AFFORDABLE CARE ACT
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NACo National Association of Counties

MISSION STATEMENT

The National Association of Counties (NACo) assists America's counties in pursuing excellence in public service by advancing sound public policies, promoting peer learning and accountability, fostering intergovernmental and public-private collaboration, and providing value-added services to save counties and taxpayers money.

Founded in 1935, NACo provides the elected and appointed leaders from the nation's 3,069 counties with the knowledge, skills, and tools necessary to provide fiscally responsible, quality-driven, and results-oriented policies and services for healthy, vibrant, safe, and fiscally resilient counties.

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NACo and Health Reform

- 2008 – NACo President appoints Health System Reform Working Group
- Working Group holds three hearings around the country
- Working Group drafts a White Paper proposing NACo priorities in health reform
- The White Paper is debated, amended and approved by the NACo Health Steering Committee, NACo Board and NACo Membership

Restoring the Partnership for American Health: Counties in a 21st Century Health System

- **Coverage**
- **Public Health, Prevention & Wellness**
- **Maintaining a Safety Net**
- **Delivery Systems & Access**
- **Health Workforce**
- **Health IT**
- **Long Term Care**
- **Jail Health**

Key Upcoming Issues for ACA Implementation

2014

Health Coverage Mandate

- Nearly all U.S. citizens and legal residents will be required to have qualifying health insurance coverage or pay a tax penalty

Health Insurance Exchanges

- Exchanges will be run by states, the federal government or through a federal-state partnership
- Enrollment scheduled to begin October 1, 2013

Medicaid Expansion

- ACA expands Medicaid to all individuals up to 133% FPL
- U.S. Supreme Court decision allows states to decide whether or not to expand Medicaid

Medicaid Disproportionate Share Hospital (DSH) Cuts

- Cuts to Medicaid DSH begin

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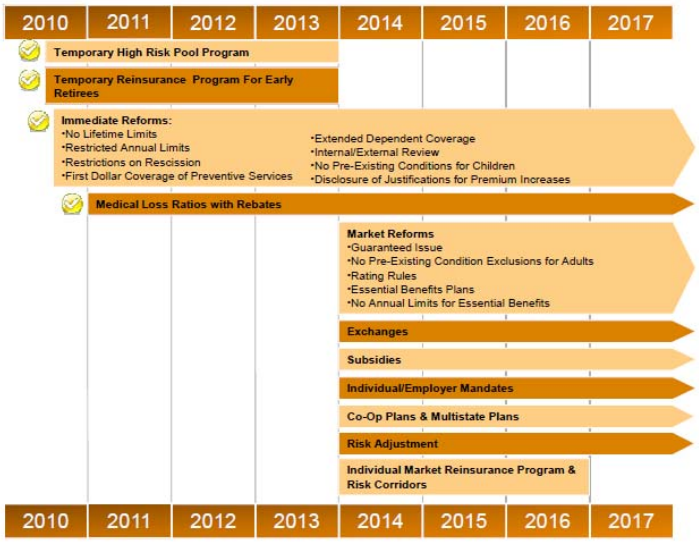
Implementation Timeline for Certain ACA Provisions



Source: National Association of Insurance Commissioners

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ACA Coverage Expansion

- **Insurance market reforms (*many began in the first plan year after 9/23/10*)**
  - Rescissions forbidden
  - No lifetime caps on essential health benefits
  - No pre-existing condition exclusions for children under 19
  - Annual limit restrictions
  - Dependent coverage up to age 26
- **Pre-Existing Condition Insurance Plan (*began in 2010*)**
  - Available in each state; provides coverage for individuals with pre-existing health conditions
  - Operational until 2014, when ACA prohibits all pre-existing condition exclusions
- **Larger changes in 2014**
  - Medicaid expansion
  - Health insurance exchanges
  - Individual & employer responsibility

