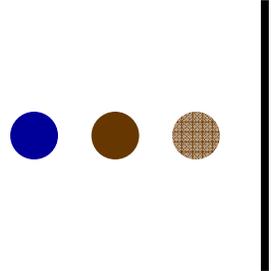




Understanding National Health Reform:

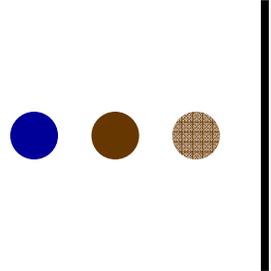
Focus on Medicaid, CHIP (NC Health Choice), and Elder Justice Provisions

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August 11, 2010



Agenda

- Eligibility expansion
 - Simplification and coordination of enrollment for Medicaid, CHIP and Health Benefits Exchange
- New payment requirements for physicians and hospitals
- New coverage options and requirements
 - Preventive and outpatient benefits
 - Home and community based services
- Nursing home and elder justice provisions
- Next steps



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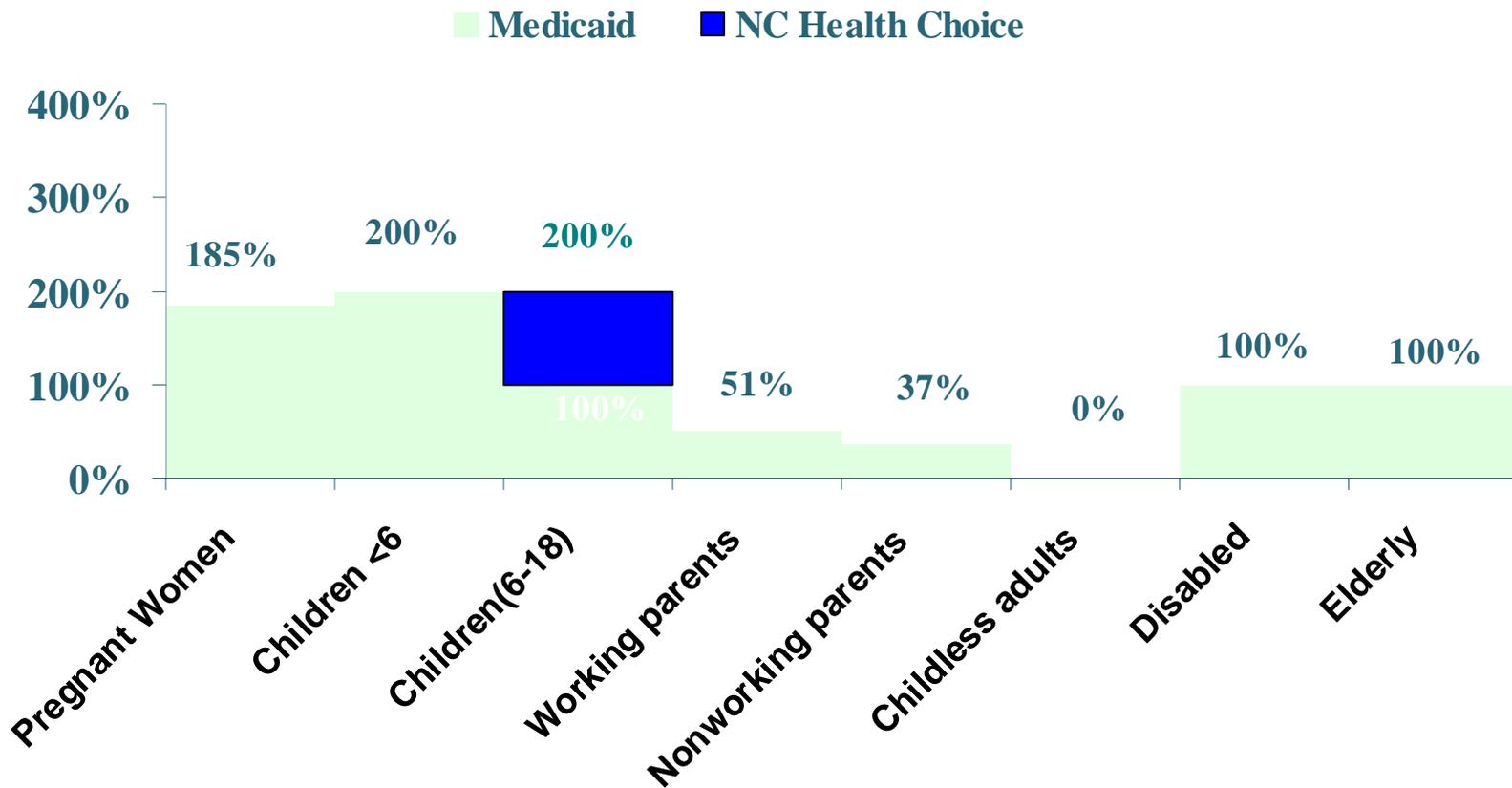
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Existing NC Medicaid Income Eligibility (2010)



