



**The Hilltop Institute**

*analysis to advance the health of vulnerable populations*

# Health Reform Overview: Key Concepts

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County (CCBC) - Catonsville

# Key Topics

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- Overview of the ACA
- State and Federal Cost Projections
- Medicaid
- Health Benefit Exchanges
- State Decisions

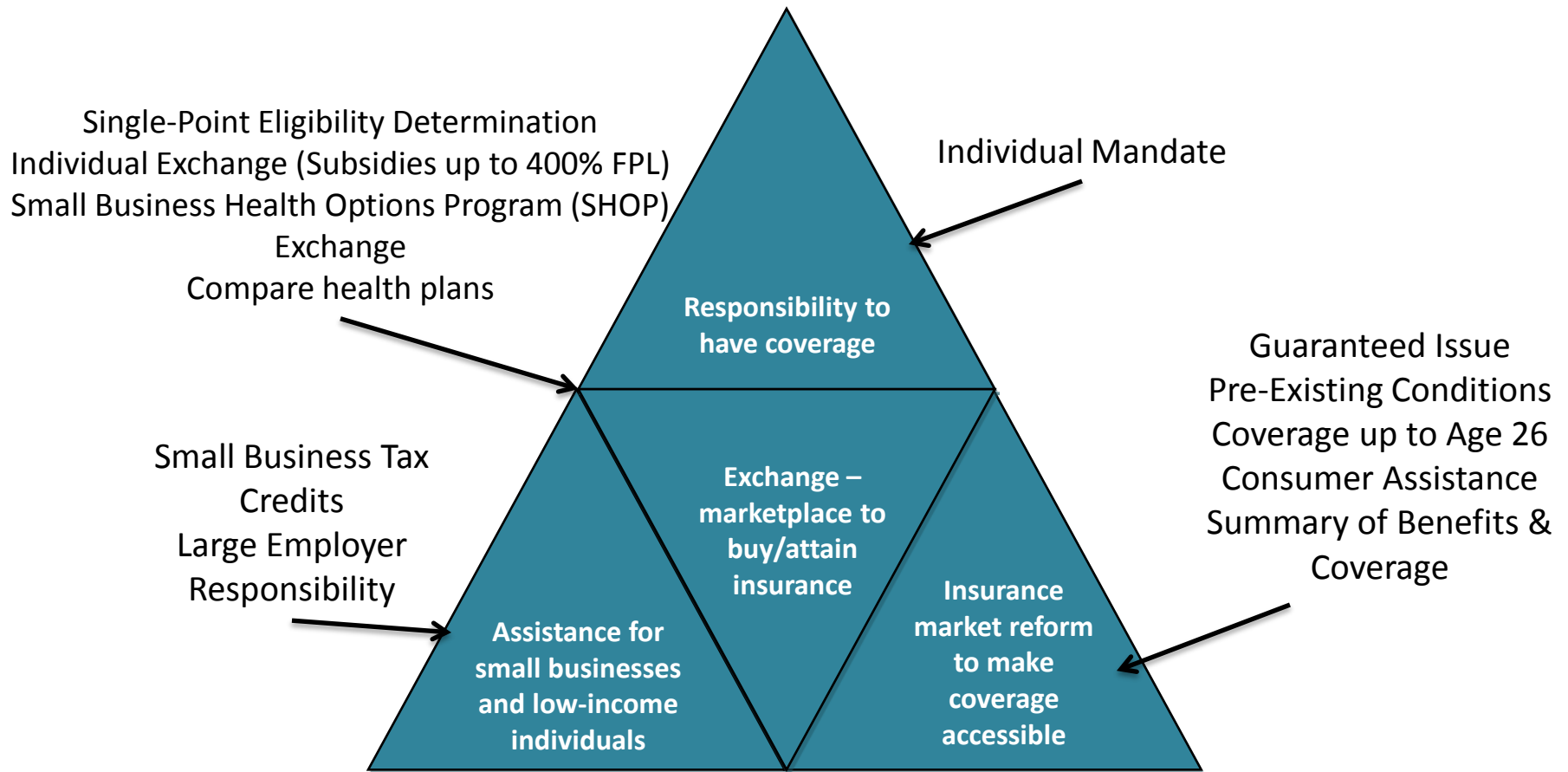
# Overview of the ACA

# What is the ACA?

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- Patient Protection and Affordable Care Act (PPACA) – signed into law on March 23, 2010
- Health Care and Education Reconciliation Act of 2010 (HCERA) – signed into law on March 30, 2010
- These laws compose what we call “health reform law” or the “Affordable Care Act (ACA)”