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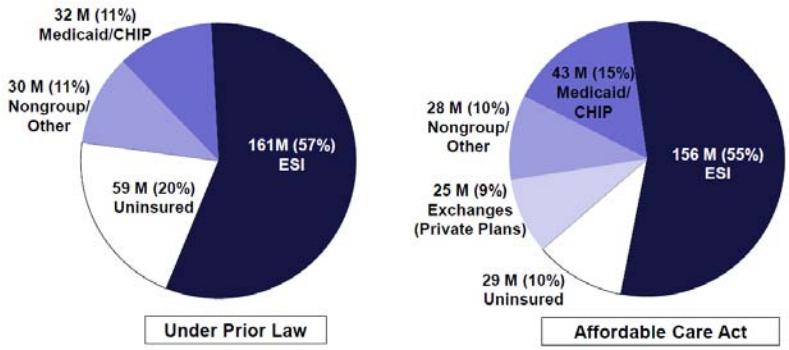
Source of Insurance Coverage Pre-Reform and Under Affordable Care Act, 2020



Among 282 million people under age 65

* Employees whose employers provide coverage through the exchange are shown as covered by their employers. Note: ESI is employer-sponsored insurance; "Other" includes Medicare.
Source: Congressional Budget Office, CBO and JCT's Estimates of the Insurance Coverage Provisions of the Affordable Care Act Updated for the Recent Supreme Court Decision, July 2012. http://www.cbo.gov/sites/default/files/cbofiles/attachments/43472-07-24-2012-CoverageEstimates.pdf

THE COMMONWEALTH FUND

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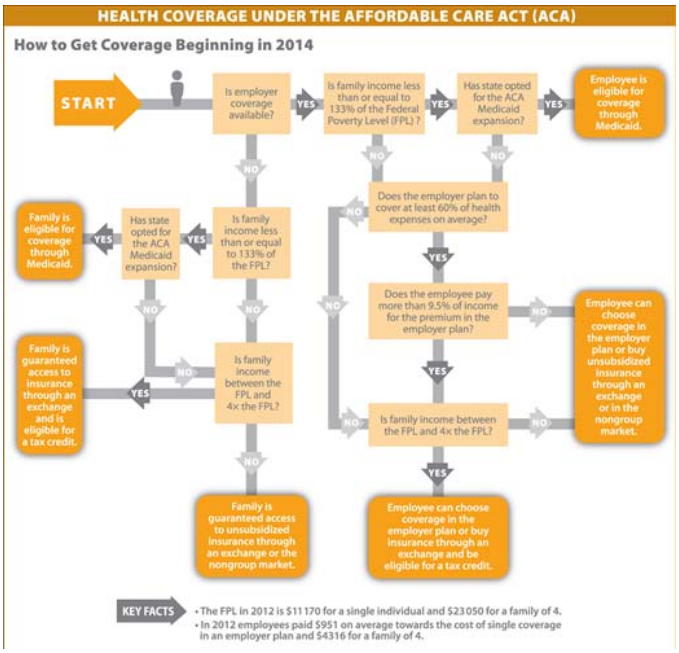
How Individuals Will Obtain Health Coverage in 2014



Source: Kaiser Family Foundation

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Health Insurance Exchange Operations

- **State-Based Exchanges**
  - State operates all functions of the exchange
- **State Partnership Exchanges**
  - State operates functions related to health plan management or consumer assistance or both; federal government operates remaining functions; can become a state-run exchange later
- **Federally-Facilitated Exchanges (FFEs)**
  - Federal government operates all functions of the exchange

Marketplaces must fully operational by January 1, 2014

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Health Insurance Marketplaces

- **Marketplaces are new health insurance marketplaces that will be in each state in 2014**
  - Will primarily serve individuals without other coverage purchasing coverage on their own and small employers, allowing them to enroll in qualified health plans (QHPs)
  - Individuals between 100-400% FPL eligible for premium tax credits based on a sliding scale to help them purchase coverage
  - States choose whether to run the exchange or have the federal government operate it; additional partnership option for exchange to be jointly state and federally-run

