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Health Care Coverage Under the Affordable Care Act: A Primer

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March 5, 2014

Where Are We Today?

- More than 4 million enrolled in Marketplace coverage
- Federal Marketplace and some state Marketplace websites experienced significant launch issues
- Medicaid enrollment surging ahead of Marketplace enrollment
  - Nearly 9 million determined eligible for Medicaid/CHIP by state agencies
- On-going need for eligibility and enrollment information

Today's Overview

Goal: Provide the "basics" on the Affordable Care Act coverage landscape and eligibility and enrollment rules

Today's Agenda:

- The New Continuum of Coverage
- Single Streamlined Application Process
- The New Marketplaces and Premium Tax Credit & Cost Sharing Reductions
- Medicaid and CHIP Are Changing
- Shared Responsibility Payment

Join us for future training sessions:

- March 12: Medicaid 101
- March 19: Advance Payments of Premium Tax Credits (APTCs) and Cost-Sharing Reductions (CSRs): A Practical Guide
- March 26: Advance Payment of the Premium Tax Credit Reconciliation
- April 2: Qualified Health Plan Selection: The Keys to Choosing the Right Option

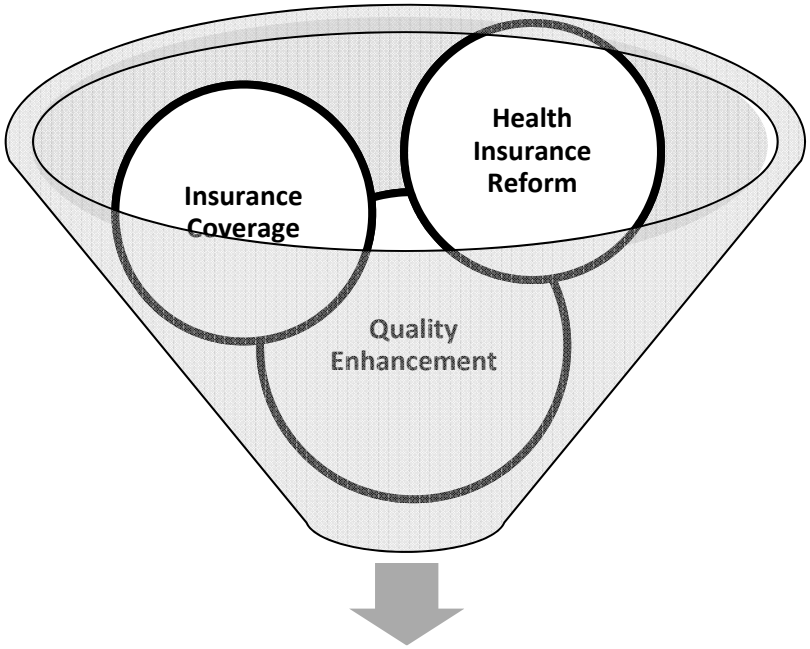
Outline

ACA Tackles Nation's Health Care Challenges

Drivers of the Affordable Care Act (ACA):

- Escalating costs
- High rate of uninsured individuals
- Limited consumer protections
- Gaps in access to affordable coverage

The ACA, signed into law on March 23, 2010, makes sweeping changes to our nation's health care system with a vision to provide health coverage to all Americans and promote more efficient care delivery.



Health Care Reform

Examining Health Care Reform

Insurance Coverage

To impact the ~50 million uninsured:

- Targeted expansions (donut hole coverage, dependent coverage to 26)
- Income-based subsidies for uninsured
- Employer mandate to offer coverage or pay penalty
- Individual mandate
- Offer preventive services

Mechanisms:

- *Private*: Marketplace for individuals without coverage and small employers (SHOP) in each state (run by state, federal government or jointly) and tax credits
- *Public*: Medicaid expansion, at state option

Health Insurance Reform

Health Insurers:

- May not exclude due to pre-existing condition
- Cannot terminate coverage
- Insurer accountability (MLR, rate review)
- May not apply annual or lifetime limits
- Young adults may remain on parent's plan until age 26
- Must cover preventive health services at no cost
- May not consider health status in setting premiums

