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Hospitals and the Affordable Care Act (ACA)

Hopkins Center for Health Disparities Solutions

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Hopkins Center for
Health Disparities Solutions

"Exploration and Intervention for Health Equality..."

Designated a "National Center of Excellence"
by the National Institutes of Health,
National Institute on Minority Health and Health Disparities

NIMHD

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Hospitals and the Affordable Care Act (ACA)

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Discussion Points

- Define the Affordable Care Act (ACA)
- Describe main changes since the ACA went into effect
- Describe how the ACA may affect hospitals and your work as a healthcare provider
- Answer your questions

“The Signing of ACA”
(OBAMACARE)
March 2010


Win McNamee, Getty Images

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Affordable Care Act : The Purpose

1. Make health insurance available to more people
2. Make health insurance more affordable
3. Make health insurance easier to understand

Key Activities to Date

2010 | 2011 | 2012 | 2013

- ❑Individual Mandate
- ❑Young Adult Coverage
- ❑No Pre-Existing Conditions
- ❑No Lifetime Limits
- ❑Medicaid Expansion
- ❑**The Healthcare Insurance Marketplace**

Individual Mandate (Shared Responsibility)

Starting in 2014, you **MUST** have health coverage or pay a penalty.

Accepted forms of coverage:

- ❑ Public insurance
- ❑ Employer-sponsored insurance
- ❑ An individual policy
- ❑ A policy through the Marketplace

You may have to pay a fee with your tax return (Starting when you file your 2014 tax return in 2015)

What is the penalty ?

Year	Flat Dollar Amount	Percentage of Household Income
2014	$95	1%
2015	$325	2%
2016	$695	2.5%

- You pay the higher amount between flat dollar amount and the percentage.
- The penalty for minors is half the amount of adults

Young Adult Coverage

A child under age 26, can stay on his or her parent's health plan.

This applies even if the child is:

- Married
- Living outside the family home
- Financially independent
- Have coverage offered at work

Pre-Existing Conditions

If you have a pre-existing condition, you cannot be denied health insurance

- If you under 19 today, you cannot be denied
- As of Jan 1, 2014, no one can be denied

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No Lifetime Limits

Insurance companies cannot stop paying for **essentia**l health benefit services simply because your claims are high.

Essential health benefits are a set of health care service categories that must be covered by plans in the Marketplace (examples: ER and Maternity)

What if you can't afford insurance ?

Depending on your income, you may be able to get help in the form of:

1. Discounts (credits) against your premium or
2. Help with out-of-pocket costs in your plan (cost sharing).

•Income must fall between 100% and 400% of the federal poverty level. For example, that's $11,490 and $45,960 per year for an Individual

Medicaid Expansion

As part of the Supreme Court ruling on the ACA, each state had the option to expand Medicaid.

Perceived Benefits of expansion:

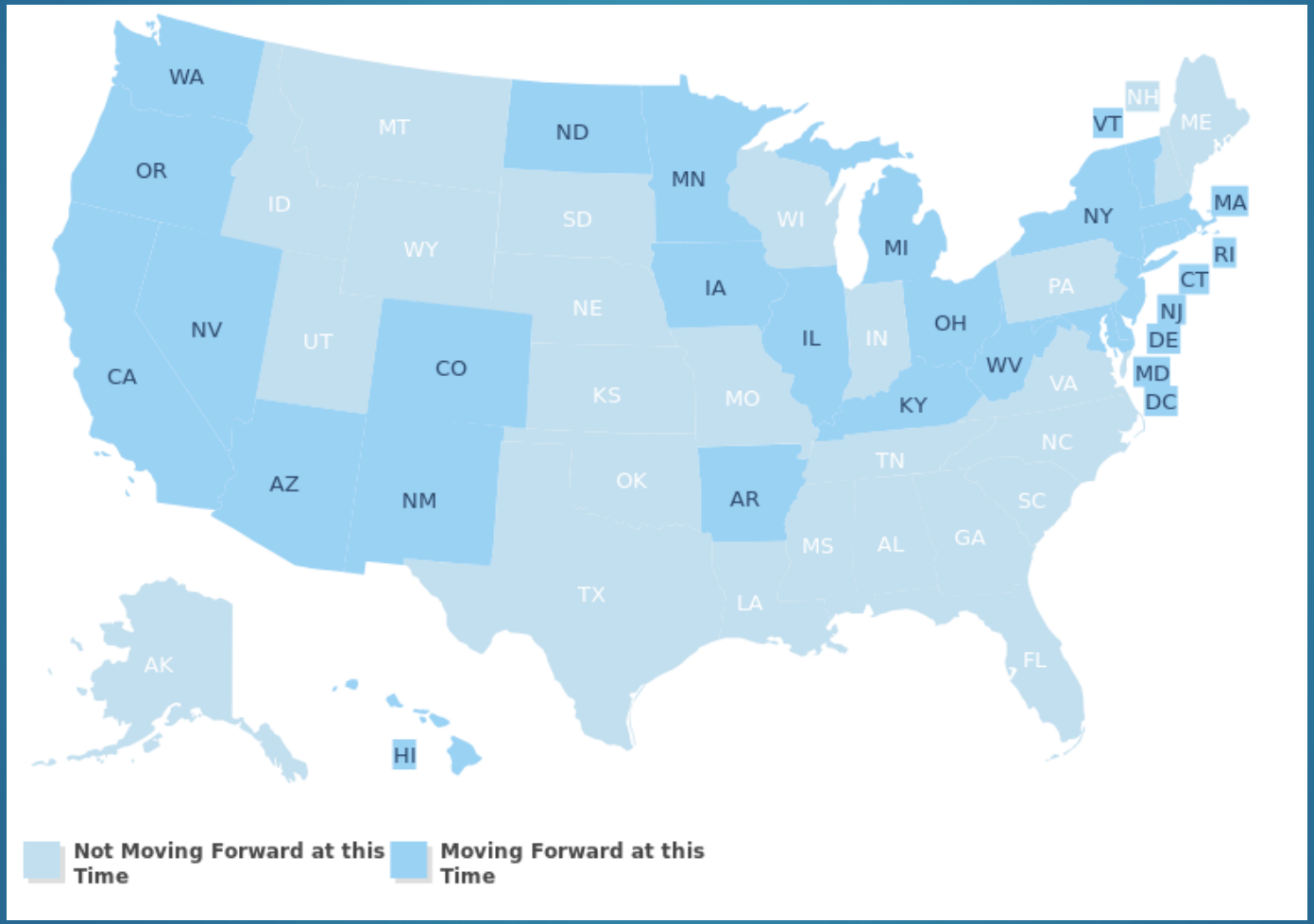
- Close the coverage gap of people who make too much to qualify for Medicaid but too little to buy private insurance
- Shift 100% of costs from State to Federal government, from 2014 to 2017 – 90% thereafter

