

# *Health Care Reform 2010*

## **Transitioning Health Care for Oklahoma's Children and Families**

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# After a Wild Ride: Health Reform is the Law of the Land



- Enormous shift in public and social policy
- A new way of thinking about health coverage – it's for everyone!



# The Building Blocks of Health Reform Coverage

- Strengthen and reform current private insurance market
- Expand Medicaid for lowest income individuals
- Create Insurance Exchange(s) where individuals and small business can purchase insurance, many with tax credits



# Early Wins for Children and Families

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# Hold Steady on Kids' Coverage



- Maintenance of Effort (MOE)
  - Eligibility for Medicaid & CHIP
  - Enrollment procedures
  - Until 2019 for children, 2014 for parents
- Opportunity to continue progress in enrolling all eligible children



# Coverage for Young Adults

- Stay on parent's plan up to age 26
- Extends Medicaid coverage for children aging out of foster care up to age 26 (2014)



# Preventive and Primary Care



- No co-payments or deductibles on preventive services
- Guidelines from American Academy of Pediatrics – Bright Futures
- 9/23/10 for new health plans
- Increased reimbursement for primary care 2013-14



# Insurance Reforms

- Children can no longer be denied coverage for preexisting conditions
  - Extends to adults in 2014
- No lifetime caps, restrictive annual limits or rescissions



# Other Early Measures

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- High-risk pool
- HHS web portal to existing coverage options
- Grants to help employers provide cover early retirees (55 – 64 yrs. old)
- Small employer tax credits
- State employee children now can enroll in CHIP under certain conditions
- Insurers must spend 80-85% of premium revenue on care or refund members (2011)



# Moving to 2014

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# SoonerCare for Low Income Parents and Adults

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- Mandatory coverage to 133% FPL for all citizens
  - Parent's eligibility in family of 3 increases from \$5,600 to \$24,000
  - Individuals qualify up to \$13,800
  - 100% federal support 2014-16' phasing down to 90% in 2020 and thereafter
- States can adopt early with regular Medicaid match
- Parents must enroll their children if not insured



# CHIP Continues until 2019

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- 2 additional years of funding through 2015
- Federal match increases 23% points in 2016
- State option to use CHIP match to cover pregnant women and legally residing immigrant children/pregnant women
- Additional \$40 million for CHIPRA outreach grants



# Insurance Exchange



- New insurance marketplace for individuals and small business
- State or regional with federal rules and standards
- Separate or combined (individual/small group, subsidized/private)
- Administration by state agency or non-profit
- Medicaid agency can do eligibility
- Planning grants available 2010



# Exchange Subsidies

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- Tax credits offset premiums for individuals and families up to 400%
  - Premiums range from 2 – 9.5% of income
  - Refundable (even if you don't owe taxes) and payable in advance to exchange as premium offsets
- Families under 250% also get assistance with cost-sharing



# Subsidies Limit Premiums

Income Level	Premium as % of Income
Up to 133% FPL	2%
133 – 150% FPL	3 – 4%
150 – 200% FPL	4 – 6.3%
200 – 250% FPL	6.3 – 8.05%
250 - 300% FPL	8.05 – 9.5%
300 – 400% FPL	9.5%



