



## Affordable Care Act Implementation/Medicaid Expansion in the States

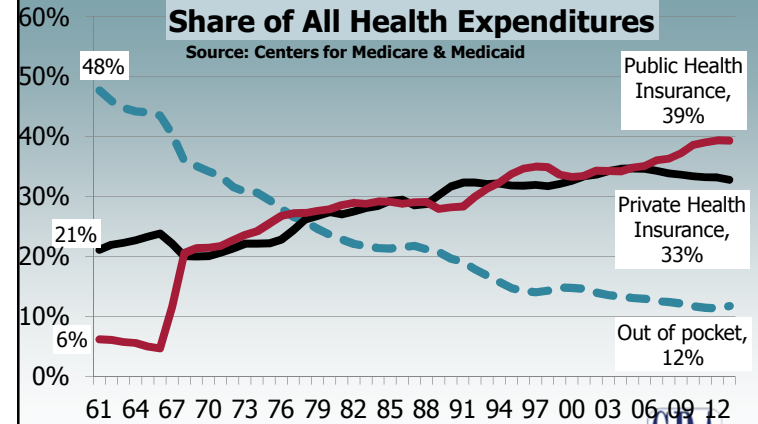
Introduction & NYS Experience: Kent Gardner, CGR  
Colorado: Gretchen M. Hammer, Colorado State Medicaid Director  
Indiana: Seema Verma, SVC  
Wisconsin: Rob Henken, Public Policy Forum



## Who Pays?

### Share of All Health Expenditures

Source: Centers for Medicare & Medicaid



## Costs Soar—and Baby Boomers Just *Now* Retiring

### Share of Gross Domestic Product

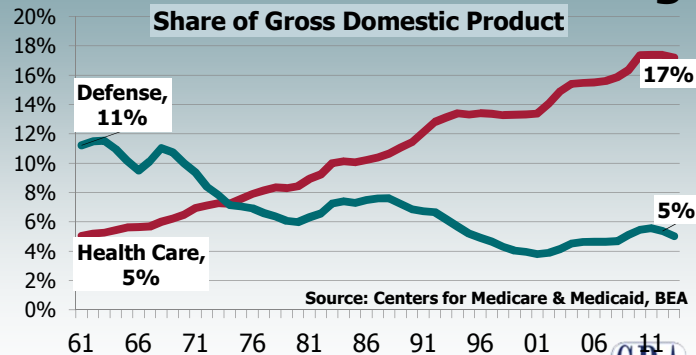
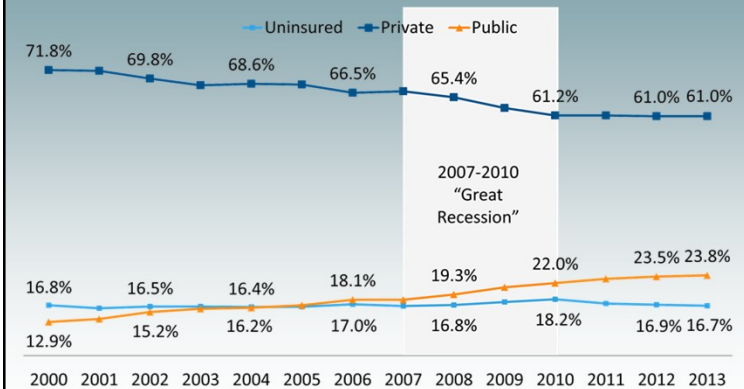


Figure 1

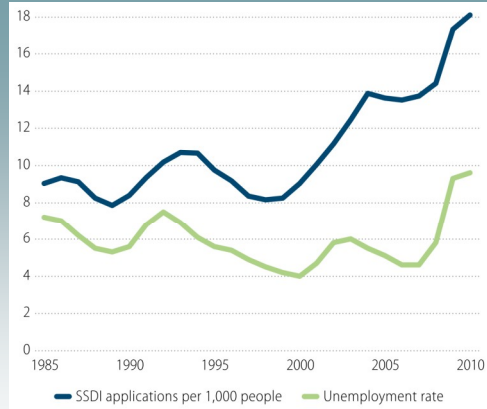
### Coverage Changes Among the Nonelderly, 2000-2013



