



Overview of Federal Health Reform

Kansas Association of City/County Management:
Winter Seminar
February 2010

Gina C. Maree, LSCSW
Kansas Health Institute



Overview

- Why do we need health reform?
- Why is it so difficult to accomplish?
- Where are we now in the process?
- What is being considered?
- What role might Local health Departments play in health reform?
- How do we stay informed?



Why do we need health reform?

- There are any reasons but the three key reasons are the following:
 - The uninsured/underinsured
 - Increasing costs
 - Poor outcomes compared to spending



The Uninsured

- 12% or 338,000 of Kansans were uninsured in 2007-2008
- Uninsured children in Kansas increased to almost 10%
- Kansans covered by private insurance dropped from 76% to 72%.
- In Kansas, 40% uninsured adults work fulltime



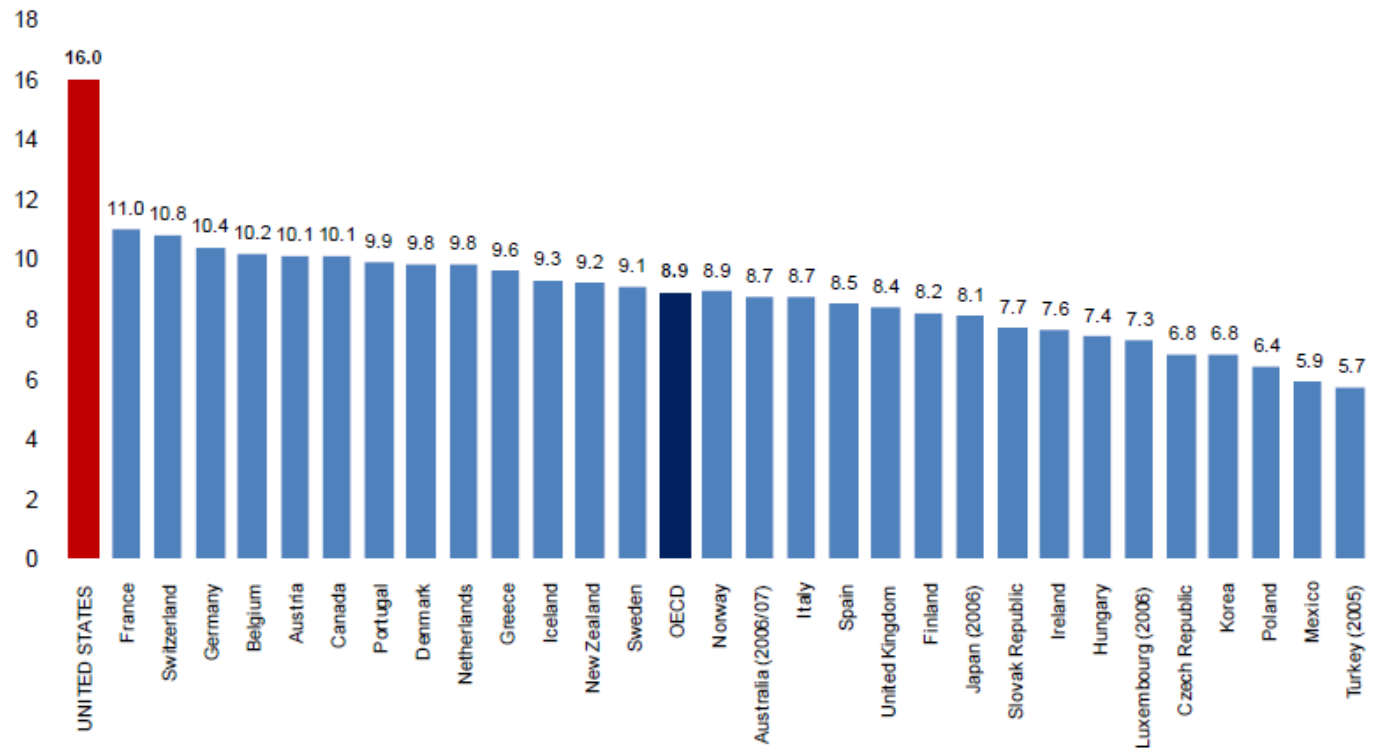
The Underinsured

- Approx. 25 million individuals in US are underinsured
- Medical debt is the primary cause for almost half of bankruptcies
- In 2007, 41% of working-aged adults had trouble paying their medical bills
- From 2002-2006, almost 500,000 adult Kansans who were insured didn't seek needed medical care due to cost



