

National Health Care Reform: Opportunities for Maine



***Governor's Office of Health Policy & Finance
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Overview – 2014 Full Implementation

- **Builds on employer-based system**
Problem: Too many uninsured – 125,000 in Maine
 - **Near universal coverage**
 - **MaineCare to 133% FPL (\$14,440) – 35,000 uninsured**
 - **Subsidized health insurance for those to 400% FPL (\$43,300) – 68,000 uninsured**
 - **Shared responsibility – government, employers and individuals including individual mandate**
 - **Some exceptions**

Problem: Coverage is too costly – many under-insured

- Increase affordability of coverage**
 - Insurance reforms (rate regulation)**
 - Employer participation**
 - Offer affordable coverage or pay fees**
 - Exchanges**
 - Pool individuals and small group to 100**
 - Standardize / Compare plan information**
 - » 4 Plan Designs**
 - » 2 Multi-State plans – One non-profit**
 - » Young Adult Plans**
 - Limit /Subsidize out-of-pocket costs**

Problem: Health system is costly or inefficient

- **Demonstrations / Pilots to improve efficiency and effectiveness of care**

Problem: Obesity, chronic illness drives health care costs

- **Improve Public Health / Expand Prevention**
 - **100% Coverage for Prevention**
 - **Public Health Fund**
 - » **\$500M in 2010 - \$2 B/Yr 2015 and on**
 - » **Wellness Initiatives – Premium discounts; Grants**
- **Expand primary care – invest in workforce for a reformed system**

ACA Health Insurance Reforms

Immediate Reforms

- ***Temporary high-risk pools***
- ***Minimum medical loss ratios***
- ***Prohibition on rescissions (exception for fraud)***
- ***Extension of dependent coverage for young adults (expires at the 26th birthday)***
- ***Limits preexisting condition exclusions for children***
- ***Limits lifetime and/or annual caps***
- ***Reinsurance for early retirees (applies to state and local government plans)***

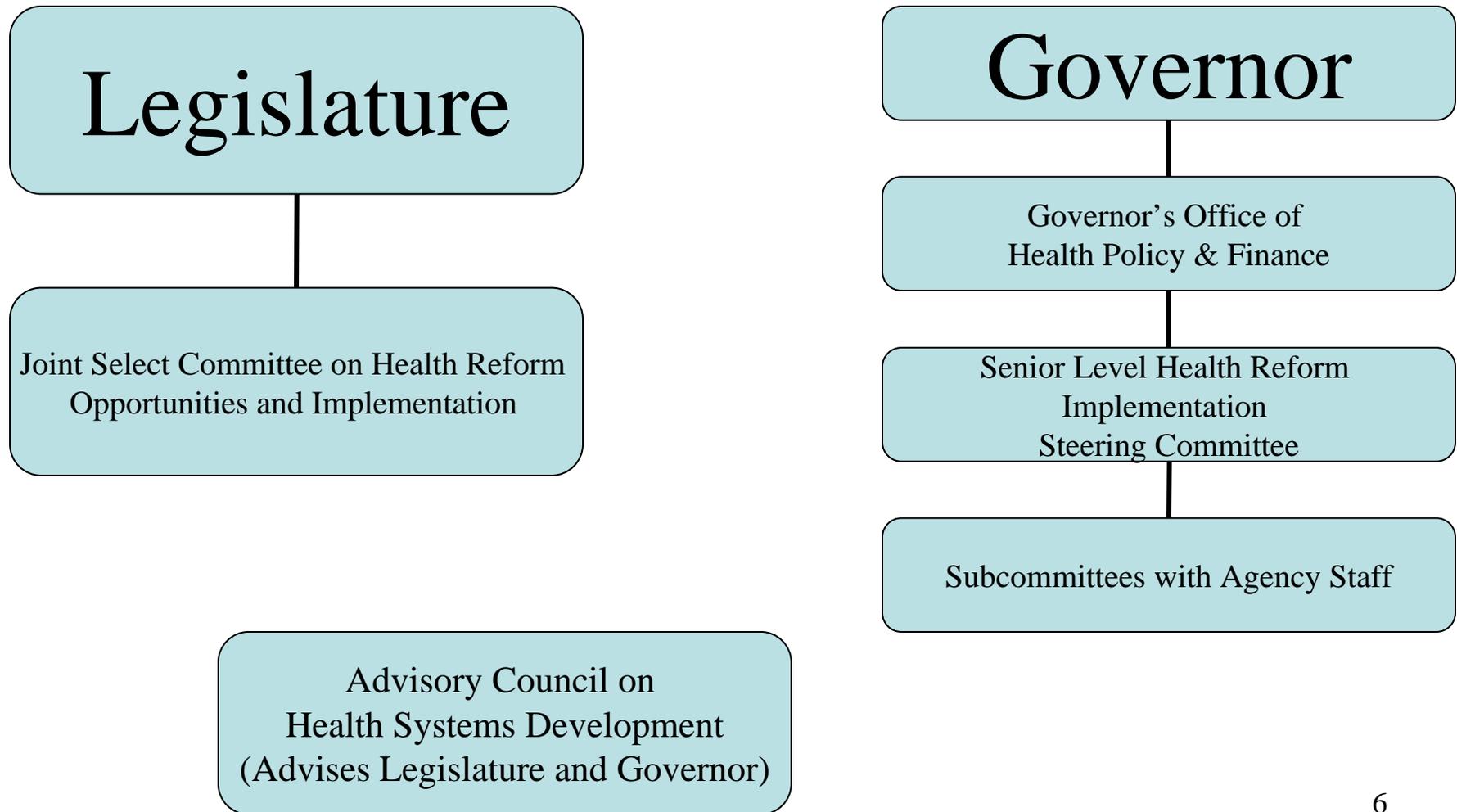
Later Reforms (by 2014)