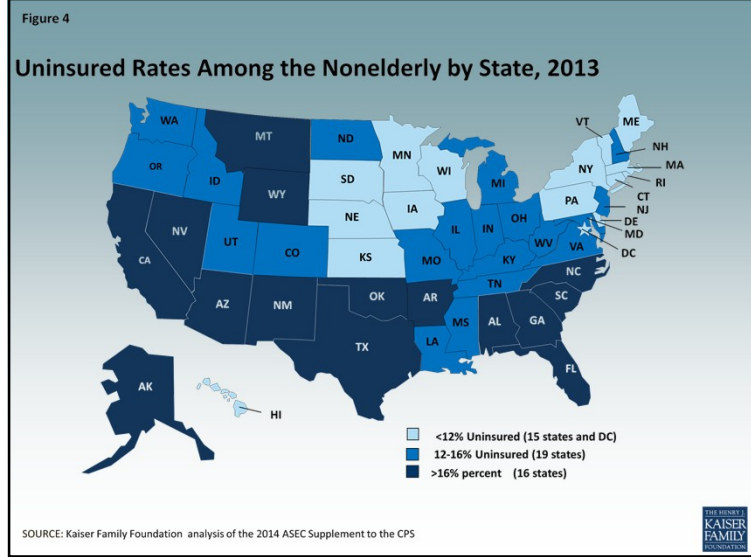
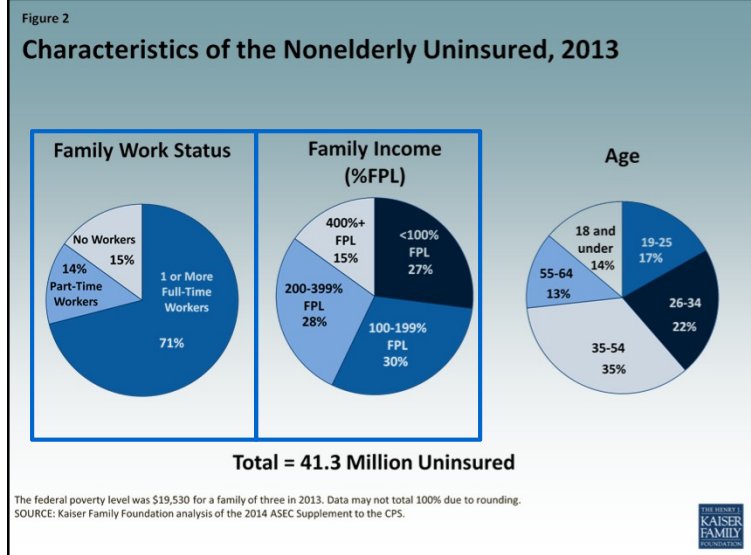
SOURCE: KCMU Analysis of 2001-2014 National Health Interview Surveys



## SSDI applications per 1,000 adults or as share of UE, ages 25-64



Source: SSA Annual Statistical Supplement, various years; 2010 data from SSA Office of the Actuary; BLS



# Patient Protection & Affordable Care Act (aka "Obamacare")

## Key ACA Components

- ❖ **Coverage: Who is insured & what insurance covers**
- ❖ **Price: How insurance products are priced to various populations**



## Coverage: Who

- ❖ **Expand Medicaid for people in poverty**
  - ♦ Expand Medicaid to nondisabled, adults w/o dependent children
  - ♦ Establish uniform eligibility at 138% of federal poverty line (FPL)
  - ♦ **MANDATORY:** Feds pay all for 3 yr; 90% thereafter
- ❖ **Mandate employer coverage (over 50 workers)**
- ❖ **Create marketplace for rest (subsidies phase out at 400% FPL)**
- ❖ **Mandate individual coverage**