# Health Benefits Under Reform

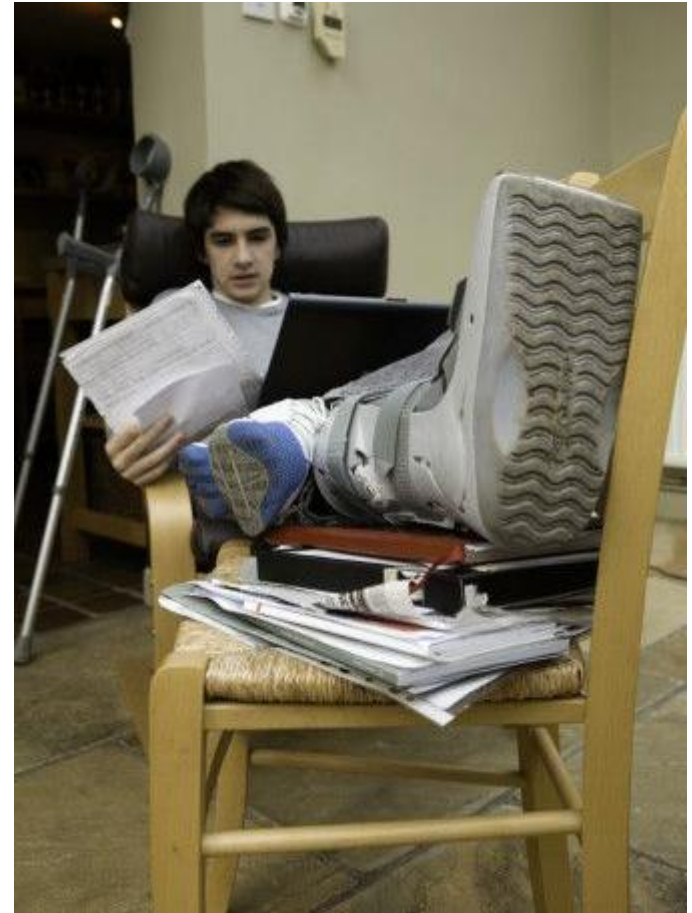


- Secretary defined
- Includes behavioral and mental health; substance use services
- Equal to benefits provided under a typical employer plan
- Extends mental health parity to Exchange plans and Medicaid benchmark benefits



# Insurance Market Reforms

- Guaranteed issue
- No pre-exist exclusions or waiting periods
- Premiums based on age (3:1) but not on health status or gender
- No lifetime maximums, annual caps or rescissions



# Enrollment of Families Under Reform

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- Intent for “no wrong door” between Medicaid, CHIP, and the Exchange subsidies
- Web-based enrollment
- No asset test for most people in Medicaid
- Promotes plain language, simplified communications



# Help for Families in Navigating the New System

- Consumer assistance beginning in 2010
  - facilitate enrollment
  - troubleshoot problems
  - access health care
- Navigators in 2014
  - assist with public education and enrollment



# Other Notable Provisions for Children and Families



- Medical home demonstrations and child health quality initiatives
- Public health initiatives
- Investments in community health centers, school-based health and home visiting programs
- Workforce training
- HIT investments



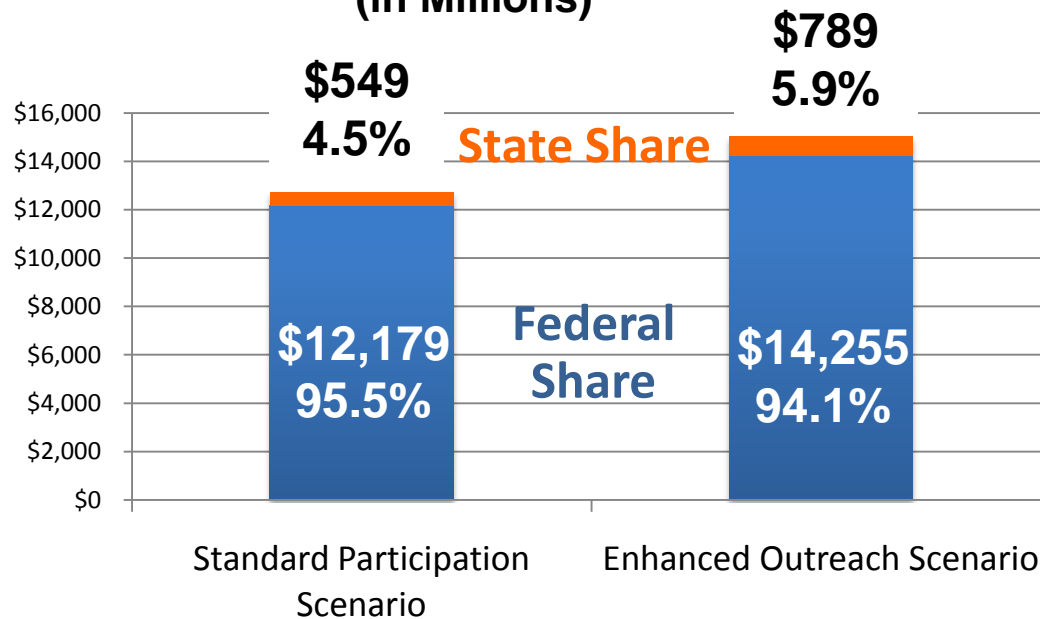
# So What About the Cost?

