



Health Reform: Issues for State Governments

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Status of Implementation

- Reform laws were passed and signed by President Obama in March;
- Complex law with many significant new programs and changes to existing programs;
- Staggered timeline for implementation – many major changes take effect in 2014, some sooner;
- NASMD working with NGA, NAIC and NASHP to address implementation issues in state programs – includes regular meetings with HHS;
- Working group of Medicaid directors regularly meeting with CMS to discuss technical issues.

Overarching Changes

- Individual mandate to obtain insurance;
- Establishment of “Exchange”:
 - Based on Massachusetts “Connector” model;
 - Provides central marketplace to compare/purchase plans;
 - Federal government provides subsidies (based on income) to assist with the purchase of insurance.
- Competition:
 - Establishes Health care nonprofit cooperatives;
 - State may offer an insurance plan up to 200% FPL
- State:
 - Opportunity for waivers to experiment with delivery models;
 - Broad Medicaid expansion & restructuring of eligibility.

Private Components of Reform

- Private Insurance Reforms:
 - “Community Rating” – limits on variation in premiums for individuals within a geographic area;
 - Prohibits exclusion of pre-existing conditions;
 - “Guaranteed Issue/Renewal” – no one can be denied coverage/dropped due to health conditions;
 - Removes annual/lifetime limits on care;
 - Required Benefits Package (Including Rehabilitation, Habilitation, MH treatment).

Medicaid Components of Reform

- Medicaid Changes:
 - Expands Medicaid to everyone under 133% of FPL, with increased Federal funds for this population;
 - Current eligibility levels, procedures and methodologies are frozen until 12/31/2013 for adults and 9/30/2019 for children (including CHIP);
 - Restructures income calculation for many Medicaid beneficiaries to IRS income calculation;
 - Eliminates income disregards;
 - Eliminates asset/resource test for individuals who have the income calculation restructured;
 - Mandatory increase to the provider rates Medicaid pays for primary care services (100% Federal funds).

Other Components of Reform

- Medicaid (continued):
 - Expands Medicaid to any individual under 26 who aged out of Child Welfare;
 - Creates State-plan option for family planning services;
- Other programs:
 - Includes grants and incentives to increase utilization of Home Visitation Services;
 - Reestablishes Abstinence education funding
 - Establishes grants for School-based health services.

Other Components of Reform

- Long-term Care:
 - Establishes the CLASS Act: a national long term care insurance program funded by payroll deductions
 - Creates new options for community-based long-term care through Medicaid
 - Provides FMAP incentives to increase long-term care in the community

Fraud & Reporting Provisions

- CMS database include claims data from Medicare, Medicaid, CHIP, VA, DOD, SSA, and IHS;
- Requires states to terminate individuals or providers if they were terminated from Medicare or another Medicaid program;
- Expanded reporting of data elements “necessary for program integrity, program oversight, and administration.”
- States are required to submit annual reports on Medicaid enrollment by eligibility categories and populations.

Major Provisions Awaiting Regulation

- Standard definitions of terms used in health insurance coverage;
- Minimum requirements for exchange operation;
- Waivers for State Innovation;
- Essential health benefits package;
- CLASS Act: program definitions, payments, and premiums;
- Nutrition labeling at chain restaurants;
- Data reporting requirements.

Brief Reform Timeline

Date	Changes
2010	<ul style="list-style-type: none">• Small Employer Tax Credits;• Monitor private premium increases;• Establishment of High-risk pools;• Options to adopt Medicaid reforms• Medicaid eligibility is frozen• Initial private insurance reforms:<ul style="list-style-type: none">– Dependents on plans until age 26;– No pre-existing condition (under 19).
2011	<ul style="list-style-type: none">• Phase out of Medicare Prescription Drug “donut hole” begins• CLASS act establishment
2014	<ul style="list-style-type: none">• Exchanges & tax credits operational;• Medicaid expansion with increased FMAP and income restructuring.• End of adult Medicaid eligibility freeze

Brief Reform Timeline

Date	Changes
2014 (continued)	<ul style="list-style-type: none">•State option to provide insurance plan up to 200% FPL•Individual mandate•Additional insurance reforms:<ul style="list-style-type: none">–No annual/lifetime limits–No pre-existing condition (everyone)–Guaranteed issue/Community rating–Minimum benefits package
2015	<ul style="list-style-type: none">•Increased CHIP FMAP (until FFY 19)
2017	<ul style="list-style-type: none">•Increased FMAP for newly eligibles begins to incrementally decrease
2019	<ul style="list-style-type: none">•Medicaid/CHIP children's eligibility freeze ends
2020	<ul style="list-style-type: none">•FMAP for newly eligible decreases to 90% (remains at 90% indefinitely)

Questions?
