The Affordable Care Act: How does it all fit, and why is it important to preserve each component?

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#### The Affordable Care Act: Objectives

- At the end of the talk, attendees will:
- Know the multiple components of the ACA;
- Understand how the components form a cohesive whole;
- Know why elimination of individual components would be detrimental to the ACA as an Entity.

#### **ACA** provisions

Preventive care. additions to Medicare and commercial insurance . Insurance Exchanges . No denial of insurance for pre-existing conditions. Expansion of Medicaid. Donut Hole closure and subsidies. Accountability for Medicare "Advantage" Plans. Individual Mandate Medical Device Tax. Children on Parents' insurance until age 26. No lifetime limit on benefits. No rescission of coverage for technical reasons. Unreimbursed care. Appeal of insurance company decisions. Consumer assistance programs. No annual limits on benefits. Health insurance tax credits for small businesses. Prevention and Public Health Fund Grants. Fraud and abuse crackdown. Subsidies to Employers for early retiree health insurance. Incentives to increase Primary Care Providers. Limitations on insurance company rate hikes. Medicaid expansion. Increased payments to rural health providers. Increased funding for Community Health Centers. Center for Medicare and Medicaid Innovation. Annual Medicare "Wellness" visits. Community Care Transitions Programs. Independent Payment Advisory Board. Limitations on expenditures for everything except health services an "Quality Improvement". Value-based Purchasing Program. Accountable Care Organizations. New funding to Medicaid for preventive services. Authority to bundle payments to multiple providers. Increased Medicaid payments for primary care in 2013-14. No annual limits on services. Ensured coverage for patients in clinical trials. Payment for value-based care.

## **Principle 1: Shared Risk**

 Insurance is a system of shared risk. Some individuals will benefit more than others.

**Principle 2: Shared Sacrifice**  For all US citizens to have insurance, there must be sacrifice by many Stakeholders, including individuals, employers and taxpayers.

Goals of the ACA

- Increased access to care
- Cost Savings
- Increased Revenue

 Promotion of efficient and costeffective care

- No denial of coverage for children with preexisting conditions
- Prohibition of limits on lifetime benefits
- Mechanism to appeal insurance company decisions
- Grants for Consumer Assistance Programs
- Small business tax credits for health insurance expenses
- \$250 payment to patients who reach the donut hole
- Coverage for preventive services (mammogram, colonoscopy, immunizations, STD screening, etc) without deductible, copay or coinsurance.

- \$15 Billion Preventive and Public Health Fund
- Subsidy to Employers for health insurance expenses of early retirees
- Incentives to increase Primary Care Providers
- Limitations on insurance company rate hikes.
- Increased pay rates for rural health providers
- Increased funding for Community Health Centers.
- Partial limitation of annual limits on benefits

- 50% discount on Branded drugs for patients in the donut hole
- Annual "Wellness" visits for seniors.
- Community Care Transitions Program (grants to local entities)

- New funding to Medicaid for preventive services
- Increased Medicaid payments for primary care services in 2013 and 2014

- Prohibition of discrimination in adults for preexisting conditions or gender
- Elimination of annual limits on benefits
- Ensuring coverage of patients in clinical trials
- Establishment of the Healthcare Marketplace
- Medicaid Expansion

#### Closure of the donut hole

## Increased measures to decrease Fraud and Abuse

• Limitation of % of premiums that can be spent on everything except health services and quality improvement.

 Reduction in payments to Medicare Advantage Plans

 Value-based Purchasing (Payments to hospitals based on ratings on multiple parameters)
Accountable Care Organizations

## Authority to bundle payments to multiple providers

Payment for Value-based Care

#### **ACA Revenue Provisions 2014**

#### Individual Mandate takes effect

#### **ACA Revenue Provisions 2015**

## Increased penalty for not having health insurance

## ACA Provisions for Efficient and Cost-Effective Care 2011

## Center for Medicare and Medicaid Innovation

ACA Provisions for Efficient and **Cost-Effective Care 2012**  Value-based Purchasing (Payments to hospitals based on ratings on multiple parameters) Accountable Care Organizations Requirements for Electronic Health Records and sharing of health information

## ACA Provisions for Efficient and Cost-Effective Care 2015

Payment for Value-based Care

## Savings from the ACA

- Accountability for Medicare Advantage Insurers
- Limits on non-health services or quality improvement expenses
- Decreased expenditures for uncompensated care
- Accountable Care Organizations
- Transition of Care programs
- Value-based Purchasing.

## Sources of Revenue for the ACA

- Medicare payroll tax
- Fraud and Abuse recovery
- Marketplace Policy Premiums
- Medical Device Tax
- 10 others

## What has the ACA accomplished?

- 16 million more patients with health insurance through Medicaid.
- 11 million more patients with health insurance through the exchanges.
- Movement toward more efficient and cost-effective care.

What has the ACA accomplished?

