



Health Reform: Issues for State Medicaid Agencies and People with Disabilities

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Status of Implementation

- Reform laws were passed and signed by President Obama in March;
- Complex law with many significant new programs and changes to existing programs;
- Staggered timeline for implementation – many major changes take effect in 2014, some sooner;
- NASMD working with NGA, NAIC and NASHP to address implementation issues in state programs – includes regular meetings with HHS;
- Working group of Medicaid directors regularly meeting with CMS to discuss technical issues.

Overarching Changes

- Individual mandate to obtain insurance;
- Establishment of “Exchange”:
 - Based on Massachusetts “Connector” model;
 - Provides central marketplace to compare/purchase plans;
 - Federal government provides subsidies (based on income) to assist with the purchase of insurance.
- Competition:
 - Establishes Health care nonprofit cooperatives;
 - State may offer an insurance plan up to 200% FPL
- State:
 - Opportunity for waivers to experiment with delivery models;
 - Broad Medicaid expansion & restructuring of eligibility.

Private Components of Reform

- Private Insurance Reforms:
 - “Community Rating” – limits on variation in premiums for individuals within a geographic area;
 - Prohibits exclusion of pre-existing conditions;
 - “Guaranteed Issue/Renewal” – no one can be denied coverage/dropped due to health conditions;
 - Removes annual/lifetime limits on care;
 - Required Benefits Package (Including Rehabilitation, Habilitation, MH treatment).

Medicaid Components of Reform

- Medicaid Changes:
 - Expands Medicaid to everyone under 133% of FPL, with increased Federal funds for this population;
 - Current eligibility levels, procedures and methodologies are frozen until 12/31/2013 for adults and 9/30/2019 for children (including CHIP);
 - Restructures income calculation for many Medicaid beneficiaries to IRS income calculation;
 - Eliminates income disregards;
 - Eliminates asset/resource test for individuals who have the income calculation restructured;
 - Mandatory increase to the provider rates Medicaid pays for primary care services (100% Federal funds).

Other Components of Reform

- Long-term Care:
 - Establishes the CLASS Act: a national long term care insurance program funded by payroll deductions
 - Creates new options for community-based long-term care through Medicaid
 - Provides FMAP incentives to increase long-term care in the community
- Medicare:
 - Gradual closing of “donut hole”
 - Care coordination provisions

Fraud & Reporting Provisions

- CMS database include claims data from Medicare, Medicaid, CHIP, VA, DOD, SSA, and IHS;
- Requires states to terminate individuals or providers if they were terminated from Medicare or another Medicaid program;
- Expanded reporting of data elements “necessary for program integrity, program oversight, and administration.”
- States are required to submit annual reports on Medicaid enrollment by eligibility categories and populations.

Major Provisions Awaiting Regulation

- Standard definitions of terms used in health insurance coverage;
- Minimum requirements for exchange operation;
- Waivers for State Innovation;
- Essential health benefits package;
- CLASS Act: program definitions, payments, and premiums;
- Data reporting requirements.

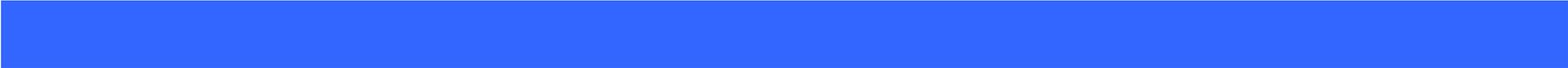
Key Issues for States

- Aligning State eligibility systems with the exchange;
- Establishing “Benchmark Packages” that meet the needs of enrolled individuals;
- Prioritizing non-mandatory activities:
 - Deinstitutionalization;
 - Payment and Service Delivery Reform.
- *Succession Planning!*

Major Issues for People with Disabilities

- Eligibility Changes:
 - Eligibility moves from “yes or no” to a continuum of different coverage options, with different benefits and different costs;
 - What is the best choice for your individual situation the new continuum of health care options in your state?
 - How to educate all individuals about the options available to them, including people with disabilities.

Impact of Recession on State Budgets



- Economic downturn and massive job losses are contributing to significant shortfalls in state budgets and increases in Medicaid enrollment
- States must have balanced budgets
- Many states forced to cut funding to Medicaid and other crucial programs
- Every 1% increase in unemployment = 1 million additional Medicaid clients

Future Considerations

- State Budget issues:
 - 48 states experiencing budget shortfalls;
 - Increased Federal Funds (FMAP) expire 1/1/2011;
 - Necessary to extend FMAP for additional six months;
 - Requires states to maintain eligibility standards, methodologies and procedures at least at the levels that were in effect July 1, 2008.
 - Loss of FMAP would lead to significant rate cuts & service reductions;
 - Health reform MOE would remain in effect;
 - For more information on proposed cuts:
<http://www.aphsa.org/Home/Doc/WhitePaperFMAP.pdf>

Brief Reform Timeline

Date	Changes
2010	<ul style="list-style-type: none">•Small Employer Tax Credits;•Monitor private premium increases;•Establishment of High-risk pools;•Options to adopt Medicaid reforms•Medicaid eligibility is frozen•Initial private insurance reforms:<ul style="list-style-type: none">–Dependents on plans until age 26;–No pre-existing condition (under 19).
2011	<ul style="list-style-type: none">•Phase out of Medicare Prescription Drug “donut hole” begins•CLASS act establishment
2014	<ul style="list-style-type: none">•Exchanges & tax credits operational;•Medicaid expansion with increased FMAP and income restructuring.•End of adult Medicaid eligibility freeze

Brief Reform Timeline

Date	Changes
2014 (continued)	<ul style="list-style-type: none">•State option to provide insurance plan up to 200% FPL•Individual mandate•Additional insurance reforms:<ul style="list-style-type: none">–No annual/lifetime limits–No pre-existing condition (everyone)–Guaranteed issue/Community rating–Minimum benefits package
2015	<ul style="list-style-type: none">•Increased CHIP FMAP (until FFY 19)
2017	<ul style="list-style-type: none">•Increased FMAP for newly eligibles begins to incrementally decrease
2019	<ul style="list-style-type: none">•Medicaid/CHIP children's eligibility freeze ends
2020	<ul style="list-style-type: none">•FMAP for newly eligible decreases to 90% (remains at 90% indefinitely)

Questions?
