



# **The Affordable Care Act**

## **What does it mean to Arkansans?**

Sandra L. Cook, MPA  
Consumer Assistance Specialist  
Arkansas Insurance Department

# PRESENTATION OBJECTIVES

By the end of this presentation, participants will have increased their knowledge of:

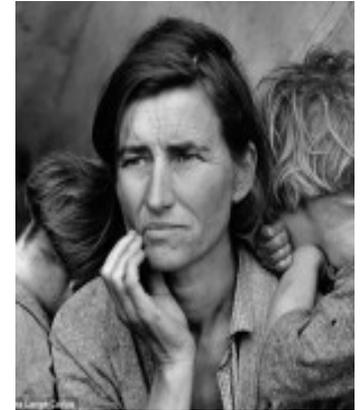
1. Why health care reform is needed.
2. The health ranking of Arkansas residents.
3. The Affordable Care Act (ACA).
4. How the ACA has already helped consumers.
5. How the ACA will help consumers in the future.
6. ACA's Individual Mandate and Medicaid Expansion.
7. The Status of the Health Benefits Exchange in Arkansas.
8. Arkansas In Person Assister (IPA) Program



# Why Health Care Reform Is Needed

- **Poor Health Status of Arkansans**

- Ranked 48<sup>th</sup> on health indicators (3<sup>rd</sup> worst)
- High rates of chronic disease



- **Health Care Costs**

- Premium costs have doubled in the past ten years.
- Many are paying > 10% of income on healthcare.
- 25% of adult Arkansans, under age 65, are uninsured (over 500,000)

# America's Health Rankings

	ARKANSAS	BEST	WORST	NATIONAL AVERAGE
<b>UNINSURED</b>	18.9%	5% Massachusetts	25% Texas	16.2%
<b>CANCER DEATHS</b> <i>(per 100,000)</i>	212.4	137.4 Utah	225.1 Kentucky	190.8
<b>DIABETES</b>	9.6%	5.3% Alaska	13.2 Alabama	8.7%
<b>OBESITY</b>	30.9%	21.4% Colorado	34.5% Mississippi	27.5%
<b>SMOKING</b>	22.9%	9.1% Utah	26.8 West Virginia	17.3%
<b>HIGH BLOOD PRESSURE</b>	34.4%	21.5% Minnesota	37.6% West Virginia	28.6%
<b>PERSONAL INCOME</b>	\$32,678	\$54,877 Connecticut	\$31,046 Mississippi	39,039

# The Affordable Care Act

The Affordable Care Act of 2010 was created to decrease health costs and improve health outcomes through:

- Public and Private Coverage Expansions\*
- Change in Benefits and Access to Care
- Insurance Issuer Market Reforms
- New Individual Responsibility\*
- Establishment of **Health Insurance Exchanges**

\*Challenged to U. S. Supreme Court



# The Affordable Care Act

## Individual Responsibility

- Everyone must purchase health insurance
- Reduces the cost for many
- Assistance is available (premium tax credits)
- No penalty if not required to file a tax return

