

Indiana's Approach to Implementing the Affordable Care Act

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INDIANA COUNCIL OF COMMUNITY MENTAL HEALTH
CENTERS SPRING MEETING

MAY 19, 2011
FORT WAYNE, IN

Agenda

- Update: Activity over the past year.
- Senate Bill 461.
- Healthcare Exchange.

ACA Overview

- Insurance:
 - Healthcare Exchange.
 - Tax Subsidies for purchasing insurance.
 - Individual mandate.
 - Guarantee issue.
 - Medical loss ratio (MLR).
- Medicaid Expansion.
- Grants.

Since April 2010

- Interagency working group & subgroups:
 - FSSA, IDOI, ISDH, SPD
- Financial analysis:
 - Focused on Medicaid expansion.
 - \$2.6-3.1B through 2020.
- Stakeholder input:
 - Meetings.
 - Web-based questionnaires.
- Nationalhealthcare.in.gov webpage.

Since April 2010

- Grants:
 - Rate Review Grant.
 - Exchange Grant.
 - Aged & Disabled Resource Center (ADRC) Grants.
 - Maternal, Infant and Early Childhood Home Visiting Program Grant.
 - Strengthening Public Health Infrastructure for Improved Health Outcomes Grant.
- Other Initiatives:
 - Rules on new insurance regulations 9/10.
 - Correct Coding Initiative (CCI).
 - Provider enrollment.
 - Healthy Indiana Plan (HIP) state plan amendment (SPA).

SB461

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2011 Legislative Session

- Senate Bill 461
 - Signed into law May 10th.
 - Original language:
 - September 23rd insurance provisions.
 - HIP.
 - Medicaid Disability.
 - Additions in committee:
 - Individual Mandate.
 - Family Planning State Plan Amendment.
 - Waiver.

SB461 - Dependent Age 26

- Upon request of the policyholder or certificate holder, Indiana Code § 27-8-5-28 provides that a policy of accident and sickness insurance may not be issued, delivered, amended, or renewed unless the policy provides for coverage of a child under 24 years.
- In order to comply with ACA, the age limit is raised to 26 years.

SB461- Preexisting Condition Exclusions for Enrollees Under Age 19

- Enrollee under age 19 cannot be denied benefits or enrollment based on a preexisting condition.
 - Except individual grandfathered plans, which must enroll a dependent under age 19 upon the request of the insured, but may continue to waive coverage for preexisting conditions for a period of time consistent with Indiana law.
 - Not a requirement that carriers offer child-only coverage.

SB461 - Prohibiting Rescission of Coverage

- **Rescission: Treating insurance contract as if it never existed.**
 - Provide 30 day notice to each participant who would be affected before coverage may be rescinded.
- Rescission is only permitted if an individual committed fraud or made an intentional misrepresentation of a material fact.

SB461 - External Review

- Provides for an individual to seek an external review if he or she has sought and subsequently has been denied coverage.
- Requires Independent Review Organizations (IROs) conducting external reviews to keep records no less than three (3) years.
- Extends the amount of time a complainant has to file for an external review from 45 days to 120 days.
 - IDOI is concurrently seeking a waiver from HHS because its external review statutes are in substantial compliance with federal requirements.

SB461 - HIP Changes

- **Effective January 1, 2014:**
 - Use HIP as the Medicaid ACA expansion vehicle instead of the traditional Medicaid program.
 - Gives Secretary the authority to make benefit modifications to align with ACA requirements. ACA could increase benefit costs 10-15% depending on final CMS rules.
 - Eligibility alignment to reduce duplication of federal program.

SB461– HIP Changes

- POWER Accounts
 - Currently 21%, or 8,900 HIP members are not required to make POWER account contributions.
 - HIP members have a lower non-emergent ER utilization than the comparable, adult Medicaid population.
 - No evidence that POWER account contributions dissuade members from seeking care.
- Changes to legislation
 - Amend code to require individuals to make a minimum contribution of not less than \$160 annually.
 - State POWER account savings not substantial, but could drive down premium costs.
 - Allow nonprofit organizations to contribute no more than 75% of the individual's required payment.
 - Health plans may contribute if related to health improvement.

