Bringing the Affordable Care Act to Utah

*What’s at Stake for All of Us*

**UHPP’s Pre-Session Legislative Summit**
Thursday - January 17, 2013

- Welcome
- Instructions
- Ground rules
Where we stand...

- ACA will be implemented
- Reactions in Utah:
  - Utah’s goal of a state-run exchange
  - Response from HHS
  - Response from UT legislators & leaders
- Major decisions for 2013 Legislative Session
- What lies ahead for Utah (Key Scenarios)
- Role of 2013 General Session and next steps
The road ahead...

- HHS: “Utah will have an ACA-compliant health exchange”.... but what kind is up to you
- Enrollment in exchanges and expansions starts October 1, 2013
- More than 300,000 uninsured Utahns will gain insurance coverage by 2019

257 days until October 1

Where we were going...

<table>
<thead>
<tr>
<th>Year</th>
<th># of uninsured Utahns</th>
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</thead>
<tbody>
<tr>
<td>2011</td>
<td>411,926</td>
</tr>
<tr>
<td>2022</td>
<td>442,000</td>
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Source: U.S. Census Data; Kaiser Commission on Medicaid and the Uninsured, December 2012
ACA’s impact on Utah

By 2022... ...163,000 uninsured Utahns will gain access to health insurance under the ACA

Source: Kaiser Commission on Medicaid and the Uninsured, December 2012

Who developed the ACA model?

- Heritage Foundation published A National Health System for America in January 1989—24 years ago
- The Heritage plan included an individual mandate using private – sector health plans

What is an “Exchange”?  

- A new, transparent, and competitive insurance marketplace  
- Individuals & small businesses can buy affordable and qualified health plans  
- Choices of plans that meet minimum benefits and affordability standards
Utah’s current option

State-based Exchange
State operates all Exchange activities; however, State may use Federal government services for the following activities:

- Premium tax credit and cost sharing reduction determination
- Exemptions
- Risk adjustment program
- Reinsurance program

Utah’s fallback option

Federally-facilitated Exchange
HHS operates; however, State may elect to perform or can use Federal government services for the following activities:

- Reinsurance program
- Medicaid and CHIP eligibility: assessment or determination*
ACA across the nation

State Decisions
19: State-run
7: Partnership
25: Federal

Source: National Conference of State Legislators (1/13/13)

ACA in the West

Source: National Conference of State Legislators (1/13/13)
Gov. Herbert wants a state-run plan

“I intend to move forward with Utah’s version of an exchange [Avenue H] and am requesting that you certify Utah’s version of an exchange as ACA compliant.”

- Gov. Gary Herbert to HHS Secretary Kathleen Sebelius
  December 14, 2012

And HHS is open to the idea

“I am pleased to inform you that Utah has received conditional approval to operate a State-based Exchange as defined under the Affordable Care Act.

- HHS Secretary Kathleen Sibelius to Gov. Gary Herbert
  January 3, 2013
What is Avenue H?

- Utah’s state-run health exchange for small businesses
- Established in 2009 as a “web-based” insurance marketplace based on free-market principles
- Operates as a defined contribution market

What does Avenue H do?

- Serves 326 small employers out of Utah’s total of 67,000—that’s 0.46%—as of December 2012
- Only 1/3 of businesses who start the enrollment process join the exchange

Despite its limited gains, Avenue H is a strong foundation for Utah’s ACA-compliant exchanges
Utah is going the wrong direction

- Utah’s uninsured rate increased from 2010 to 2011
- In 2011, 411,926 Utahns (14.6%) did not have any sort of health insurance coverage

Big decisions ahead...

- Will Utah meet HHS requirements for a state-run exchange?
- Fallback is a Federally-facilitated exchange (FFE)
- Will Utah expand Medicaid (like NM, AZ, MT, NV, and CO)?
- Clarifying the role of navigators
- ...and funding it all adequately
What about good governance?

• Utah’s weakest link?
• Because of the location of our exchange, Utah’s requirements are different
• Yet, good governance is the foundation for good results
• Spark of hope in December 2013 Health System Reform Task Force vote?
What about good governance?

