Health Care Reform

State of Play: What's at Stake for Indiana?

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INDIANA HEALTH INSURANCE EXCHANGE SYMPOSIUM
OCTOBER 11, 2011

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Why Does America and Indiana Need Health Reform?

It's About Getting Better Results from our Health Care Expenditures

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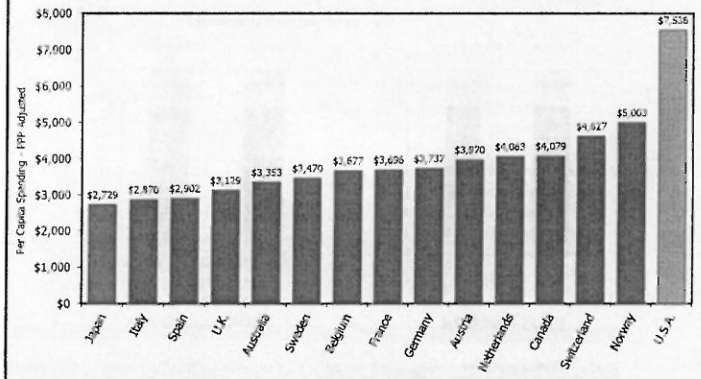
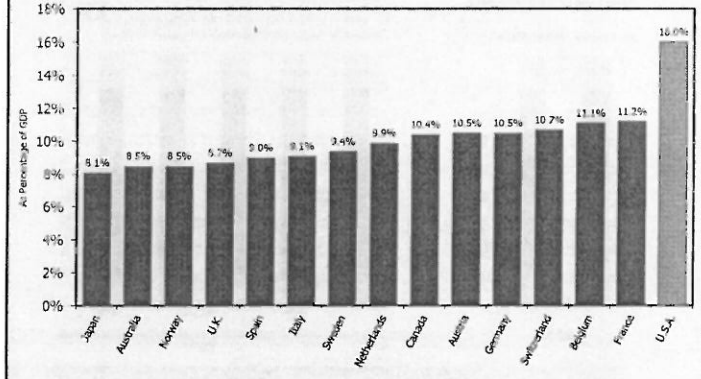
Total Health Expenditure per Capita, U.S. and Selected Countries, 2008



Source: Organization for Economic Co-operation and Development (2010), "OECD Health Data", *OECD Health Statistics* (database). doi: 10.1787/data-00350-en (Accessed on 14 February 2011).
Notes: Data from Australia and Japan are 2007 data. Figures for Belgium, Canada, Netherlands, Norway and Switzerland, are OECD estimates. Numbers are PPP adjusted.

Total Health Expenditure as a Share of GDP, U.S. and Selected Countries, 2008



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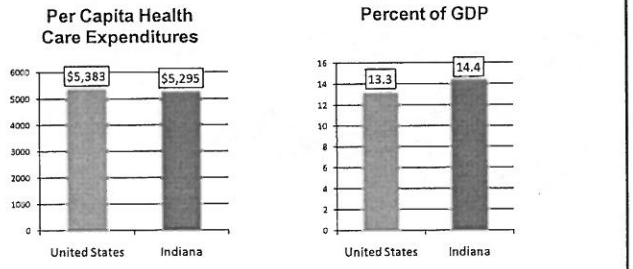
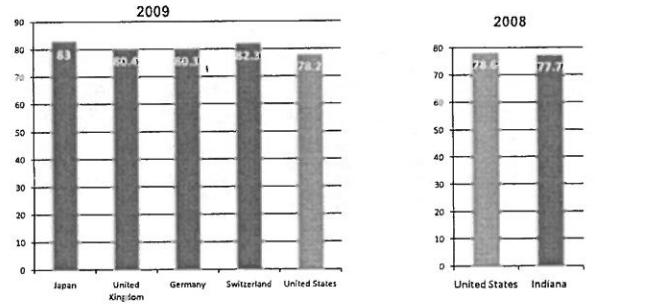
Indiana Spending on Health Care 2004



Source: 2004 Kaiser State Health Facts

Life Expectancy Growth Slows; US Ranks 37th

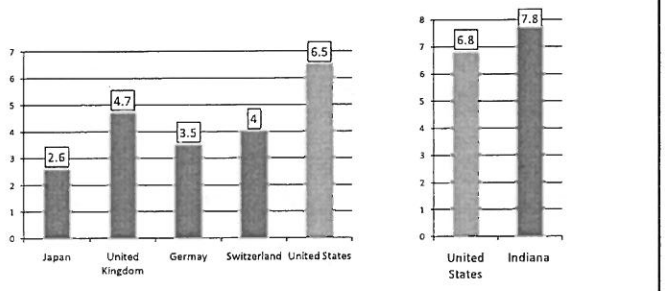


Source: Organisation for Economic Co-operation and Development (2009), "OECD Health Data"

Source: 2008 Kaiser State Health Facts

Infant Mortality

Deaths per 1000 Live Births



Source: Organisation for Economic Co-operation and Development (2010), "OECD Health Data"

Source: 2008 Kaiser State Health Facts

Without Health Care Reform, Where Would Indiana Be Heading?