POWER Accounts: Average Monthly Contributions

Average POWER Account Contributions

FPL	Monthly 2008	Monthly 2009	Monthly 2010	Average Annual Contribution (2008 – 2010)
<=100%	\$12.49	\$13.14	\$14.29	\$159.65
101% - 125%	\$33.43	\$34.30	\$36.02	\$414.98
126% - 150%	\$51.11	\$52.53	\$55.04	\$634.72
>150%	\$69.49	\$71.12	\$70.86	\$845.89

POWER Accounts: Number Who Were Disenrolled for Failure to Pay the Monthly Contribution

FPL Level	Number Who Failed to Pay Subsequent Payment
Total	1,835 (3%)
<22% FPL	81
23 to 51% FPL	249
51 to 101% FPL	755
101 to 151% FPL	549
> 151% FPL	201

N = 61,797 HIP members as of December 2009

*Information from HIP CMS Annual Report – year 2 (2008 – 2009 combined)

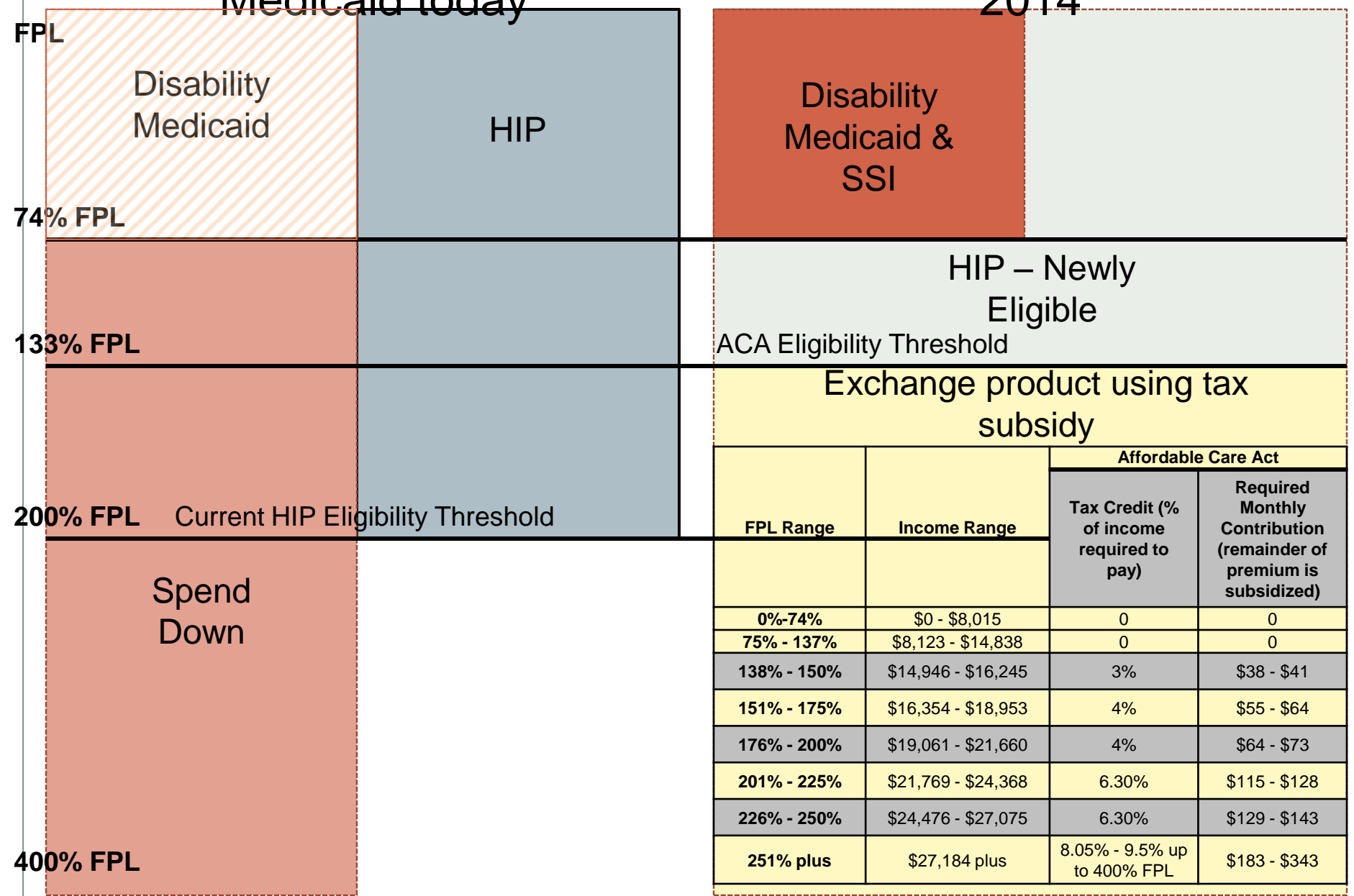
SB461– Medicaid Disability Changes

- 209b vs. 1634.
- Spend Down Program - Medicaid Advisory Committee (MAC) recommendation.