Primary Exchange Functions

- Eligibility determination and enrollment
- Consumer assistance
- Plan management & certification of QHPs
- Financial management

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Premium Tax Credits

- Available to U.S Citizens and legal immigrants who purchase coverage in the new health insurance marketplaces.
- Income up to 400% FPL
- Must not be eligible for public coverage – including Medicaid, CHIP, Medicare or military coverage – and must not have access to health insurance through an employer.
- Will vary with income
  - Income up to so 133% FPL - 2%
  - Income between 300% and 400% - 9.5%

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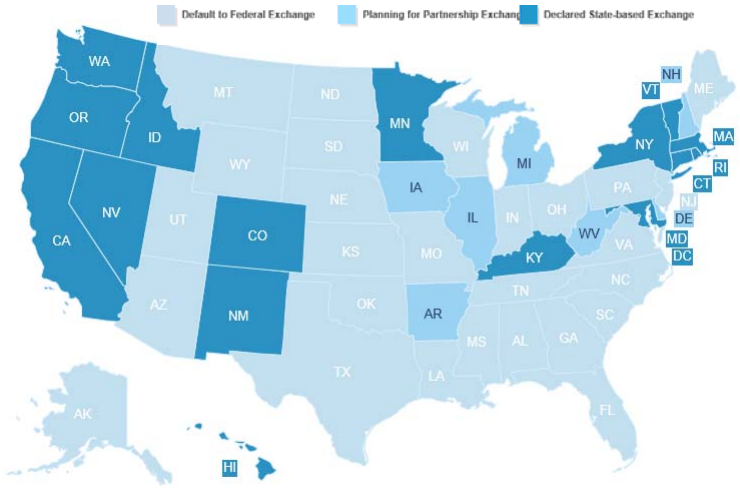
Health Insurance Exchange Operations: State Decisions



Source: Kaiser Family Foundation

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ACA Medicaid Expansion

- **Expansion provides coverage for individuals up to 133% FPL**
  - Includes all non-Medicare eligible individuals under age 65, no categorical restrictions
- **Income calculations will be based on Modified Adjusted Gross Income (MAGI) and the law includes a 5% automatic income disregard, effectively making eligibility threshold 138% FPL**
  - Non-MAGI eligibility still applies to aged, blind, disabled (including SSI eligible) and foster children
- **Federal Medical Assistance Percentage (FMAP) for the expansion population**
  - 100% FMAP in 2014, phasing down to 90% FMAP in 2020

Provision in ACA that counties cannot be required to contribute a greater percentage of the non-federal share than what was required at the end of 2009 *(Sec. 10201)*

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ACA Medicaid Expansion

- **U.S. Supreme Court June 2012 decision**
  - ACA stated federal government could withhold all existing federal Medicaid funds if a state did not expand Medicaid
  - Court ruled this was unconstitutionally coercive and that states could not be required by law to expand Medicaid
- **States now in process of deciding whether to implement ACA Medicaid expansion**
  - No deadline for states to decide
  - States can opt out of the expansion after opting in
- **Other Medicaid provisions in ACA remain in place even if a state chooses not to expand**

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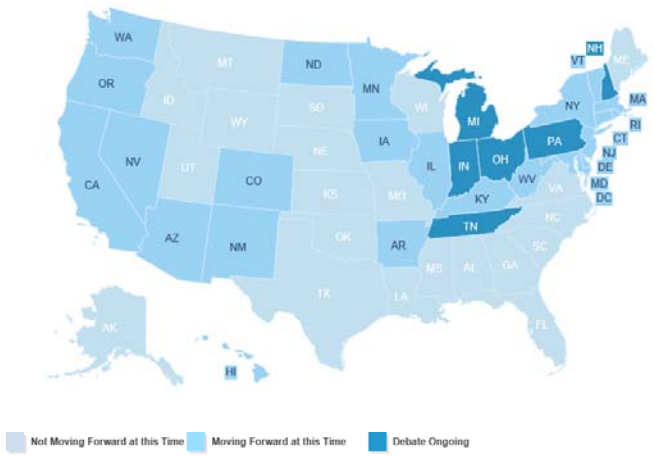
ACA Medicaid Expansion: State Decisions