Health Expenditures as a Share of GDP, OECD Countries, 2007

Chart 1: Health expenditure as a share of GDP, OECD countries, 2007

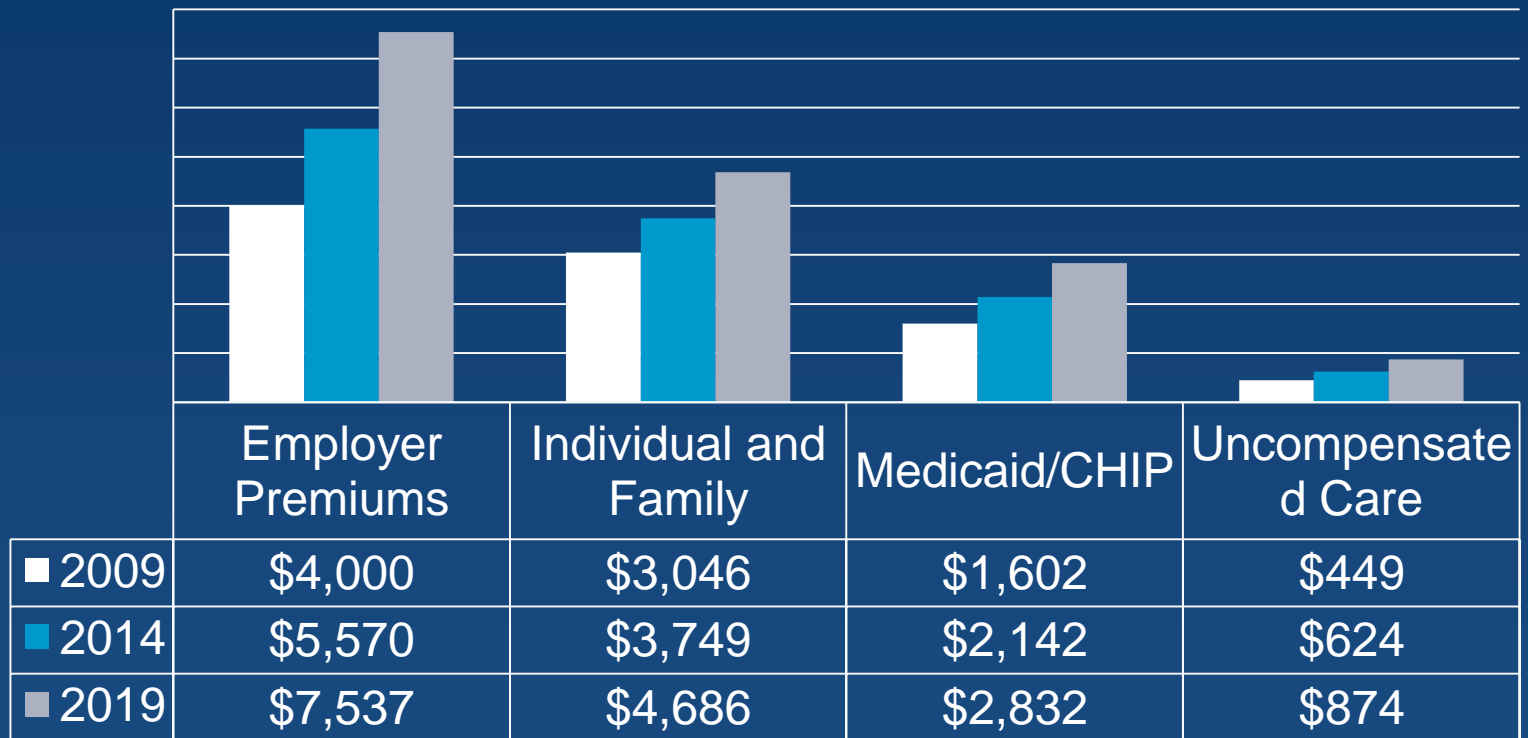


Source: OECD Health Data 2009.