KFF. State Health Facts. Calculations for parents based on a family of three.



Medicaid Expansion

- Expands Medicaid to cover all low-income people under age 65 (including childless adults) with incomes up to 133% FPL, based on modified adjusted gross income (begins FY 2014) (Sec. 2001, 2002)

Family Size	133% FPL/yr. (2009)
1	\$14,404
2	\$19,378
3	\$24,352
4	\$29,327

- In determining Medicaid and CHIP eligibility, the state should apply a 5% income disregard (Sec. 1004 of Reconciliation)





Medicaid Eligibility Rules (cont'd)

- No asset tests or use of income disregards to determine eligibility for children and most adults (Sec. 2002)
 - Asset rules still used for long-term care, home and community based services, medically needy program
- Undocumented immigrants not eligible for Medicaid
 - Most lawfully present immigrants are not eligible for coverage for the first five years
- States must offer premium assistance to anyone eligible for Medicaid or CHIP who has access to employer sponsored insurance (ESI) (Sec. 2003)
 - But, states can not require that people enroll in the ESI



Enhanced Federal Match for Medicaid Expansion

- Federal government will pay 100% of costs of *new eligibles* in first three fiscal years (2014-2016) (Sec. 2001(3), amended Sec. 1201 Reconciliation)
 - After first three years, federal government will pay 95% (2017), 94% (2018) , 93% (2019) and 90% (2020 and thereafter).
 - ***However, states will have to cover costs of people who are currently eligible but who had not enrolled in the past***
- Estimated take-up of the *uninsured* in Medicaid in 2014:
 - Newly eligible: 259,000
 - “Woodwork” eligibles: 167,000

* Source: Holmes M. Projected Changes in North Carolina Health Insurance Coverage due to Health Reform. Running the Numbers. *NCMJ*. May/June 2010;71(3):306-308. Note: these estimates do not include total take-up in Medicaid, only that of the uninsured. Some people may have private coverage, but drop their coverage once they become eligible for Medicaid in 2014.



Medicaid Expansion

- Requires states to maintain current enrollment and eligibility standards until the state Exchange is established (Sec. 2001)
- Requires states to submit annual report on the number of individuals enrolled and newly enrolled in Medicaid (Effective: January 2015; Sec. 2001)
- States can expand Medicaid coverage to non-elderly individuals above 133% FPG (Sec. 2001)
- States must cover former foster children up to age 25 (Effective 2014; Sec. 2004, 10201)
 - Children must be given the opportunity to designate a medical power of attorney before aging out of the foster care system (Sec. 2955)



CHIP (NC Health Choice)

- States must maintain current income eligibility for children in Medicaid and CHIP until 2019 (Sec. 2101(b), 10203).
 - Beginning in 2015, states will receive a 23 percentage point increase in the CHIP match rate (up to cap of 100%) (Sec. 2101(a))
 - Reauthorizes current CHIP allotments through 2015 (Sec. 10203)
 - Children ineligible to enroll in CHIP because of enrollment caps will be eligible for tax credits in the state exchanges. (Sec. 2101(b)(1)(B), 10203)
 - Increases outreach and enrollment grants by \$40 million (for the period FY 2010-2015) (Sec. 10203)



