

Patient Protection and Affordable Care Act

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**2nd Annual West Virginia Workers'
Compensation Educational
Conference**

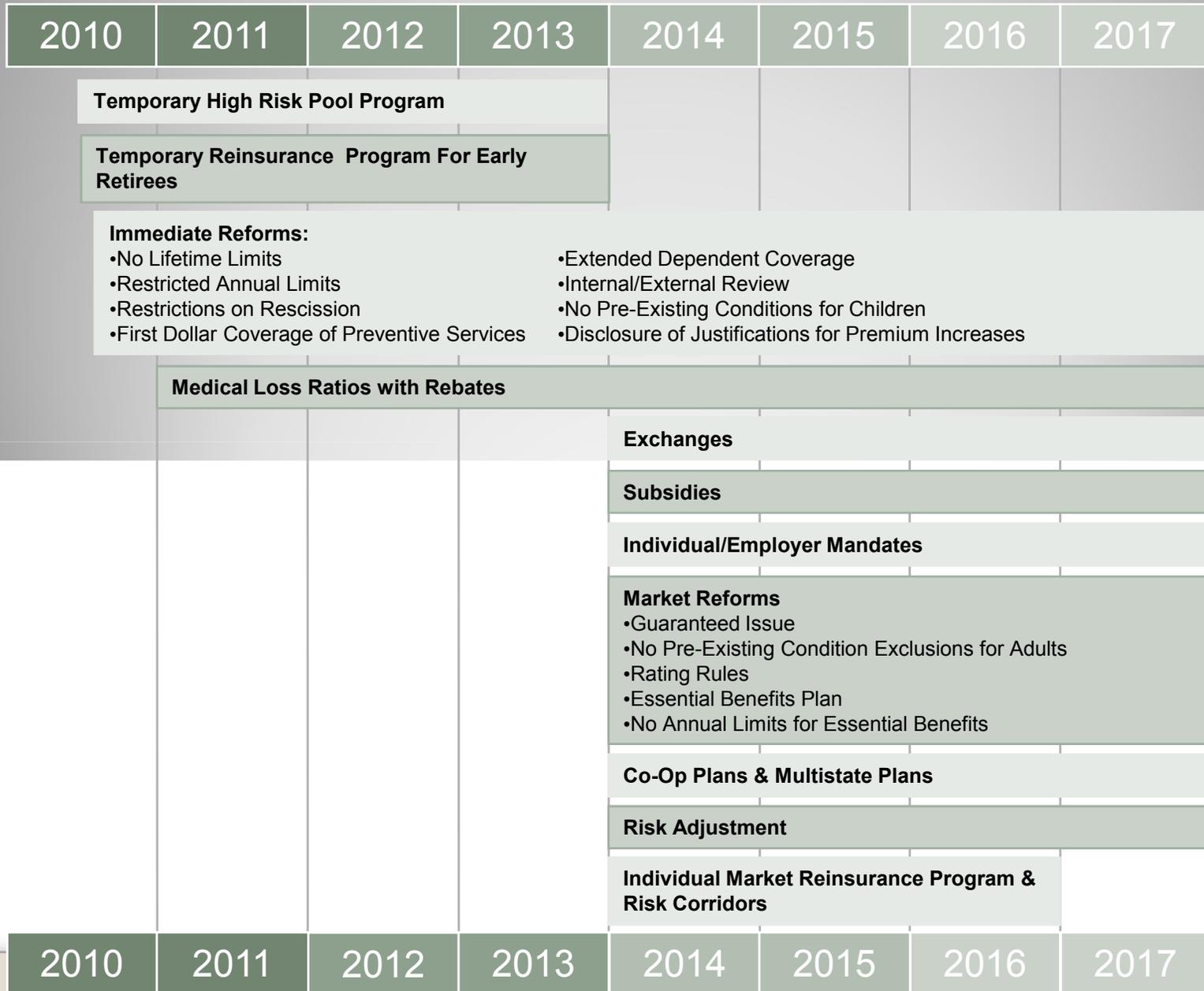
May 4, 2011

Federal Fallback

HHS will be responsible for enforcing federal law if state law is preempted:

- High risk pool program
- Exchange operation
- Rate and form review
- Market conduct
- Internal/external review of disputes
- MLR enforcement

Reform Timeline



Reforms

Temporary Programs

High Risk Pools

Eligible participants:

Uninsured at least six months
Pre-existing condition

Required benefits:

No pre-existing condition exclusions
No lifetime limits
May be operated through contracts with states or non-profit entities

Forms:

Traditional high risk pool
Carrier of last resort
Other form specified by state

Reinsurance for Early Retirees

Federally subsidized reinsurance for employers providing coverage to retirees between age 55 and 64.