Kansas Aggregate Spending, Non-Elderly

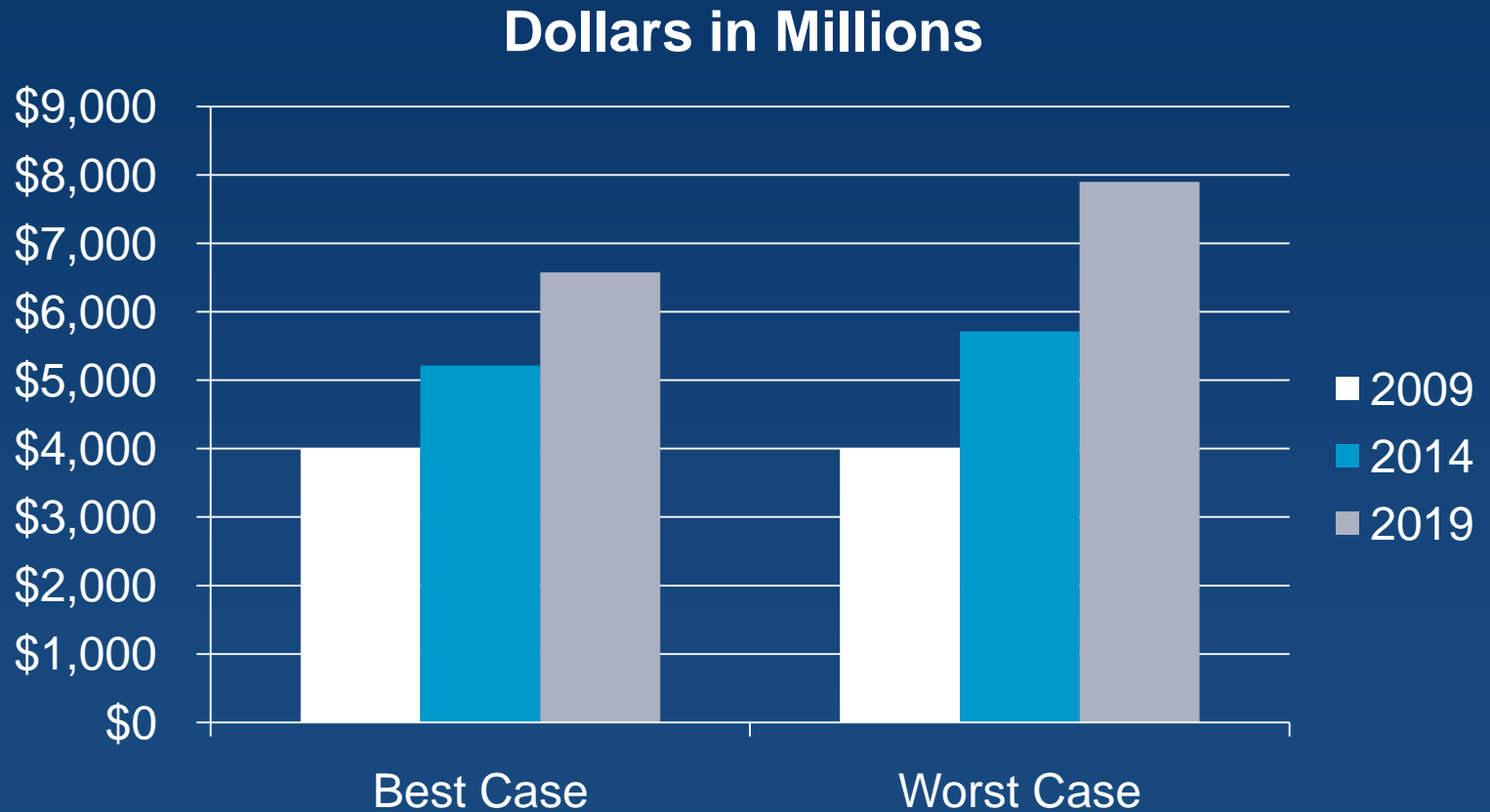
Dollars in Millions



Source: Garrett, Holahan, Doan, and Headen, “The Cost of Failure to Enact Health Reform: Implications for States”, RWJF and Urban Institute.



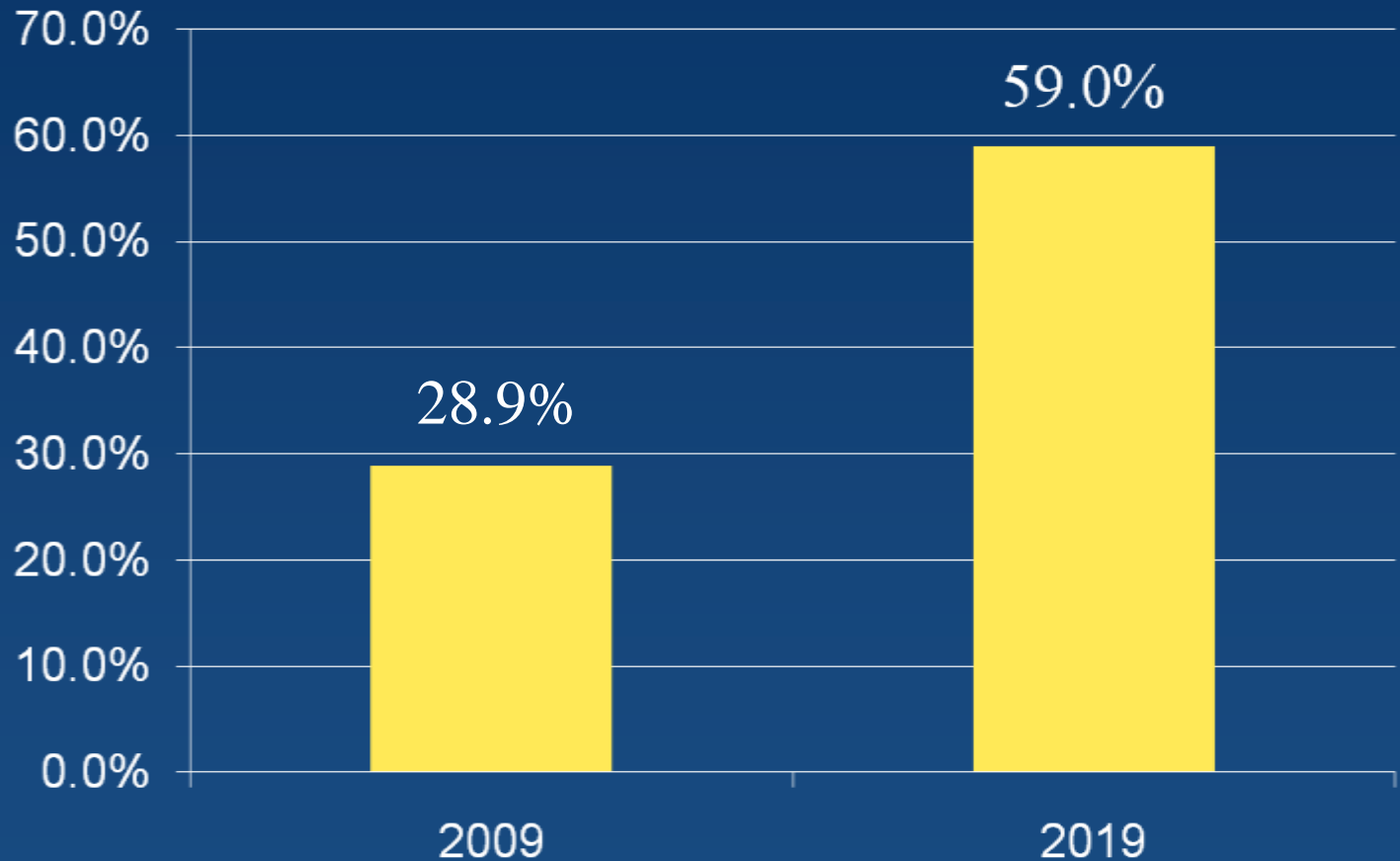
Kansas Employer Premium Spending



Source: Garrett, Holahan, Doan, and Headen, “The Cost of Failure to Enact Health Reform: Implications for States”, RWJF and Urban Institute.