- The projected cost of the ACA for 10 years has decreased 29% since 2010 from \$710 billion to \$506 billion.
- In Pima County, the uninsured population dropped from 20% decades ago, to 17% in 2013, to 10% in 2010.

# What has the ACA not accomplished?

- 30 million patients still without health insurance.
- Not all States have expanded Medicaid.
- •The Donut Hole remains until 2020

## What would happen if the medical device tax were repealed?

- Exclusion of Medical Device manufacturers from shared sacrifice.
- Costs of the ACA would increase, leading to an increase in the Federal Deficit.

What would happen if the Employer Mandate were repealed?

- Exclusion of Employers from shared sacrifice would drive employees to the exchanges, requiring Federal subsidies.
- The Federal Deficit would increase.

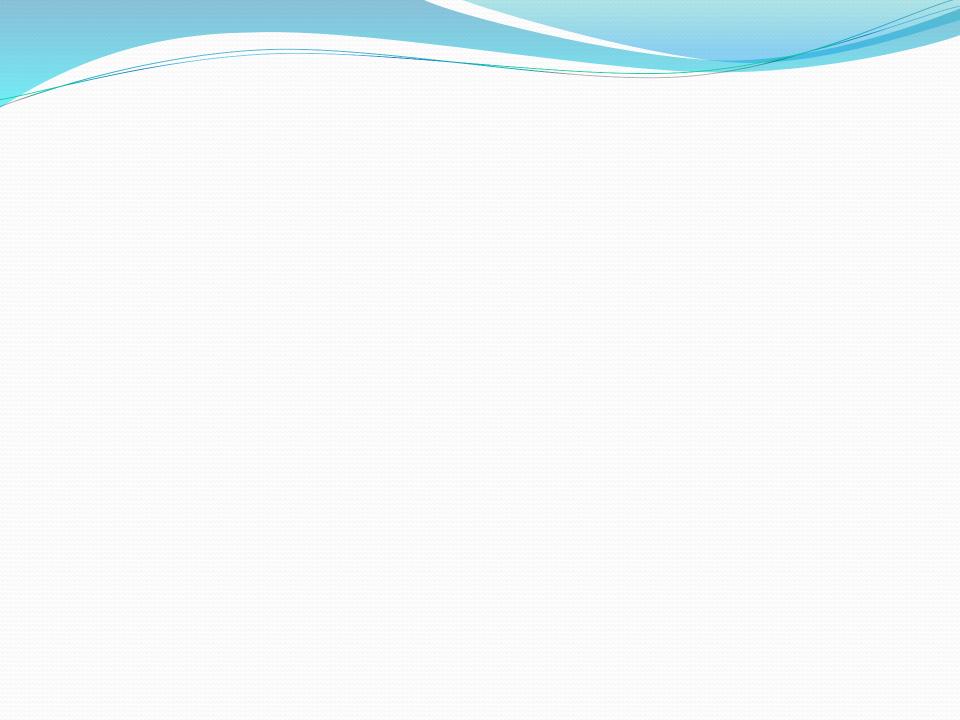
#### What would happen if the

### Individual Mandate were repealed?

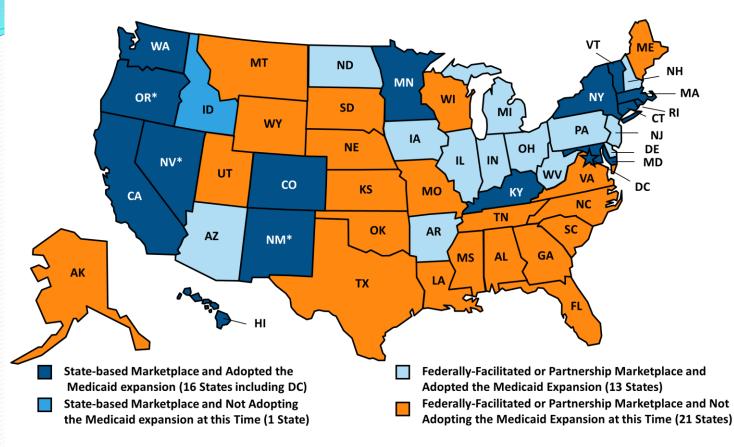
- More healthy individuals would not purchase health insurance.
- Insurance pools would have a higher percentage of sicker patients.
- Premiums would rise.
- More patients would not be able to afford health insurance.
- The number of uninsured would increase.

What would happen if the Supreme Court ruled that patients in Federally run Exchanges are not eligible for subsidies?

Next Speaker



#### **Current Status of State Individual Marketplace and Medicaid Expansion Decisions**



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NOTES: \*NM, NV, and OR are federally-supported state-based Marketplaces in 2015. SOURCE: State Decisions on Health Insurance Marketplaces and the Medicaid Expansion, KFF State Health Facts, updated March 6, 2015. http://kff.org/health-reform/state-indicator/state-decisions-for-creating-health-insurance-exchanges-and-expanding-medicaid/.



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Closure of the donut hole