Affordable Care Act

Miriam O’Day
2013 Myotonic Dystrophy Foundation Annual Conference
Houston, TX – November 8, 2013
Enrollment for new coverage in the State Marketplaces began on October 1, 2013 for January 1, 2014 coverage. 36 states are running through the federal website Healthcare.gov. The other Marketplaces are run by their states. Administration admits “glitches”
Key Principals of the Affordable Care Act

- Expanded Coverage
- Improved Quality
- Prevention and Wellness
- Cost Containment
Sunshine Provisions

Out of pocket Caps

Elimination of Lifetime Caps

Guaranteed Issue

Addresses the “Donut-Hole”

No Ban for Pre-existing Conditions

Positive Provisions for Chronic and Rare Diseases
Definitions

Individual Mandate
January 2014 must have an Acceptable Form of insurance

Employer Sponsored
Medicare
CHIP
Medicaid
Tricare
Veterans Health
Definitions

Individual Mandate
January 2014 must have an Acceptable Form of insurance

80% of Americans

Employer Sponsored
Health Insurance Marketplace
Medicare
CHIP
Medicaid
Tricare
Veterans Health
Definitions

Individual Mandate
January 2014 must have an Acceptable Form of insurance

Plans purchased on the Health Insurance Marketplace
Will be an acceptable form of insurance
Individual Mandate

Acceptable Form of insurance or pay a penalty/tax of $95.00
Individual Mandate

Acceptable Form of insurance or pay a penalty/tax of $95.00

"NO, I'M FROM THE IRS. YOUR HEALTH INSURANCE PAPERS, PLEASE."
<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016 &amp; beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult Penalty Minimum</td>
<td>$95.00</td>
<td>$325.00</td>
<td>$695.00</td>
</tr>
<tr>
<td>Child Penalty Minimum (50% of Adult Penalty)</td>
<td>$47.50</td>
<td>$162.50</td>
<td>$347.50</td>
</tr>
<tr>
<td>% of Income</td>
<td>1.0%</td>
<td>2.0%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Example: Penalty at 251% FPL ($28,840/year*)</td>
<td>$288.00</td>
<td>$577.00</td>
<td>$721.00</td>
</tr>
<tr>
<td>Example: Penalty at 401% FPL ($46,075/year*)</td>
<td>$461.00</td>
<td>$922.00</td>
<td>$1,152.00</td>
</tr>
</tbody>
</table>

### Individual Mandate

**Acceptable** Form of insurance or pay a penalty/tax of $95.00 for 2014 – then it goes up!
Status of Medicaid Expansion
ACA Expansion to 138% of FPL from 16% Alabama to Mississippi 105%

About 5 million poor uninsured adults have incomes above Medicaid eligibility in their state

- 6% in NC
- 6% in OH
- 8% in GA
- 15% in FL
- 20% in TX
Status of Medicaid Expansion

Federal Share of this program:

100% 2014
100% 2015
100% 2016

90% 2020
Status of Medicaid Expansion

Arkansas’ private insurance marketplace is run by the federal government, which will not release enrollment figures until mid-November.

*Arkansas’ private insurance marketplace is run by the federal government, which will not release enrollment figures until mid-November.
Implementation Challenges

No widely accepted definition of individual “affordability” when it comes to health insurance premiums

ACA sets insurance Premiums such that individuals and families will be required to spend no more than a specified percentage of income on premiums for specified health insurance plans in an exchange

For 100% and 400% FPL contributions will be limited from 2.0% to 9.5% of income. Individuals and families with income at or above 400% of poverty will be ineligible for premium credits.
Implementation Challenges

Income Levels at 400% FPL, 2013
Number of Persons in Family
48 Contiguous States – different for AK and HI
1 $45,960
2 $62,040
3 $78,120
4 $94,200
5 $110,280
6 $126,360
7 $142,440
8 $158,520
Implementation Challenges

Two Types of Subsidies
• Premium Tax Credits
  – Help people pay the monthly cost to have a plan
• Cost-Sharing Reductions
  – Decrease the charges enrollees must pay when receiving health care services covered by the plan
How Is the Amount of the Tax Credit Determined?

- Cost of the benchmark plan:
  Determined by the Marketplace (second-lowest cost “silver” plan)

Cost of benchmark plan – Expected premium contribution = Credit Amount

- Expected premium contribution: A maximum percentage of income someone is expected to pay, based on sliding scale
Implementation Challenges

Example: Single Individual
Benchmark: $5,000
Karen:
• Income of $22,980 (200% FPL)
• Maximum expected contribution:
  6.3% or
  $1,448 ($121 per month)
Premium Credit:
$5,000 - $1,448 = $3,552

Karen can use this $3,552 to purchase a plan in the Marketplace. If she chooses a plan that costs more than $3,552, Karen will pay the difference.
Implementation Challenges

Is there an out-of-pocket limit on my expenses?
Yes
$6,360 person
$12,700 for a family
Use Caution – IN NETWORK

Why not just buy a bronze plan

Access to Specialists
Consider all options
Implementation Challenges

• Enrollment will be the focus in 2014

• Need to document 2014 & 2015 experience…
  • To create best practices,
  • To help others find the coverage
  • AND access the care that best meets their needs,
  • To influence State & Federal Policy
All plans sold on the Marketplace must cover ten essential health benefits.
Essential Health Benefits

Ambulatory patient services
Emergency services
Hospitalization
Maternity and newborn care
Mental health and substance use disorder services, including behavioral health treatment
Prescription drugs
Rehabilitative and habilitative services and devices
Laboratory services
Preventive and wellness services and chronic disease management
Pediatric services, including oral and vision care
What about Hospital Readmissions?

Rates vary amongst institutions
Evidence based guidelines not being used for maintenance therapy or acute exacerbations
How is this paid for?

The ACA's provisions are funded by a variety of taxes and offsets.
- Cuts to Medicare Reimbursement
- Taxes on Health Care Industries

There are also taxes on pharmaceuticals, and high-cost diagnostic equipment
How is this paid for?

A 10% federal sales tax on indoor tanning services...
Looking Ahead
What about premium increases

The law does not prohibit rate increases

The law requires insurers to spend at least 80% of the money they collect in premiums on medical claims

The law allowed DHHS to provide funding for states to better review and regulate rates. Premium increases over 10% must be submitted with data to state and federal regulators for review.
Republicans are asking the Internal Revenue Service (IRS) to hand over details about ObamaCare enrollment that may not come out in the administration's official report due the week of November 11th.  

Nov 6th: House Ways and Means Committee
Looking Ahead

Self Attested income invites fraud
Adverse Selection – People pay the penalty instead of the premium until they get sick
400% of poverty level is too generous
Medicaid Expansion
Will employers pay the penalty instead of the premium?
Privacy Breaches will happen
Challenges Solutions

ADVOCACY
Tools to evaluate private insurance plans
Tools available to evaluate Medicare plans
Local resources available to assist in evaluation of plans
Availability of Patient Assistance Programs
Navigators

The ACA established the Navigator Program designed to help individuals navigate health insurance options; tax credits and enrollment. States will have an online list of Navigators – they will also be available via toll free numbers. CMS is trying to enroll Community Centers; Churches; Health Clinics and other Community based organizations as Navigators.
Navigators

Questions to Ask
Does the plan cover my medication?
How much is the co-pay?
Is there Co-insurance?
Does the plan require prior authorization?
Does the plan require that I fail on one therapy before the next is prescribed?
Where do I file a complaint?
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