage (FMAP) for new eligible populations (incomes to 133% of poverty) increases:
  - 2014,15, and 16 — 100%
  - 2017 — 95%
  - 2018 — 94%
  - 2019 — 93%
  - 2020 and beyond — 90%

- States can reduce their general fund costs for serving newly eligible populations

Medicaid Expansion



Examples From States

- Federal Medicaid FMAP for states
- http://www.statehealthfacts.org/comparereport.jsp?rep=76&cat=4

- Numbers of individuals who could/will be covered by state expansion of Medicaid
- http://www.americanprogress.org/issues/healthcare/news/2012/07/05/11829/interactive-map-why-the-supreme-courts-ruling-on-medicaid-creates-uncertainty-for-millions/

Effects of Individual Income Fluctuations

Eligibility "Churn:"

- **Medicaid:** Within 6 months, 40 percent of Medicaid enrollees will experience coverage disruption. After 1 year, 38 percent no longer Medicaid-eligible; 16 percent more had lost and regained eligibility

- **Exchange:** Within 6 months, 30 percent of adults will experience disruption in Exchange eligibility. After 1 year, 24 percent no longer eligible, plus 19 percent more had lost and regained eligibility

Rosenbaum & Sommers, "Issues in Health Reform: How Changes May Move Millions Between Medicaid and Insurance Exchanges," *Health Affairs*, February 2011

Health Insurance Exchanges Basic Health Program

- The ACA provides states with a Basic Health Program (BHP) option to provide an alternative coverage pathway for the low-income population (i.e., for those with family incomes up to 200% of the federal poverty level)
- States choosing the BHP option will receive federal funds to offset 95% of the premium tax credits and the cost sharing reductions for eligible individuals

Continuous Eligibility in Medicaid/Exchanges

- The ACA allows states to implement 12-month continuous eligibility for all populations in Medicaid

- Continuous eligibility in Medicaid will help states to stabilize Exchange coverage as well

Resources to Get You Involved

To find out what your state is doing and how decisions on the design of health care reform are being made:

- http://healthreform.kff.org/the-states.aspx
- http://www.statereforum.org/node/10222
- http://www.statereforum.org/state-progress-on-essential-health-benefits
- http://www.kidswellcampaign.org/state-profiles
- http://www.ncsl.org/?TabId=21448

Citations and Resources

This presentation utilized the following organization web-sites:

- Government Health Care Website
  www.HealthCare.Gov
- National Council for Community Behavioral Healthcare
  www.TheNationalCouncil.org
- KidsWell www.kidswellcampaign.org
- The Kaiser Family Foundation
  www.kff.org
- The Robert Wood Johnson Foundation/George Washington Univ
  www.healthreformgps.org
- The Bazelon Center for Mental Health Law
  www.bazelon.org
- The federal Centers for Medicare and Medicaid
  www.cms.gov