Quality Enhancement

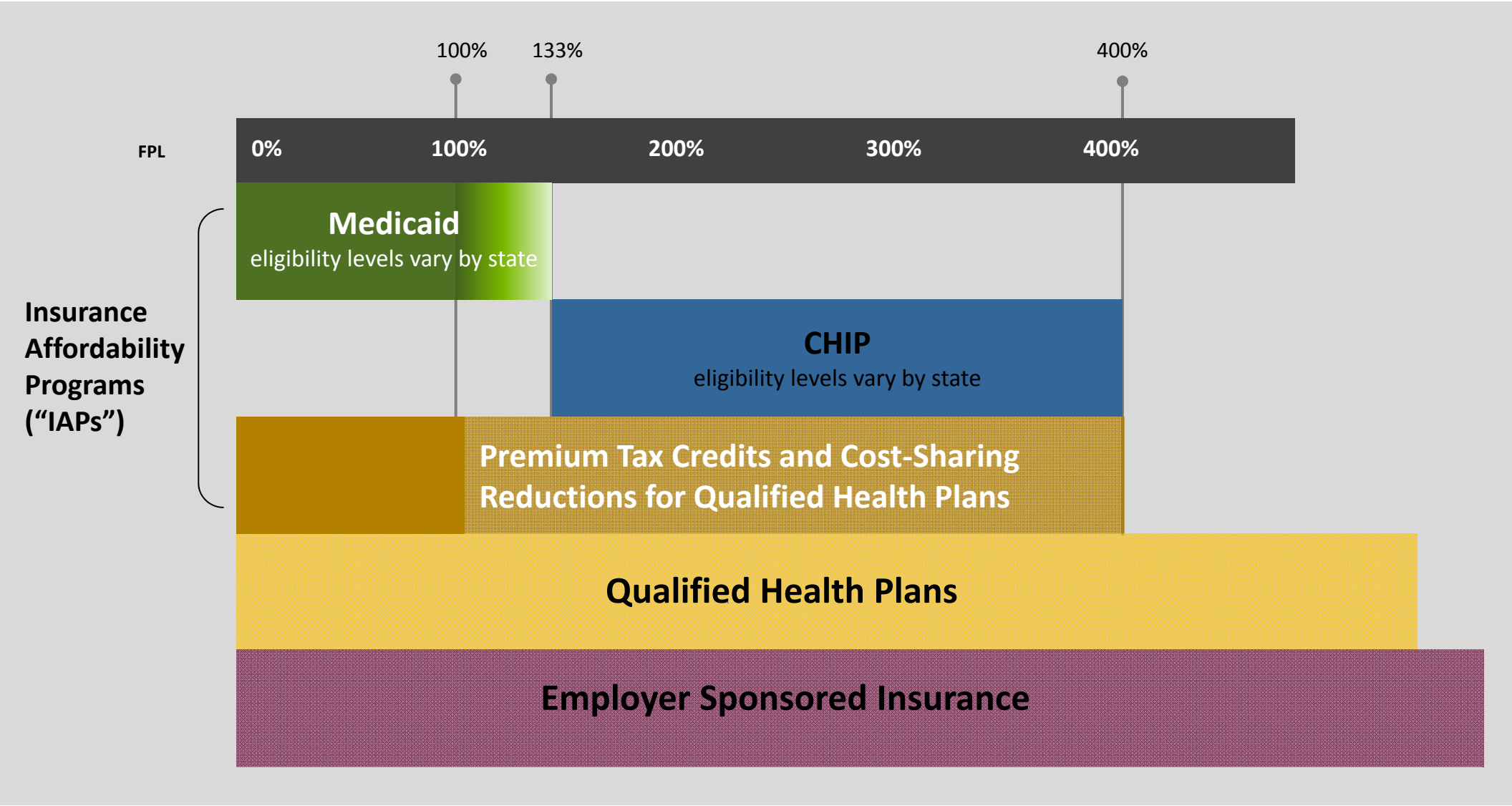
Care Delivery and Payment Reform:

- Establish office to support "comparative effectiveness research"
- Develop programs to pay providers based on performance on quality measures and "bundled payments" for suite of services
  - ACOs
- Innovate funding (CMMI)
- Patient safety
- Wellness incentives

Major Coverage Changes

 **Medicaid & CHIP Expansion and Improvements**	 **Health Insurance Marketplaces for Individuals and Small Businesses**
➢ Expands eligibility to 133% FPL for low-income adults ➢ As a result of the Supreme Court decision, some states may elect not to expand Medicaid ➢ In all states, makes major changes to simplify enrollment and allow for coordination with the Marketplaces.	➢ Launched in fall of 2013 with coverage effective as early as 1/1/14 ➢ Offer Qualified Health Plans (QHPs) with comprehensive benefits ➢ In general, individuals with incomes 100%-400% FPL are eligible for a premium tax credit and individuals with incomes 100-250% FPL are eligible for cost sharing reductions to help subsidize the cost of coverage.

ACA Coverage Continuum



Supreme Court Decision – June 28, 2012

- Upheld constitutionality of ACA, including individual shared responsibility provision
- Ruled that a state may not lose federal funding for existing Medicaid program if does not expand Medicaid for low-income adults to 133% FPL

Medicaid Expansion Decisions To Date

64% of Uninsured Live in Non-Expansion States and About 4.8 Million will Fall Into Coverage Gap

Source of Uninsured Data: Urban Institute and Kaiser Family Foundation

Impact of Not Expanding Medicaid: Stakeholder Perspectives

Consumers

Individuals whose incomes are too high for Medicaid but too low for Premium Tax Credits (<100% FPL) will not be eligible for Medicaid or tax subsidies for purchasing health insurance (the coverage gap)