# What is the ACA? continued



# What is the ACA? continued

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- Prevention and public health programs
- Enhancing primary care infrastructure (workforce)
- Initiating changes in long-term care
- Central themes:
  - Quality      **Medicaid Expansion & Health Benefit Exchanges**
  - Access
  - Slowing the growth of health care costs

# Supreme Court Decision

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- *National Federation of Independent Business v. Sebelius* (26 states)
  - Anti-Injunction Act
    - **Did not apply**
  - Medicaid Expansion
    - **Becomes optional**
  - Individual Mandate
    - **Upheld under Congress' specified power to "*lay and collect taxes*"**



# Federal and State Cost Projections



# Cost of ACA Implementation: Federal

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- Congressional Budget Office
  - Insurance Coverage Provisions – Net cost to the federal budget of \$1.168 billion from 2012 through 2022
  - Overall ACA – reduction in federal deficits by \$210 billion

# Cost of ACA Implementation: States

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- **Overall Effect on State Budgets<sup>1</sup>**
  - **Florida** – \$5.7 billion increase in costs
  - **Indiana** – \$2.5 billion increase in costs
  - **Kansas** - \$200 million in savings
  - **Texas** – \$27 billion increase in costs
- **Maryland** – Overall net savings of \$672 million<sup>2</sup>

Sources: **(1)** Kaiser Commission on Medicaid and the Uninsured (February 2011). *State Budgets under Federal Reform: The Extent and Causes of Variations in Estimated Impacts*. Retrieved from [http://www.kff.org/healthreform/upload/8149\\_ES.pdf](http://www.kff.org/healthreform/upload/8149_ES.pdf).

**(2)** Fakhraei, S. (July 2012). *Maryland Health Care Reform Simulation Model: Detailed Analysis and Methodology*. The Hilltop Institute. Retrieved from <http://hilltopinstitute.org/publications/MarylandHealthCareReformSimulationModel-July2012.pdf>.

# Medicaid

# Medical Assistance (Medicaid)

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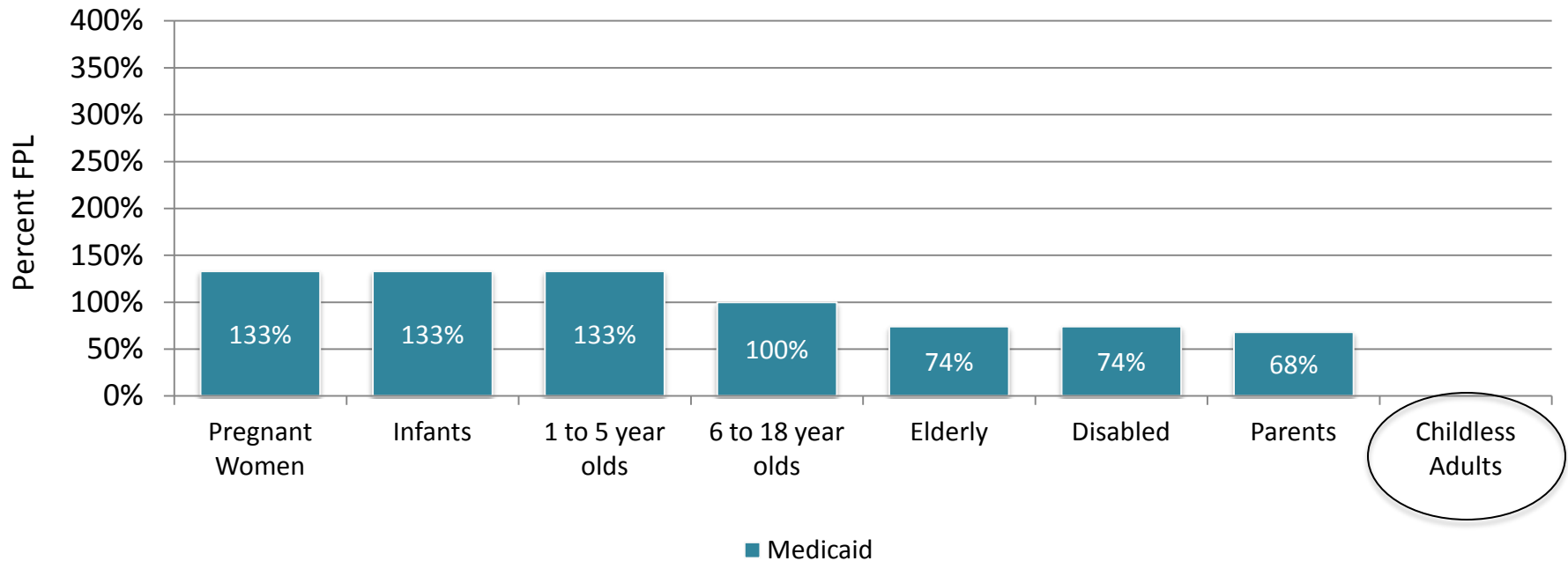
- Coverage for low-income individuals and families
- Eligibility threshold varies across states
- Cost is shared between federal and state government

