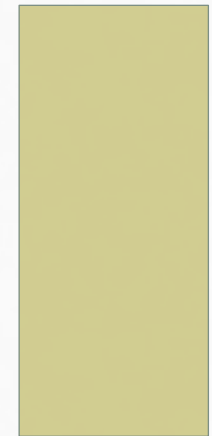


UNDERSTANDING HEALTH REFORM IN MISSISSIPPI

2011 Annual M&PC Policy Conference

Corey Wiggins



UNITED STATES HEALTH SYSTEM

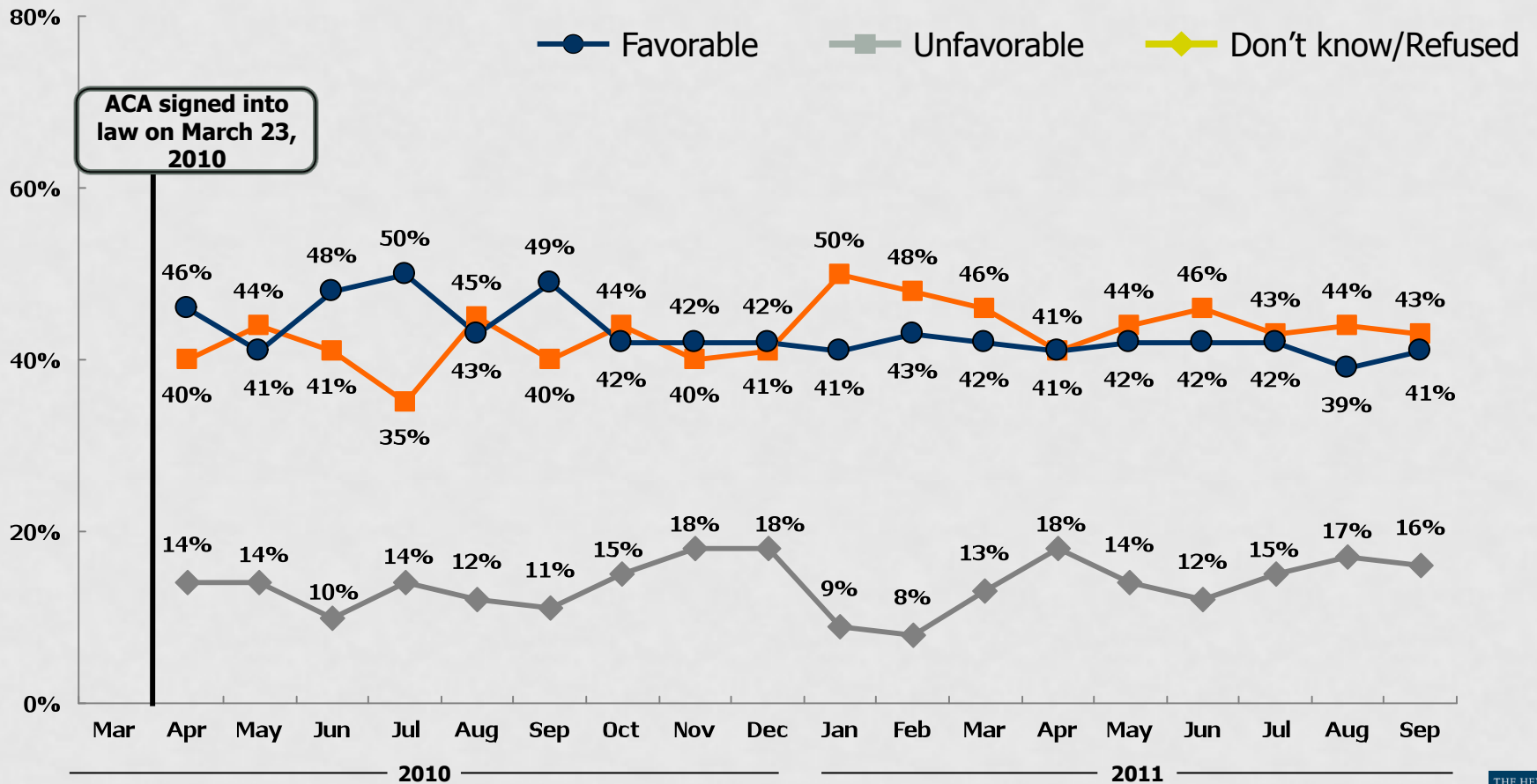
- United States Health System
 - Best hospitals
 - Well-trained, highly skilled doctors
 - Wasteful, inefficient, expensive
- Rationale for Health Reform
 - Uninsured
 - Unsustainable growth in spending (health care and insurance)
- How do you address the driving factors
 - Improving access to care
 - Controlling rising costs