Providers

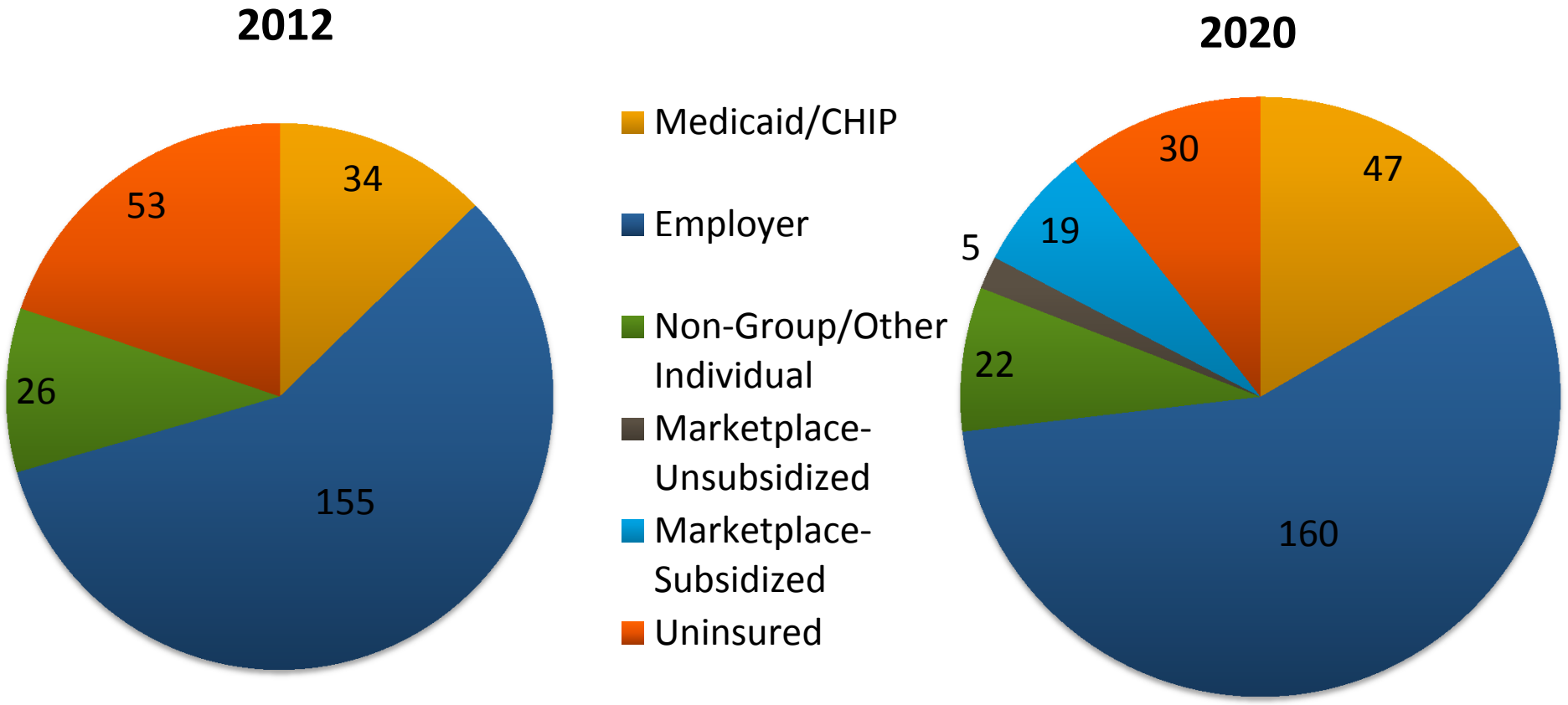
Hospitals will face not only the continued costs of providing uncompensated care, but also a reduction in federal disproportionate share hospital (DSH) funding

Employers

Employers will face new coverage obligations for individuals with incomes 100-133% FPL; additionally, large employers (> 50 employees) will face a penalty if full-time employees in this income bracket obtain a premium tax credit through the Marketplace

ACA Impact on Coverage

Millions Covered



*Total: **268 million** under 65*

*Total: **283 million** under 65*

Source: 2012 Estimates: Congressional Budget Office estimates of ACA effects on health insurance coverage, March 2012
2020 Estimates: Congressional Budget Office estimates of ACA effects on health insurance coverage, February 2014

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The New Continuum of Coverage