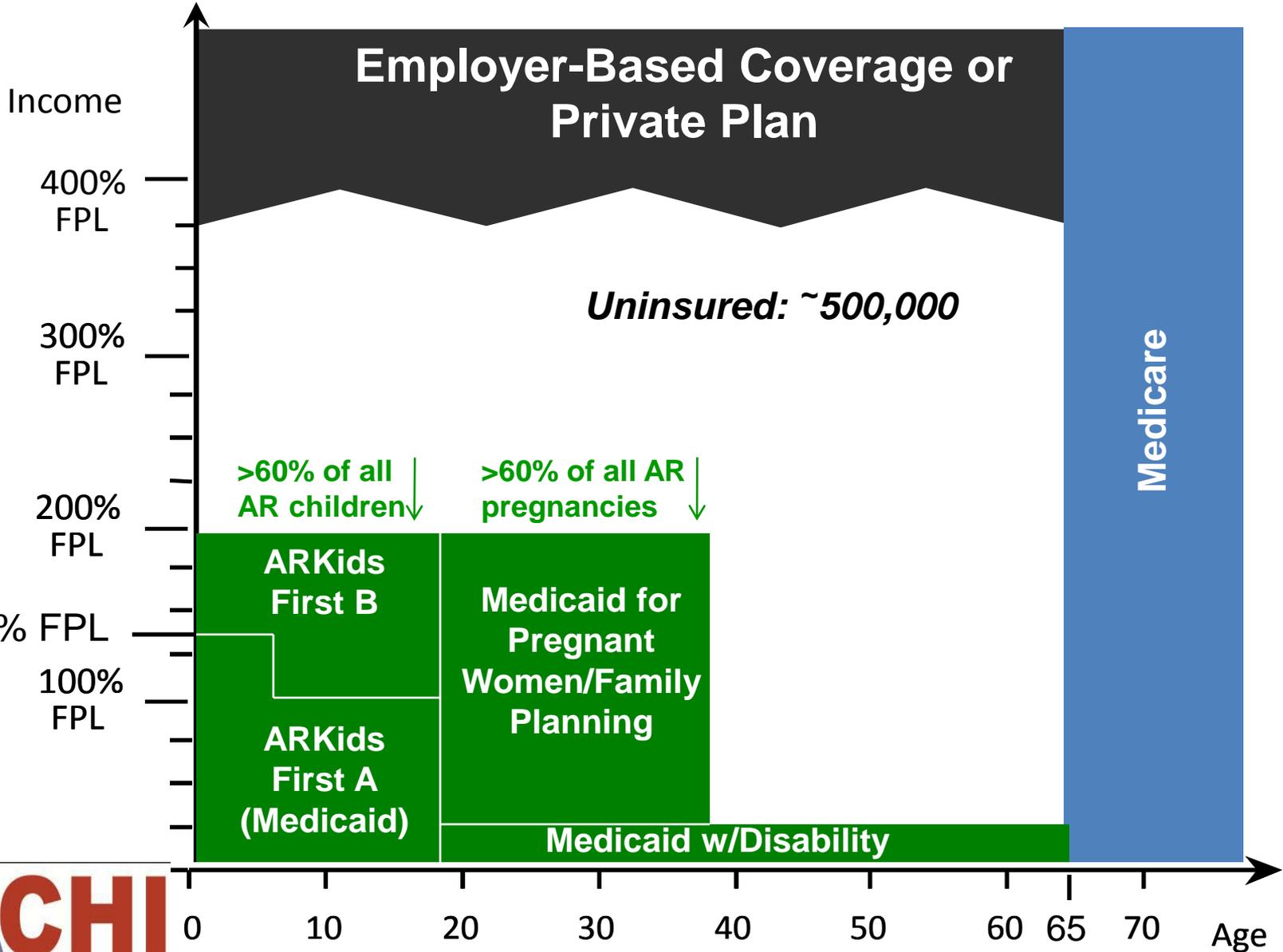
## Public (Medicaid) and Private Coverage Expansions

- Additional 250,000 could be covered under Medicaid
- Additional 211,000 likely to obtain Private Coverage in 2014
- Billions of dollars will come into Arkansas
- If no Medicaid Expansion, Arkansans with incomes between 17% and 100% of the federal poverty level will **not** be eligible to receive a subsidy.



