



Washington
State **Medical**
Association | **WSMA**

WSMA Health Care Reform in Washington

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- The Patient Protection and Affordable Care Act (ACA)
 - ▶ What is it, what's already happened and what's coming up?
- Year by Year – highlights of major provisions
- 2012 Legislative Action in Washington
 - ▶ Health Insurance Exchange and related provisions

- Signed into law March 23, 2010 by President Obama
- Reforms put into place over the next eight years (2010-2018 roughly)
- Several states challenging the constitutionality of the ACA
 - ▶ Expected decision in June 2012 ?

- **What does Health Care Reform Mean?**
- Expands access to Medicaid
- Expands access to healthcare coverage
- Provides Medicare improvements
- Improves quality and contains costs
- Invests in healthcare workforce development

Major Provisions of the ACA

2010

- Coverage for kids up to age 26
- Preexisting Condition Insurance Plan
- Small Business Tax Credit ED
- “Prudent Layperson” standard
- More!

2012

- Preventative Services in Medicaid will expand
- Payment Reform – Medicare pilot will evaluate how payment for post-acute services can be bundled
- More!

2011

- Physician Quality Reporting
- Drug Manufacturer fee based on market share
- W-2 Benefit Disclosures of employee health insurance
- More!

2013

- Increasing Medicaid payments for primary care docs
- Providing additional funding for Children’s Health Insurance Program (CHIP)
- More!

- **2014 – BIG STUFF HAPPENS HERE!**
 - ▶ Implement Health Insurance Exchanges
 - ▶ Independent Payment Advisory Board
 - ▶ Insurance Industry fee based on market share
 - ▶ Insurers banned from restricting coverage or basing premiums on health status or gender
 - ▶ Premium subsidies through the Exchange
 - ▶ Medicaid Expansion
 - ▶ More!

Ok...where are we again?

Private Market

- As is today (some market changes)
- Some existing plans are "grandfathered"

Health Insurance Exchange

- Premium Subsidies: 200-400% FPL
- Catastrophic plans for those up to 30 years old

Optional Basic Health Plan/Exchange

- Premium subsidies: 133-200%

Medicaid

- All individuals below 133% FPL

- **The Exchange – what is it?:**
 - ▶ Provide affordable coverage to individuals and small employers – the “one-stop-shop” of insurance.
 - ▶ Provide **subsidies** for people to buy from the Exchange
 - ▶ Compare plans, providers, and insurers
 - ▶ Determine eligibility for plans/enrollees
 - ▶ Help move in/out of Exchange to/from public programs
 - ▶ Integrate with other states

- **Structure:**



- **Gov's Health Care Cabinet**
 - ▶ After ACA passed, the Cabinet began coordinating health reform efforts among the state agencies
 - ▶ Purpose: identify all opportunities for Washington State to receive federal funds from the new law
- **Joint Select Committee**
 - ▶ 2010 –ESSB 6444 established Joint Select Committee on Health Care Reform Implementation, formed three advisory groups
 - ▶ Committee receives updates from various agencies
- **Exchange Board**
 - ▶ Limited scope initially, now expand authority

- **Major Decisions Made in 2012:**
 - ▶ What is a Qualified Health Plan?
 - ▶ What is in the Essential Benefits Package?
 - ▶ What are the Market Rules?
 - ▶ What authority will the Exchange Board have?
 - ▶ Will WA have a Federal Basic Health plan? What will it look like?
 - ▶ What will WA do with its High-Risk Pools?
 - ▶ How to handle a Medicaid expansion?

Essential Benefits Package

- Minimum package of benefits in 10 coverage areas
- States choose ‘benchmark’ plan– *most popular small group option*
- States can go above Federal minimum
- Plans must achieve “substantially similar” requirement
- Applies inside and outside Exchange. (Not to Medicaid or optional BHP)
- Authorizes the OIC to:
 - Ensure compliance with the benchmark and
 - Protect the state from financial risks associated with the benchmark

Qualified Health Plans

- These rules determine which insurers are allowed into the Exchange
- **At a minimum, plans must:**
 - Be in good standing with WA law
 - Provide an Essential Benefits package
 - Meet ACA minimum requirements
 - Offer at least 1 silver and 1 gold plan in Exchange
- The Board may develop additional standards and rating criteria (Ex: high ratings for premium affordability, etc.)

Market Rules

- Market rules govern how issuers 'play' in and outside of the Exchange
- The rules aim to **reduce adverse** selection
- **Metal Tiers:** Bronze (60%), Silver (70%), Gold (80%), Platinum (90%)
- **Fed. Minimum:** Plans must offer at least one Gold and one Silver level plan; Same premiums for a plan offered both inside and outside of the Exchange

Market Rules, continued...

- **WA:** Above Federal Minimum. Sunset 12/1/2016
 - ▶ Insurers **may not** offer catastrophic plans for young adults outside the Exchange. *Keeps good risk in!*
 - ▶ Insurers offering bronze plans outside the Exchange must also offer silver- and gold-level plans outside the Exchange
 - ▶ No sunset: plans outside Exchange must comply with Metal Tiers values.
- Prescription drug benefits require substantial equivalence

Three R's:

- **Goal:** Level/reduce insurer risk and adverse selection. Works with Market Rules.
- **Reinsurance:** ACA program. Shares the cost of covering extraordinarily high-cost enrollees in individual market plans. OIC may adopt rules to implement.
- **Risk-Corridor:** ACA program. Difficult to estimate the premium of a new plan. Help limit the losses and gains of plans offered in the Exchange.
- **Risk-Adjustment:** ACA Program. Reimburse plans that attract more risk.

Washington State Health Insurance Pool **(WSHIP)**

- Provides insurance for those who cannot be insured in the individual market because of their health conditions.
- Addressed somewhat by Three R's.
- By Dec. 2012, WSHIP Board must evaluate:
 - ▶ Assess the ongoing need for WSHIP after 2014
 - ▶ Pools that may need federal Reinsurance
- Authorized to assess need for contract with OIC to administer risk-management functions (Three R's)?

Exchange Board

- Exchange Governing Board – big authority!
- Assumed authority March 15th, 2012
- Quasi-governmental entity

Board has authority to:

- Complete duties necessary to begin open enrollment by October 2013- i.e., implement Exchange.
- Allow for hiring and compensation of Exchange employees (via contract with Health Care Authority).
- Provide input regarding future legislation

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Federal Basic Health Plan Option–

- Would cover 134-200% FPL
 - Not poor enough for Medicaid
 - Potential for lower cost-sharing (than inside Exchange)
 - Feds pay 95% of what would have been paid in subsidies
- **By Dec. 2012, HCA report to Legislature**
 - If adopted, guided by certain principles
- State must provide scope of benefits available in Exchange, or more
- Must be coordinated with Medicaid and Exchange (“churn”)
- Provider reimbursement rates unknown

Medicaid Expansion – not *really* a state decision,...but,...

- Medicaid populations flows into potential Basic Health Plan population
- “Churn”
- 300,000 plus new enrollees

- **Questions?**

Thank you.