Single Streamlined Application Process

The New Marketplaces and Premium Tax Credit & Cost Sharing Reductions

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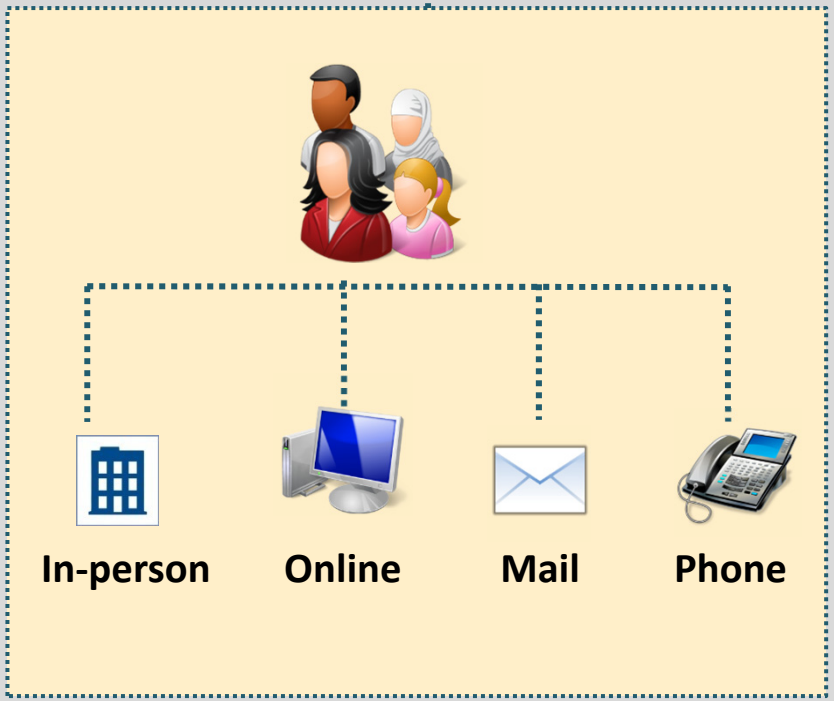
The Single Streamlined Application

New, single application to apply for coverage options:

- Consumers may apply online, by phone, by mail, or in person
- No need to know in advance program eligibility
- Application may only include questions necessary to determine eligibility
- No in-person interviews may be required



Help From Assisters Is Available

Various entities will help people apply for coverage

	**State Agency (e.g., Depts. Of Health / Social Services)**	**State Medicaid eligibility workers continue to help people apply for coverage and must connect them to Marketplaces, when Medicaid ineligible. They may see an increase in volume as people hear about new coverage options.**
	**Certified Application Counselors**	**Groups, such as hospitals, clinics, and non-profit organizations, that help individuals apply for Medicaid and CHIP may serve as "certified application counselor" if they undergo training and meet other requirements.**
	**Navigators**	**Marketplaces established new "Navigator" programs to help people apply for coverage. They assist with QHP enrollment, and also must be knowledgeable about Medicaid and CHIP.**
	**Non-Navigator Assisters**	**Sometimes also known as "in-person assisters," they provide services similar to Navigators.**
	**Agents/ Brokers/ Producers**	**Help people and small businesses apply for Marketplace coverage.**

Verification Procedures

- New verification rules rely primarily on electronic data sources
  - Use electronic data sources to the **maximum extent possible**
  - HHS established a federal data services hub ("the Hub") that provides a portal to federal data sources for states to electronically verify application information
    - IRS, Social Security Administration, Department of Homeland Security
  - Use existing state data sources
- Apply "reasonable compatibility standard"
  - Allow opportunity to provide "reasonable explanation" to explain discrepancy
- Regulations provide APTC/CSR verification requirements and parameters for Medicaid/CHIP verification - but states have latitude to develop their own Medicaid/CHIP verification policies

Renewals and Appeals

Renewals

- Under all coverage programs, enrollees must renewal annually

Appeals

- Right to appeal if applicant disagrees with eligibility determination

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The Marketplace and Its Role

Opened on October 1, 2013, Marketplaces were conceived as one stop shops for health insurance

Individual Marketplace

Consumers shopping for themselves will use the Individual Marketplace

SHOP Marketplace

Small businesses shopping for their employees will use the Small Business Health Options Program (SHOP) Marketplace

Marketplace Functions:

- Provide website for consumers and employers to learn about and enroll in coverage
- Determine eligibility for and facilitate enrollment in Medicaid, CHIP, APTC/CSRs, and Qualified Health Plans (QHPs)
- Set standards for and certify QHPs
- Provide consumer outreach and assistance, including call center services
- Administer risk programs, including risk adjustment, reinsurance, and risk corridors

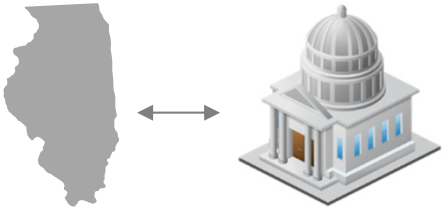
Residents of All States Have Access to Marketplaces

Three Marketplace Options for States

State-Based Marketplace

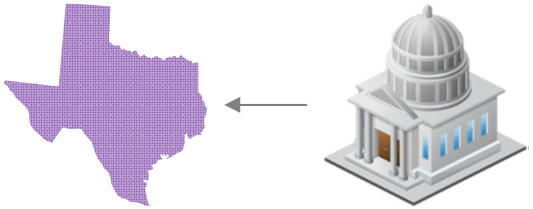
State operates all Marketplace functions; state may use federal government services for certain activities.