# Medical Assistance (Medicaid) continued

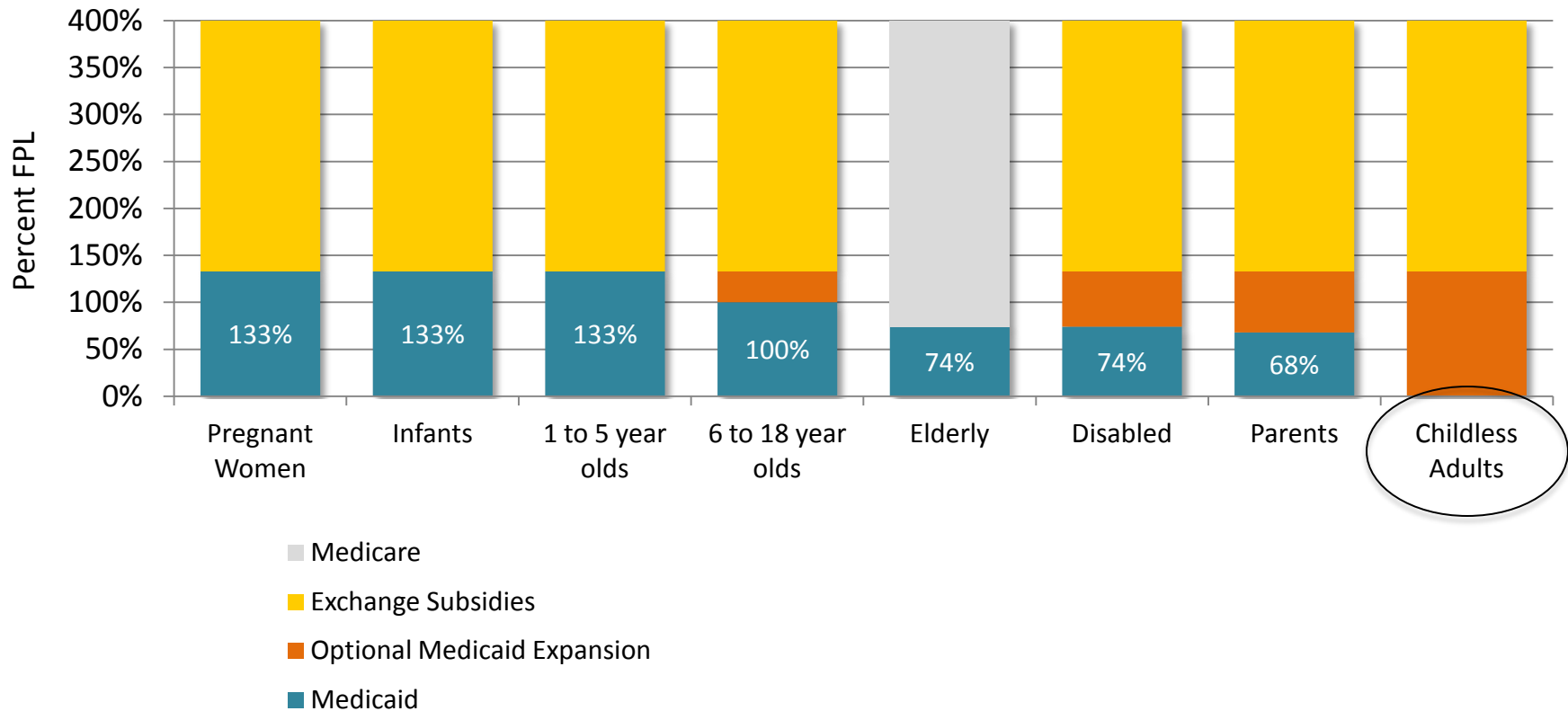
## Maximum Income Eligibility Limit for Medicaid

