



Health Care Reform: What It All Means & What Comes Next

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Martin Luther King, Jr.



“Of all the forms of inequality, injustice in health care is the most shocking and inhumane.”

Questions at the core of the debate

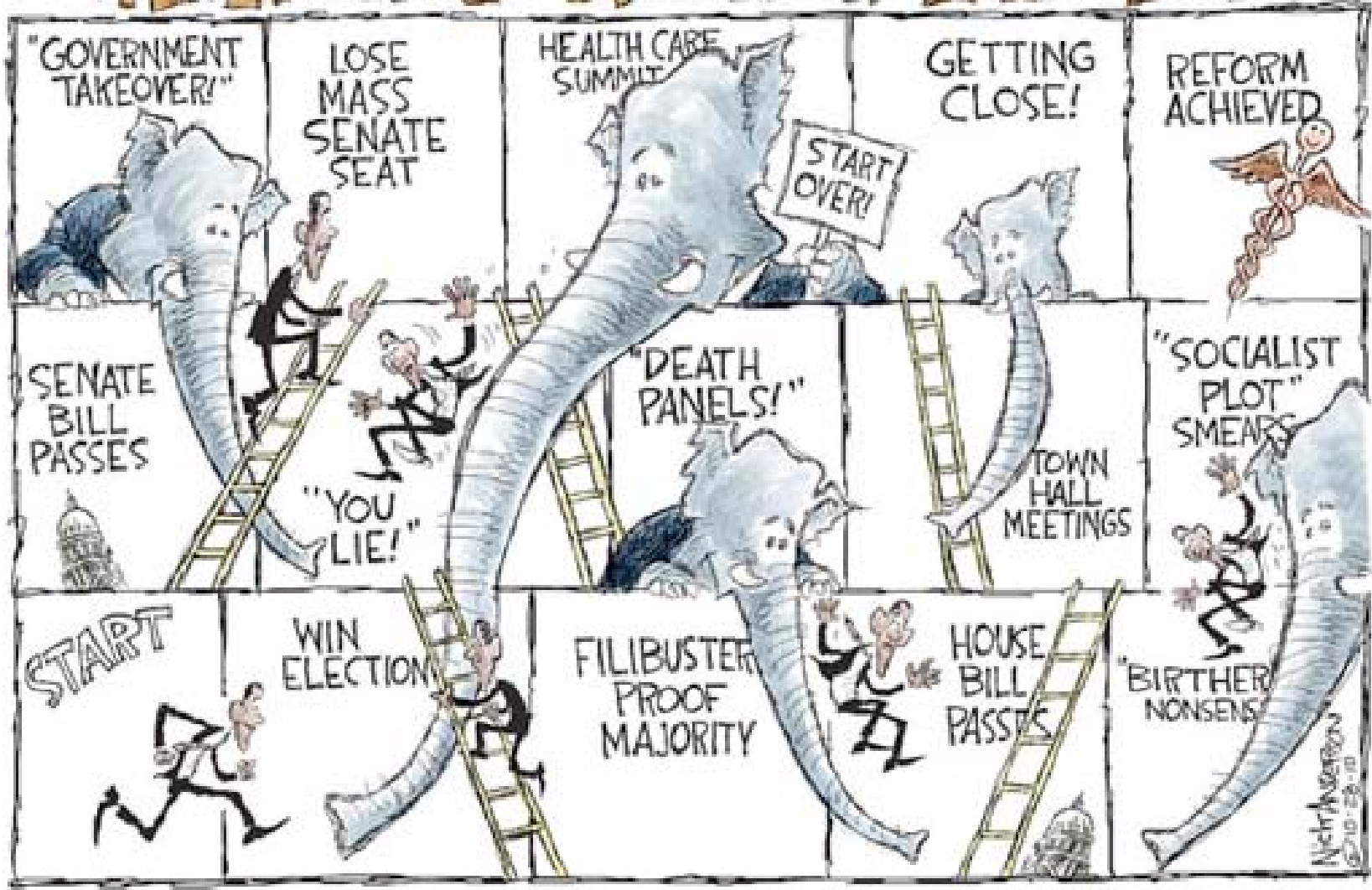
Philosophical
& Practical

Major part of
the 2008
Presidential
Campaign

Will be a
major part of
the 2010 fall
elections

- Is health care a privilege or a right?
- Are costs best controlled by market based solutions or increased role for Federal government?
- Individual responsibility or societal responsibility?
- Cover American citizens only or undocumented persons too?
- Coverage for abortion services?