State Partnership Marketplace



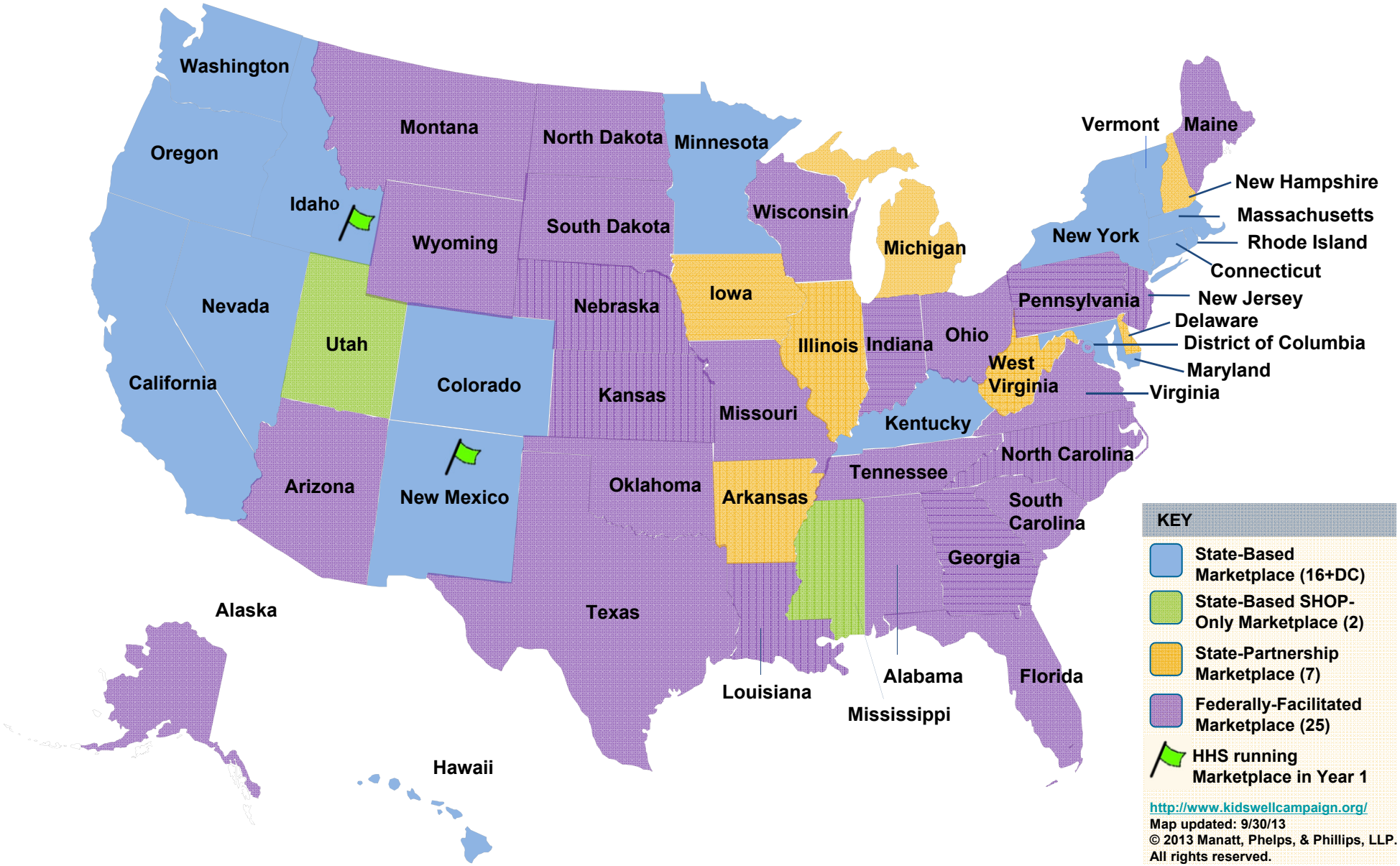
State takes on some responsibility for running Marketplace, such as providing consumer assistance or managing which QHPs are offered. However, the Federal government performs the remaining functions.

Federally-Facilitated Marketplace



HHS operates all functions.

State Marketplace Decisions for 2014



What is a Qualified Health Plan?

QHPs must:

- Provide plan designs consistent with metal levels
- Provide "Essential Health Benefits" (EHBs)
- Ensure sufficient choice of providers
- Be accountable for performance on clinical quality measures and patient satisfaction
- Implement a quality improvement strategy (delayed)
- Provide standardized consumer information

Premiums paid by consumer

Platinum: Expected to cover 90% of the cost of benefits on average (90% AV)

Gold: Expected to cover 80% of the cost of benefits on average (80% AV)

Silver: Expected to cover 70% of the cost of benefits on average (70% AV)

Bronze: Expected to cover 60% of the cost of benefits on average (60% AV)

Catastrophic: HDHP for individuals up to age 30 or individuals exempted from mandate

Share of costs covered by insurance company

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

Who Is Eligible to Enroll in a Qualified Health Plan?