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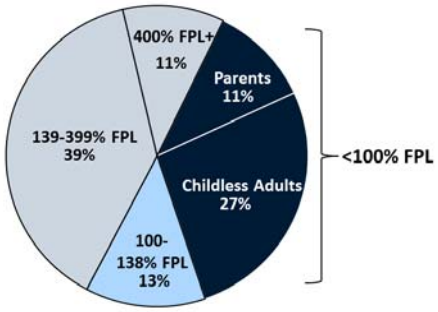
ACA Medicaid Expansion

- Approximately 38% of uninsured population has income <100% FPL and will not be eligible for premium subsidies on exchanges
- In states that do not expand Medicaid the majority of this group will remain uninsured



40.3 million
Nonelderly Uninsured Adults

The FPL for a family of four in 2011 was $22,350.
SOURCE: KCMU/Urban Institute analysis of 2012 CPS.

Individuals eligible for Medicaid with incomes <100% FPL who live in states that do not expand Medicaid will be exempt from the individual mandate

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ACA Medicaid DSH Cuts

ACA reduces Medicaid Disproportionate Share Hospital (DSH) payments*

Beginning in 2014, $500M in cuts to Medicaid DSH and then progressively larger cuts

In states that choose not to expand Medicaid, impact of DSH cuts will be even greater

Fewer individuals with coverage resulting in more uncompensated care costs

**Medicaid DSH payments help hospitals offset the costs associated with providing care to Medicaid beneficiaries & uninsured individuals*

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Eligibility Determination & Enrollment

Open enrollment for the exchanges scheduled to begin 10/1/13

- **ACA requires streamlined eligibility determination and enrollment process**
  - Individual submits one application and the exchange determines eligibility for either qualified health plan coverage or Medicaid coverage
  - Exchanges will connect with federal data hub to verify applicant income, citizenship status & other information
  - In January 2013 the Centers for Medicare and Medicaid Services issued draft application for individuals and have recently developed a website and call center.
- **Enrollment outreach & assistance efforts**
  - Navigator Program (required in each state)
  - In-Person Assistance Program (optional)
  - Certified Application Counselors (CACs)
  - Agents and Brokers

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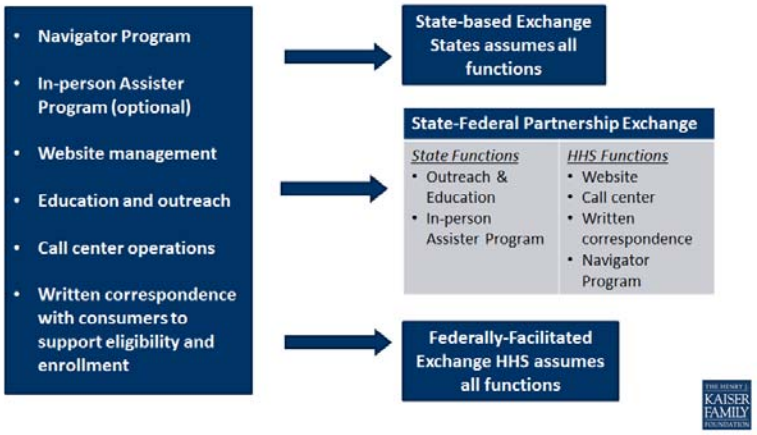
Eligibility Determination & Enrollment

Exchange Consumer Assistance Functions



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ACA & County Jails

- **Opportunities for some individuals in custody pending disposition of charges to gain health coverage**

Persons in custody pending disposition of charges who meet eligibility criteria (>133% FPL) can enroll in and receive coverage from health plans on the exchanges