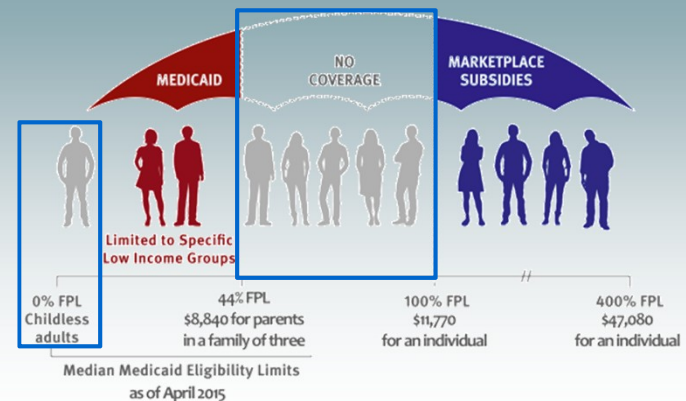


## States Object; Coverage Gap Emerges in 22 States

- ❖ **Opponents sue on ACA**
  - ♦ SCOTUS upholds most of law
  - ♦ **Major exception:** mandatory Medicaid expansion
- ❖ **Toxic political context persists; Republican governors front line of (largely faith-based?) opposition to Obamacare**
- ❖ **RESULT for states that don't expand Medicaid? Incredible coverage gap**
  - ♦ Marketplace subsidies begin at 100% of FPL: Silver premium limited to 2% of income
  - ♦ **But individuals with income below FPL, coverage zero to minimal**



## Coverage Gap Continues Exclusion of Poor from Medicaid in 22 States



Source: Kaiser Family Foundation analysis based on 2014 Medicaid eligibility levels, updated to reflect state Medicaid expansion decisions as of March 2015, and 2014 Current Population Survey data.

## Coverage Gap Continues Exclusion of Poor from Medicaid in 22 States

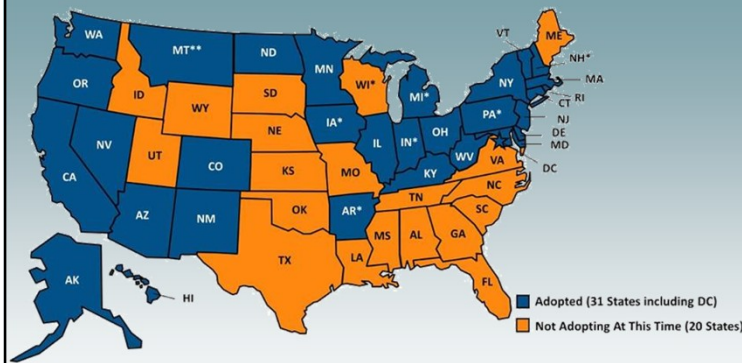
### ❖ ILLUSTRATION

- ◆ Live in Raleigh, NC & earn \$11,770 (100% of FPL)
  - Eligible for Marketplace subsidies
  - Get “silver” plan for 2% of income, \$235
- ◆ Earn only \$11,769 (below FPL)?
  - NO Medicaid, no subsidy

**Coverage gap applies for childless, nondisabled adults in 22 states—no coverage below FPL:**

**3.7 million nationwide**

### Current Status of State Medicaid Expansion Decisions



NOTES: \*\*MT has passed legislation adopting the expansion; it requires federal waiver approval. \*AR, IA, IN, MI, PA and NH have approved Section 1115 waivers. Coverage under the PA waiver went into effect 1/1/15, but it is transitioning coverage to a state plan amendment. WI covers adults up to 100% FPL in Medicaid, but did not adopt the ACA expansion.  
 SOURCE: "Status of State Action on the Medicaid Expansion Decision," KFF State Health Facts, updated July 16, 2015.  
<http://kff.org/health-reform/state-indicator/state-activity-around-expanding-medicaid-under-the-affordable-care-act/>

