

Affordable Care Act: Medicaid Expansion and the Health Insurance Exchanges

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Changes to Medicaid

- **Medicaid Expansion to everyone with incomes up to 133% of FPL (\$29,327 for family of 4)**
- **Medicaid primary care provider rates increased to Medicare levels at 100% federal cost**
- **Enrollment and IT requirements related to the Exchange**
- **Payment Reforms**

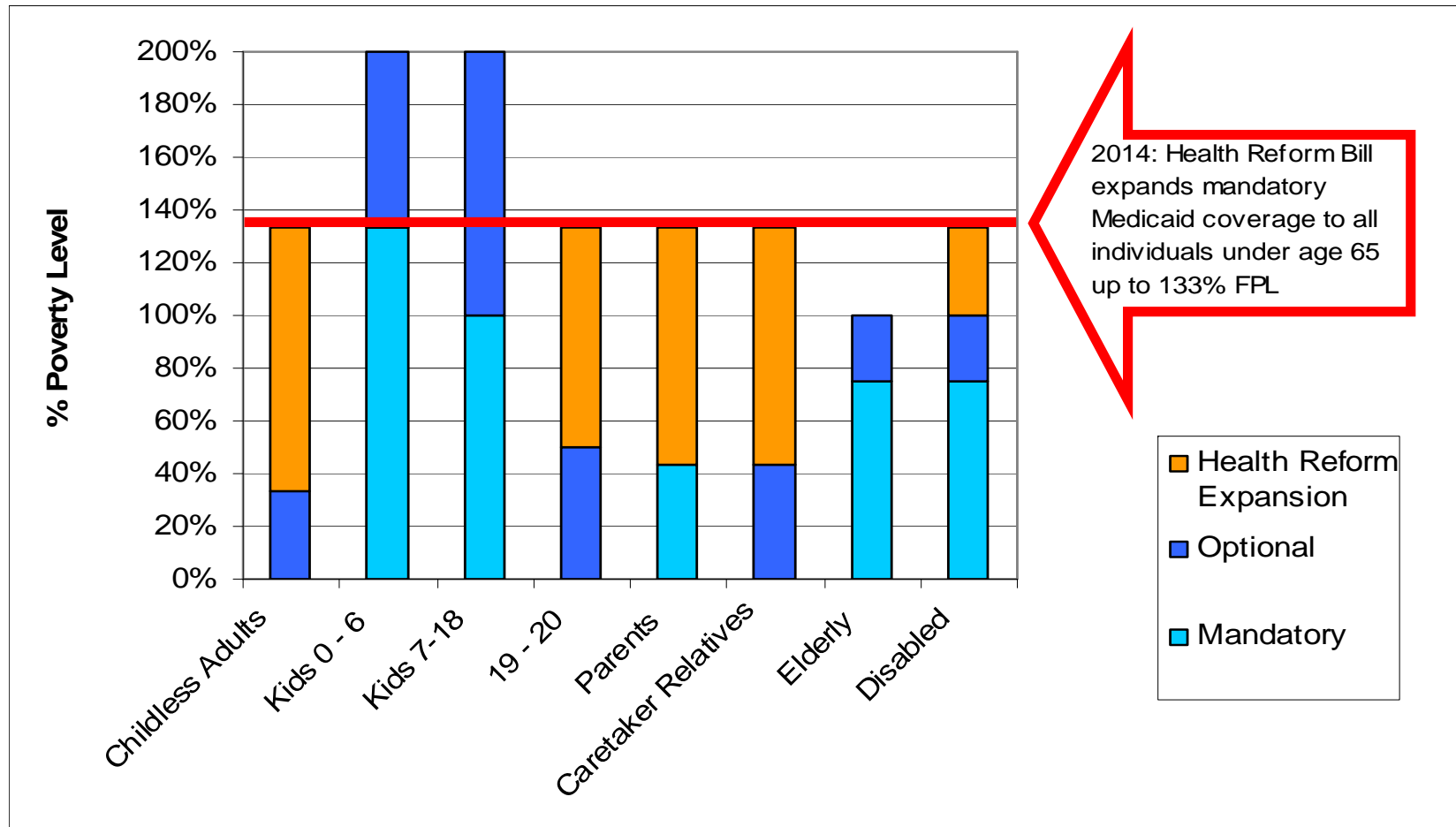
Slide 2

DOIT2

Kelly, can we add the following

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Medicaid: Current and Expanded Eligibility