Percent of Kansas Median Family Income Required to Purchase Family Health Insurance



Source: Len Nichols' calculations, using KFF and AHRQ premium data, CPS income data, plus projections from Carpenter and Axeen, *The Cost of Doing Nothing*, November 2008.

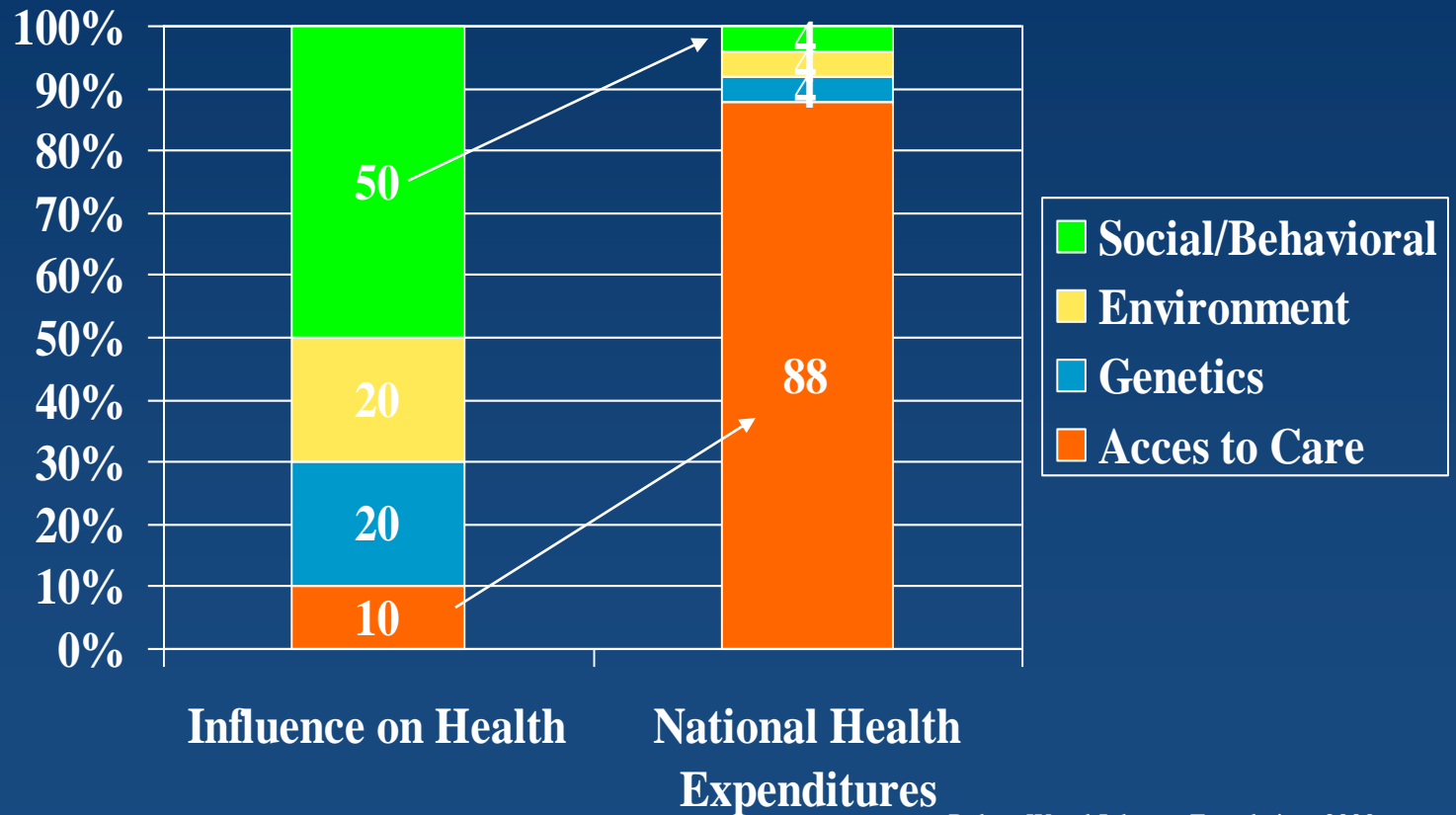


U.S. Health Outcomes Compared to Other Countries

- Life expectancy at birth
(22nd out of 29)
- Infant mortality (25th)
- Maternal mortality (22nd)
- Life expectancy at age 65 (10th/9th)



Where Does the Money Go?