Medicaid Expansion continued. . .

Current breakdown of states with and without Medicaid expansion.

1. Number of states expanding: 26
2. Number of states **not** expanding: 25

Medicaid Expansion continued. . .



 (Kaiser Family Foundation 2013)

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Two other changes . . .

What Happens To Medicare?

- Medicare coverage is protected
- More preventive services
- Save money on brand-name drugs
- Donut hole will be closed by 2020

What about COBRA in 2014 ?

Under the ACA, individuals will have the option to avoid COBRA and purchase private insurance through the Marketplace

The Health Insurance Marketplace

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When can you enroll in the Marketplace ?

Marketplace Initial Open Enrollment :

- Started October 1, 2013 and ends March 31, 2014
- Annual Open Enrollment periods after that start on October 15 and end on December 7
- Special Enrollment Periods available only under certain conditions during the year

Marketplace Types

The are three types of Marketplaces:

1. Federally Facilitated Marketplace (FFM) – run entirely by the federal government (NJ and PA, under www.healthcare.gov)
2. Partnership – run primarily by state with assistance from the federal government (DE – called "*Choose Health*")
3. State – run entirely by the state (MD – called "*Maryland Health Connection*")

Four Main Plan Levels

Tier	Paid by the plan	Paid by the insured	
Bronze	60%	40%	
Silver	70%	30%	
Gold	80%	20%	
Platinum	90%	10%	
Catastrophic coverage			

Tiers serve two main purposes:

- ❑To create standardized levels of insurance for individuals and small businesses
- ❑To serve as benchmarks for premium credits and cost-sharing subsidies

Essential Health Benefits

Qualified Health Plans cover Essential Health Benefits, which include at least these 10 categories

Ambulatory patient services	Prescription drugs
Emergency services	Rehabilitative and habilitative services and devices
Hospitalization	Laboratory services
Maternity and newborn care	Preventive and wellness services and chronic disease management
Mental health and substance use disorder services, including behavioral health treatment	Pediatric services, including oral and vision care (pediatric oral services may be provided by stand-alone plan)

Free Preventive Services

You won't be charged for services that are defined as "Preventive" - examples include:

- Blood pressure screening
- Cervical cancer screening
- Obesity screening and counseling
- Depression screening
- Domestic and interpersonal violence screening
- Immunizations (vaccines)

Let’s now discuss HCP’s and Hospitals

Hospitals and Healthcare Professionals

How MAY hospitals be affected by the ACA, and how will your work as an HCP change?

First, HCP's…….

The ACA and HCP's

- Free Preventive Care
- Cracking Down on Fraud
- Rebuild the Primary Care Workforce
- More People on Medicaid
- Increased Payments for Rural HCP's
- Constructing more community health centers
- Improving Healthcare Quality
- New Innovations
- Reducing Paperwork and Administrative Costs
- Fighting Health Disparity
- Increasing Medicaid Payments for Primary Care
- Coverage for Individuals Participating in Clinical Trials
- Paying Physicians Based on Value not Volume
- Culturally and Linguistically Appropriate Services

The Details

- **Free Preventive Care**: All new plans must cover certain preventive services such as colonoscopies and mammograms without charging a co-pay, deductible or coinsurance

- **Rebuilding the Primary Care Workforce**: There are new incentives in the law to expand the number of primary care doctors, nurses and physician assistants

- **Expansion of Medicaid**: Some states will expand and receive federal funds

- **Rural Health Providers**: Increased payments to rural health care providers to help them continue to serve their communities.