Covers 80% of claims between \$15,000 and \$90,000 for each individual in a year.

\$5 billion appropriated to fund.

Sunsets in 2014.

Medical Loss Ratio

■ PPACA Requires:

- Beginning January 1, 2011, insurers shall, each plan year, pay rebates to enrollees if the Medical Loss is lower than:
 - 80% in the non-group market
 - 80% in the small group market
 - 85% in the large group market

Medical Loss Ratio

Components of the Medical Loss Ratio:

Reimbursement for clinical services +
Expenditures to improve health care quality

—
Total premium revenue –
Federal and State taxes and licensing or regulatory fees
(and accounting for risk adjustment, risk corridors and
reinsurance)

Medical Loss Ratio

NAIC Considerations:

- The “Blank”
- Methodologies for calculating the MLR, and definitions.
- Special circumstances of smaller, newer and different plans.
- Transition and Destabilizing Market

Provider Networks

- The Secretary shall, by regulation, establish criteria for the certification of health plans as qualified health plans.
- Such criteria shall require that, to be certified, a plan shall, at a minimum:
 - Meet marketing requirements
 - Ensure a sufficient choice of providers
 - Include within health insurance plan networks essential community providers
 - Be accredited with respect to local performance on clinical quality measures

Small Business Tax Credit

- **Tax Credit Timelines:**
 - **2010-2013:** Eligible employers can receive a small business tax credit for up to 35% of their employee healthcare contribution.
 - **2014-beyond:** Employers going through State Exchange can receive a tax credit for two years of up to 50% of their contribution.
- Tax-Exempt Small Businesses meeting the above requirements are eligible for tax credits of up to 35% of their contribution.

WVOIC/NAIC: Other Issues

- **Rate Review**
 - Definitions of “unreasonable” and “excessive”
 - Forms and processes for filing rates for review
- **Uniform Fraud Reporting Form**
- **Consumer Information**
 - Uniform Enrollment Form
 - Standardized Explanation of Coverage
 - Definitions
- **Data Collection**
- **Risk Adjustment/Risk Corridors (2014)**
- **Medigap Reforms (2015)**
- **Standards for Interstate Compacts (2016)**

WVOIC Involvement

- **Committee/Sub-Committee Meetings**
- **Development of Exchange**
- **Applying for Grants**
- **Assisting NAIC in establishing standard definitions**

WVOIC Involvement

- **Current Grants:**

- **Premium Review Grant - \$1m**
- **Exchange Planning Grant - \$1m**
- **Ombudsman Grant - \$125k - \$175k**

- **Grants we will watch for:**

- **Exchange Cycle 2 Grant**
- **Broad Outreach Grants**

Reforms: Exchanges

- Facilitate comparison and purchase of coverage
- Administer subsidies
- Mandatory Core functions:
 - Certify qualified plans
 - Operate toll-free hotline
 - Provide standard comparative information on qualified plans
 - Rate plans based upon cost and quality
 - Certify exemptions from individual mandate
 - Establish “Navigators” program
 - Coordinate with Medicaid & CHIP programs to provide eligibility determinations
- Outside market remains intact

Exchanges: **Plan Cost Sharing**

Levels of Coverage

Plans in exchange will fall within specified actuarially defined tiers:

Catastrophic Plan

Bronze- 60%

Silver- 70%

Gold- 80%

Platinum- 90%

Cost Sharing and Deductibles

- Cost-sharing under a health plan may not exceed the cost-sharing for the bronze plan
- Deductibles for plans in the small group market are limited to \$2,000 individual/\$4,000 family, indexed to average premium growth.

