What to Expect from the Affordable Care Act in Nebraska

July 25, 2013
Health Care Reform

• On March 23, 2010, President Obama signed into law the Patient Protection and Affordable Care Act.

• The Health Care and Education Reconciliation Act of 2010, which amends the ACA, was passed by both the House and Senate on March 25, 2010 and later signed into law.

• The Supreme Court upheld the ACA on June 28, 2012, but ruled that the new Medicaid program was optional for states.
Health Care Reform

- Under reform, the employer-based system of health insurance remains as the basis of the health care and insurance system in the U.S.
- Responsibility is shared among individuals, employers, and the government.
Health Care Reform

The ACA focuses on four main areas:

• How to find and access insurance coverage
  • Exchanges
  • New Medicaid Program

• How to afford coverage

• How to ensure the insurance system is fair and that people get value for their premium dollar

• How to change our health care delivery system to control costs and focus on prevention
Accessing Coverage

People will access coverage through:

- Employers
- Creation of Exchanges
  - Nebraska has opted for a federally facilitated Exchange
- Expansion of Medicaid
  - Nebraska has not yet opted in to the new Medicaid program
Coverage with Value

Certain consumer protections are already in effect:

- Ends denial of coverage for pre-existing conditions for children
- Bans co-pays and out-of-pocket expenses for preventive care and immunizations on new plans
- Prohibits lifetime benefit limits in all plans
- Extends dependent coverage to age 26 in all plans
- Insurers cannot drop you when you get sick
Coverage With Value

Insurance Reforms and Consumer Protections

• Prohibits denial of coverage for pre-existing conditions for everyone by 2014

• Changes what insurers can look at when setting premiums:
  • They can no longer set different rates based on your health status or gender
  • Can only look at age (3:1), geographic area, family composition, and tobacco use (1.5:1)
Coverage With Value

Insurance Reform (cont’d)

• Guaranteed issue and renewability in 2014—insurers can’t refuse to sell

• Prohibits annual limits for ten essential services

• Creates a standard benefit plan for all new policies (does not apply to existing individual and employer-sponsored plans)

• Eliminates waiting periods for coverage more than 90 days
Accessing Coverage

**Purchasing coverage through an Exchange**

- Health insurance exchanges are intended to be competitive marketplaces where individuals and businesses can shop for private health insurance plans or enroll in public benefits programs with the help of easy-to-understand information on all their options.

- Exchanges are open to individuals and small businesses with up to 50 employees.

- Entry point for tax credits for purchasing coverage for individuals.

- Contains strong consumer protections, as well as other standards related to marketing, the network of providers, etc., for qualified plans selling in the exchange.
Accessing Coverage

• Nebraska has chosen to have a federally facilitated exchange—one that will be run by the federal government in place of the state.

• The goal is to make the Exchange a one-stop shop for people for private coverage, Medicaid coverage, and accessing tax credits.
Affording Coverage

Tax credits in Exchange

• The law creates tax credits to assist with premiums for eligible persons with incomes between 100 and 400% of the federal poverty level (FPL) ($19,090 to $76,360 for a family of three)

• Tax credits for premiums are on a graduated scale and are based on percentage of income. (i.e., people between 100-133% of FPL will pay 2% of their income towards the premium, and so on)

• Cost sharing subsidies will also be available to help limit the out-of-pocket costs for care.

• Individuals are not eligible for premium credits if they are offered coverage by their employer unless the employer plan does not meet certain minimum standards and the employee share of (individual) premiums is 9.5% of income. Nor are individuals eligible for tax credits if they are eligible for Medicaid.
Individual Responsibility

- Goal of this provision is to broaden the risk pool and ensure shared responsibility.

- Requires U.S. citizens and legal residents to have qualifying health coverage.
  - Coverage must meet minimum requirements

- Penalties:
  - $695 per year, up to maximum of three times that amount per family or 2.5% of household income
  - Penalty will be phased in from 2014 – 2016
  - Upheld by the Supreme Court as a tax.
Individual Responsibility

- Exemptions provided for:
  - financial hardship
  - religious exemptions
  - undocumented persons
  - American Indians
  - incarcerated persons
  - those with short gaps in coverage of 3 months or less
  - those with income below the tax filing threshold and
  - if lowest cost plan exceed 8% of income
Medicaid and the Exchange

• Medicaid was intended to be the foundation of coverage for low income adults, because it is much cheaper to cover people under Medicaid than to subsidize their insurance.

• Therefore, those who are making under 100% FPL can’t get tax credits through the Exchange, and will have no path to coverage, creating a large gap.
Navigators and CACs

- The ACA and the US Department of Health and Human Services (HHS) have created several programs in order to get the uninsured enrolled in the new Exchanges.

- **Navigators**
  - Will receive federal grants to be awarded in August or September
  - Are required to complete the federal training (approximately 30 hours), take and pass the certification test, and register with the Nebraska Department of Insurance
  - Will be required to conduct consumer outreach and education, provide fair and impartial information, and facilitate enrollment in a culturally and linguistically appropriate manner.
Navigators and CACs

- **Certified Application Counselors**
  - Will not receive federal grants
  - Are required to complete federal training (will be made available for free to the general public), and take and pass the certification test
  - Are expected to facilitate enrollment in qualified health plans and educate the public about the Exchange
  - CACs will perform these duties as part of their regular work, such as for a provider, hospital, community health centers, or social service agencies.
Timeline of Events

• **Late Summer 2013**: Navigator grants will be awarded and grantees announced. In addition, the feds will release the training modules for CACs
• **October 1, 2013**: Open enrollment in the Exchange begins
• **January 1, 2014**: Major reforms take effect, including ending denial for pre-existing conditions and guaranteed issue; coverage in the Exchange begins
• **March 31, 2014**: Open enrollment ends
What Can You Do?

• There are over 200,000 uninsured people in Nebraska who will need to be enrolled.
• Enroll Nebraska is a statewide organization that is coordinating education and outreach efforts.
• You can also get certified as a CAC and facilitate enrollment in that way.
Questions?

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