Health Benefit Exchange

- States will create American Health Benefit Exchange and Small Business Health Options (SHOP) Exchange for individuals and small businesses. (Sec. 1311, 1321)
 - To facilitate the purchase of qualified health plans
- Exchanges will:
 - Offer standardized information to help consumers choose between plans and develop rating system based on quality and cost. (Sec. 1311(d)(4)), 1311(c))
 - Offer navigators to provide information to the public about health plan choices and help them enroll. (Sec. 1311(i))
 - Determine eligibility for premium and cost sharing subsidies. If identify people eligible for Medicaid or CHIP, must enroll. (Sec. 1311(d)(4)(F), 1411, 1413)



Enrollment Simplification Outreach, and Coordination

- States will coordinate with Health Benefit Exchanges to determine eligibility for Medicaid, CHIP or for premium assistance in the Exchange (Sec. 2201, Sec. 1311, 1411, 1413)
 - Requires procedures to enroll individuals in Medicaid who are deemed eligible by the Exchanges (Sec. 2201, 1413)
 - Requires screening and enrollment in subsidized health plans through the Exchanges for individuals found to be ineligible for Medicaid or CHIP (Sec. 2201)
- States may contract with state Medicaid agencies to determine eligibility for premium and cost sharing subsidies for insurance purchased through the Exchanges (Sec. 1311(f), 1413(d))



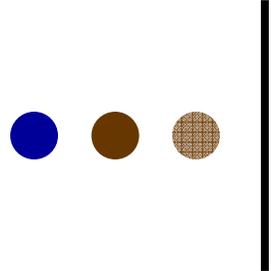
Enrollment Simplification Outreach, and Coordination

- Requires the development of a single application form for eligibility for premium subsidies in the Exchanges and Medicaid and CHIP (Sec. 1413)
- States shall establish secure exchange of information and for data matching procedures to identify individuals eligible for Medicaid or CHIP (Sec. 1413)
 - Allows for the release of IRS information to assist in determining eligibility (Sec. 1414)
- Authorizes grants to states to implement new health information technology enrollment standards (Sec. 1561)



Enrollment Simplification, Outreach, and Coordination

- States must conduct outreach efforts to vulnerable populations (Effective: Jan. 1, 2014; Sec. 2201)
 - Includes: children, homeless youth, pregnant women, minorities, rural populations, victims of abuse or trauma, and individuals with mental health or substances abuse disorders
- Hospitals can determine presumptive eligibility for all Medicaid populations (Sec. 2202)
- States must establish a website through which individuals can apply, enroll, or renew enrollment in Medicaid and CHIP (Effective: Jan. 1, 2014; Sec. 2201)