Persons in custody pending disposition of charges who meet eligibility criteria for Medicaid (≤133% FPL) can enroll but cannot receive coverage due to CMS interpretation of Medicaid statute

NACo Publication

Examines how counties can be involved in enrolling qualified individuals held in county jails who become newly eligible for health coverage in 2014

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ACA & Employers

- **ACA does *not* require employers to provide health insurance coverage to employees**
- **However in 2014 large employers may face a penalty if they do not offer minimum essential coverage**
- **Large employers are defined as having 50 or more full-time equivalent employees**
  - Full-time employees are defined as individuals who work an average of 30 hours or more per week, calculated on a monthly basis*
  - Hours worked by part-time employees would be aggregated to determine the number of full-time employee equivalents
  - Full-time seasonal employees who work fewer than 120 days during the year are excluded from calculations

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Employer Shared Responsibility Provisions

- **Employers with 50 or more full-time equivalent employees that do not offer minimum essential coverage will face a "free rider" penalty if one of their full-time employees receives a premium tax credit to purchase coverage on the exchange**
- **The employer will face the penalty *only if* one of its full-time employees seeks coverage through an exchange and receives a premium credit**
  - Part-time workers are not included in the penalty calculations, meaning an employer will not pay a penalty even if a part-time employee receives a premium credit through the exchange

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ACA & Public Health

- **National Prevention, Health Promotion and Public Health Council**
  - ACA required Council to develop National Prevention Strategy
  - The Council's Advisory Group included two county officials
- **Prevention and Public Health Fund**
  - Dedicated funding for prevention
- **Clinical and Community Preventive Services Task Forces**
- **Education and outreach campaigns**
- **Preventive services in Medicaid and Medicare**

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ACA & Community Health Needs Assessments (CHNA)

- **CHNA is a process to gather community health status data to help identify and prioritize local health needs**
- **ACA requires nonprofit/501(c)(3) hospitals to conduct a CHNA and develop an implementation strategy to address identified health needs or face a non-compliance fee**

CHNA provides an important opportunity for counties to ensure nonprofit hospitals are providing community benefit and the safety net care burden is equitably shared

- **Provision effective for tax years beginning after March 23, 2012**

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Essential Health Benefits

- **ACA in 2014 requires plans in the individual and small group markets* offer a package of essential health benefits**

Must include at a minimum services within these 10 categories

- 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 chronic disease
- Laboratory services
- Preventive and wellness services and chronic disease management
- Pediatric services, including oral and vision care

Applies to all non-grandfathered individual and small group health insurance plans within a state, both in and outside of the exchanges; large group, self-insured group and grandfathered plans are exempt from EHB requirements

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Essential Health Benefits

- **HHS allowed states to select an existing plan to serve as the benchmark plan (deadline December 2012)**
- **<u>States could select:</u>**
  - **One of the 3 largest small group plans**
  - **One of the 3 largest state employee health plans**
  - **One of the 3 largest federal employee health plan options**
  - **Largest HMO plan offered in the state**
- **Small group plan with the largest enrollment in the state will be the default benchmark plan in states that do not select a benchmark plan**

Adults newly eligible for Medicaid will receive a benchmark benefits package that meets the EHB package

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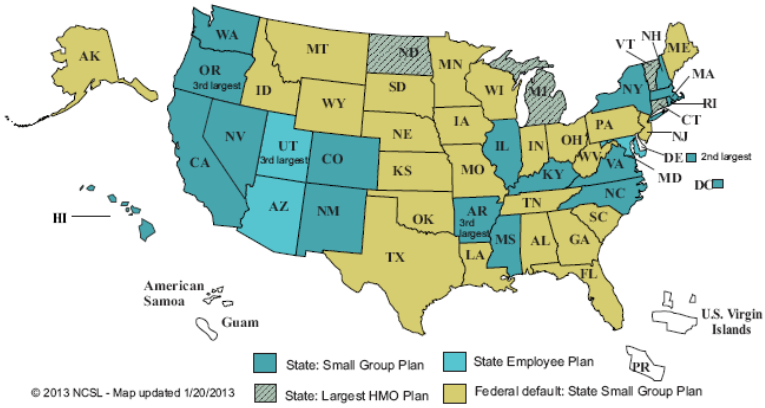
Essential Health Benefits

State Essential Health Benefit Benchmark Plans



Essential Health Benefit (EHB) selections were submitted to HHS by 25 states and DC by December 10, 2012.
The other 25 states did not make a selection; this allowed HHS to assign those state's "largest small-group plan" as the benchmark.