- ***Prohibition on preexisting condition exclusions***
- ***Guaranteed issue/Guaranteed renewal***
- ***Premium rating rules***
- ***Non-discrimination in benefits***
- ***Mental health and substance abuse services parity***
- ***Prohibits discrimination based on health status***
- ***Prohibits annual and lifetime caps***

Maine Policy Readiness

1. ***Capacity to increase focus on wellness and prevention.***
 - ***New public health infrastructure in place***
 - ***KeepMeWell***
2. ***MaineCare Expansions largely in place.***
3. ***Dirigo ready to convert to Exchange***
 - ***Administers eligibility & subsidy program for individuals and small group***
 - ***HRSA Voucher program underway***
 - ***Operates Health Care Tax Credit***
 - ***Similar benefit design – prevention, no pre-ex, mental health parity***
4. ***Many Insurance Reforms in Place***

Health Reform Implementation in Maine



Funding Opportunities for Maine

Many State Opportunities

- ***Consumer-Related Initiatives (Ombudsman)***
- ***Annual Rate Review Process for Health Insurance Premiums***
- ***High Risk Pools***
- ***Health Insurance and SHOP Exchanges***
- ***Traditional Reinsurance Program for Individual and Small Group Market***
- ***Health IT (both in PPACA and HITECH)***
- ***Medicaid Home and Community Based Services***
- ***Maternal, Infant, and Early Childhood Home Visitation Grant Program***
- ***Medicare and Medicaid Payment Reform Projects***
- ***Medicaid Chronic Disease Incentive Payment Program***
- ***State Workforce Development Grants***
- ***Public Health Grants***
- ***Med Mal Demos – 5 Yrs.***

So, how will it work?

ACA Access Initiatives

- ***Establishes subsidies for premiums and cost sharing for individuals between 133 and 400% of FPL (e.g: Families of 4 w/incomes \$29,327-\$88,000 get help).***
 - ***Individual share of premium limited to between and 2-9.5% of income; assistance also for out-of-pocket.***
- ***Establishes health care exchanges for individuals and small businesses to purchase coverage.***

ACA Shared Responsibility

- ***Employer Responsibility***

- ***Businesses under 50 exempt.***
- ***Businesses with over 50 full-time equivalent employees that do not offer coverage and have at least one employee receiving premium assistance tax credit to pay \$2,000 per FTE, or \$3,000 per FTE if employer does offer coverage, after first 30 employees.***
- ***Businesses that do offer but have subsidized workers, pay penalty or offer employee free choice voucher.***

- ***Individual Responsibility***

- ***Individuals must maintain minimum essential coverage beginning in 2014***
- ***Failure to maintain coverage will result in a penalty that is the greater of a flat fee \$95 in 2014; \$325 in 2015; and \$695 in 2016 OR the following percent of the excess household income above the threshold amount required to file a tax return----1% of income in 2014; 2% of income in 2015; 2.5% of income in 2016 and subsequent years.***
- ***Certain Exceptions and Exemptions apply***

State Policy Decision Short Term: Temporary High Risk Pools

- ***Appropriates \$5 billion (2010 - 2014) to establish programs in the 50 states and DC, effective June 21, 2010.***
- ***States may choose to implement or allow DHHS to administer***
- ***Eligible individuals (citizens or legally present, uninsured for at least 6 months, has a preexisting medical condition)***
- ***Rules-- (1) no preexisting condition exclusions; (2) limits out-of-pocket amounts to \$11,900-families and \$5,950-individuals; (3) standard premium rate; (4) rates may vary on the basis of age by a factor of 4-1.***