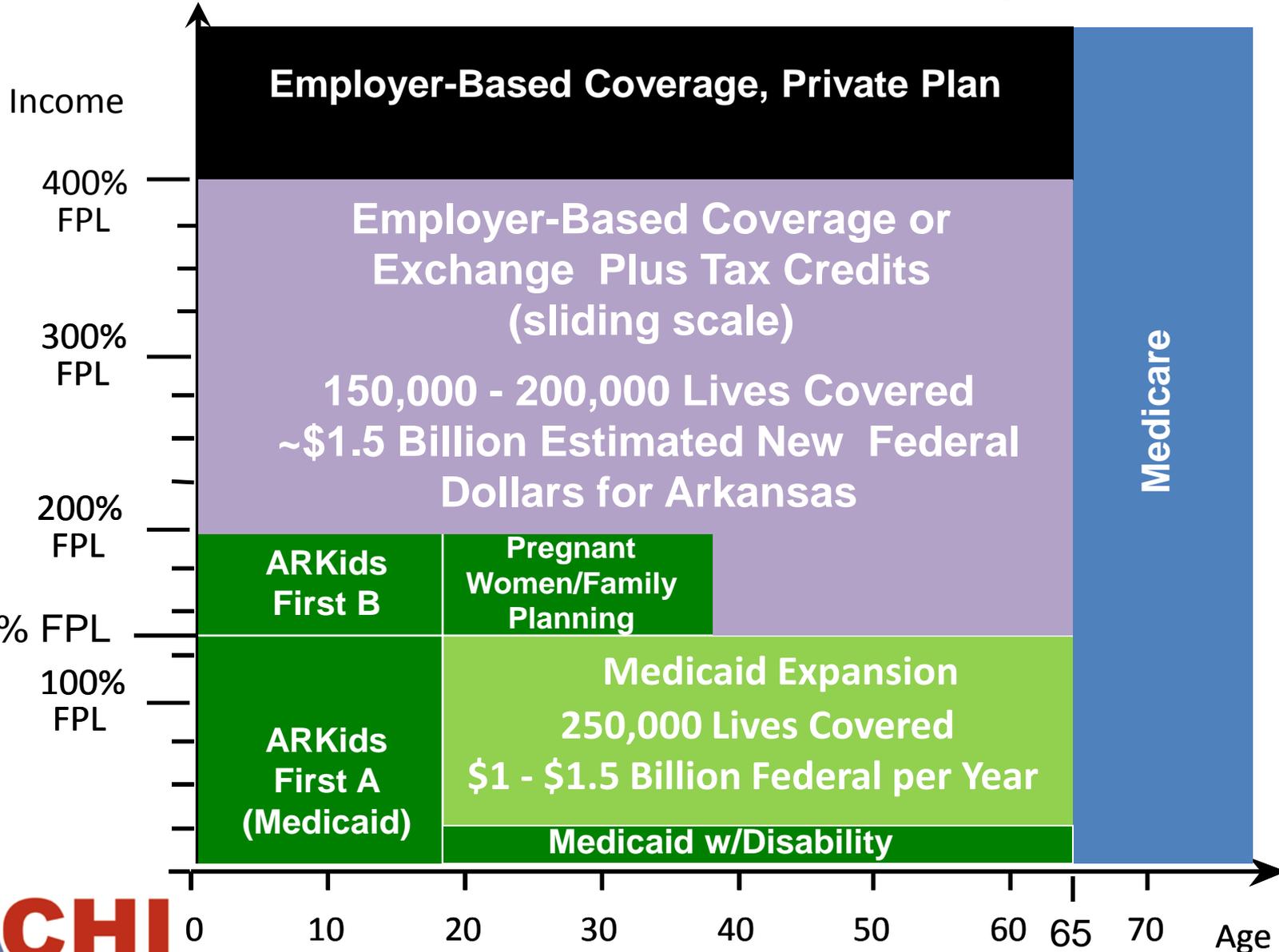
2011 (Pre-Reform)

# Arkansas Health Insurance Coverage Availability



**January 1, 2014 (Exchanges Operational)**

# Arkansas Health Insurance Coverage Availability



# How the Affordable Care Act Has Already Helped Consumers



Children can stay on their parents insurance policy until the age of 26.

- Insurance companies can no longer deny coverage of a child under age 19 due to his/her health conditions.
- Lifetime benefit limits are eliminated and annual benefit limits on insurance coverage are regulated until 2014.
- Rescinding coverage by insurance companies is prohibited unless due to fraud.

# How the Affordable Care Act Has Already Helped Consumers

- Free preventive care, such as mammograms, colonoscopies, wellness visits, etc.
- You are eligible for a rebate on health insurance premiums paid if your insurance company did not pay enough on health care claims (*\$7.8 million in AR for 2011*).
- Consumer Assistance Program established at AID.