Robert Wood Johnson Foundation, 2000



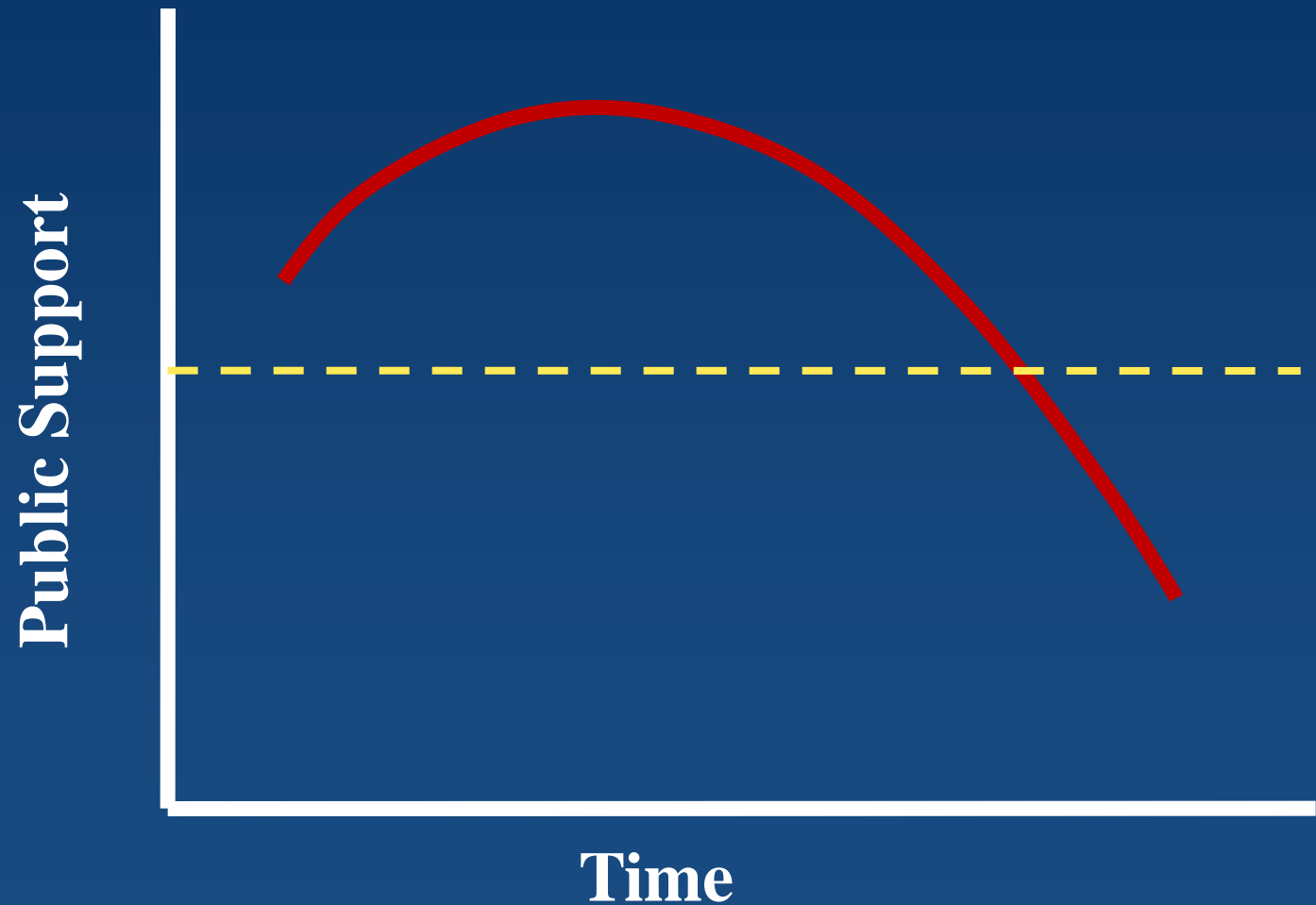
Why is Health Reform Difficult to Accomplish?

- Lack of Agreement of the Problem
- Lack of Agreement of the Solutions
- Public Support Decrease with Time
- Political Environment is more Divisive



