Based on these recent headlines...

Costs Of Employer Insurance Plans Surge in 2011

Income growth slow in Indiana
Manufacturing wages down on average since 2007

By: Daniel S. Koren

102% Increase in Business Premiums
Drop in ESI by 9%

Employer Spending on Health Care

% Insured through Employer-Sponsored Insurance


150,000 more people are uninsured and unable to pay for health care

Number of Uninsured

Uncompensated Care Costs


These trends are why Indiana and America need the Affordable Care Act
Transforming the Health Care System through The Affordable Care Act

- Coverage expansions – both public and private
- Simplified, streamlined, coordinated enrollment
- Quality and cost-containment measures
- Workforce investment

Thanks to the ACA....

1 million young adults gained coverage in the past year

Including Emily E from MI. Emily was born with Common Variable Immune Deficiency, leaving her with virtually no immunities. She was worried about what would happen when she graduated college and whether she would be able to get coverage.

Clifton A from MD was one of 1.8 million seniors who got help paying for prescriptions as the ACA phases out the “donut hole.”

- 32,258 Indiana seniors receive discounts averaging $537
- 88,802 received $250 rebate
162,000 children are helped by elimination of pre-existing exclusions

When Mario S from CO was 3, she was diagnosed with an AVM (arteriovenous malformation) in her brain. She went through 23 procedures to correct the problem. At 14, Maria was in good health but she couldn’t get coverage because of her pre-existing condition.

Source: Georgetown Center for Children and Families, "Healthcare: The Storm" and CBS News

Consumers Gain Many Other Protections

- 10,700 did not see their coverage rescinded
- 20,400 people didn’t hit their lifetime maximum
- 41 million Americans, including 19 million seniors, received no-cost preventive care
- More of your insurance premium dollar must go to healthcare, not overhead, advertising or profits (80% in individual plans/85% in group)
- Insurers can’t raise individual or business premiums increases of more than 10% must be justified

Source: Health Policy Institute

Significant Investment in Health Care Innovation

- Workplace health grants
- Community transformation grants
- Strengthening community health centers and school based health clinics (IN $1.5 million)
- Demonstration projects to improve quality and reduce costs
- Better coordination of care for dual eligibles
- Payment reform
- See more at www.healthcare.gov

Source: Health Policy Institute

544,000 Hoosiers Will Gain Coverage in 2014

Significant Federal Investment in Indiana's Health Care Economy

Medical Expansion
2014 - 2019
(in millions)

Federal Share
$1.103

State Share
$156

Exchange Subsidies, 2014 - 2019
(in millions)

$14.16
94.1%

$20.3
7.9%


Why do state cost estimates vary so widely?

| National Estimates of State Budget Impacts Vary Widely |
|-----------------|----------------|----------------|-----------------|----------------|
| CBD | CMS | Urban (H&H) | Urban (G&H) | Lewin |
| $20 | -$33 | 21.1 | $40.9 | -$106.5 |

Estimates are based on many assumptions:
- Take-up rates and crowd-out estimates
- Unknown issues before federal guidance (i.e. 209b)
- Time periods covered
- Administrative costs, particularly relating to IT
- Specific elements of cost, savings and revenues

Health Reform Will Boost State Economy

- Federal and state investment
- Increased purchase of insurance by individuals
- Savings in uncompensated care offset state costs and other direct service costs
- Direct economic impact
  - Jobs and wages
  - Spending and taxes
  - More financially stable families

States are Moving Forward
Can Indiana risk waiting for legal challenges to overturn ACA?

**District Court (26)**
- 3 determined some parts of law unconstitutional
  - FL overturned all of law as non-severable
  - VA overturned only individual mandate
  - PA ruled parts unconstitutional
- 6 ruled law constitutional
- 9 dismissed for lack of standing/procedural
- 8 pending

**Appeals Court (8)**
- Upheld only that individual mandate is unconstitutional
- Vacated lower court decision
- 4 upheld dismissals
- 2 pending
  - Oral arguments scheduled

**Supreme Court to hear the case this term**
- Ruling likely by mid-2012.

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**Exchange Activity in the States**

**Legislative Activity**
- 15 States Enacted
- 4 Pending
- 2 Existing

**Other Paths**
- 4 Executive Order
- 7 Study Commissions

**Federal Grants**
- 7 Innovator (-2)
- 50 Planning (-3)
- 17 Establishment
  - 8 where legislation stalled
  - 2 states in 26 states filing lawsuits
  - More applied at end of September

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**What Should Indiana Be Doing Now?**
Determine Governance Structure

- New or existing state agency, quasi-state agency or non-profit organization
  - Majority of governing body cannot have conflict of interest
- Apply for tier 2 establishment grant
  - 3 more rounds quarterly until June 29, 2012
  - Provides all implementation operational costs through 2014

Evaluate Basic Health Option

- Builds on public programs for those with income 133-200% FPL
  - Potential to build on HIP with changes
- Funded by 95% of premium tax credits, cost-sharing reductions
- Potential advantages
  - Minimize transitions between programs
  - More affordable, comprehensive for consumers

Create a Strong Process for Ongoing Stakeholder Engagement

- Required by proposed regulation and as a condition of funding
- Planning, implementation, evaluation and on-going
- More than surveys, forums and disclosure
- It should be a partnership between state, industry, consumers, providers and other stakeholders

Coordinate with Medicaid/CHIP

- Single, streamlined application
- Exchange establishes eligibility for all Insurance Affordability Programs
  - Medicaid, CHIP, BHP, Exchange Premium Tax Credits and Cost-Sharing Reductions
- Single eligibility system or shared eligibility service
- Data matches to confirm eligibility
  - Federal Data Services Hub
- Single web-portal with real-time decision
  - Also access over phone, in-person, via mail
Develop IT Infrastructure

- Unprecedented but time-limited federal financial participation
  - 90% development costs – Medicaid (ends 2015) with 75% for ongoing operational costs
  - 100% Exchange infrastructure (3 more rounds)
  - Expedited review process
  - Waiver of certain cost-allocation rules across programs
- Complex, time-consuming project to execute

What happens if Indiana doesn't move forward?

There Will Be a Federally-Run Exchange in Indiana

- The federal exchange will conduct eligibility and enrollment activities for Medicaid/CHIP
- Indiana will lose the opportunity to finance a state-of-the-art, consumer-friendly, data-driven IT infrastructure that will enhance the efficiency and accuracy of existing health programs

States Need Exchanges

- ...Even if the courts or Republicans succeed at unraveling the law, companies and states are likely to keep moving ahead with exchanges because they recognize that individual insurance shoppers and small businesses have long been at a disadvantage, lacking the negotiating power of large companies that can demand better prices.

*Any number of events could interrupt* the development of exchanges, he said. *But, we'd still have the problem of pooling customers to create leverage for better prices. And we have a distribution system that is more expensive than we can afford*
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