Current Medicaid	2014
< 74% FPL 23,000 SSI individuals not on Medicaid	<74% FPL All individuals below 133% become eligible for Medicaid, including 23,000 SSI recipients not on Medicaid today
74% FPL – 133% disabled individuals are on Spend Down	74-133% receive full Medicaid benefits
> 133% FPL- Spend Down	> 133% FPL tax credits to purchase a product on the Exchange

Medicaid today

2014



Medicaid Disability - Fiscal Impact

Cost Projections Without Enhanced Match	
10-Year Costs	Change to 1634
Cost of ACA to State – Less than 133% FPL	\$811M
MRT Savings	(\$3M)
Current Spend Down - over 133% FPL	(\$141M)
Net	\$667M

Cost Projections With Enhanced Match	
10-Year Costs	Change to 1634
Cost of ACA to State – Less than 133% FPL	\$86M
MRT Savings	(\$3M)
Current Spend Down - over 133% FPL	(\$141M)
Net	(\$58M)

Health Care Exchanges

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Exchange Functions

***Expedia* for health insurance; tool with which individuals or small employers can find, compare and enroll in health insurance.**

- Certify, recertify and decertification of plans.
- Assign quality ratings to plan, per HHS guidelines.
- Website & Call Center.
- Single application for Medicaid and tax subsidy eligibility.
- Seamless interface with Exchange and Medicaid and other State subsidy programs.
- Administer federal tax credits.
- Free Choice Vouchers for employers/employees.
- Exchange for individuals & small business Exchange (SHOP).
- Notification and appeals of employer liability.
- Education and outreach; assistance to help customers purchase health insurance.
- Cost calculator.
- Risk adjustment for plans.
- Provide income data to the IRS, and citizenship or immigration status to SSA & Homeland Security.
- Adjudication of eligibility determinations and appeals.

Exchange Models:

- Active purchaser (Massachusetts).
- Clearinghouse (Utah).
- Comparative data on cost.

ACA & Healthcare Exchanges

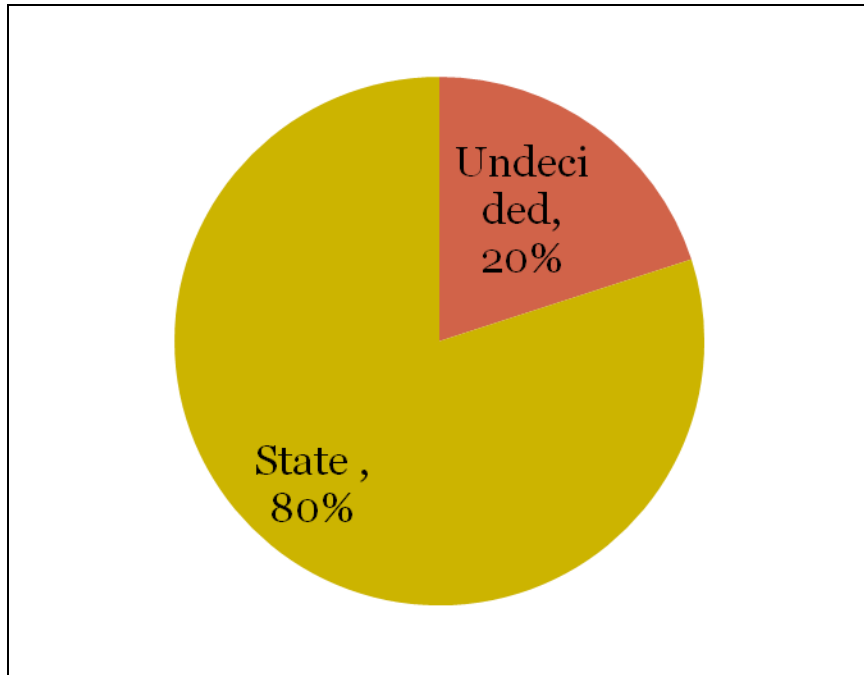
- Only place to purchase insurance with tax subsidies.
- Options:
 - State or Federally operated.
 - State or regional/multi-state Exchange.
 - State agency, not-for-profit or quasi-governmental.
- Funded through 2015 by feds; after that must be self-sustaining.
- Timeline:
 - Feds will determine readiness by 1/1/2013.
 - Federal Exchange for states that have not made progress.