HEALTH CARE CHUTES & LADDERS



March 3, 2010 Houston Chronicle

Patient Protection and Affordable Care Act (PPACA)

- Requires most U.S. citizens and legal residents to have insurance (2014)
- State-based “American Health Benefit Exchanges” and “Small Business Health Options Program” (2014)
 - ▣ Individuals, Small business (<100) can purchase insurance
 - ▣ Premium and cost-sharing credits available to individuals and families with income between 133-400% of the FPL
 - \$29,326 = 133% FPL for family of 4
 - \$88,200 = 400% FPL for family of 4
 - ▣ Members of Congress and their staff will obtain their insurance through Exchanges

PPACA

- Expands Medicaid eligibility to 133% FPL (2014)
 - ▣ Includes childless adults
 - ▣ Increase covered by Federal dollars
 - 100% first 3 years, 90% by 2020 and beyond
- Employers – no mandate (2014)
 - ▣ Employers with ≤ 50 employees exempt
 - ▣ Pay assessment for employees making less than 400% FPL who purchase insurance through an Exchange
 - ▣ Free choice voucher to go into Exchange
 - Employees with income $< 400\%$ FPL
 - Employer's premium between 8-9.8% of income

PPACA

- Greatly increases regulation of private insurance companies
 - ▣ Eliminates Pre-existing conditions
 - ▣ Eliminates Recission - Dropping those that are sick
 - ▣ Eliminate annual & life-time caps
 - ▣ Medical loss ratio (80 to 85%)
 - ▣ Prohibits charging higher premiums based on health status or gender
 - ▣ Caps annual out-of-pocket spending
 - ▣ Premiums cannot vary for:
 - age by more than 3 to 1
 - smokers by more than 1.5 to 1

PPACA - 2010

- Temporary, national high-risk pool to cover uninsured individuals with pre-existing conditions
 - ▣ Must be uninsured for 6 months
 - ▣ Ends in 2014 when Exchanges are operational
- Eliminates pre-existing condition exclusions for children
 - ▣ Applies to all employer plans and new plans in the individual market
 - ▣ Applies to adults in 2014
- Dependent coverage for children until age 26

PPACA - 2010

- Medicare Part D “Donut hole”
 - ▣ \$250 rebate check for Part D enrollees who enter the donut hole
 - \$2,830 and \$6,440 in total drug spending
 - ▣ 2011 – 50% discount on brand-name drugs and coverage of generic drugs in donut hole
 - Donut hole eliminated by 2020
- Prohibit rescissions – all new and existing plans
- Eliminate lifetime limits on benefits
- Regulate use of annual limits
 - ▣ Eliminate annual limits in 2014

PPACA - 2010

- Small business tax credit (≤ 25 employees, Avg wage $< \$50,000$)
 - ▣ Up to 35% of the employer's contribution
 - ▣ Up to 25% credit for small nonprofits
 - ▣ Up to 50% credit in 2014
- All new group and individual plans must eliminate co-pays for preventive services
- Private health insurance companies must report the percentage of premium dollars spent on health care
 - ▣ Rebates begin in 2011 for $< 80 - 85\%$
 - ▣ Plans may be excluded from exchange for “excessive” premium increases

PPACA - 2010

□ Primary care providers

- Redistribute unused residency training slots to primary care and general surgery and to states with lowest resident physician to population ratios
- Promote training in outpatient settings
- Increased loan repayment and funding for the National Health Services Corps
- Provide 10% bonus payment (Medicare) to primary care physicians and general surgeons practicing in shortage areas (2011-2015)
- Increase Medicaid payments to Family Med, Internal Med, Peds to 100% of Medicare rates (2013-2014)