# How the Affordable Care Act Has Already Helped Consumers

- Small business health insurance tax credits provided.
- Relief for more than a half-million Arkansas seniors who hit the Medicare “donut hole”
- Decreased premiums for 446,000 Arkansans not enrolled in Medicare Advantage
- 50% discount when buying Part D covered drugs until 2020

# How the Affordable Care Act Will Help Consumers in the Future

- Insurance companies cannot deny coverage *for anyone* due to health conditions or personal health history.
- No annual or lifetime benefit limits.
- Begin to close gaps in prescription drug coverage for Medicare (Gaps will be eliminated by 2020).
- Premiums cannot be increased due to gender, health conditions or personal health history.

# How the Affordable Care Act Will Help Consumers in the Future

- Premiums can only be increased due to age, geography, tobacco use, and type of coverage.
- Eligibility determinations are “real time.”
- Primary care physicians will be paid no less than 100% of Medicare payment rates for primary care services.



# What is a Health Insurance Exchange?

- Competitive marketplace (*virtual insurance mega mall*) where individuals, families and small employers can shop for, select and enroll in high quality, affordable **private** health plans that meet their specific needs at competitive prices.
- Exchanges will also help eligible individuals receive premium tax credits and cost sharing reductions or help them enroll in other state or federal public health programs.

# Types of Health Insurance Exchanges

- **State-Based Exchange (SBE)** – State is responsible for all functions (QHP, Premium fees, oversight/Monitoring, eligibility/enrollment, IT, outreach/education, consumer complaint, In-Person assistance and the call center).
- **Partnership Exchange** – Exchange is operated by the federal government, however State retains responsibility for Plan Management and/or Consumer Assistance functions.
- **Federally-facilitated Exchange** – All functions are the responsibility of the federal government.