PATIENT PROTECTION AND AFFORDABLE CARE ACT (PPACA)

- PPACA
 - Signed into law on March 23, 2010
 - Estimated to insure 32 million people
- Major components
 - Coverage Expansions
 - Public Programs
 - Health Insurance Exchanges
 - Health Insurance Reform
 - Health Care Delivery System Changes
 - Prevention/Public Health Initiatives

VIEWS ON HEALTH REFORM REMAIN DIVIDED

As you may know, a health reform bill was signed into law early last year. Given what you know about the health reform law, do you have a generally favorable or generally unfavorable opinion of it?

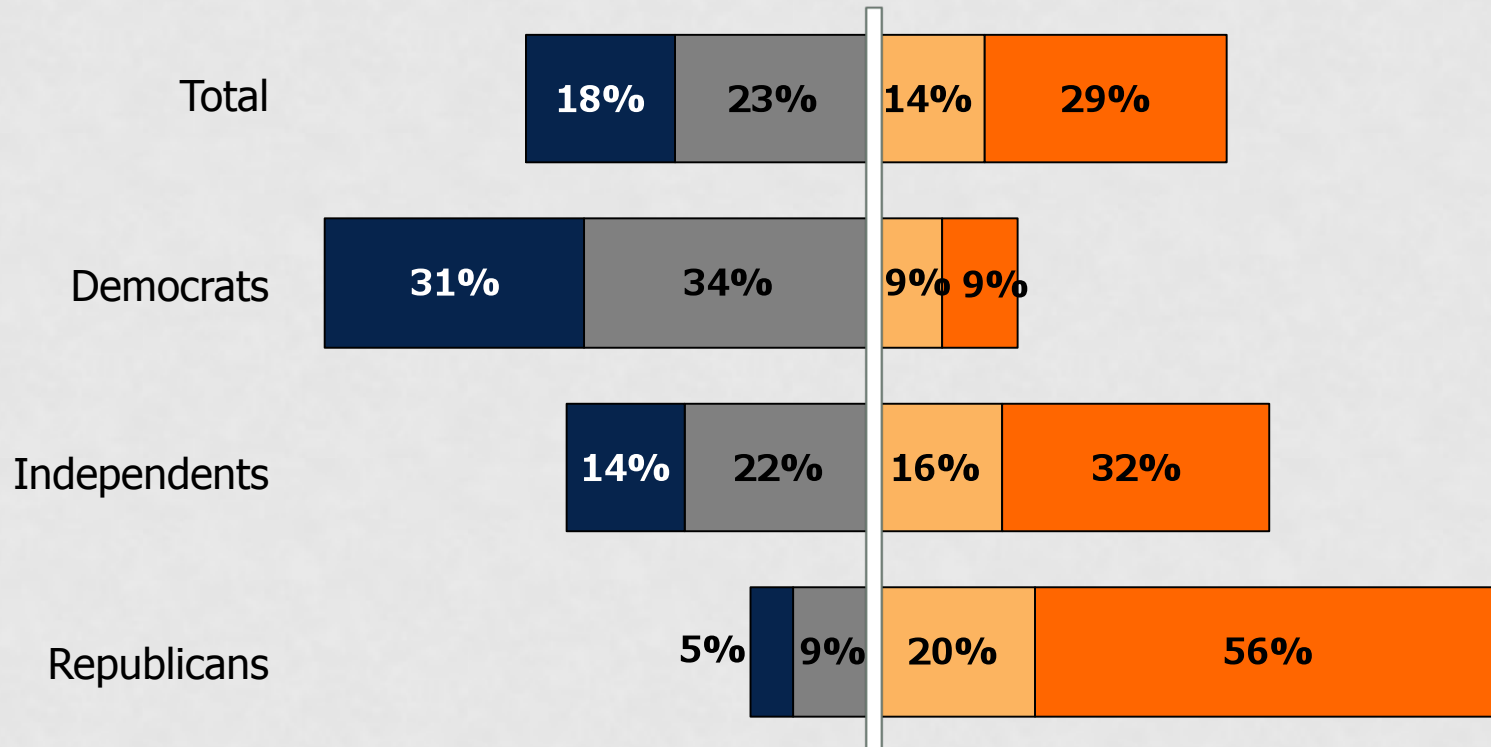


Source: Kaiser Family Foundation *Health Tracking Polls*

VIEWS ON HEALTH REFORM LAW DIFFER SHARPLY BY PARTY SELF-IDENTIFICATION

As you may know, a health reform bill was signed into law early last year. Given what you know about the health reform law, do you have a generally favorable or generally unfavorable opinion of it?