Category	States <i>Must</i> Cover Individuals with Income Under:	States <i>May</i> Cover Individuals with Income Up to:
<b>Children</b>		
0 - 5 years	133% FPL	No Limit
6 - 18 years	100% FPL	No Limit
<b>Adults (19 - 64 years)</b>		
Pregnant	133% FPL	No Limit
Disabled	75% FPL	No Limit
Parents	11% - 68% FPL	No Limit
Childless adults	Not eligible	Not Applicable
<b>Aged</b>		
65+ years	75% FPL	No Limit

# National Medicaid Eligibility Levels Pre-ACA



# National Medicaid Eligibility Levels Post-ACA



# Changes to Medicaid Eligibility

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*Optional*

- New ~~mandatory~~ Medicaid eligibility groups
- New Medicaid eligibility determinations
- New Medicaid rules



# Optional Medicaid Eligibility Groups

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- Individuals under 65 years with income up to 133% FPL (“newly eligible”)
  - Includes non-pregnant, non-disabled adults without children
- Former foster care children
  - Not currently eligible for or enrolled in Medicaid
  - Under 26 years
  - Were the responsibility of a state on 18<sup>th</sup> birthday and enrolled in Medicaid

# Medicaid Eligibility Determinations: Modified Adjusted Gross Income (MAGI)

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- Income verified through Internal Revenue Service
- For “newly eligibles,” a 5 percentage point income disregard will be applied, increasing the Medicaid eligibility maximum to 138% FPL
- **States must use this regardless of decision to expand Medicaid or not**

# New Medicaid Rules

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- States are required to keep current Medicaid and CHIP eligibility levels through 2013 for adults and 2019 for children
- States can use “presumptive eligibility”
  - Individuals can enroll in Medicaid **before** their application is processed if a Medicaid provider determines the person is **likely eligible**

# Medicaid Expansion for States

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Effect of expansion will differ based on whether:

- States have low Medicaid eligibility for adults today (*Alabama and Texas*).
  - Majority of costs financed by federal government between 2014 and 2019.
- States have broader coverage today for parents but have no Medicaid coverage for childless adults (*California and New Jersey*).
  - Majority of costs financed by federal government between 2014 and 2019. Slightly lower levels of federal funds because of participation of currently eligible individuals.

# Medicaid Expansion for States - continued

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- States currently cover both parents and childless adults in Medicaid today (*Arizona, Delaware, Hawaii, Maine, Vermont, Massachusetts, and New York*).
  - Vary with the proportion of current eligibles to newly eligible
  - Woodwork Effect

Source: Kaiser Commission on Medicaid and the Uninsured (May 2010). *Medicaid Coverage and Spending in Health Reform: National and State-by-State Results for Adults at or Below 133 percent FPL*. Retrieved from <http://www.kff.org/healthreform/upload/medicaid-coverage-and-spending-in-health-reform-national-and-state-by-state-results-for-adults-at-or-below-133-fpl.pdf>.



# Health Benefit Exchanges

# Health Benefit Exchanges

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## ■ Individual Exchange

- Two conditions required to receive subsidy
  - Individual is not offered employer-sponsored insurance (ESI)
  - Individual is offered ESI that is deemed “unaffordable”

# Health Benefit Exchanges - continued

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- Small Business Health Options Program (SHOP) Exchange
  - If a small employer offers and contributes to employee's coverage in Exchange, then the individual is **ineligible** for subsidy



# Key Exchange Functions

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- An Exchange must:
  - Implement procedures to certify, recertify, and decertify a qualified health plan (QHP)
  - Provide for the operation of a toll-free hotline