Medicaid Expansion: Next Steps

- Proposed federal rules released August 12, 2011.
 - The rules address additional guidance on a simplified process for determining whether individuals are eligible for coverage through Exchanges, for premium tax credits to assist in the purchase of private insurance, or for other programs such as Medicaid or the Children's Health Insurance Program (CHIP).
- Provide CMS with comments regarding the proposed rules

Health Insurance Exchanges: Background

- New health insurance market where individuals and small businesses can go to learn about available options and to purchase coverage.
- A more organized and competitive market for health insurance that offers: A choice of health plans, common rules in terms of offering and pricing insurance and, provides consumers with information to better understand their health insurance options
- Each Health Plan on the exchange must 4 coverage options:
 - Bronze 60% actuarial equivalent
 - Silver 70%
 - Gold 80%
 - Platinum 90%
- Bronze package would cost and cover the least and the platinum would cost and cover the most.
- Policies must cover essential services such as doctor visits, hospitalization, prescription drugs, maternity and diagnostic services.

Tax Impacts for Individuals and Small Business

- Starting in 2014, refundable and advanceable tax credits will be available to assist individuals in purchasing coverage and reduce health care cost sharing for individuals and families with incomes from 133% to 400% of the federal poverty level (i.e. \$29,327-\$88,200 for a family of four).
 - Level of subsidy is tied to the second lowest cost Silver plan in the exchange and is on a sliding scale.
- Tax credits available to small employers providing health coverage to employees
 - Employers with no more than 25 employees
 - Average annual wages of less than \$50,000
 - Phase I (2010-2013): tax credit up to 35% of employer cost
 - Phase II (2014-): tax credit up to 50% of employer cost, if purchased through Exchange (for 2 years)
- To receive the tax credit, you must purchase coverage through the Exchange.

