

The Federal Health Law and Alameda County: What's New, What's Next, and What Do We Need to Do?



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The Biggest Reforms of Our Era

The health reform law doesn't do all that is needed, but it is historic Congressional action in three areas of focus:

- 1) **Provides new consumer protections** to prevent the worst insurance industry abuses
 - Biggest reform of insurance practices ever: no denials for pre-existing conditions; no rescissions; no lifetime/annual caps on coverage; etc
- 2) **Ensures security** for those with coverage, and **new and affordable options** for those without coverage
 - Biggest expansion of coverage in 45 years; Would bring US from 85% to 95% coverage.
 - Expansion of Medicaid and a new exchange, with affordability tax credits so premiums are tied to income, not how sick we are.
- 3) **Begins to control health care costs**, for our families and our government.
 - Multiple efforts to ensure quality & reduce cost
 - Biggest deficit reduction measure in a generation.
 - Big investments in prevention, with unbooked savings

ACA Impacts on Coverage

■ Employer-Based Coverage

- Roughly the same (potentially stabilize long-term erosion, some small businesses may join the SHOP Exchange)

■ Medi-Cal

- Increases potentially by 1-2 million—for a total of 8-9 million
- Newly-eligible get much higher than 50-50 matching rate
 - 2014-16: 100% Federally funded
 - 2017: 95%; 2018: 94%; 2019: 93%
 - 2020 and beyond: 90% (still a 9:1 match)

■ Individual Market and the Exchange

- Individual market doubles to potentially 4-5 million.
- Up to 2 million getting subsidies in the Exchange
- Half (1.7 million) would be newly insured; the rest were getting coverage in the individual market but now getting help to pay for expensive coverage.
- Exchange Demographics: over half low/moderate-income families of color

■ Uninsured

- 4+ million (2/3 of the uninsured) are eligible for subsidized coverage; more could become covered
- Some won't be signed up; some will not qualify for help due to income or immigration status; there will be residual population

The Benefits of Health Reform

1. **Near-universal coverage for all**, with expansions of group coverage, both public and private.
2. **New consumer protections**: New rules and oversight on insurers that include the abolition of underwriting and limits on age-based rates and on premiums dollars going to administration and profit.
3. **The biggest expansion of Medicaid** since its creation 40 years ago.
4. **Sliding scale subsidies tied to income**: Consumers will pay for coverage not based on how sick they are, but what they can afford.
5. **The end of most junk insurance** and bankruptcies due to medical bills, with a cap on out-of-pocket costs.
6. **Fair share financing**, including an employer assessment as important in concept as the minimum wage.
7. **Assistance for small business** and their workers to be able to afford coverage.
8. **Improvements for existing public programs**, such as filling donut hole in Medicare & simplifying Medicaid.
9. **The tools for cost containment and quality improvement** in health care generally, from prevention to IT to bulk purchasing.
10. **Momentum to do more** in the future, politically and policy-wise, in health care and beyond

Fulfilling the Promise: California 2010 Legislation

- **Created an Exchange** that is transparent, consumer-friendly, easy-to-use, fairly governed, and that negotiates with the insurers to provide the best value to consumers: AB1602 (Perez) & SB900 (Alquist/Steinberg)
- **Ensured availability of child-only plans, prohibited children with pre-existing conditions to be denied coverage, and limited higher rates:** AB2244 (Feuer)
- **Made rate hikes (& justifications) public:** SB1163 (Leno)
- **Conformed state law** to many new federal consumer protections, including rescissions, dependent coverage up to age 26, no cost-sharing for preventative care, etc.

Fulfilling the Promise: California 2011 Legislation

- **Reformed key systems to help consumers get coverage and care, to be ready ramping up to 2014:**
 - **Eligibility and Enrollment:** AB1296(Bonilla) outlines a “no wrong door” philosophy for signing up Californians for coverage.
 - **Consumer Assistance:** AB922(Monning) enhances & expands the Office of Patient Advocates as a triage center for questions and complaints about coverage and care.
- **Instituted new consumer protections and insurance oversight, to align with federal law:**
 - **Medical Loss Ratio:** SB51(Alquist) would allow state regulators to enforce new federal standards to ensuring premiums dollars go to patient care, not administration and profit.
 - **Maternity Care:** AB210(Hernandez)/SB222(Evans) mandates maternity services as a basic benefit by July 2012.