Consumers applying through Marketplaces must be:

- Resident of the state in which they are applying for coverage
- U.S. citizens or lawfully present
- Not incarcerated

Enrollment Period & Coverage Effective Date

- Initial Open Enrollment: October 1, 2013 – March 31, 2014
- 2015 Open Enrollment: November 15, 2014 – January 15, 2015
- Individuals may qualify for a Special Enrollment Period at any time during the year.

Plan Selection Date	Coverage Effective Date
Oct. 1 - Dec. 23, 2013	Jan. 1, 2014
Between 1st and 15th of Jan, Feb, or Mar 2014	First day of following month
Between 24th and 31st of Dec 2013, or 16th and last day of Jan, Feb, or March 2014*	First day of second following month
Nov. 15, 2014 - Dec. 15, 2014**	Jan. 1, 2015
Dec. 15, 2014 - Jan. 15, 2015**	Jan. 1, 2015

*Exchange may allow issuers to provide for a coverage effective date of January 1, 2014 for plan selections received after December 23, 2013 and on or before January 31, 2014, if a QHP issuer is willing to accept such enrollments. 155.410(c)(1)(v)
**Proposed December 2, 2013 at Federal Register, Vol. 78 No. 231

What Is a Premium Tax Credit?

- Federal tax credit to help subsidize the cost of purchasing a QHP through Marketplace
- Reduces cost of plan's premium
- Available to consumers with incomes from 100% – 400% FPL
- Available in advance and/or at tax filing time
  - If paid in advance, known as an "Advance Payment of the Premium Tax Credit" or "APTC"
- May be used to help purchase any metal level plan
  - Silver-level plans allow for the opportunity to also obtain cost sharing reductions

Who's Eligible For a Premium Tax Credit?

Individuals are eligible for a premium tax credit if they:

- Enroll in a QHP
- Have projected annual income between 100% - 400% FPL (with exception for legal immigrants).
- Lack access to other coverage that meets some basic standards ("minimum essential coverage"), **including Medicaid/CHIP**. People with limited Medicaid coverage may still be eligible for an APTC.
- Meet various tax-based requirements
  - Plan to file a federal tax return
  - If married, plan to file a joint tax return
  - Not eligible to be claimed as a tax dependent on someone else's tax return

Special Rule for Lawfully Present Individuals Below 100% FPL

- Immigrants with incomes below 100% FPL who are lawfully present and ineligible for Medicaid because of their immigration status may be eligible for an APTC.
- They must also meet all of the other APTC eligibility criteria that apply to individuals with incomes >100% FPL.

Key Premium Tax Credit Concepts

Minimum Essential Coverage (MEC)

- Coverage must meet affordability and minimum value tests
- Access to MEC disqualifies someone from receiving APTC/CSRs

Three ways to take the Premium Tax Credit

- Approaches: In advance; at tax filing time; and in combination

APTC will be reconciled at year end

- If IRS finds an individual has to repay credits, there is a cap on the amount they have to pay back
- Cap is a sliding scale based on income

Cost Sharing Reductions (CSRs)

- In general, families are eligible to receive CSRs to help with out-of-pocket costs (not premiums) if they qualify for an APTC and have income < 250% FPL
- CSR amount depends on a person's income – more help is available to people at lower income levels
- Insurance affordability program applicants are automatically assessed for CSRs
- Special cost sharing protections for members of federally-recognized Indian tribes