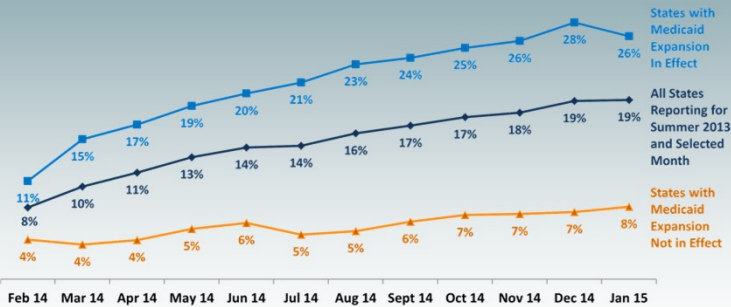
## Differences Among States

- ❖ Expanded Medicaid per ACA: 26 states + DC
  - ◆ Medicaid at or above ACA standards before passage under 1115 waiver: Example-New York
  - ◆ Newly expanded eligibility under ACA: Example-Colorado
- ❖ Did not expand Medicaid—22 offered no coverage for childless adults as of Jan '15
- ❖ Expanded Medicaid after ACA under 1115 Waiver: Example- Indiana plus AR, IA, MI, PA, likely NH, MT, AK, UT
- ❖ And then there's Wisconsin . . .

Figure 3

### Change in Total Medicaid and CHIP Enrollment Compared to Summer 2013

Cumulative Change in Enrollment for each Month compared to Summer 2013:



NOTE: Summer 2013 enrollment data based on monthly average for July-Sept. 2013. Data not available for CT and ME for the entire reporting period. Data are not available for ND for Feb-Jun 14 and for VT for Nov 14. "States with Medicaid expansion in effect" changes over time to reflect adoption of the expansion in MI (Apr 14), NH (Jul 14) and PA (Jan 15). IN, which expanded Feb 1, 2015, is in the "States with Medicaid Expansion Not in Effect" calculation for in all periods.  
SOURCE: CMS, Medicaid & CHIP: Monthly Application and Eligibility Reports, October 2013 – January 2015.



## Medicaid & CHIP Enrollment Growth: 2013 to 1/2015

- ❖ Expansion States (less IN, PA entering 2015): 9.4 million, 28% increase
- ❖ Non-expansion states (incl IN, PA): 1.8 million, 7% increase
- ❖ 2016 Presidential Election puts candidates on the reason v. faith hot seat
  - ◆ Just as we hate Congress but love our representative, voters hate "Obamacare" but love its parts
  - ◆ Net benefit for states hard to deny