PPACA - 2010

- \$11B to increase Community Health Centers
- Patient-Centered Outcomes Research Institute
 - ▣ Private, non-profit
 - ▣ Comparative effectiveness research
- Increased funding for public health infrastructure and preventive care
- Indoor Tanning Services tax – 10%
 - ▣ July 1, 2010
 - ▣ \$2.7B over 10 years

PPACA - 2011

- Medicare – free, annual wellness visit and personalized prevention plan
 - ▣ No co-pays for preventive services
- Center for Medicare & Medicaid Innovation
 - ▣ Test innovative payment and service delivery models
 - Reduce cost and enhance quality
- Community Care Transitions Programs
 - ▣ High-risk Medicare beneficiaries
- New options for long-term care insurance
- Community First Choice Option
 - ▣ Home & community services to disabled individuals

PPACA – 2012 & 2013

- Accountable Care Organizations (ACO)
 - ▣ Physician payment reforms to encourage formation
 - ▣ Tie payments to outcomes rather than volume
- Hospital value-based purchasing program
 - ▣ Incentivize quality outcomes for acute care hospitals
- Penalty for hospitals with high re-admission rate
- Administrative simplification – uniform standards

PPACA – 2014

- ❑ State health insurance exchanges, Individual mandate
- ❑ Health insurance regulations fully in place
- ❑ Multi-state insurance plans, available nationwide
- ❑ Health insurance premium credits reduce cost of insurance
 - ▣ 133-150% FPL - maximum 2% of income
 - ▣ 300-400% FPL - maximum 9.5% of income
- ❑ Health care tax credits and annual out-of-pocket limits will increase the value of the basic benefit plan
 - ▣ 100-150% FPL - 94% of medical expenses covered
 - ▣ 150-200% FPL - 85%
 - ▣ 200-250% FPL - 73%
 - ▣ 250-400% FPL - 70%

Individual Mandate

- U.S. citizens and legal immigrants
 - ▣ Exemptions for religious objection, American Indians, those without coverage < 3 months, undocumented immigrants, incarcerated individuals, lowest cost plan is >8% of income, or income below tax filing threshold
- Penalty greater of
 - ▣ 2014 = \$95 or 1% taxable income
 - ▣ 2015 = \$325 or 2% taxable income
 - ▣ 2016 = \$695 or 2.5% taxable income
- Will change the conversation in Washington from “whether or not” to “how” to cover everyone

Undocumented Immigrants

Senate

- ❑ No affordability credits
- ❑ Proof of citizenship to purchase policy from Exchanges
- ❑ Legal immigrants who are not eligible to enroll in Medicaid for the first 5 years will be eligible for premium credits

House

- ❑ No affordability credits
- ❑ May use own funds to purchase policy from Exchange

Abortion coverage

- Permit states to prohibit plans from providing coverage
- Plans that offer coverage must
 - ▣ Create allocation accounts to segregate premium payments
 - No federal premium or cost-sharing payments can be used to pay for abortion coverage
 - Exceptions: life of mother, rape, incest
 - ▣ Plans not allowed to discriminate against providers due to unwillingness to participate

Numerous other provisions

- Physician Payments Sunshine Act
 - ▣ Requires reporting of pharmaceutical and medical device company payments to physicians of > \$10
 - ▣ Begin collecting data in 2012 and start reporting in March 2013
 - Searchable database by September 2013
- Health information technology
- Support for trauma centers and trauma research
- Support for breast feeding moms
- Support for adoption

Revenue

- ❑ 40% Excise tax on group health coverage
 - ❑ Excess of cost > \$10,200 / \$27,500 (Family) (2018)
- ❑ Additional 0.9% Medicare payroll tax on wages
 - ❑ >\$200,000 / \$250,000 (Joint) (2013)
- ❑ 3.8% tax on unearned income (interest, dividends etc., 2013)
- ❑ Fee on manufacturers and importers of branded drugs
- ❑ Medical device tax 2.3%
- ❑ Annual fee on health insurance providers
- ❑ Restrictions on health savings & flexible spending accounts
- ❑ Total cost: \$938B over 10 years
- ❑ Deficit reduction: \$124B over 10 years

Now what?