Indiana & an Exchange

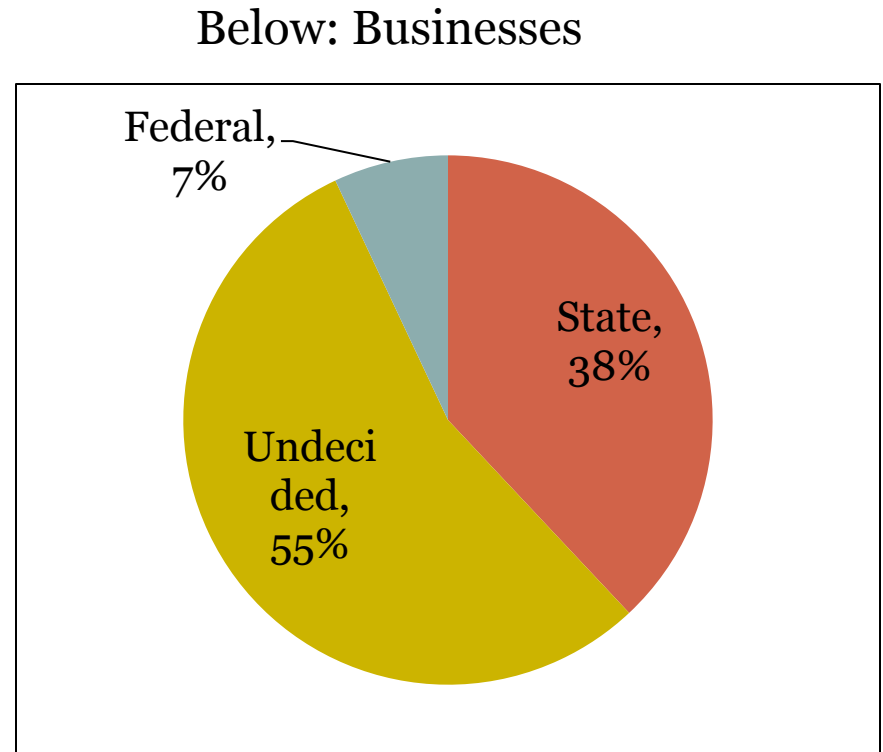
- Executive Order was issued by Governor Daniels on January 14, 2011.
 - Conditionally establishes a not-for-profit entity to operate an Indiana-based Exchange.
 - Leverages current agencies (IDOI and FSSA) without creating new agencies.
- Planning Grant
- Level 1 Establishment Grant

Exchange: State v. Federal

The September questionnaire asked respondents to identify who should operate the Exchange.



Above: Insurers



Exchange Questionnaire

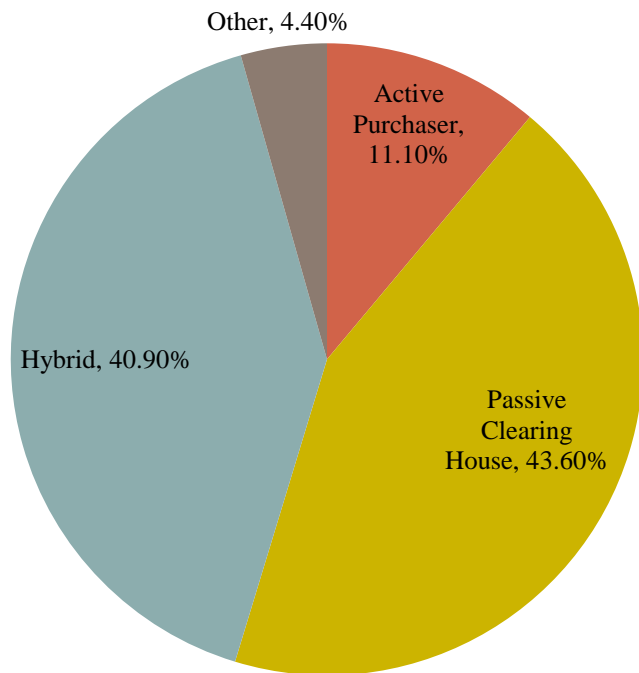
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- 4 tracks.
- Exchange Design.
- 2,600 Respondents.

Respondent Feedback

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Respondent average: Which model do you think would work best for Indiana?



- Goals
- Data
- Financing
- Market
- SHOP
- Medicaid
- Navigators

Potential Users of an Exchange

- Report prepared by the State Health Access Data Assistance Center (SHADAC) at the University of Minnesota.
- SHADAC's estimate of potential users of an Exchange.
- Individuals.
- Businesses.
- Large employers that may drop insurance.

Status of Activities

- Stakeholder input.
- IT gap analysis.
- Business requirements.
- Actuarial analysis of options.
- IT plan to support Exchange.
- Financing plan.
- Legislative needs.
- Operational plan.

Concerns & Risks

- **Exchange:**
 - Large impact on Hoosiers.
 - Lack of federal guidance.
 - Lack of a federal Exchange model for comparison purposes.
 - Deadlines & readiness.
 - Operating costs in 2015 & beyond.

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