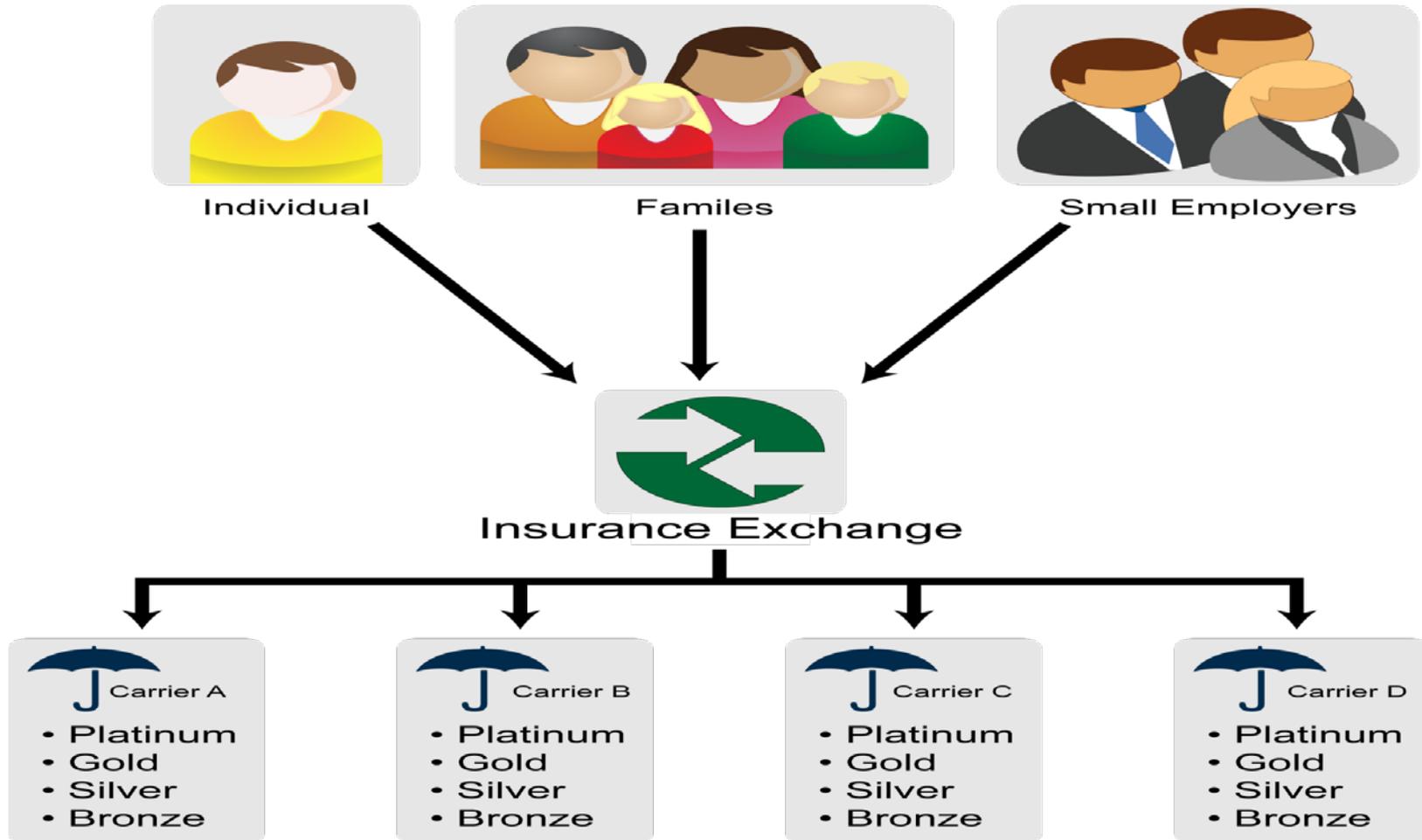
# Health Benefits Exchange in Arkansas

Arkansas is planning to operate under the Federally-facilitated Partnership Exchange model, allowing Arkansas to continue to protect and serve Arkansans by:

- Continuing to approve and regulate all insurance plans, including those offered on the Exchange,
- Providing consumer assistance functions to include enrollment assistance and post-enrollment complaint resolution.