■ Very favorable ■ Somewhat favorable ■ Somewhat unfavorable ■ Very unfavorable



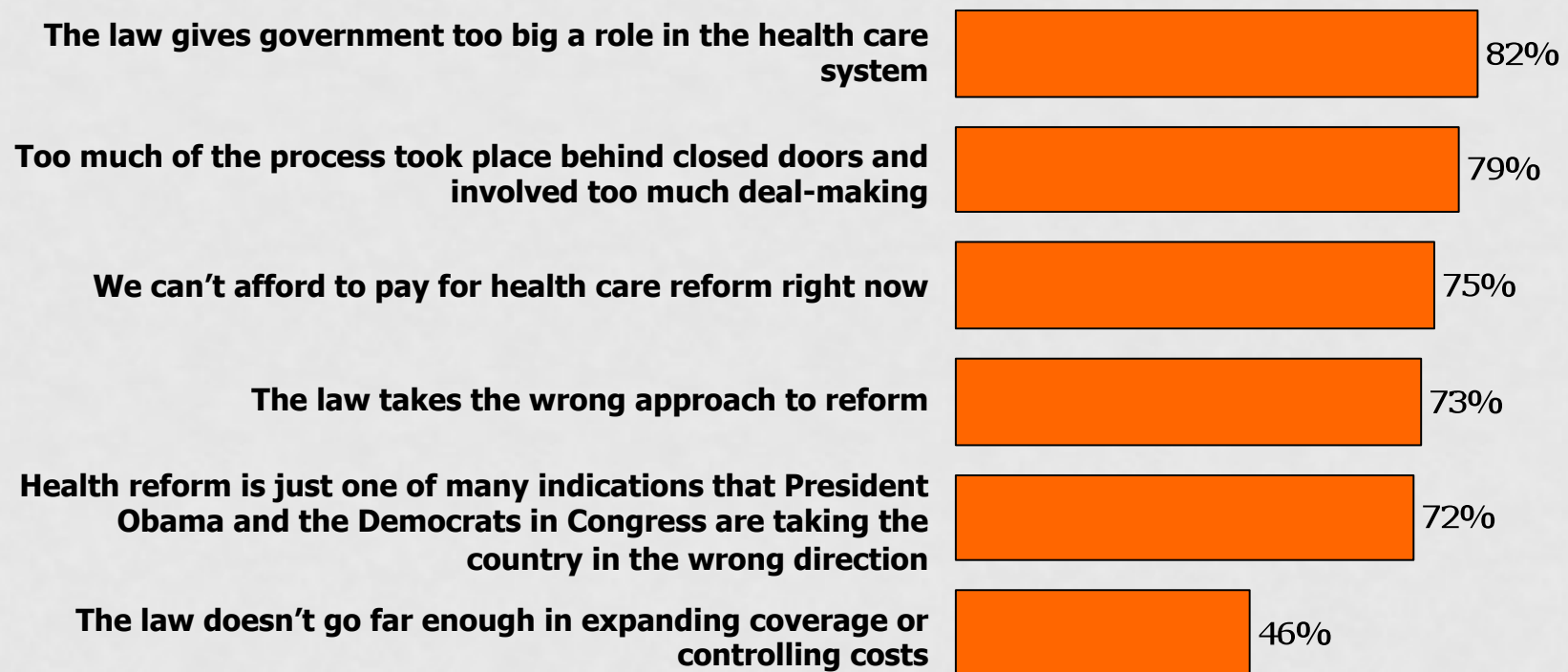
Note: Don't know/Refused answers not shown.

Source: Kaiser Family Foundation *Health Tracking Poll* (conducted September 7-12, 2011)

NEGATIVE VIEWS DRIVEN BY MANY FACTORS

I'm going to read some reasons people give for viewing the law unfavorably. After I read each one, please tell me if it is a major reason, a minor reason, or not a reason why you yourself have an unfavorable view of the law.