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# Federal Investment in SoonerCare

## Projected Federal and State Expenditures New Medicaid Eligibles, 2014-2019 (in Millions)



**New Enrollees:**

**357,150**

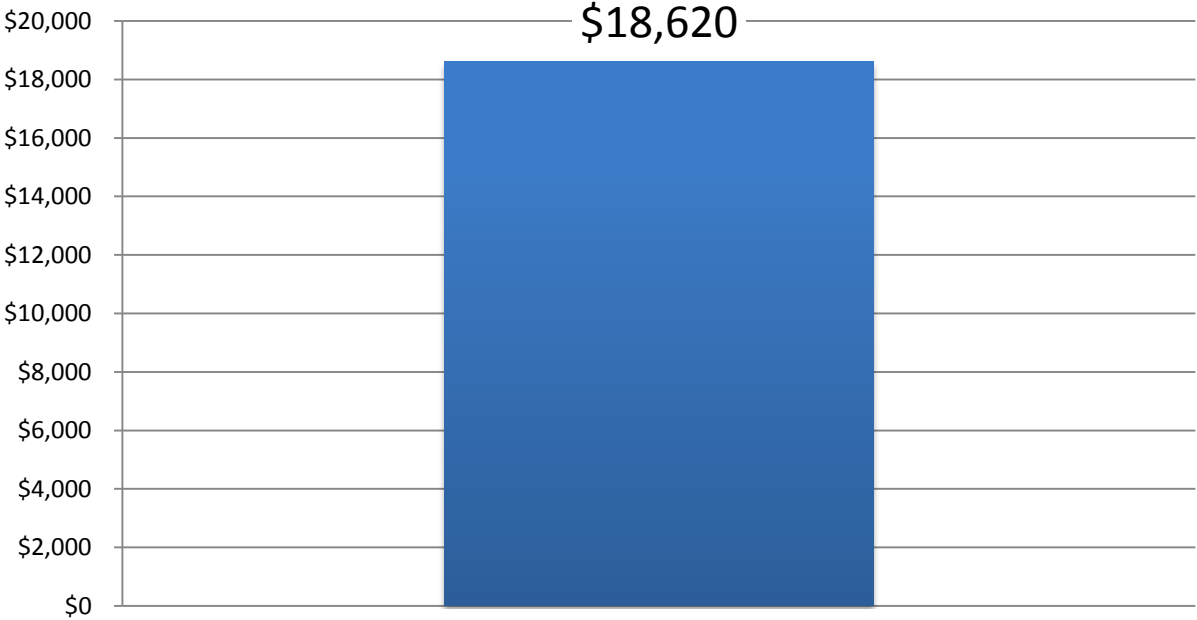
**470,358**

Source: Kaiser Commission on Medicaid and the Uninsured: Coverage and Spending in Health Reform: National and State-by-State Results for Adults at or Below 133% FPL; Financing 2014-2019



# Federal Investment in Exchange Subsidies in Oklahoma

**Exchange Subsidies, 2014 - 2019**  
(in millions)

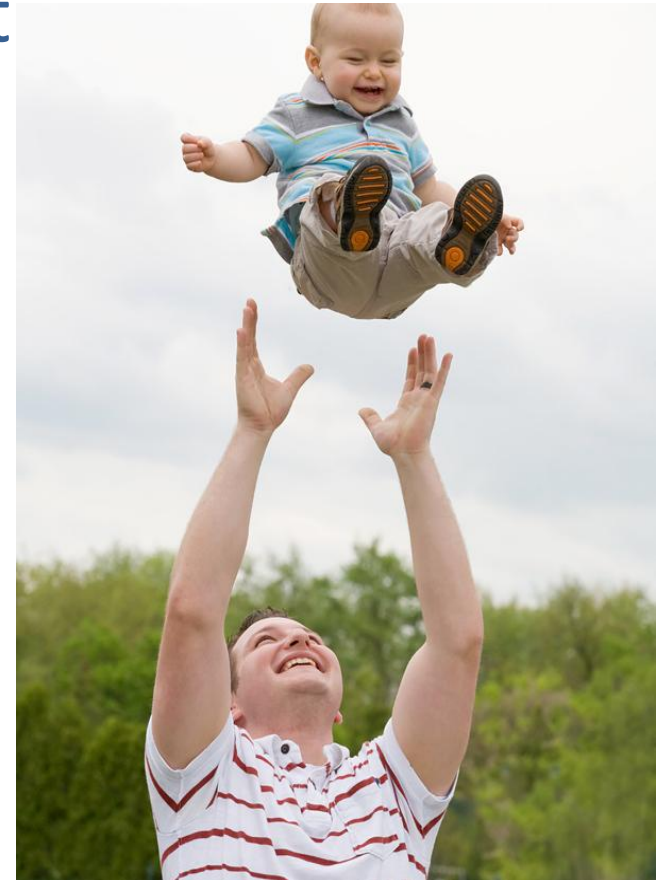


Source: J. Gruber estimates from, "Federal Health Reform Provides Critical Long-Term Help to States," *Health Care for America Now* (March 24, 2010).