# What is a Health Insurance Exchange?

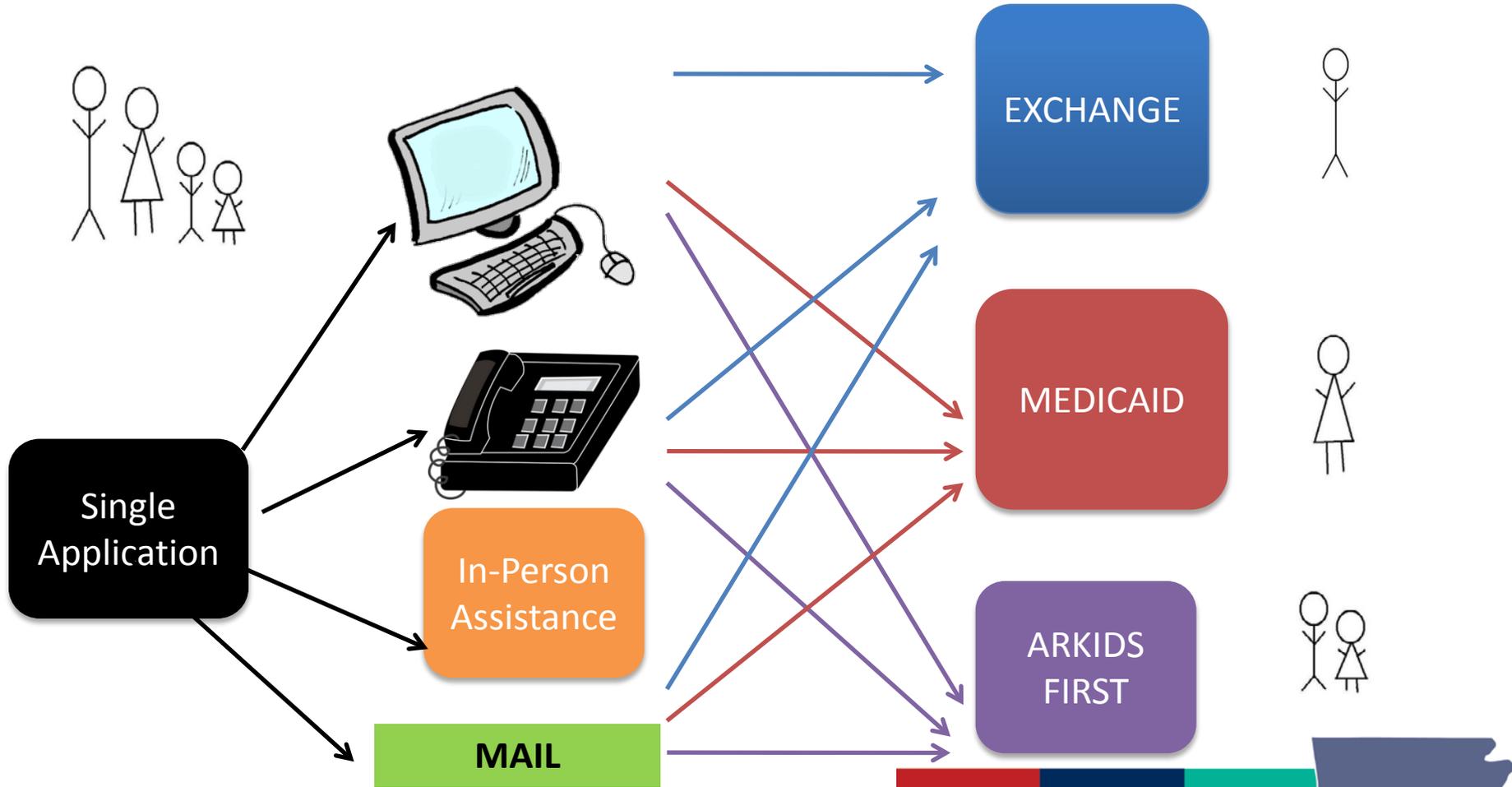


# How Does The Exchange Work?

Complete single application

Determine eligibility

Enrolled in correct program!



Building a healthier future for all Arkansans

# Who Will Use The Exchange?

- An estimated 572,000 Arkansans will be eligible for exchange coverage beginning January 1, 2014.
- It is conservatively estimated that:
  - 328,000 more non-elderly Arkansans will enroll (resulting in a 60% decrease in uninsured post-ACA).
  - There will be a \$615 million reduction in uncompensated care among non-elderly. (a 68% change post ACA).
  - There will be \$478 million in federal subsidies provided for Arkansans to purchase insurance.

Source: *State Progress Toward Health Reform Implementation: Slower Moving States Have Much to Gain*, Timely Analysis of Immediate Health Policy Issues, January 2012 Urban Institute analysis, HIPSM

# Why Use The Exchange?

All health insurance plans offered on the Exchange will be “Qualified Health Plans”, meaning that they must provide ***Essential Health Benefits*** in ten categories:

1. Ambulatory Services
2. Hospitalization
3. Emergency Services
4. Maternity and Newborn Care
5. Mental Health and Substance Use Disorder Treatment
6. Prescription Drugs
7. Rehabilitative and Habilitative Services/Devices
8. Laboratory Services
9. Preventive, Wellness, and Chronic Disease Management
10. Pediatric Services, Including Oral and Vision Care



# Why Use The Exchange?

- Consumers with incomes 100% - 400% of FPL are eligible for Federal Tax Subsidies.
- Subsidy amounts are dependent upon income and the type of policy chosen (individual/family).
- No asset testing is required.
- Premium  $\leq$  9.5% (mostly less) of household income.
- Advance tax credits are also available.

# Premium Tax Credit Eligibility

- Household income 100% - 400% FPL (\$23,050 - \$92,200 for a family of four).
- Must be enrolled in a QHP through the Exchange.
- Must be lawfully present and not incarcerated.
- Must not be eligible for other coverage such as Medicare, Medicaid, or employer-sponsored insurance.
- Subsidies are based on the second lowest cost silver plan (actuarial value of 70%)

# 2012 Federal Poverty Guidelines

FAMILY SIZE	100%	138%	200%	400%
1	\$11,170	\$15,415	\$22,340	\$44,680
2	\$15,130	\$20,879	\$30,260	\$60,520
3	\$19,090	\$26,344	\$38,180	\$76,360
4	\$23,050	\$31,809	\$46,100	\$92,200
5	\$27,010	\$37,274	\$54,020	\$108,040
6	\$30,970	\$42,739	\$61,940	\$123,880
7	\$34,930	\$48,203	\$69,860	\$139,720
8	\$38,890	\$53,668	\$77,780	\$155,560
Each Additional Person	\$3,960			