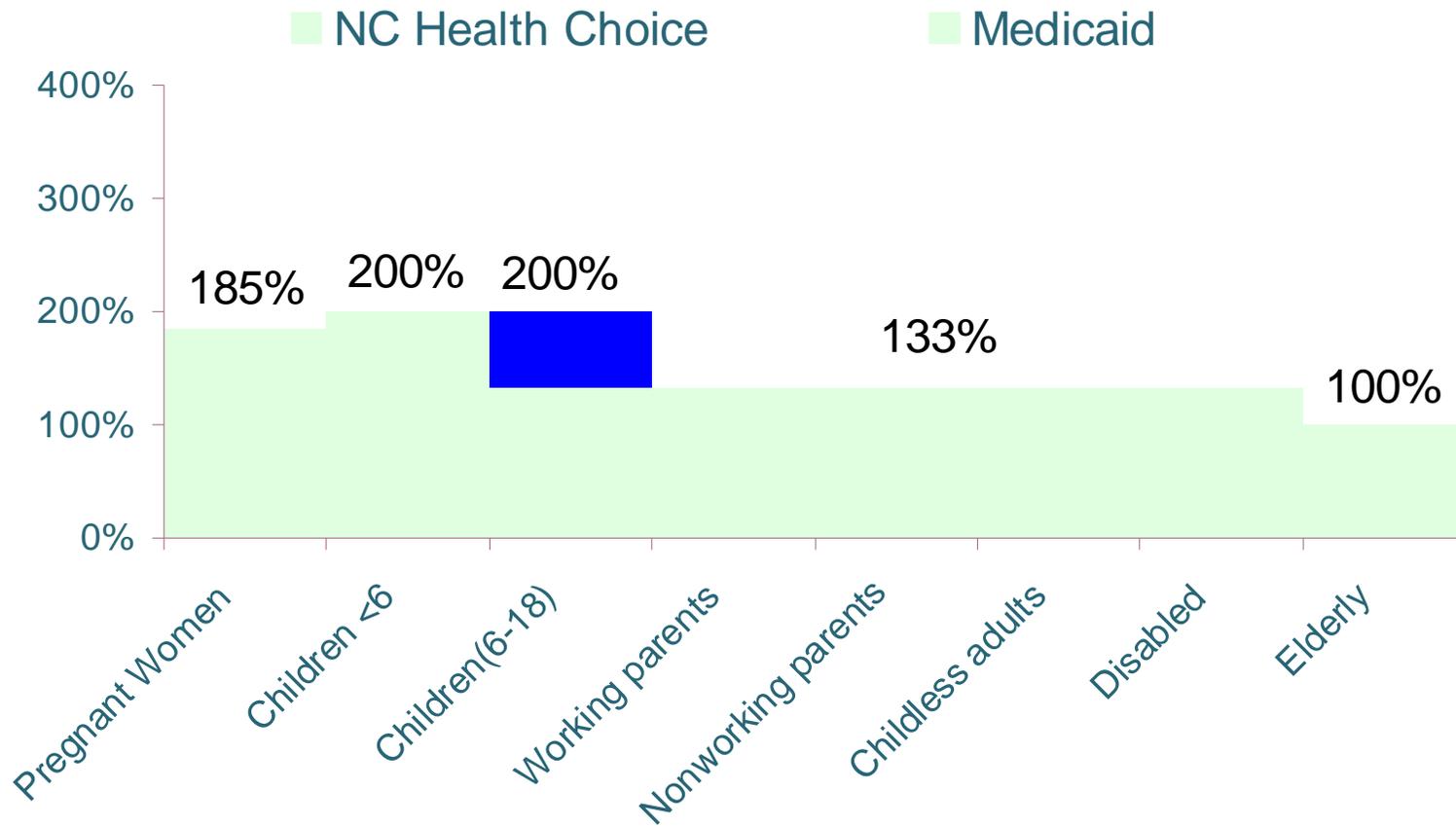


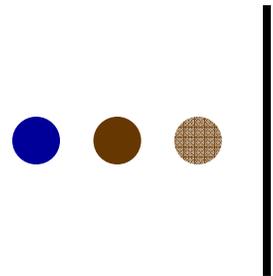
New Options

- States can create a basic health plan to provide coverage to adults with incomes between 133-200% FPG (Sec. 1331, 10104)
 - Offered through contracts with health plans
 - Transfers, to states, 95% of the subsidies to that individuals would have been eligible for through the Exchanges
- States can seek a waiver of any of the Medicaid, CHIP, or Health Exchange provisions to create a state waiver program as long as coverage is equal to or greater than the essential benefits and costs no greater (Sec. 1332)



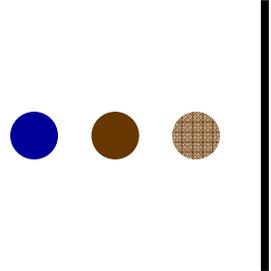
After Health Reform Fully Implemented (Beginning 2014)





Medicaid & CHIP

- Appropriates \$9M (FY 2010) to Medicaid and CHIP Payment and Access Commission (MACPAC) to study policies affecting all Medicaid and CHIP beneficiaries (Sec. 2801)