AMONG THOSE WHO OPPOSE THE HEALTH CARE LAW, percent who say each is a MAJOR reason for opposing:



COVERAGE EXPANSIONS

- PPACA Strategies
 - Aimed at people who cannot obtain or afford coverage through a workplace
 - Aimed at people who cannot obtain coverage because they are unemployed or work for themselves
- Settles the debate
 - Government Sponsored Insurance vs. Private Insurance
 - Answer: Some of both

COVERAGE EXPANSIONS

- Most individuals will be required to have health insurance beginning in 2014
- Medicaid will be expanded to 133% of the poverty level (\$14,404 for an individual and \$29,327 for a family of four) for all individuals under age 65
- Individuals without employer coverage will be able to purchase coverage through state-based health insurance Exchanges
- Small businesses will be able to purchase coverage through a separate Exchange

INDIVIDUAL MANDATE

- All individuals will be required to have health insurance, with some exceptions, beginning in 2014
 - Exceptions include financial hardship and religious objection
- Individual Mandate Controversy
 - Is it constitutional?
 - Court have upheld the provision
 - Court have struck down the provision
 - Court have dismissed challenge
 - Why does the individual mandate matter? *We will discuss later*
 - Supreme court will review before 2012 election

MEDICAID

- Opens the Doors of Medicaid
 - Starting in 2014, every U.S. citizen and legal resident younger than age 65 will qualify for Medicaid if they have an income of up to 133% of the federal poverty line
 - \$14,404 for a single adult
 - \$29,327 for a family of four
 - Children currently covered by CHIP between 100% and 133% of poverty would be transitioned to Medicaid coverage
- What about those above 133% of poverty?
 - Children up 200%=CHIP
 - State-based exchanges

FEDERAL MEDICAL ASSISTANCE PERCENTAGE (FMAP) FOR NEW MEDICAID ELIGIBLES

| Year | Federal Match |
|-----------------|---------------|
| 2014 | 100% |
| 2015 | 100% |
| 2016 | 100% |
| 2017 | 95% |
| 2018 | 94% |
| 2019 | 93% |
| 2020 and Beyond | 90% |

OTHER MEDICAID PROVISIONS

- Temporarily increases Medicaid reimbursement rates for primary care physicians in 2013 and 2014
- Disproportionate share hospital payments will be reduced between FY 2014-FY 2020

CHILDREN'S HEALTH INSURANCE PROGRAM (CHIP)

- CHIP covers children up to 200% FPL who are not eligible for Medicaid
- Requires CHIP to continue until at least 2019
- Federal funding allocated until 2015
- From 2015 to 2019, states will receive 23 percentage point increase in CHIP match rate (MS=100%)
- Law does not spell out whether states must continue to provide coverage through CHIP after 2015

HEALTH INSURANCE EXCHANGE

- Basic concept is to make it easier to find affordable health plans and to comparison shop
 - Sort of like shopping online for a hotel room or airline ticket
- How?
 1. Reducing rates by “pooling” the medical risks of people
 - Individual Mandate
 2. Requiring insurance companies to offer certain standard benefits and levels of coverage, so that people have an easier time comparing plans and prices

HEALTH INSURANCE EXCHANGE

- Functions of an Exchange
 - Administer a system of qualified health plans
 - Certify plans that are qualified to participate in the exchange
 - Rate plans based on quality and price
 - Review plans' premium increases
 - Support enrollment in health plans and assist consumers
 - Facilitate initial, annual and special open enrollment for individuals
 - Facilitate participation by small businesses
 - Maintain a website that provides information price and quality of health plans and operate a telephone assistance line
 - Establish a system of Navigators, entities that will conduct consumer education activities and facilitate enrollment in qualified health plans

HEALTH INSURANCE EXCHANGE

- Functions of an Exchange cont.
 - Determine eligibility for assistance in obtaining health insurance
 - Determine which participants in the exchange are eligible for tax credits and cost-sharing subsidies
 - Assure eligible applicants are enrolled in the appropriate health program (Medicaid, CHIP, basic health, or exchange subsidies) and health insurance plan
 - Consult with relevant stakeholders with regard to carrying out these activities

HEALTH INSURANCE EXCHANGE

- The law provides for two types of exchanges:
 1. Individual
 2. Small Business Health Options Program (SHOP)
- Individual Exchange will be open to individuals who do not have qualifying coverage through an employer or a public program
- SHOP will be open to employers with fewer than 100 employees