• Utah’s weakest link?
• Because of the location of our exchange, Utah’s requirements are different
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Spark of hope in December 2013 with Health System Reform Task Force vote

2013 deadlines

• Timeline for Utah’s exchange – 2/1/13?
• Expanding Medicaid? – No deadline, but..
• Open-enrollment for exchanges – 10/1/13
• Clarifying the role of navigators
  ...establishing good governance
  ...and funding the exchange adequately – 2013 GS
If Utah reverts to federal exchange...

- Feds build ACA-compliant individual and small business exchanges for Utah
- Future of Avenue H uncertain
- Utah’s homegrown advantages (demographics, integrated healthcare systems, existing reforms) are gone...

Questions?
Medicaid in Utah

What is Medicaid?

• Provides health coverage for lower-income people, families and children, the elderly, and people with disabilities.

• Jointly financed by states and the federal government (federal: 70%; state: 30%)
Utah currently provides Medicaid or CHIP coverage to:

- Children in families with incomes up to 200% Federal Poverty Line or FPL ($38,180 for a family of 3);
- Pregnant women <133% FPL ($25,390 for family of 3);
- Seniors and people with disabilities up to 100% FPL ($11,170 for individual); and
- Parents up to 44% FPL ($8,400 for a family of 3).

Medicaid coverage in Utah is not provided to childless adults at any income levels.

- Medicaid and CHIP make up 8.4% of state-based funding; 17.9% of state and federal funding (Utah is 50/50 per capita enrollment UT:11%, US:20%)
- Enrollment growth in Medicaid is leveling off due to the improving economy
- Last year’s forecast over-estimated average number of monthly clients at 295,003 (actual number 4,000 less)
- Slower caseload growth created an unexpected surplus of $19.1 million in FY 2012
The ACA and Medicaid

Mandatory changes with costs to the state

– Income determination to be based on modified adjusted gross income (MAGI)
– No more “asset test” for adults and pregnant clients
– Children age 6-18 eligibility from 100% to 133%
– “Woodwork effect”

Cost: $19.4 in FY13 and around $50-60M ongoing
Result: Significant reduction in uninsured

What Medicaid Expansion does for Utah

• Medicaid Expansion eliminates all eligibility categories for people living below 133% of the Federal Poverty Line
• $25,000 for a family of three.
Full Medicaid coverage is not provided to childless adults **at any income levels**

Chart Source: UT Dept. of Health

Expanding Medicaid will give over **150,000 Utahns access to quality healthcare coverage**

Chart Source: UT Dept. of Health
Medicaid Expansion: Top 5 Reasons

1. Will bring over $5 billion in federal funding to Utah over 10 years
2. State pays only admin. first 3 years, 100% federal match for 3 years, phasing down to 90% in year 10—only 4% more than without
3. Medicaid best option → delivers more efficient and lower cost health care
4. It closes that coverage gap—reducing the number of uninsured Utah residents by 17%
5. No other realistic, cost-effective option

Dig Deeper into Medicaid Accountable Care

• Refocuses patients & providers on getting the patient well and staying well.
• ... seeking care in right settings

Key to Success

Linking provider payments to those outcomes & not to individual services as in current fee-for-service environment
The national picture...

Utah is one of 12 states still undecided...

Source: The Advisory Board Daily Briefing (1/15/13)

...and in the neighborhood

Governors of MT, NM, CO, ND, NV, and AZ are all supporting Medicaid Expansion

Source: The Advisory Board Daily Briefing (1/15/13)
2013 General Session Priorities

• Establish and fund a state-run health exchange built on Avenue H
• Expand Medicaid to 138% FPL
• Commit Utah to a future of Accountable Care

Learn more about health reform

Health Care Reform: What It Is, Why It's Necessary, How It Works
By Jonathan Gruber and Nathan Schreiber (Illustrator)
$13.95 (Hill and Wang)

Health Reform Hits Main Street
Produced by the Kaiser Family Foundation.
http://healthreform.kff.org/the-animation.aspx
Questions?

HEALTH REFORM
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THE DOCTOR
IS IN