- Implementation – Big picture
 - EDUCATION
 - Public
 - Small Business Owners (≤ 25 employees)
 - Health Care Providers
 - State policy makers / legislators
 - Regulation writing
 - Health and Human Services public comment
 - Monitoring
 - Health insurance industry
 - Changing the practice of medicine
 - Hospitals
 - Providers

Temporary High Risk Pools: 90 days, \$5B

- Administered by States/nonprofits with existing high-risk pools or HHS
 - ▣ “Notice of intent” due April 30th
- Pre-existing condition(s) & uninsured for 6 months
 - ▣ Citizens and legal immigrants
 - ▣ Premiums subsidized
- Premium equal to that for a “standard population”
 - ▣ Vary by no more than 4 to 1 due to age
 - ▣ Maximum out-of-pocket
 - \$5,950 – individual
 - \$11,900 - family

Early Medicaid Expansion

- April 1, 2010 – States may expand Medicaid eligibility to 133% FPL
 - ▣ State will receive regular federal medical assistance percentage (FMAP) until 2014
 - ▣ PA may qualify now for these funds for some of the “special populations” currently covered

Monitoring

- Consumer Assistance Offices / health insurance Ombudsman Programs
 - ▣ State agency or community-based
 - ▣ \$30M in 2010
- Premium rate review
 - ▣ Annual review premium increases requested by insurance companies
 - ▣ Plans can be blocked from selling in the Exchange if rate hikes are deemed unreasonable
 - ▣ \$250M over 5 years beginning in 2010

Monitoring

- Health insurance companies must start reporting the percent of premium spent on health care in 2010
 - ▣ HHS taking public comment on implementation (hhs.gov)
 - ▣ What qualifies as health care?
 - Concern that insurance companies will re-classify certain expenditures as “health care”
 - Is a patient brochure on “wellness” marketing or education
 - Pharmaceutical industry calls much of its marketing “education”

“The hopes and dreams of millions of citizens are riding on our leadership. We cannot afford to drift or lie at anchor. We cannot heed the call of those who say it is time to furl the sail.”

**~Senator Edward M. Kennedy,
December 9, 1978**



Dr. Ari Silver-Isenstadt with Rep. Allyson Schwartz



NPA President-Elect Dr. Valerie Arkoosh addresses a rally for insurance reform at U.S. Rep. Allyson Schwartz's Montco office



HealthCare for America Now rally, June 2009



NPA Senior Policy Analyst Dr. Hoangmai Pham on CNBC



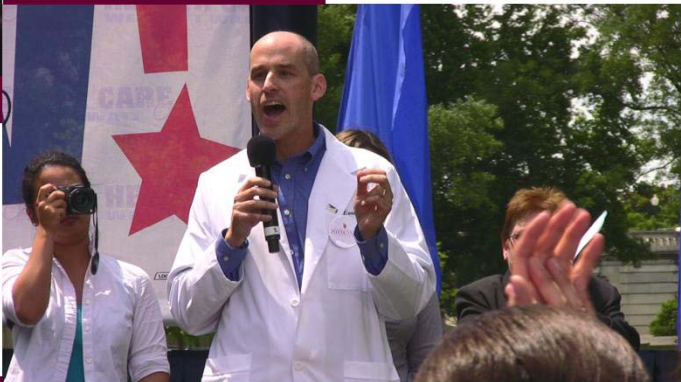
Rep. Tim Walz meets with constituents, including NPA policy cmte member Dr. Caleb Schultz. Jerry Olson/Post-Bulletin



NPA members in NY meet with Rep. Rangel



NPA member Dr. Bethany Picker in televised ad



NPA President Dr. David Evans at June 2009 Health Care for America Now Rally