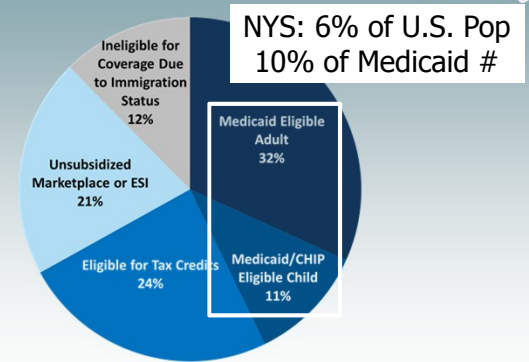


## New York's Experience



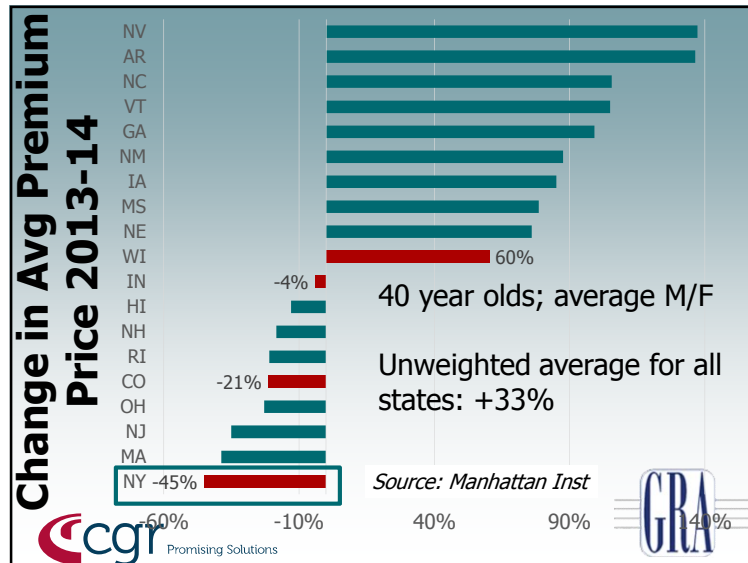
Figure 2

### Eligibility for Coverage as of 2014 Among Currently Uninsured New Yorkers



NYS: 6% of U.S. Pop  
10% of Medicaid #

Total = 2.2 million Uninsured Nonelderly New Yorkers



## NYS Rates & Enrollment

- ❖ Why did 2014 rates fall?
  - ♦ 1993 NYS Law
    - Universal community rating (outside employer plans)—same price regardless of age or health status
    - Guaranteed issue
  - ♦ Result: non-group premiums were extremely high as “moral hazard” ensured that the pool was expensive (& small)
  - ♦ Nongroup morbidity was forecast to fall 29% post-ACA (Deloitte, Urban Inst)
  - ♦ RESULT: Individual enrollment up from 171k to 411k, 141% in NYS v. 46% nationwide
- ❖ Rates up average 6% in 2015; Requests for 2016 average 13%+ (2015 requests similar)

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## Colorado's Experience

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## Indiana's Experience

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# Wisconsin's Experience



Exhibit 8.7

## HDHP/HRA and HSA-Qualified HDHP Features for Covered Workers, 2014

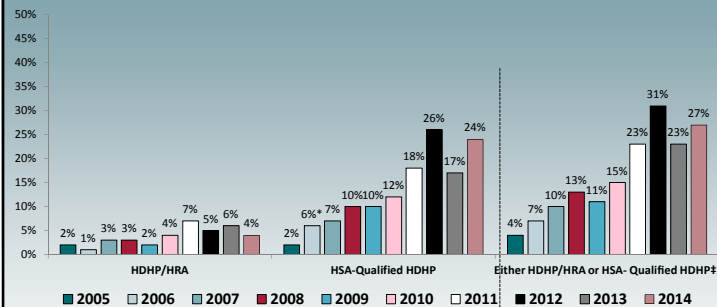
Annual Plan Averages for:	HDHP/HRA		HSA-Qualified HDHP	
	Single	Family	Single	Family
Premium	\$6,040	\$17,279	\$4,949	\$14,514
Worker Contribution to Premium	\$1,165	\$4,933	\$780	\$4,126
General Annual Deductible <sup>‡</sup>	\$2,265	\$4,909	\$2,205	\$4,391
Out-of-Pocket Maximum Liability <sup>‡</sup>	\$3,825	\$7,592	\$3,953	\$7,791
Firm Contribution to the HRA or HSA <sup>§</sup>	\$1,390	\$2,781	\$769	\$1,347

<sup>‡</sup> Three percent of workers enrolled in HDHP/HRAs have employers that reported no out-of-pocket maximum for single coverage and family coverage. These workers are excluded from the HDHP/HRA out-of-pocket maximum liability calculation. The deductible and out-of-pocket maximum averages shown for both HDHP/HRAs and HSA-qualified HDHPs for family coverage are for covered workers whose firms report that they face an aggregate amount. Among covered workers in HDHP/HRAs, 33% are in plans whose family deductible is a separate per person amount and 26% are in a plan where the family out-of-pocket maximum is a separate per person amount. Among covered workers in HSA-qualified HDHPs, the percentages are 7% for deductibles and 6% for out-of-pocket maximums.

<sup>§</sup> When those firms that do not contribute to the HSA (33% for single coverage and 27% for family) are excluded from the calculation, the average firm contribution to the HSA for covered workers is \$1,006 for single coverage and \$1,744 for family coverage. For HDHP/HRAs, we refer to the amount that the employer commits to make available to an HRA as a contribution for ease of discussion. HRAs are notional accounts, and employers are not required to actually transfer funds until an employee incurs expenses. Thus, employers may not expend the entire amount that they commit to make available to their employees through an HRA. Therefore, the employer contribution amounts to HRAs that we capture in the survey may exceed the amount that employers will actually spend.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014

## Among Firms Offering Health Benefits, Percentage That Offer an HDHP/HRA and/or an HSA-Qualified HDHP, 2005-2014



\* Estimate is statistically different from estimate for the previous year shown (p<.05).

<sup>‡</sup> The 2014 estimate includes 0.6% of all firms offering health benefits that offer both an HDHP/HRA and an HSA-qualified HDHP. The comparable percentages for previous years are: 2005 [0.3%], 2006 [0.4%], 2007 [0.2%], 2008 [0.3%], 2009 [-0.1%], 2010 [0.3%], 2011 [1.8%], 2012 [0.6%], and 2013 [1.0%].