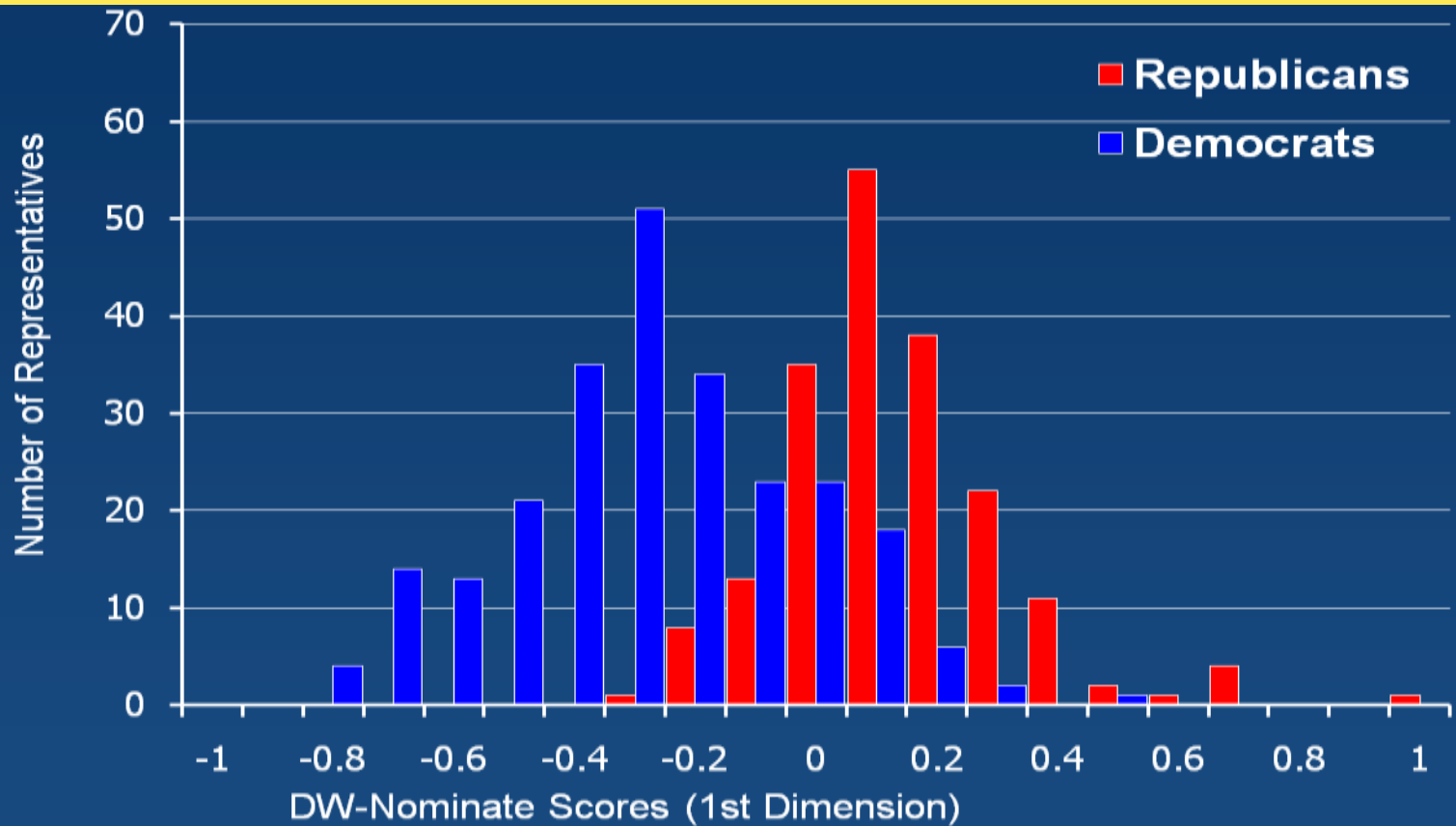
The Fear Arc

Source: Mark Peterson PhD, "Exploring the Challenges of Making Health Policy," 2009.





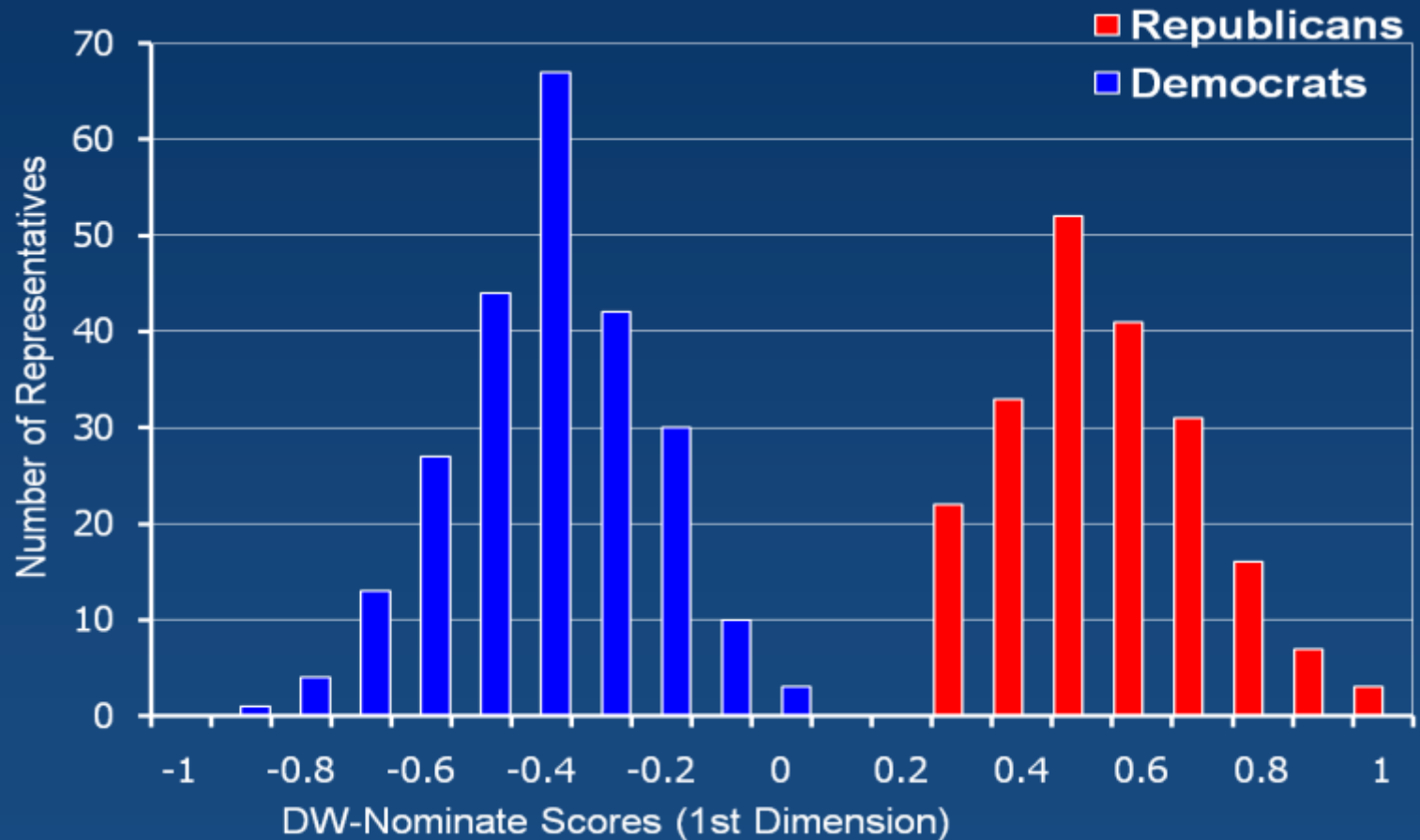
Ideological Positions on House Roll Call Votes, 93rd Congress (1973-74)



Sources: Gary Jacobson, "Public Opinion and the Impeachment of Bill Clinton," 1999.
Mark Peterson, "Exploring the Challenges of Making Health Policy," 2009.