State Policy Decision - MaineCare

- ***Streamline and simplifies eligibility***
 - ***On-line***
 - ***MAGI***
 - ***5% Disregard***
- ***Primary care increases (2013 & 2014) – Fed’l funded***
- ***Enhanced match for expansion states and new eligibles***

- ***New costs (cover childless adults to 133% from 100% current; cover foster children to 26) affect by enhanced match and certain policy options***
- - ***Parents 133% - 200%***
 - » ***Exchange?***
 - » ***Basic Health Plan ? (95% Subsidy)***
 - ***CHIP – 2014-2020***
 - » ***Retain in program – 23% enhanced match***
- ***Current Option:***
 - ***Parents 2011-2013 - eliminate if state proves deficit***
 - ***Eligibility determination streamlined for subsidies or MaineCare***

State Policy Option: Health Insurance Exchange

- ***May Pool individual + / - small group to 100***
 - ***Over 100 optional 2017***
- ***Standardizes essential insurance plan benefit design***
 - ***4 Options***
 - ***2 Multi-State Plans (1 Non-Profit)***
 - ***Young Adult Plan***
 - ***Limits out-of-pocket exposure***

State Policy Decisions: Insurance Reform

- ***Whether to expand the definition of the small group market to include businesses with up to 100 employees***
 - ***ACA increases definition of large group market from 50 to 100 in 2014; allows States to opt-out for two years***
- ***Whether to merge the small group and individual markets***
- ***Whether to take an active role in enforcing the insurance market reforms, or allow federal regulators to assume these responsibilities***
- ***What revisions to make to Maine's insurance laws to meet the minimum federal requirements, including medical loss ratio standards***
 - ***Under the PPACA there is a minimum MLR of 85 percent in the large group market and 80 percent in the individual and small group market. Maine does not now regulate large group rates, has an MLR of 65 % in the small group market and 75/78% in the small group market, and there are significant differences between the federal and Maine definitions.***
- ***Whether to maintain or reduce the state's mandated insurance benefit requirements***
 - ***The PPACA requires states to evaluate the cost of their state insurance mandates that are not included in the essential benefit plan that will be determined through federal regulation. Any person receiving federal tax credits for insurance through the exchange will not be credited for benefits above this basic benefit plan.***

Small Business Provisions

- ***Early Retiree Reinsurance Program***
- ***SHOP Exchange***
- ***Small Business Tax Credit***
- ***New Tax Benefit for Adult Coverage***
- ***Grants for Small Businesses for Workplace Wellness Programs***
- ***Establishment of Simple Cafeteria Plans for Small Businesses***

Early Retiree Reinsurance Program

- ***The Affordable Care Act establishes a \$5 billion temporary program to reimburse employers for the cost of providing health care coverage to early retirees (ages 55-64) and their spouses, surviving spouses, and dependents***
- ***Both self-funded and insured plans can apply, including plans sponsored by private entities, state and local governments, nonprofits, religious entities, unions, and other employers.***
- ***The amount of this reimbursement to the employer plan is up to 80% of claims costs for health benefits between \$15,000 and \$90,000.***
- ***HHS will begin the Early Retiree Program on June 1, 2010, and eligible employers can apply for the program through the Department of Health and Human Services. The program ends on January 1, 2014 when early retirees will be able to choose from the additional coverage options that will be available in the health insurance exchanges.***

Small Business Tax Credits

- ***The Affordable Care Act provides a Small Business Tax Credit to businesses for contributing toward their workers' health premiums, beginning with the 2010 tax year. To be eligible for the tax credit, the employer must contribute at least 50 percent of the total premium cost.***
- ***Small employers with fewer than 25 full time equivalent employees and average annual wages of less than \$50,000 that purchase health insurance for employees are eligible for the tax credit.***
- ***For 2010 through 2013, eligible employers will receive a small business credit for up to 35 percent of their contribution toward the employee's health insurance premium or the average premium in Maine, whichever is less (average premium in Maine is \$5,215 for employee-only and \$11,887 for family coverage)***
- ***Tax-exempt small businesses meeting the above requirements are eligible for tax credits of up to 25 percent of their contribution.***
- ***For 2014 and beyond, small employers who purchase coverage through the new Health Insurance Exchanges can receive a tax credit for two years of up to 50 percent of their contribution. Tax-exempt small businesses meeting the above requirements are eligible for tax credits of up to 35 percent of their contribution.***

Impact on Dirigo

- ***Assessment / Subsidies replaced by Federal tax credits***
 - ***Eliminate?***
 - ***Reduce / Re-direct?***
 - ***e.g.: MQF, HealthInfoNet***
- ***DirigoChoice as bridge to essential standardized benefits offered in Exchange***
- ***Dirigo Health Agency – infrastructure largely in place to convert to Exchange***