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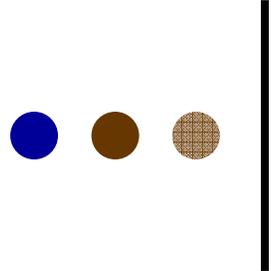
Changes in Provider Payments

- States must increase reimbursement for primary care procedures to 100% of Medicare payment rates (Sec. 1202 Reconciliation)
 - Federal government will pay 100% of the costs of the enhanced provider rates (2013-2014).
- States will phase out Medicaid disproportionate share payments to hospitals as the numbers of uninsured decrease (Sec. 2551, 3133, 10201, 10316, Sec. 1104, 1203 of Reconciliation)
- New rules for establishing upper payment limits for pharmaceuticals (Effective October 1, 2010; Sec. 2503)



Changes in Provider Payments

- Reduces Medicaid and Medicare payments to hospitals for hospital-acquired infections and excess readmissions, and makes changes to market-basket updates (Effective: July 1, 2011; Sec. 2702, 3008, 3025;, Sec. 1105 of Reconciliation)
- Additional Medicaid drug rebates (Sec. 2501; as amended Sec. 1206 of Reconciliation)
 - Raises drug reimbursement rates to 23% for single source or innovator multiple source drugs, to 13% for non innovator multiple source drugs and to 17.1% for clotting drugs (Effective: Jan. 1, 2010; sec. 2501, 1206 of Reconciliation)



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New Coverage Requirements

- All newly eligible adults will be guaranteed a benchmark benefit package that includes essential health benefits (Sec. 2001(a)(2))
- States must cover:
 - Tobacco cessation services for pregnant women (Effective Oct. 1, 2010; Sec. 4107)
 - Services provided by free-standing birth centers (Effective immediately, or first quarter after legislature adjourns; Sec. 2301)
 - Smoking cessation drugs, barbiturates, benzodiazepines (Effective Jan. 1, 2014; Sec. 2502)
- Children in Medicaid and CHIP receiving hospice care will still be eligible for treatment related to their illness (Sec. 2302)

● ● ● | **New Coverage Options**

- Increases Federal Medical Assistance Percentage (FMAP) by one percentage point if state covers all recommended immunizations and preventive services for adults with no cost sharing (Effective Jan. 1, 2013; Sec. 4106)
- States may cover family planning services to non-pregnant individuals through a state plan amendment rather than a waiver (Sec. 2303)
- Appropriates \$100M (CY 2011-2015) for demonstration grants to provide incentives to participate in healthy lifestyle initiatives (Sec. 4108)



Home and Community Based Services

- Establishes a national voluntary insurance program to purchase community living assistance services and supports (CLASS) financed through payroll deduction.
(Sec. 8001-8002, 10801)
 - Plans provide for a 5-year vesting period and cash benefits of not less than an average of \$50/day to purchase non-medical services and supports
 - Financed through automatic payroll deduction (unless opt-out)
- New Medicaid options to expand home and community-based services



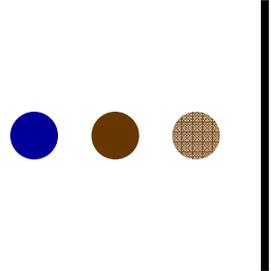
Home and Community Based Services

- Community First Choice Option (Sec. 2401, amended by Sec. 1205 of Reconciliation)
 - States can provide home and community-based attendant services and supports to people eligible for Medicaid whose income does not exceed 150% FPL, or higher if they would otherwise need institutional care (Beginning Oct. 1, 2011)
 - Increase FMAP rate by 6 percentage points for these services
- States can expand full Medicaid services to individuals who are receiving home and community-based services (HCBS) (Sec. 2402)
 - Can expand HCBS to individuals with incomes up to 300% SSI limits, if otherwise meet the needs standards
 - Protections against spousal impoverishment apply to individuals receiving HCBS (CY 2014-2018) (Sec. 2404)