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005-2014.



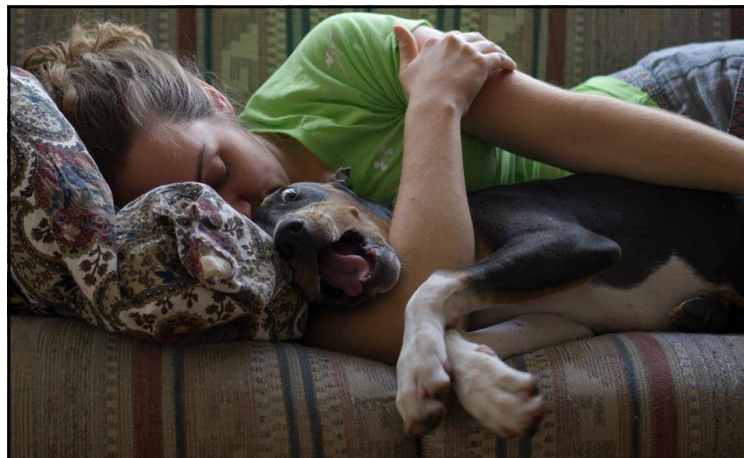
## ACA on Price

- ❖ Plan pricing restrictions
  - ♦ Age-based price discrimination no more than 3 to 1
  - ♦ May vary by geography, tobacco use
  - ♦ May NOT charge women more
- ❖ Out-of-pocket MAX: \$6,600 for single, \$13,200 for family



## Out-of-pocket max → high deductible health plans

Average Deductible Amount for Each of the Four Metal Plans

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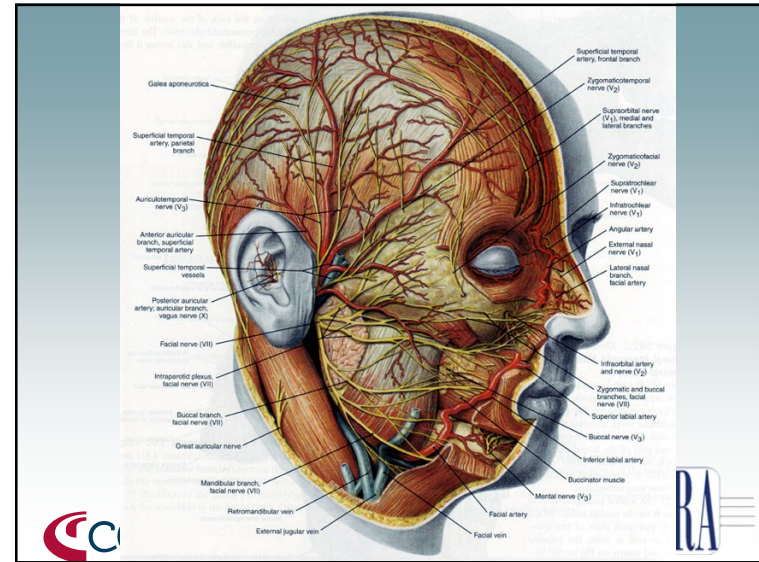
## Reactive arthritis of temporomandibular joint

- ❖ Both jaw joints destroyed; couldn't open mouth more than 1/2 inch w/o pain; eating only soft foods
- ❖ Solution: Remove diseased bone, replace joints w/ prostheses, cut & shift upper jaw back into place
- ❖ Consult at Eastman Inst for Oral Health at UR Medicine (Ross Tallents) yields referral to Larry Wolford at Baylor, Dallas

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## Robin quit her job to allow her to buy better insurance



## Closing the Loop . . .



- ❖ Getting better every day
- ❖ Back to work in June



## Lessons from Robin's surgery . . .

- ❖ ACA requires insurers to cover "pre-existing conditions"—she changed insurers & they still covered the condition (\$98,000 to Baylor Hospital)
- ❖ U.S. system allows us to pick our docs
- ❖ Private providers are not obligated to accept a regulated fee; out-of-network docs will charge whatever we'll pay
- ❖ And we are free to fight with the insurance company to get reimbursed