# Key Exchange Functions - continued

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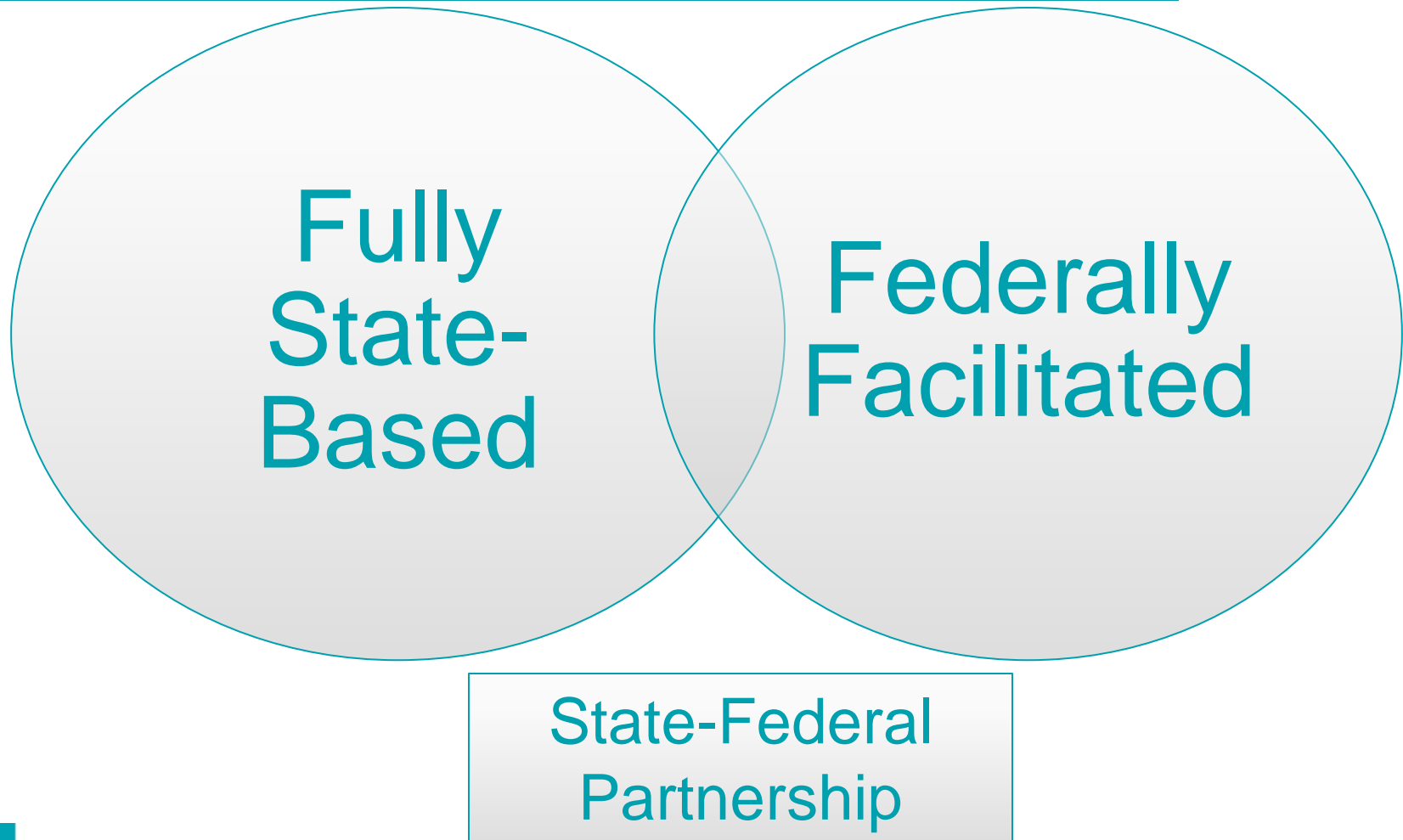
- The ACA further specifies that an Exchange must:
  - **Maintain a website for individuals to view standardized comparative information**
  - Assign a rating to each Exchange plan based on HHS criteria
  - **Use a standardized format for presenting Exchange plan options**
  - **Establish the Navigator program**

# Key Exchange Functions - continued

- **Inform individuals of eligibility requirements for Medicaid, CHIP, or any other state or local program**
- Provide a calculator to determine the actual cost of coverage to individuals
- Certify whether individuals are exempt from the individual mandate
- Provide employers with the names of employees who dropped the employer's coverage and received premium tax credits