Home and Community Based Services

- State Balancing Incentive Program: States are eligible for an increase in their FMAP rates for long-term care services if they increase the percentage of long-term care funds spent on non-institutionally based long-term care services and supports (Effective Oct. 2011 – Sept. 2015) (Sec. 10202)
 - North Carolina may be eligible for a 2 percentage point increase in its FMAP rate
- Extends the Money Follows the Person demonstration program through FY 2016 (Appropriates \$450M in each FY 2011 – FY 2016; Sec. 2403)
 - Reduces the institutional residency period from six months to 90 days



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Other Long-Term Care Provisions

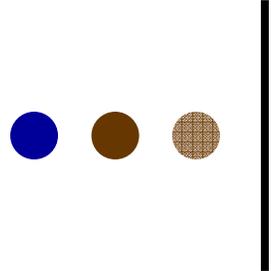
- Expansion of state aging and disability resource centers: Appropriates \$10M in each FY 2010-2014 (Sec. 2405)
- National demonstration projects on culture change and use of information technology in nursing facilities (Authorizes such sums; Sec. 6114)
- Establish nationwide background check program for direct care workers (Sec. 6201)
- States required to use standardized complaint form to file nursing home complaints, and to establish a complaint resolution process (Sec. 6105)



Elder Justice

- Elder Justice: provides greater protection to older adults to be free from abuse, neglect and exploitation, focusing on long-term care. Authorizes funding for: (Sec. 6703)
 - Research (Authorizes \$6.5M FY 2011, \$7M in each FY 2012-2014)
 - Exploitation forensic centers (Authorizes \$4M FY 2011, \$6M FY 2012, \$8M in each FY 2013-2014)
 - Support for direct care workers; improve management practices; and adopt EHRs (Authorizes: \$20M FY 2011, \$17.5M FY 2012, \$15M in each FY 2013-2014)
 - General grants to state adult protective services (Authorizes: \$100M in each FY 2011-2014; authorizes for demonstration programs: \$25M in each FY 2011-2014)
 - LTC ombudsman program (Authorizes for capacity building: \$5M FY 2011, \$7.5M FY 2012, \$10M FY 2013-2014; authorizes for training: \$10M in each FY 2011-2014)
 - Funding to state survey agencies (Authorizes \$5M in each FY 2011-2014)

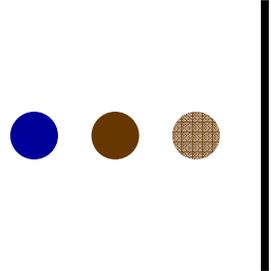




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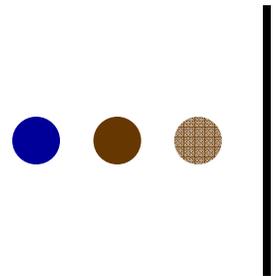
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Next Steps

- 1) Creation of a subcommittee, comprised of DHHS and DOI staff, to study ways to create coordinated computerized eligibility and enrollment system
- 2) Consideration of Medicaid options or requirements that become effective in 2010 or 2011
 - Healthy lifestyle initiative, family planning state plan amendment, community first choice option, money follows the person, background checks for direct care workers
- 3) Discussion of the role of DSS in determining eligibility after implementing coordinated electronic eligibility system



Next Steps

- What information is needed for the next meeting?



Useful Resources

- Senate Bill: Patient Protection and Affordable Care Act

(HR 3590 signed into law March 23, 2010)

http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h3590enr.txt.pdf

- Health Care and Education Reconciliation Act of 2010

(HR 4872 signed into law March 30, 2010)

http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h4872eh.txt.pdf

- Kaiser Family Foundation

<http://www.kff.org/healthreform/upload/8061.pdf>

- Congressional Budget Office

<http://www.cbo.gov/ftpdocs/113xx/doc11379/Manager'sAmendmenttoReconciliationProposal.pdf>

http://www.cbo.gov/ftpdocs/114xx/doc11490/LewisLtr_HR3590.pdf

http://www.cbo.gov/ftpdocs/114xx/doc11493/Additional_Information_PPACA_Discretionary.pdf





For more information

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