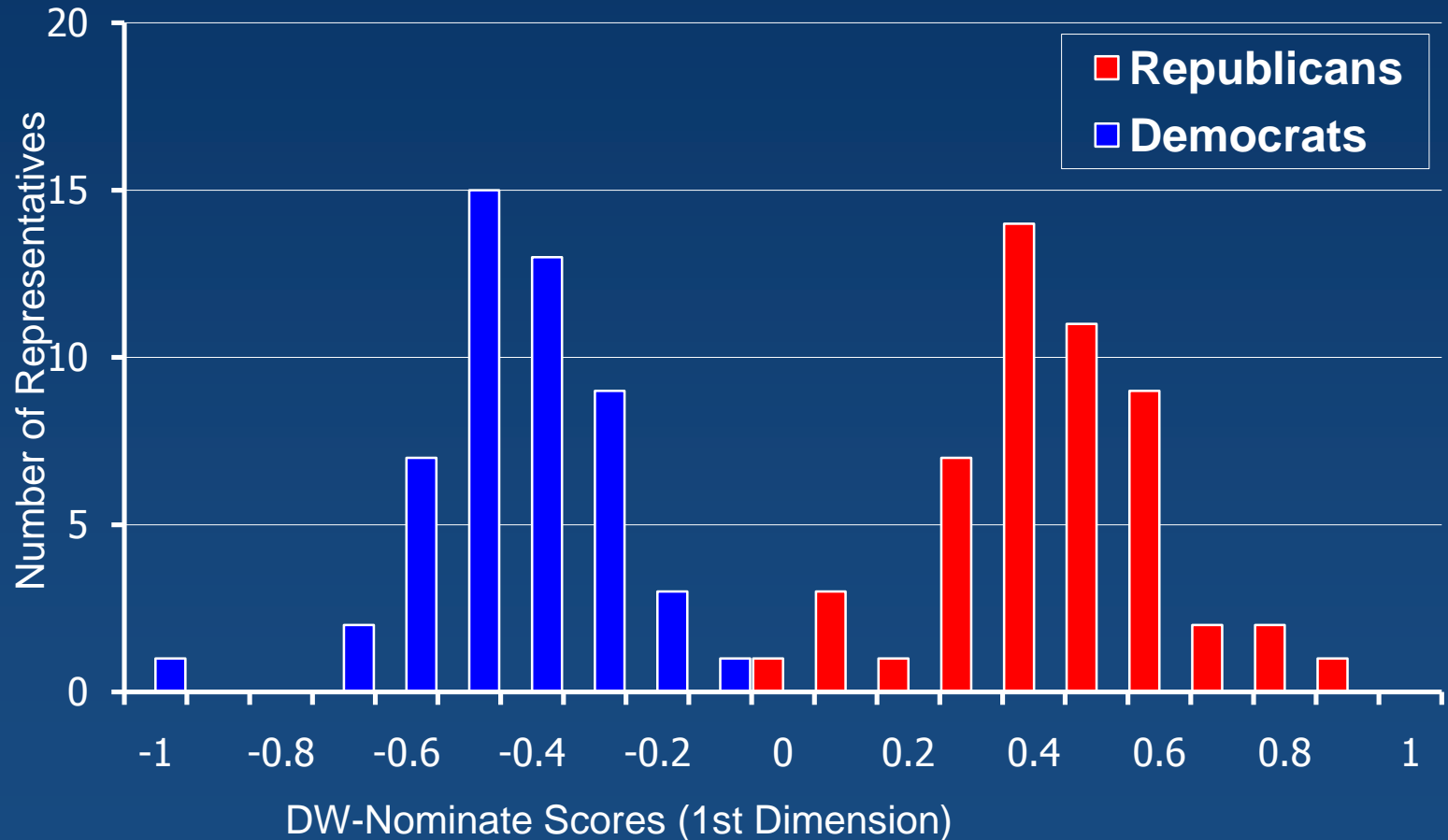
Ideological Positions on House Roll Call Votes, 110th Congress (2007-08)



Sources: Poole and Rosenthal, <http://voteview.uh.edu/dwnomin.htm>. Mark Peterson, "Exploring the Challenges of Making Health Policy," 2009.)



Ideological Positions on Senate Roll Call Votes, 110th Congress (2007-08)



Sources: Poole and Rosenthal, <http://voteview.uh.edu/dwnomin.htm>. Mark Peterson, "Exploring the Challenges of Making Health Policy," 2009.



Where are we now in the process?

- The U.S. House and Senate are still working to reconcile their versions of the bill.
- The Massachusetts election of Scott Brown removes the Democrat's filibuster-proof majority in the Senate



Status of Legislation

Two Bills

- Senate: The Patient Protection & Affordable Care Act
- House: Affordable Health Care for America Act
- CBO Score of Senate bill v. House bill (2009-2019):
 - Gross cost: \$848B v. \$1.052T (Senate spends \$150B less in subsidies)
 - Net cost: \$599B v. \$891B
 - Reduces deficit: \$130B v. \$109B
 - Americans Covered: 31M v. 36M



What is being considered?

- Changes in Private Health Insurance
- Changes in Public Insurance
- Changes in Health Delivery System
- Developing the workforce
- Funding changes to safety net
- Prevention and Wellness Initiative



Private Insurance Reforms

- Insurance Exchanges
- Mandates
- Insurance Regulation Reform



Health Insurance Exchange

What is being considered?