Functions and Options of the Exchange

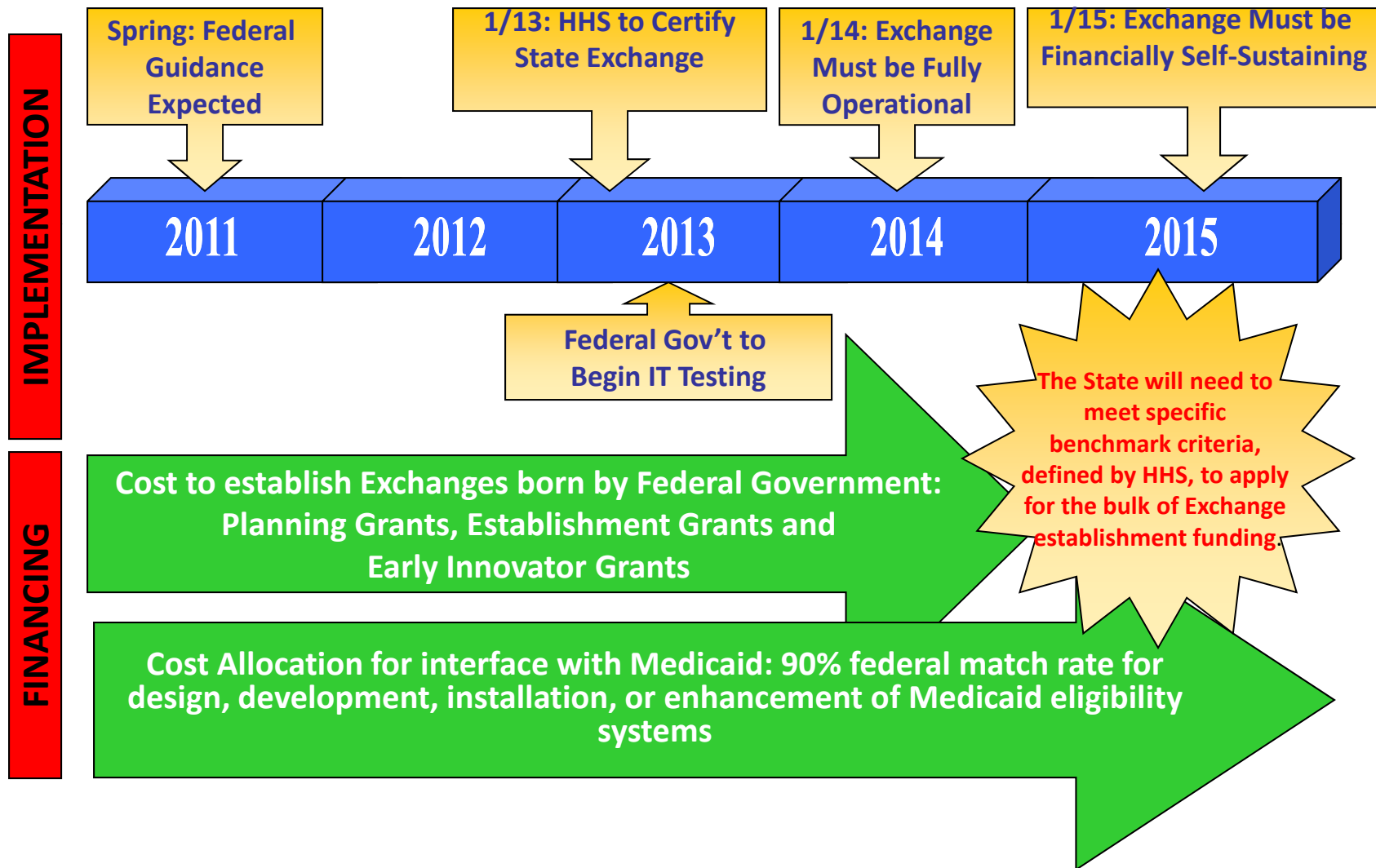
Mandatory Functions

- Certify and rate qualified health plans
- Operate hotline and Web site
- Standardize presentation of coverage options
- Inform individuals of Medicaid, CHIP eligibility and enroll them into these programs
- Help calculate plan costs
- Determine exemptions from individual mandate

Structural Options

- States can:
 - Independently operate the Exchange
 - Operate Exchange regionally with other states
 - Defer to the federal government for operation of the Exchange
- Exchange can be structured to be:
 - Established within existing or newly established state agency
 - Quasi-public authority
 - New non-profit entity

Health Insurance Exchanges: Key Dates and Funding Opportunities



Health Insurance Exchanges: Issues

- Federal timelines require quick decisions.
- Almost entirely federally funded, but IT system changes will require a 10% match for Medicaid.
 - New IT system, modifications to existing IT infrastructure, and new eligibility and enrollment functions will, initially, be some of the most complex issues for state government.
- Federal funding is contingent on state actions, including passing legislation, to create the exchange.
- State needs to appropriate Exchange establishment grants before work can begin.
- Multiple State Agencies impacted: DCH, OFIR, DHS, LARA, DTMB, SBO, Treasury, etc.
- Federal Insurance Market Reforms, the introduction of the Exchange and the Medicaid Expansion could cause some market disruption in 2014.

Exchange Planning and Establishment Grants

- Michigan received nearly \$1 million in a Planning Grant from HHS in September 2010 to begin planning for an Exchange in Michigan
 - Planning activities included: Stakeholder workgroup meetings, background research on Michigan's insurance landscape, and an IT gap analysis
- Additional funding to establish an Exchange is available in the form of Level 1 and Level 2 Establishment Grants
 - Michigan intends to pursue any and all available federal funding, and will be applying for Level 1 funding in the near future

Health Insurance Exchange: Progress to Date

- Five Stakeholder Workgroups were convened between February and April to discuss policy issues and make recommendations
- Workgroups made over 50 consensus-based recommendations
- Stakeholder recommendations compiled into a report for distribution to the Steering Committee, Legislature, others
- A Steering Committee of leadership from 9 state agencies reviewed the stakeholder findings and **has made final recommendations to the Governor**

Health Insurance Exchange: Next Steps



Proposed federal regulations released 7/11/11

Interdepartmental meetings occurring on a regular basis to discuss current state business processes related to the establishment of an Exchange

Upon final recommendations from the Governor, legislation will be needed this year

Planning to pursue further funding in the form of Level 1 and/or Level 2 Establishment Grants

Slide 12

DOIT1

Kelly, on the first bullet (proposed fed regs) can you also add 8/12/11?

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