# Health Reform Will Boost State Economy & Budget

- Federal and State investment
- Increased purchase of insurance
- Savings in uncompensated care offset state costs
- Direct economic impact
  - Jobs and wages
  - Spending
  - State tax revenues
  - More financially stable families



# Challenges

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- Contentious political debate not over
- High need for positive awareness and public education
- Getting up to speed on new options
- Determining your niche and coordinating with other groups
- Bad economy and state fiscal problems remain a major issue



# Critical Questions

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- What is the decision-making process?
- What is the mechanism for public input?
- What will be the exchanges governance structure?
- How will the exchanges be administered?
- How can the state assure strong coordination between SoonerCare and the Exchange(s)?
- What is the technology infrastructure needed to build a coordinated and seamless enrollment and renewal system?
- How can the state ensure that reforms are working for children and families?



# Opportunities

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- Align coverage and procedures to make smooth transition to health coverage
- Use lessons learned covering kids to design better processes, procedures and systems
- Families will need information and support; policymakers will need reality checks
  - Set up feedback loops
- Use momentum to enroll all eligible children and implement expansion

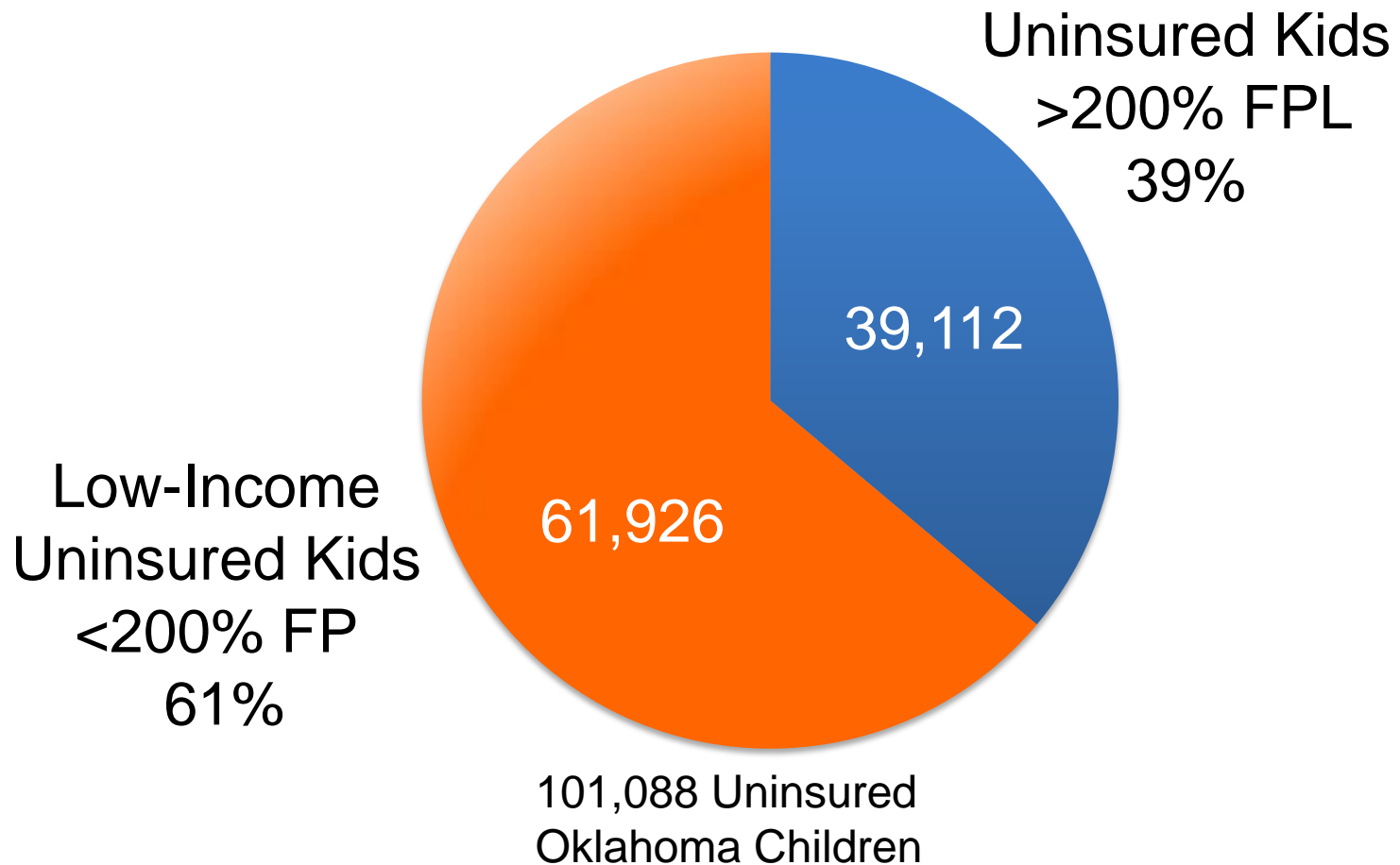


# Kids Don't Have to Wait for Health Reform

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# About 100,000 Uninsured OK Kids More are Low-Income; Likely Eligible



Source: CCF analysis of Urban Institute and KCMU estimates of the Current Population Survey (2008-09).



# Where Oklahoma Stacks Up

- Medicaid expansion coordinated with other state programs
- Electronic verification
- Online app and renewal coming
- CHIPRA Outreach Grant
  - Extensive development of outreach infrastructure
- Newborn enrollment project



# CHIPRA Tools and Incentives

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## Enrollment & Retention Policies

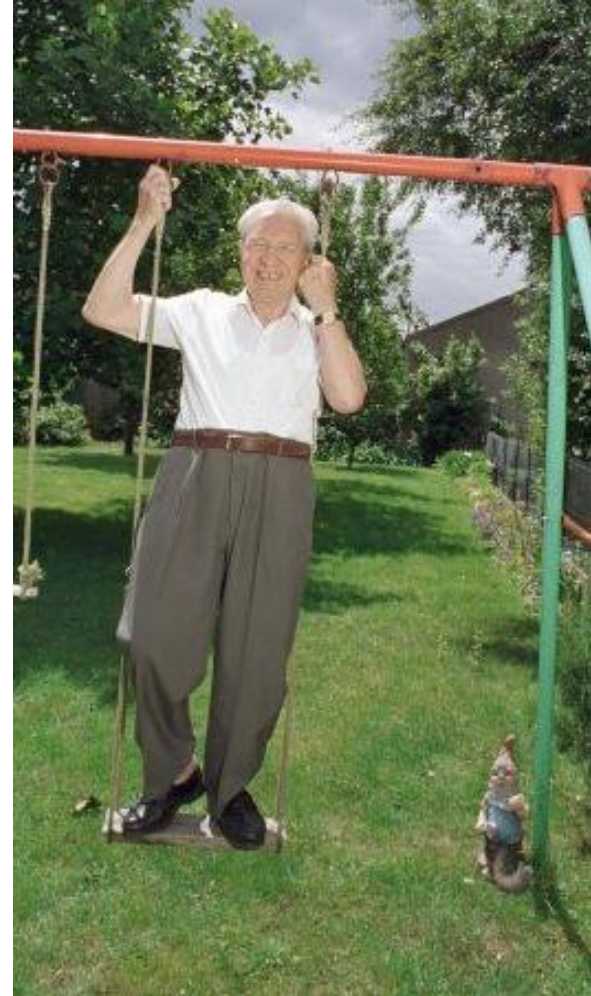
- Citizenship Verification through Electronic Data Exchange with SSA
- Performance Bonus for Meeting 5/8 Measures and Certain Enrollment Targets
  - Express Lane Eligibility
  - Presumptive Eligibility
  - 12-mo Continuous Eligibility

## Coverage Options

- Can expand to 300% FPL
- Coverage for pregnant women
- Coverage for legally residing immigrant children and pregnant women
- Dental-only coverage



# 4 Years is A Lifetime to A Kid, Kids Can't and Don't Have to Wait!



# For more information

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