HEALTH INSURANCE EXCHANGE

- Provides premium and cost-sharing assistance to individuals who obtain coverage through the exchange, with incomes up to 400% of the FPL
- Provides for the following levels of coverage based on the amount of covered expenses to be paid by the plan:

| Plan | Percentage of Expenses |
|----------|------------------------|
| Bronze | 60 |
| Silver | 70 |
| Gold | 80 |
| Platinum | 90 |

INSURANCE REFORM

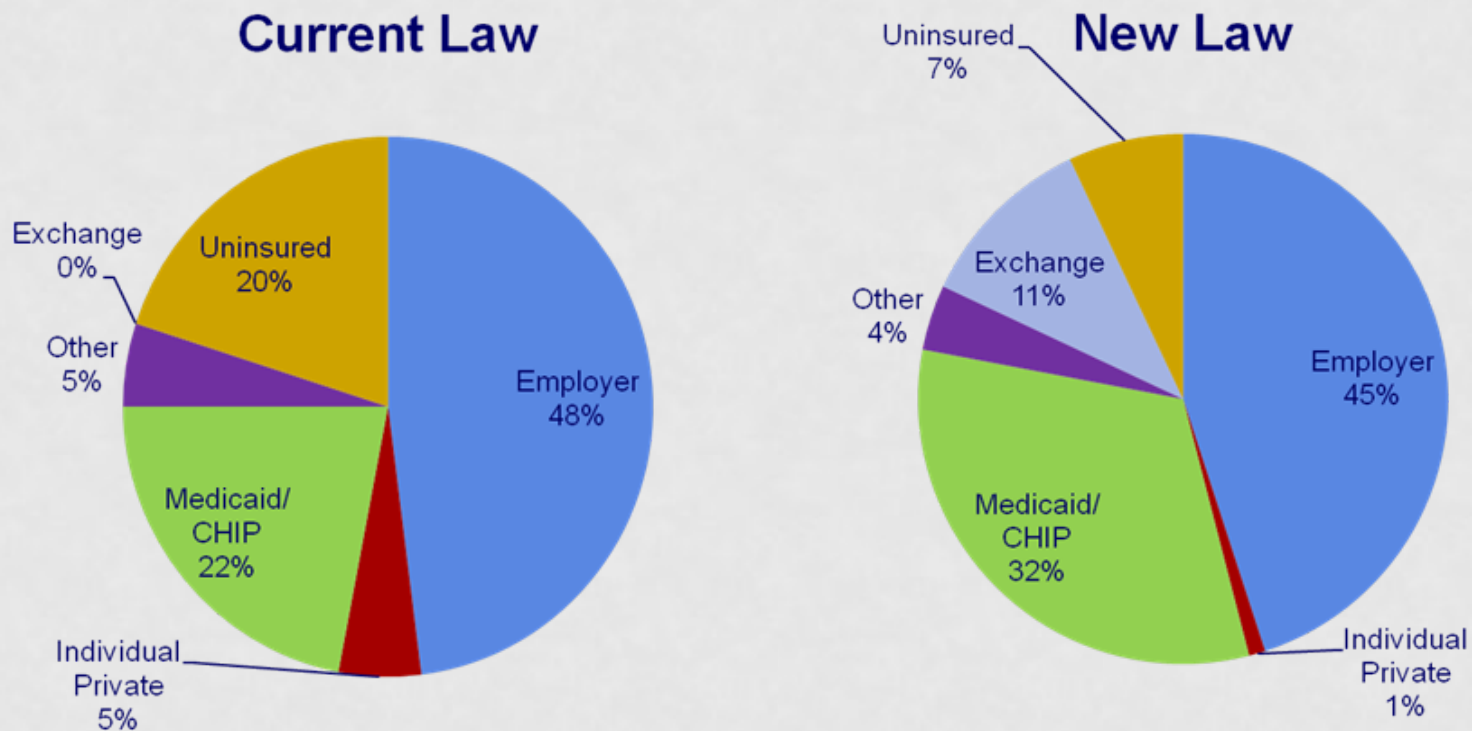
- 2010 Changes
 - Coverage cannot be rescinded except in cases of fraud
 - Children cannot be excluded due to pre-existing conditions
 - Unmarried children up to age 26 are allowed to stay on a parent's plan, unless offered a choice of plans by their own employer
 - Access to a temporary, national high-risk pool for those previously unable to obtain insurance due to poor health
- As of 2014, coverage cannot be denied for adults with pre-existing conditions
- In 2016, insurers will be allowed to sell products across state lines through established health care choice compacts