Fulfilling the Promise: The Medi-Cal Waiver

California's "Medicaid waiver" is being negotiated this year, to determine the next five years of the program, which covers 7 million Californians. Some shared goals include:

- Be ready for health reform: through early enrollment and other efforts, have over one million in Medi-Cal on Day 1: January 1, 2014
- Help bring in additional federal funds to California, for the state budget and for our safety-net institutions, especially public hospitals
- Incorporate other delivery system reforms, around coordinated care
- Ensure key consumer protections for seniors and people with disabilities, before any patient is mandatorily shifted

Fulfilling the Promise: (LIHP) Low Income Health Program

A win for the county, the uninsured, and the health system:

- County gets **new federal matching funds**, for dollars they already largely already spend on indigent care, helping their health system and their local economy.
- Already over 550,000 uninsured getting **coverage prior to 2014; a medical home** providing primary and preventative care, not just care at the emergency room.
- Since this coverage is grounded in county-based systems of care, these new dollars go to **shore up safety-net institutions**, including public hospitals, community clinics, and other providers.
- This serves as **a bridge to health reform**, ensuring these patients are getting treated and in systems of care before 2014, and ready to get full Medi-Cal (or exchange-based) coverage on day one, maximizing enrollment and federal funds for California.
- This isn't a long-term obligation: In fact, the more people are enrolled in these programs, and thus quickly shifted to Medi-Cal in 2014 with 100% funding by the federal government, the **more county resources can be refocused to better serve the medically indigent who remain uninsured** after 2014.

Securing the Safety-Net

■ The Need for Transformation

- For hospitals, community clinics, and others, this a challenge and opportunity
- Potential new resources: Direct funds for clinics, newly insured consumers with dollars attached to them.
- Will their consumers stay with them, or go to other providers? Are they ready to compete?
- What is the business plan for safety-net providers?
- **Goal: Not Just Surviving, but Thriving**

■ Assessing the Entire Community's Capacity

- With many more insured, we need the capacity of the existing safety-net to provide the care.
- The newly-insured will have specific needs, such as language access
- The safety-net will still need strategy and support to provide care to the remaining uninsured.
- How can we provide care better, and more cost-effective? How can a county's health system-public & private-be ready in 2014?
- Overall reforms of delivery systems...

2012 Agenda:

Consumer Protections & Insurer Oversight

- Watchdog the federal and state government to ensure that **new consumer protections are implemented and enforced**.
 - Focus at the Department of Managed Health Care (DMHC) and the Department of Insurance (DOI)
 - Continued focus on rate review has generated hundreds of million in savings through scaled-back and withdrawn rate hikes.
- Ensure **Californians know about their new rights and options**.
- Start to transition from the “Wild Wild West” insurance market: phasing in benefits, standards, and options.
 - INDIVIDUAL MARKET REFORM: AB1462 (Monning) / SB961 (Hernandez)
 - SMALL GROUP MARKET REFORM: AB1083 (Monning)
 - ESSENTIAL HEALTH BENEFITS: AB1453 (Monning) / SB951 (Hernandez)
 - INFORMATION AND ENROLLMENT AB792(Bonilla); SB970(DeLeon)
- **Fight efforts to weaken, defund, undermine, and repeal** these consumer protections and the rest of reform.

2012 Agenda: Ensuring Californians Get Coverage: The Day One Challenge

- Special session legislation:
 - THE 2014 MEDI-CAL EXPANSION: AB43 (Monning) / SB 677 (Hernandez)
 - PRE-ENROLLMENT: AB719 (Atkins)
 - AUTOMATIC APPLICATION DURING LIFE CHANGES: AB792 (Bonilla)
 - BASIC HEALTH PLAN? Other legislation...
- Work to **implement and improve**:
 - Streamline enrollment in Medicaid, Healthy Families, the Exchange and elsewhere; no wrong doors;
 - Get ready so millions of Californians get covered on Day One—January 1, 2014—and California gets all the federal help available.
 - Create integrated system of “navigation”—right now, patchwork of county workers, brokers/agents, community groups, etc.
 - Work at the Legislature and at the Exchange, DHCS, etc.

Fulfilling the Promise: What a Community Can Do

- **Educate** the Community about Their New Rights, Options, Benefits, and Consumer Protections
- **Engage** Communities and Consumers Every Step of the Way
- **Maximize Federal Dollars** for County and Community
 - Grant opportunities
 - Matching Dollars for Medi-Cal, Healthy Families, LIHP, etc.
- **Aggressively Implement the Low-Income Health Program**
- **Be Ready** So Community Residents Get **Coverage on Day One**
 - Set a Goal and Date; Work backwards to Meet That Goal
 - Systems in place for easy enrollment through no wrong door
- **Transform the Safety-Net** to Survive and Thrive
 - A Business Plan for Safety-net institutions
 - An Assessment and Augmentation of County-wide Capacity
- **Use the New Tools in the Law**
 - To focus on delivery system reform for **cost, quality, safety & equity**
 - To build **health in all policies**, with place-based policy interventions

For more information

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