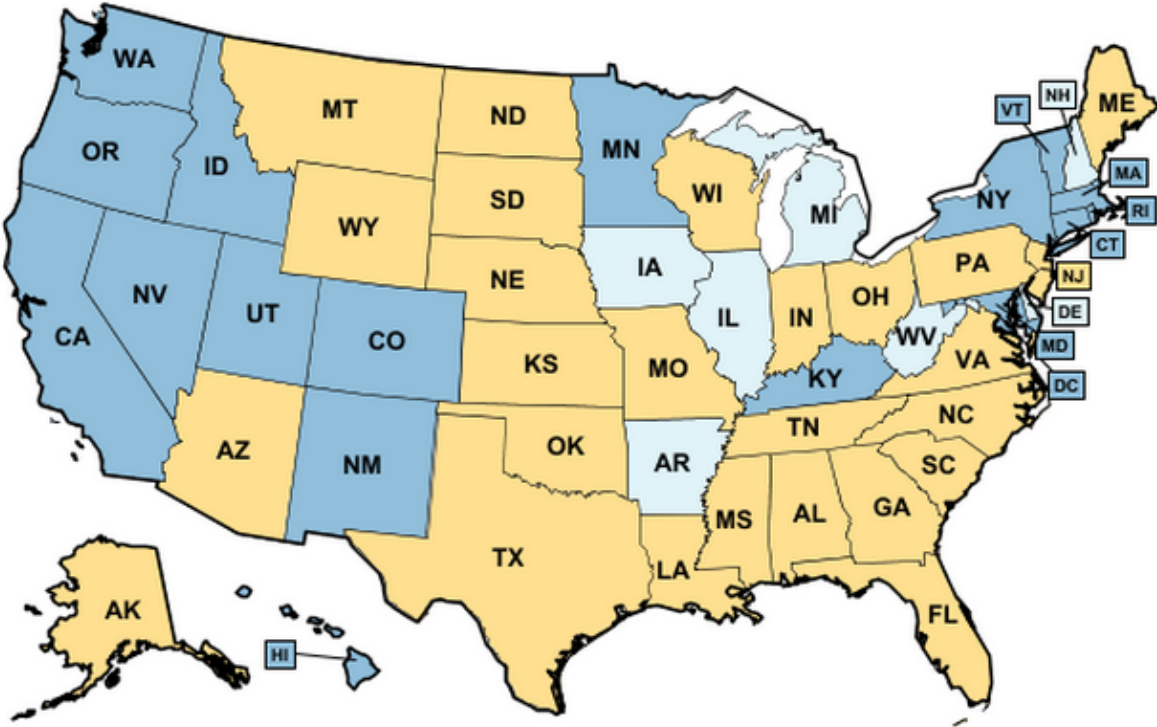
# Exchange Participation Options

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# State Decisions

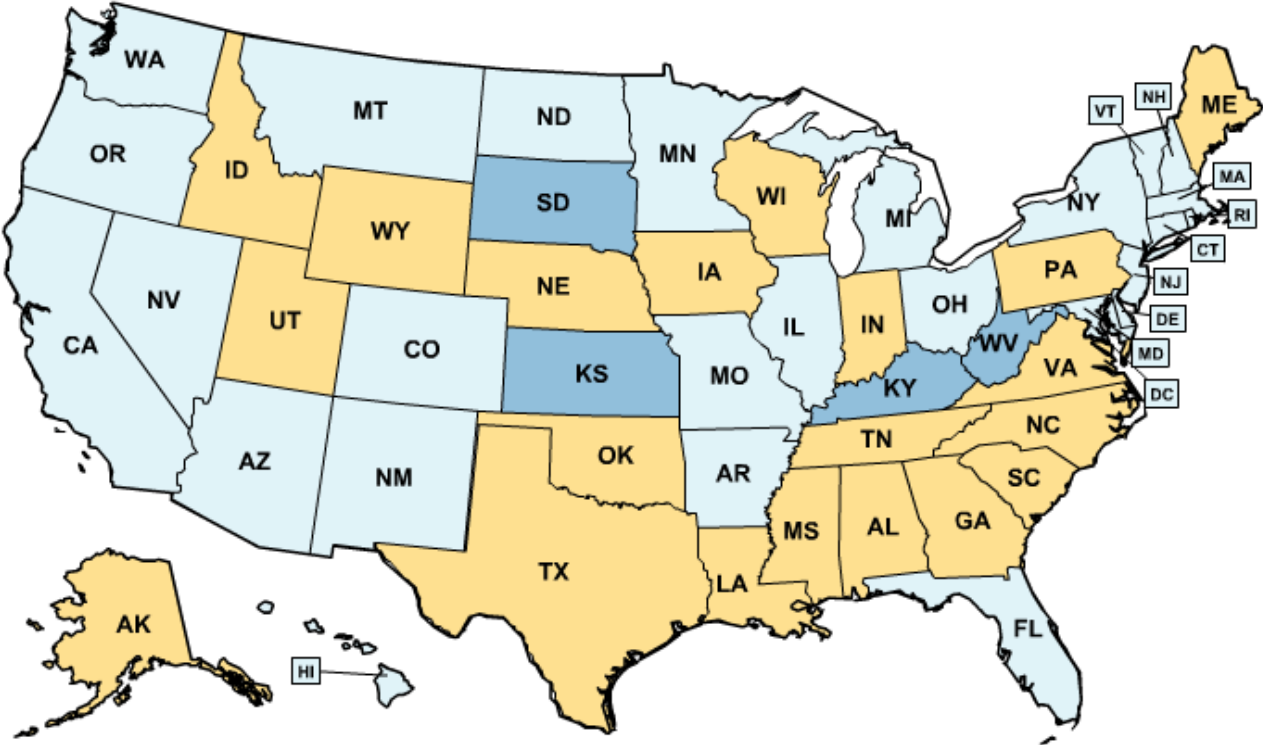
# State Decision on Exchanges



Yellow square: Default to Federal Exchange      Blue square: Declared State-based Exchange

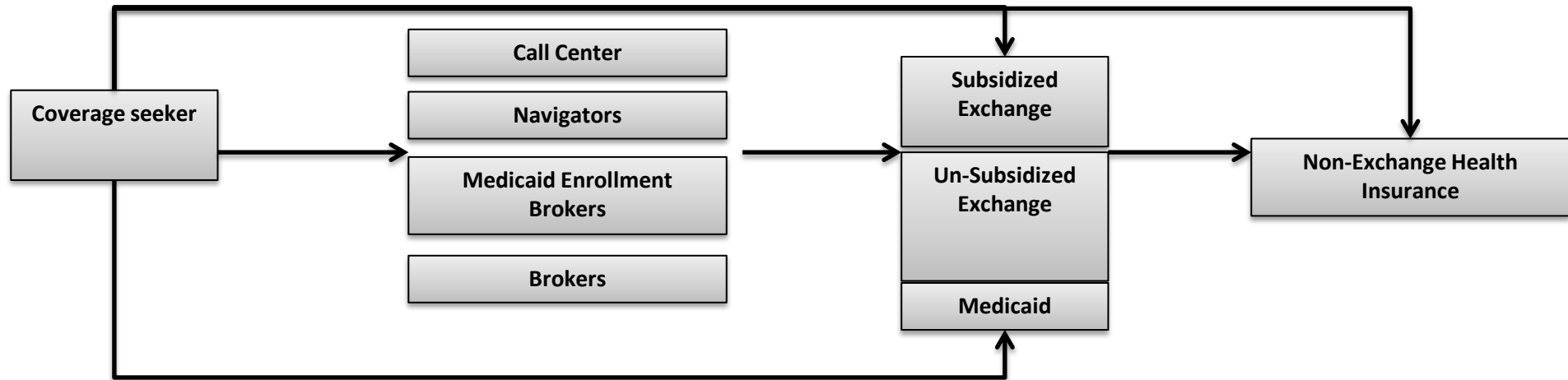
Light blue square: Planning for Partnership Exchange

# State Decision on Medicaid Expansion



Opposes
  Weighing Options  
 Supports

# Seamless Point of Entry





# About The Hilltop Institute

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The Hilltop Institute at UMBC is a non-partisan health research organization—with an expertise in Medicaid and in improving publicly financed health care systems—dedicated to advancing the health and wellbeing of vulnerable populations. Hilltop conducts research, analysis, and evaluations on behalf of government agencies, foundations, and nonprofit organizations at the national, state, and local levels. Hilltop is committed to addressing complex issues through informed, objective, and innovative research and analysis.

[www.hilltopinstitute.org](http://www.hilltopinstitute.org)

# Contact Information

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