PUBLIC HEALTH

- Investment in prevention and public health
 - National Prevention, Health Promotion and Public Health Council
 - Prevention and Public Health Fund (\$15 billion for FY10-FY19)
 - Funding to promote prevention
 - School-based health centers
 - Incentives for prevention of chronic disease in Medicaid
 - Community Transformation Grants (Evidence-based community prevention activities)
 - Health aging, living well
 - Epidemiology and laboratory grant program
 - Maternal, infant and early childhood visiting programs
 - Public education campaigns

HEALTHCARE CHANGES IN MISSISSIPPI

SHIFTS IN COVERAGE PROJECTED FOR MS



Source: *An Overview of Health Reform. (2010). Center for Mississippi Health Policy and Georgia Health Policy Center.*

IMPACT ON MEDICAID IN MS

- In 2014, it is estimated that MS will have about 270,000 new Medicaid recipients as a result with Medicaid expenditures of \$1.6 billion annually
- From 2014 to 2019, state expenditures for the newly eligible Medicaid recipients will be about \$11.4 billion with the Federal government paying 97% of those costs

HEALTH INSURANCE EXCHANGE IN MS

- It is estimated that about 275,000 individuals will purchase coverage through the exchange in 2014
- Approximately 229,000 individuals will be eligible for subsidies paid by the federal government worth \$912 million in 2014

*Source: Health Reform Implication for Employers. (2010).
Center for Mississippi Health Policy and Georgia Health Policy Center.*

HEALTH REFORM IMPLEMENTATION IN MISSISSIPPI

- Health reform implementation is an ongoing process at the federal and state level
- Establishment of state-based exchanges is a major component of state level implementation
- Exchange implementation is a highly complex process (Technically and sometimes Politically)
 - End user friendly (Simple), but complex inner workings (technical)

HEALTH INSURANCE EXCHANGE

- Exchange Structure: Options
 - State government agency (existing or newly formed)
 - Non-profit entity established by the state
 - Multi-state exchange
 - One or more sub-state exchanges serving geographically distinct areas within a state
 - If not state does not wish to establish an exchange, the federal government will operate an exchange in the state

MS HEALTH INSURANCE EXCHANGE

House Bill No. 1220

- Established state agency
- Board composition include more diverse groups (Included clause that the board reflects the diversity of MS)
- Additional clauses to prevent adverse selection
- Additional accountability measures

Senate Bill No. 2992

- Established nonprofit
- Board composition was more industry heavy

HEALTH INSURANCE EXCHANGE

- Why is governance important?
 - Great responsibility and will have address many issues
 - Political independence and accountability
 - Preventing conflicts of interest
 - Rules, regulations and laws affecting its operation such as hiring and procurement
 - Sources of funding
 - Financial reporting requirements

MS HEALTH INSURANCE EXCHANGE

- Mississippi Comprehensive Health Insurance Risk Pool Association designated as the entity to establish and operate Exchange
 - The general feeling is “An exchange built by Mississippians, for Mississippians” but is it really?
- Mississippi has received 2 federal grants to establish an Exchange
 - Exchange Planning Grant = \$1,000,000
 - Exchange Establishment Grant = \$20,143,618
- The state is moving forward in establishing a state Exchange

MS HEALTH INSURANCE EXCHANGE

- Building an Exchange in Mississippi
 - Consider the demographics of the Exchange population compared to current privately-insured populations
 - Relatively older
 - Less educated
 - Lower income
 - More racially diverse
 - Previously uninsured, experience access barriers
 - Worse health

MS HEALTH INSURANCE EXCHANGE

- Building an Exchange in Mississippi
 - Mississippi specific demographics
 - Rural population
 - Diverse geographic regions
 - Access issues to high-speed internet
- Considerations for a Mississippi Health Exchange
 - Inclusion of diversity in the decision-making process
 - Tailored outreach to meet the needs of Mississippians
 - Coordinated enrollment between all health coverage programs (Exchange, Medicaid, CHIP)
 - Collaboration between MS Dept. of Insurance and Division of Medicaid
 - Targeted efforts to reduce adverse selection

Questions