- Exchange could be national, state, or combination
- Tiered benefit plans with coverage benchmarks will be offered through the exchange
- Plans offered through the exchange could be individual and/or small group
- The entity operating the exchange will need to be able to evaluate subsidy eligibility for beneficiaries



Individual Mandate

What is being considered?

- Requiring U.S. citizens and legal residents to have health insurance or face tax penalty;
 - Up to 2.5% of Modified AGI
 - \$750 per year
 - May go into effect 2013 -2014
- Providing religious and financial hardship exemptions
- Providing subsidies



Employer Requirements

What is being considered?

- Requiring employers to provide health insurance to employees, or pay a fee
 - Employers with annual payroll less than \$500,000 are exempt
- Penalizing employers for employees receiving a federal tax subsidy to purchase health insurance
 - Employers with fewer than 50 employees are exempt
- Making tax credits available for certain small employers to help offset costs of coverage



Changes to Private Insurance Regulation

What is being considered?

- Allowing interstate sale and purchase of insurance
- Requiring guaranteed issue in the individual and small group markets
- Eliminating pre-existing condition waiting periods, elimination riders, and rescission
- Incorporating rating restrictions



Changes to Private Insurance Regulation - continued

- Prohibiting lifetime limits or annual limits on dollar value of coverage
- Limiting out-of-pocket costs and premiums
- Increasing dependent coverage
- Eliminating protection from liability for price fixing



Public Insurance Reforms

- Medicaid
- Children's Health Insurance Program (CHIP)



Medicaid Expansion

What is being considered?

- Expanding eligibility up to 133% - 150% of Federal Poverty Level (FPL)
- Including non-disabled, childless adults
- Full federal funding for newly eligible beneficiaries for a period and then reducing to 95-91%



Children's Health Insurance Program Reforms

What is being considered?

- Repealing CHIP and routing beneficiaries above 150% FPL to health insurance exchange and others to Medicaid
- Keeping CHIP but raising federal funding levels by 23 percentage points to a cap of 100% after 2015.



Delivery System Reforms

- Improving quality by linking provider payment to quality and efficiency targets
- Bundling payments
- Increasing reimbursement for primary care
- Accountable Care Organization (ACO) pilot projects
- Medical Homes
- Funding Comparative Effectiveness Research



Developing the Workforce

What is being considered?

- GME funding and residency slot allocation
- FQHC funding for nurse-run clinics
- Primary care incentives (100% of Medicare reimbursement rates for PCP Medicaid providers)
- Grants to states for workforce strategies



Funding the Safety Net

What is being considered?

- Funding to FQHCs
 - FQHC and National Health Service Corps funding
 - Funding set aside for nurse-managed health clinics
- Reduction in DSH payments, based on assumed reduction in uninsured



Prevention and Wellness Initiatives

What is being considered?

- Prevention and Wellness strategy and funding
- Grants to states and employers for comprehensive Medicaid and private plan wellness programs
- Requirement that “proven” preventive services be covered by Medicaid (and Medicare) with no cost-sharing
- Grants for school-based health centers



What role might Local health Departments play in health reform?

- May have capacity challenges to respond to the newly insured that seek prevention and wellness services
- Could be key in convening stakeholders
- Important role in applying for grants
- Important role in seeking funding through the Public Health Trust Fund



What role might Local health Departments play in health reform? - continued

- Important role in participating on task forces to help develop the national strategy for tackling prevention and promoting wellness both in clinics and communities
- Effectively drawing on resources from the Public Health Workforce Corp
- May be tasked with enrolling people into insurance programs

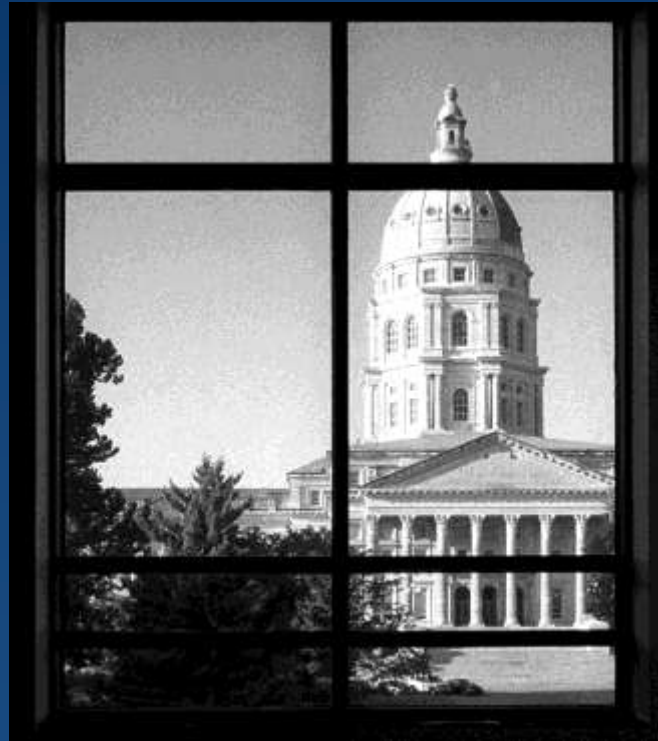


How do we stay informed?

- www.khi.org
- www.kaiserhealthnews.org
- <http://healthreform.kff.org>
- <http://www.newamerica.net>
- <http://healthyamericans.org>
- <http://www.cbpp.org>
- <http://www.nashp.org>
- gmaree@khi.org



Kansas Health Institute



Information for policymakers. Health for Kansans.