Source: National Conference of State Legislatures

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ACA & Behavioral Health

- **ACA assumes the Wellstone-Domenici Mental Health Parity and Addiction Equity Act (MHPAEA) and its associated regulations**
- **As part of the EHB package, ACA requires certain plans to cover behavioral health services**
  - Medicaid non-managed care benchmark plans & benchmark equivalent plans
  - QHPs on the exchanges
- **Approximately 62 million individuals will benefit from federal parity protections as a result of ACA**
  - For more information, see HHS' Office of the Assistant Secretary for Planning and Evaluation (ASPE) Issue Brief

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ACA & Behavioral Health

Integrating primary care and behavioral health part of ACA

- **Health homes option; serves Medicaid beneficiaries with chronic conditions**
  - Goal is to improve care coordination by strengthening linkages to community and social supports
  - Option became available to states January 2011; provides 90% FMAP for first two years for services
  - Eligible beneficiaries have at least two chronic conditions & substance abuse disorder; one chronic condition and at risk for another; or one serious and persistent mental health condition
- **Primary and Behavioral Health Care Integration grants**
  - Funded primarily through ACA's Public Health & Prevention Fund; awarded to 64 community-based health agencies
  - Integrates primary care services into treatment for individuals with serious mental illness and co-occurring substance use disorders

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ACA Medicaid Options for Long Term Care & Behavioral Health

ACA contains Medicaid state options designed to better serve individuals with chronic and disabling conditions through home & community based services, including individuals with behavioral health needs

- Extended & expanded Money Follows the Person Rebalancing Demonstration through 2016; helps transition individuals from institutions to community settings
- Section 1915 (i) changes; offer waiver-like services under state plan option; can target specific populations; additional services and income options
- Health homes option; MH/SUD are eligible conditions; enhanced FMAP
- Community First Choice; community attendant services; enhanced FMAP
- Balancing Incentives Payment Program; promoting home & community based services; enhanced FMAP

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ACA Medicare & Medicaid Care Coordination Initiatives

- **ACA created two offices to improve care for Medicare and Medicaid beneficiaries**

Center for Medicare and Medicaid Innovation
(CMMI or Innovation Center)
- ***Goal is to test and identify new payment and delivery models***
- ***Listing of CMMI Innovation Models***

Federal Coordinated Health Care Office
(Medicare-Medicaid Coordination Office)
- ***Focus is on improving care for individuals eligible for both Medicare and Medicaid***

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ACA & Provider Workforce

- **In 2013 and 2014, Medicaid payments for primary care services provided by primary care doctors will be increased to match Medicare rates**
- **ACA contains provisions designed to increase health provider workforce** Training programs, scholarships and loan repayments
  - Graduate medical education
  - National Health Service Corps

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Resources for More Information

- **U.S. Department of Health and Human Services**
  - Healthcare.gov
  - Center for Consumer Information and Insurance Oversight
  - Medicaid.gov
- **U.S. Treasury Department**
  - ACA tax provisions
- **U.S. Department of Labor**
  - Employee Benefits Security Administration

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Resources for More Information

- **NACo Affiliates**
  - National Association of County and City Health Officials (NACCHO)
  - National Association of County Human Services Administrators (NACHSA)
  - National Association of County Behavioral Health & Developmental Disability Directors (NACBHDD)
  - National Association of Local Boards of Health (NALBOH)

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CONTACT US

For more information, visit:

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