# Premium Limits Based on Income

INCOME	PREMIUM LIMIT
100 - 133% FPL	2% of income
133 - 150% FPL	3 - 4% of income
150 - 200% FPL	4 - 6.3% of income
200 - 250% FPL	6.3 - 8.05% of income
250 - 300% FPL	8.05 - 9.5% of income
350 - 400% FPL	9.5% of income

# Example: Family of 4 with income of \$50,000 at 217% of FPL

	If Family Purchases Benchmark Plan:	If Family Purchases Less Expensive Plan:	If parent(s) between 55 and 64
Expected Family Payment *	\$3,570	\$3,570	\$3,570
Premium for Benchmark Plan	\$9,000	\$9,000	\$14,000
Premium Tax Credit (Amount Paid by Government)	\$5,430 (\$9,000 - \$3,570)	\$5,430 (\$9,000 - \$3,570)	\$10,430 (\$14,000 - \$3,570)
Premium for Plan Family Chooses	\$9,000	\$7,500	\$14,000
Actual Family Payment (Monthly)	\$3,570 (\$297.50)	\$2,070 (\$172.50)	\$3,570 (\$297.50)

\* 7.14%

Adapted from CMS Office of Public Affairs,  
Press Release Dated 8/12/2011



# What are Penalties for Not Enrolling?

- 2014 - \$95 or 1% of adjusted gross income, whichever is greater.
- 2015 - \$325 or 2%, whichever is greater.
- 2016 - 695 or 2.5%, whichever is greater.
- There are limited penalty exemptions.
- The Congressional Budget Office (CBO), a non-partisan agency, estimates that 4 million individuals or 1.2% of the total population will pay penalties to the IRS in 2016.

# In Person Assister (IPA) Program

- To assist consumers in understanding insurance options, determining eligibility, and facilitating enrollment, the Arkansas Insurance Department is in the process of developing an In-Person Assister (IPA) Program.
- IPAs will have existing relationships with employers and employees, consumers, or self-employed individuals likely to be qualified to enroll in a qualified health plan.
- IPAs will be trained and certified.
- IPAs will provide outreach/education and enrollment assistance to hard-to-reach populations.

# In Person Assister (IPA) Program

- IPAs will assist consumers in understanding insurance choices and federal tax subsidies, public plans, etc.
- IPAs will facilitate enrollment, *but only consumers will make decisions about in which plan to enroll.*
- IPAs will provide information in a respectful manner.
- IPAs will provide information in a way consumers can understand.

# In Person Assister (IPA) Program

- IPAs will provide insurance information in a fair and impartial manner.
- IPAs must avoid any conflict of interest.
- IPAs will receive no financial consideration, directly or indirectly from issuers.
- IPAs will protect consumer personal information.
- IPAs will facilitate referrals for complaint resolution.

# In Person Assister (IPA) Program

## ELIGIBLE ORGANIZATIONS:

- Community and consumer-focused nonprofit;
- Trade, industry, and professional associations;
- Commercial fishing industry organizations, ranching and farming organizations;
- Chambers of commerce;
- Unions;
- Resource partners of the Small Business Administration (SBA);
- Licensed agents and brokers; and
- Others - Indian tribes, tribal organizations, urban Indian organizations, and State or local human service agencies.

# In Person Assister (IPA) Program

- What can you do to help ensure a sufficient number of IPAs, that are as diverse, culturally and ethnically, as the consumers to be served???
  - Get involved.
  - Attend meetings.
  - Spread the word.
  - Identify appropriate individuals/organizations
  - Keep informed.

# Additional Information

[www.HealthCare.gov](http://www.HealthCare.gov)

[www.hbe.arkansas.gov](http://www.hbe.arkansas.gov)

[www.healthy.arkansas.gov](http://www.healthy.arkansas.gov)

<http://healthreform.kff.org/subsidycalculator.aspx>

[sandra.cook@arkansas.gov](mailto:sandra.cook@arkansas.gov)

(501) 683 - 7079



# Questions/Comments



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