Continued…

- **Strengthening Community Health Centers**: The law includes funding to support new and expand existing health centers across the country

- **Improving Healthcare Quality and Efficiency**: The law establishes a new Center for Medicare & Medicaid Innovation. Testing new ways of delivering care to patients. Aim to improve quality and reduce costs. There are also new innovations targeting waste in the system

- **New Innovations**: Projects are being targeted towards waste in the system to reduce costs

- **Reducing Paperwork and Administrative Costs**: Move to electronic health records

Continued…

- **Reduce Health Disparity**: The law requires federal health programs to collect and report racial, ethnic and language data
- **Increasing Medicaid Payments for Primary Care**: The law requires states to pay primary care physicians no less than the current Medicare rate
- **Ensuring Coverage for Individuals Participating in Clinical Trials**: insurers cannot drop or limit coverage for an individual because they participated in a trial that treats cancer or other life threatening disease
- **Paying Physicians Based on Value not Volume**: Payments tied to the quality of care

And now, Hospitals….

Surge of Patients, initially

- The increased number of newly insured and the expansion of Medicaid in some states could flood hospitals with new, high use patients, taxing understaffed teams

- Hospitals could also receive less money for the same services in the short term based on the government's decision to lower Medicare reimbursements.

More Transparency for Hospitals

- The ACA aims to increase transparency by requiring tax exempt hospitals to conduct a Community Health Needs Assessment
- The hospitals will also be required to establish a written financial assistance policy

Transitional Care for Seniors

- **Transitional Care for Seniors Leaving the Hospital:** The Community Care Transitions program will help high risk Medicare beneficiaries when they leave the hospital avoid unnecessary readmissions by coordinating care

Quality Focused Service

- Less volume, more quality will be the norm among hospitals – expansion of Accountable Care Organizations (ACOs). The law provides incentives for physicians to join together to form ACOs

- If ACOs provide high quality care and reduce costs they can keep some of the money they helped save.

Quality Focused Service, continued

- Linking Payment to Outcomes. Hospital performance is required to be publicly reported

- During transition toward this quality direction, hospitals will operate in two different worlds, part volume, part goal-based performance

- Financial incentives available to hospitals who perform well. Government determines good performance through a combination of clinical outcomes and patient satisfaction surveys

Quality Focused Service, continued

- Two payment systems are being established with the goal of tying reimbursement to quality They are:

1) Value-based purchasing
2) Bundled payments

- Government is penalizing hospitals that perform poorly. Hospitals with "excessive" readmission rates will receive lower Medicare reimbursements

Fewer Charity Care Cases

Should the act help more people get insurance, hospitals could get paid for charity care that they now provide for free to uninsured patients

This law is complex and will be challenging

- There will be lots of churn in the system so HCP's have to be aware of what's changed already and what changes are coming.

- I want to give you an example of some of the situations you may encounter

Example of “Split” Eligibility

“A pregnant mother, her 5 year old child and her husband have a household income which is 150% FPL or $35,325”

- Mother qualifies for Medicaid until 60 days postpartum, then she transitions to the advanced premium tax credit program.
- Father qualifies for the premium tax credit program.
- Newborn will qualify for Medicaid until age one, then transition to CHIP
- The five year old qualifies for CHIP

Eligibility Challenges

- The eligibility rules for the ACA are highly complex

- Different family members may qualify for different public programs such as CHIP and Medicaid

- Family members may be split across different insurance issuers and delivery systems

Split Eligibility Insurance Cards

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Recommendations

1. Educate, Educate, Educate…Train staff on healthcare basics as well as overview of the ACA. They need to understand health insurance basics
2. Prepare for the high probability of churn (changes in insurance type based on conditions such as losing or gaining income)
3. Develop a “cheat sheet”

Points to Remember

- The Marketplace is the new way to find and buy health insurance
- Individuals and families may be eligible for lower costs on their monthly premiums and out-of-pocket costs
- Newly insured individuals will require special attention and different systems

Points to Remember continued . .

- Insurance will continue to be sold outside of the Marketplace
- Purchase from Marketplace not required
- The Marketplace is the only place to get the premium tax credits and cost sharing reductions
- HCP's and Healthcare Organizations can expect "churn"
- Educating Staff is very important

Points to Remember continued . .

- The system is changing to “pay for performance”
- Quality not quantity
- Accountability and efficiency
- ACO’s MAY be a viable option for some hospitals
- Cultural Competence and Linguistically Appropriate Services are important and expected

Questions ?

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Thanks for joining us !

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