How You Can Help

- Share your input with our office
- Advise folks to look into the High Risk Pools (HRP).
 - State HRP is different from Federal HRP
 - AccessWV – www.accesswv.org – 866-445-8491
 - Pre-Existing Conditions Insurance Plan
<http://www.healthcare.gov>

CONTACT INFORMATION

**West Virginia Offices of the Insurance
Commissioner**

(304) 558-3354

888-TRY-WVIC

www.wvinsurance.gov

Patient Protection and Affordable Care Act

Dr. James Becker
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2nd Annual West Virginia Workers' Compensation Educational Conference

Health Care Reform

Aka: The Patient Protection and Affordable Care Act, PPACA and the Affordable Care Act.

- Signed into law on March 23, 2010.
- 129 provisions for DHHR
- About 70 for BMS

The Affordable Care Act: One Year Later

The law provides better benefits and better health.

- **Preventive care is a priority.**
- **More people will have access to health insurance.**
- **Small businesses will receive tax credits.**
 - **If you have fewer than 25 employees and provide health insurance you may qualify for a small business tax credit of up to 35% (up to 25% for non-profits) to offset the cost of your insurance.**

Increased Access to Affordable Health Care

- Insurance for Uninsured Americans with Pre-Existing Conditions.
- Access to Insurance for Uninsured Americans with Pre-Existing Conditions.
- Expanded Coverage for Early Retirees.
- Rebuilding the Primary Care Workforce.

Who is eligible?

- Any low-income person who meets the new income and eligibility standards.
- New income level: About 133-138 % of the federal poverty level for all individuals < 65.
- Current income level: 34-38 % of the federal poverty level.
- Coverage for 170,000 more West Virginians.

Improved Infrastructure

- Holding Insurance Companies Accountable for Unreasonable Rate Hikes.
- Allowing States to Cover More People on Medicaid.
- Increasing Payments for Rural Health Care Providers.
- Strengthening Community Health Centers.

Improving Quality, Lowering Costs in 2012

- Free Preventive Care for Seniors.
- Improving Health Care Quality and Efficiency.
- Improving Care for Seniors After They Leave the Hospital.
- Introducing New Innovations to Bring Down Costs.
- Increasing Access to Services at Home and in the Community.



Quality & Cost

- **Coordination of Care**
- **Reducing Paperwork**
- **Understanding and Fighting Health Disparities**

Initiatives of the Affordable Care Act

- The Partnership for Patients
- Stopping Medicare Fraud
- Community Health Centers
- Improving Health Care through Health Information Technology (HIT)

Into the Future: 2013 & 2014

- More Funding for CHIP.
- Establishes Health Insurance Exchanges.
- Prohibits Discrimination Due to Pre-Existing Conditions or Gender.
- Promotes Individual Responsibility.
- Ensures Free Choice

Health Information Technology

The use of HIT is intended to improve health care with the collection and sharing of data in a standardized format.

Provider Incentive Program (PIP)

Federal Funding of Provider Incentive Program (PIP) is about \$ 19 billion for meaningful use of certified Electronic Health Records (EHR)

- Eligible Providers
- Eligible Hospitals

Cost of EHR to Providers

Average adoption costs (just simple adoption not achieving meaningful use)

- Estimate: \$34 - \$60,000 / clinician.
- Organizational change is much more expensive than the hardware /software – because it is “People Time.”

HCR and Workers' Comp

- WC is a small piece of total health care spend
- The WC system represents a unique coverage
- WC costs are rising parallel to other medical costs

Impact of HCR on WC: Cons

- Possible cost-shifting
- Migration of providers to more/less WC care
- Reduced availability of providers
- New treatment models that are not designed for injury care
- Possible increased TTD

Impact of HCR on WC: Pros

- Administrative simplification
- Improved data collection
- More private health insurance coverage
- More evidence-based decisions
- Possibly reduced costs!

Resources

Which EHR products meets CMS's requirements? Get a CMS EHR Certification Number:

<http://onc-chpl.force.com/ehrcert>

West Virginia's HIT Extension Center:

<http://www.wvrhitec.org/>

WV Bureau for Medical Services

www.dhhr.wv.gov/bms

Centers for Medicare and Medicaid Services

www.healthcare.gov

Questions???