Based on these recent headlines…

Costs Of Employer Insurance Plans Surge in 2011

By Julia Appleby
KHN Staff Writer

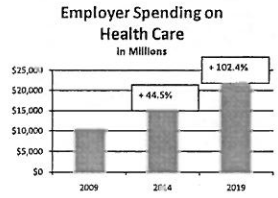
Income growth slow in Indiana

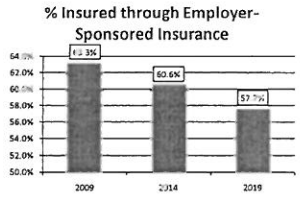
Manufacturing wages down on average since 2007

BY DANIEL SUDDEATH
Daniel.Suddeath@neiandtribune.com

> SOUTHERN INDIANA — Indiana ranked 41st among states in personal income growth during the second quarter of 2011 according to a U.S. Bureau of Labor Statistics survey released this week.

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





Source: B. Garret, et all, "The Cost of Failure to Enact Health Reform: Implications for States," the Urban Institute, 2009 (Worse Case Scenario)

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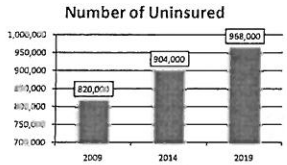
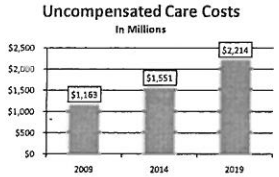
150,000 more people are uninsured and unable to pay for health care





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These trends are why Indiana and America need the Affordable Care Act

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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.

Source: Young Invincibles Website

1.3 million seniors saved an average of $517 on prescriptions

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

Source: WBAL-TV

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, "Weathering the Storm" and CBS News

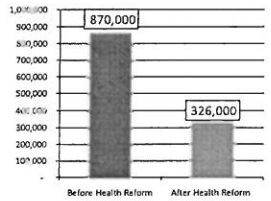
Consumers Gain Many Other Protections

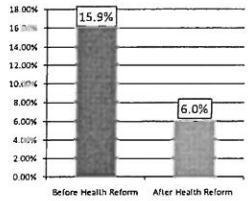
- 10,700 did not see their coverage rescinded
- 20,400 people didn't hit their lifetime maximum
- 41 million Americans, including 19 million seniors, received no-cost preventive care
- More of your insurance premium dollar must go to health care, not overhead, advertising or profits (80% in individual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

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

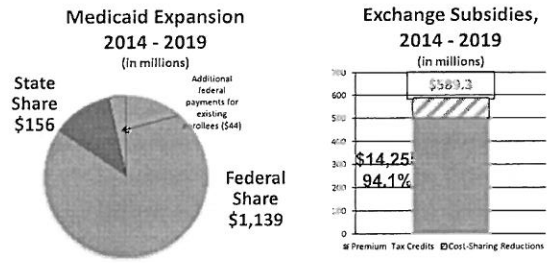
544,000 Hoosiers Will Gain Coverage in 2014





Source: Urban Institute "Health Reform Across States: Increased Insurance Coverage and Federal Spending on the Exchanges and Medicaid," March 2011

Significant Federal Investment in Indiana's Health Care Economy



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Why do state cost estimates vary so widely?

National Estimates of State Budget Impacts Vary Widely				
CBO	CMS	Urban (H&H)	Urban (D&B)	Lewin
$20	-$33	21.1	$-40.9	-106.90

Estimates are based on many assumptions:

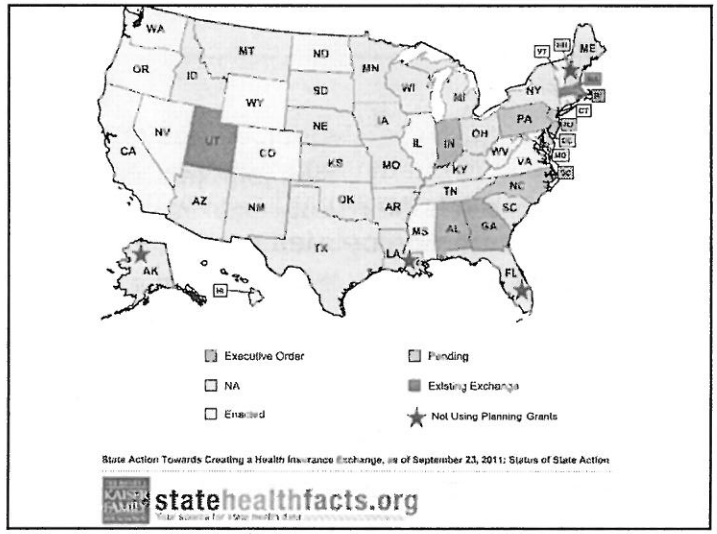
- Take-up rates and crowd-out estimates
- Unknown issues before federal guidance (i.e. 209b)
- Time periods covered
- Administrative costs, particularly relating to IT
- Specific elements of cost, savings and revenues

Source: Kaiser State Budgets Under Federal Reform

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



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

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.

Source: http://www.kaiserhealthnews.org/Stories/2011/March/02/health-reform-law-court-case-status.aspx

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.

Former HHS Secretary Mike Leavitt

"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."

Source: Kaiser Health News

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- Visit our Website: http://ccf.georgetown.edu/
- Read Say Ahhh! Our child health policy blog: http://www.theccfblog.org/
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