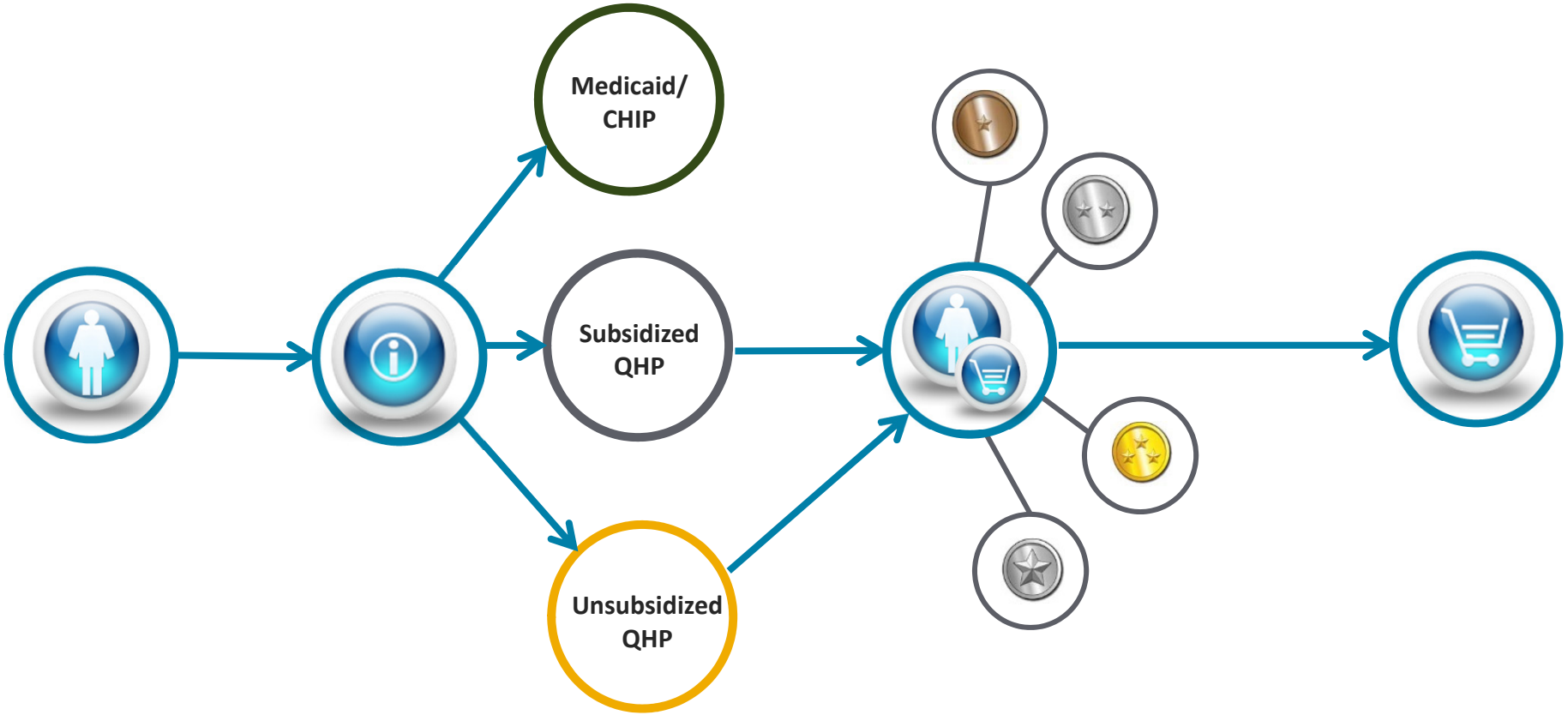
Who's Eligible for Cost Sharing Reductions?

Individuals are eligible for CSRs if they:

- Meet the eligibility criteria for APTC
- In general, have annual household income below 250% FPL for the coverage year
  - Exception for members of federally-recognized Indian tribes
- Enroll in a silver level plan.
  - Exception for members of federally-recognized Indian tribes

Plan Selection Through the Marketplace

1. Applies for Coverage
2. Receives Eligibility Determination
3. Shops, Compares, & Chooses Plan
4. Enrolls in Plan



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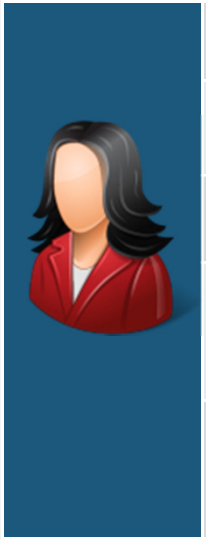
The New Vision for Medicaid and CHIP

- **Coverage Expansion**: Expands eligibility for low-income adults with federal funding
- **Single, Streamlined Application**
- **Simplified Eligibility and Enrollment Rules**:
  - "MAGI-based rules"
  - Simplified Medicaid eligibility groups
  - Electronic data sources to verify information
  - Coordination across Insurance Affordability Programs
- **Modernized Eligibility Systems**
- **Children's Coverage Improvements**

Who Can the Expansion Cover? At What Matching Rate?

The New Adult Group



- Under age 65
- Income below 133% FPL
- Not pregnant
- Not entitled to or enrolled in Medicare Part A
- Not in any other mandatory Medicaid eligibility group

Year	Enhanced Federal Funding for Newly Eligible Adults up to 133% FPL	
	State Share	*Federal Share*
2014	0%	100%
2015	0%	100%
2016	0%	100%
2017	5%	95%
2018	6%	94%
2019	7%	93%
2020+	10%	90%

Eligibility & Enrollment Simplifications: MAGI-Based Rules

- Modified Adjusted Gross Income (MAGI) is new income methodology used to determine eligibility for Medicaid, CHIP and new tax subsidies:
  - MAGI rules are based on IRS definitions of income and household
  - Allows for coordination across programs
- Medicaid implications:
  - New process and rules apply for individuals who apply beginning on October 1, 2013 for coverage effective January 1, 2014
  - A general disregard of income equal to 5 percentage points of the FPL is applied when it would affect a consumer's eligibility for coverage
  - Eliminates asset/resource test

Eligibility & Enrollment Simplifications: Consolidated Eligibility Groups & New Adult Group

Old eligibility groups for people without a disability are consolidated into three primary "MAGI-based" eligibility groups and a new group for adults is added:

Children

Pregnant Women

Parents and caretaker relatives

Adults age 19-64

Non-MAGI Populations

States continue to use *existing* income and household composition rules for other Medicaid eligibility groups, including:

- Aged, Blind, Disabled
- Medically needy individuals
- Populations for whom income is not an eligibility factor, such as foster care children

Children's Coverage Improvements

Creating Equity in Medicaid Coverage for Children Across Age Groups

As of January 1, 2014, all children up to age 19 with family incomes < 133% FPL must be made eligible for Medicaid

- Children ages 6 to 19, 100% - 133% FPL in separate CHIP program will move to Medicaid.
- States will continue to receive enhanced CHIP federal match for uninsured children moved to Medicaid

Maintenance of Effort

States must maintain Medicaid and CHIP coverage for children at no less than the level in place on March 23, 2010 (date ACA signed) through 2019

Former Foster Youth

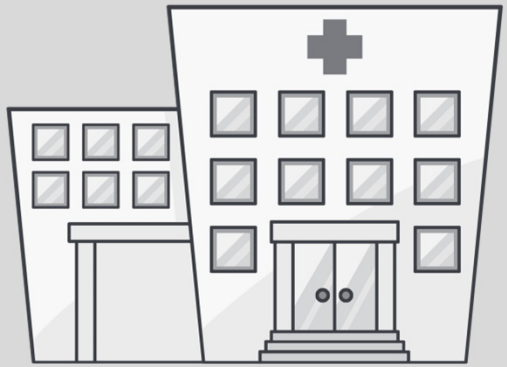
States must allow children under 26 who were in foster care in the state and covered under Medicaid when they were 18 to remain covered

Hospital-Based Presumptive Eligibility

In all states, hospitals may now determine individuals to be presumptively eligible (PE) for Medicaid. This is not a state option.*

Requirements for Hospitals:

- Participate as a Medicaid provider
- Notify the state they will make PE eligibility determinations
- At state option, assist individuals in completing and submitting the full application
- At state option, meet performance standards.



*States continue to have the option to allow additional qualified entities to conduct presumptive eligibility.

Certain Existing Eligibility Rules Remain in Place

Retroactive Coverage

- Medicaid coverage is available up to 3 months prior to the month the individual applies if the individual would have been eligible and received Medicaid services during that time period

Emergency Medicaid

- Individuals who qualify for Medicaid but for their immigration status continue to qualify for coverage of emergency medical conditions.

Medicaid & Marketplace Eligibility Coordination

- Consumers are ineligible for APTC/CSRs if they are eligible for Medicaid or CHIP
- Marketplace must assess/determine eligibility for Medicaid and CHIP before evaluating eligibility for the Marketplace
- States have two basic choices –

1. **Determination model** –
   - Marketplace determines Medicaid/CHIP eligibility
   - State Medicaid or CHIP Agencies enrollment based on Marketplace determination
2. **Assessment model** –
   - Marketplace assesses potential Medicaid/CHIP eligibility
   - When applicants appear eligible, Marketplace transfers account to the state Medicaid/CHIP agency for a final eligibility determination

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Individual Shared Responsibility Payment

Beginning in 2014, each individual must have basic health coverage (minimum essential coverage) for each month, qualify for an exemption, or pay a fee (the shared responsibility payment) when filing his or her federal income tax return.

Reason for Shared Responsibility Provision

- Designed to support private market insurance reforms
- In the absence of this requirement, individuals might wait until they got sick to purchase insurance, making it impossible to sustain the private insurance market reforms

Minimum Essential Coverage

Certain types of health coverage count as minimum essential coverage. People who have minimum essential coverage will not be assessed a shared responsibility payment.

- Basic health coverage that meets certain standards
- Major examples include:
  - Individual market policies
  - Job-based coverage
  - Medicare, Medicaid, CHIP, TRICARE and certain other coverage

Individual Shared Responsibility Payment Grows Over Time

	 *per adult*	 *per child*	 *per family*		*% of family income above tax filing threshold*
2014	**$95**	**$47.50**	**$285** max	*or*	**1%** *family income*
2015	**$325**	**$162.50**	**$975** max		**2%** *family income*
2016 *and beyond*	**$695**	**$347.50**	**$2,085** max		**2.5%** *family income*

whichever is greater

Exemptions From the Shared Responsibility Payment

1. Individuals who cannot afford coverage
2. Individuals with household income below the federal tax filing threshold
3. Members of federally-recognized Indian tribes and other individuals eligible for services through an Indian health care provider
4. Individuals who experience a hardship. If people apply for Medicaid and are denied solely because their state did not expand Medicaid, they may apply for a hardship exemption.
5. Individuals who experience a short coverage gap of < 3 months
6. Members of certain religious sects
7. Members of a health care sharing ministry
8. Incarcerated individuals
9. Individuals who are not lawfully present

Apply for exemption through Marketplace

Individuals who decide to make the shared responsibility payment are uninsured and thus responsible for all healthcare costs.

Future Topics

Interested in learning more about today's topics? Join one of our upcoming webinars!

Medicaid 101 (March 12).

- Understand the Medicaid eligibility and enrollment changes under the ACA. Review which states have decided to expand Medicaid and the implications of this decision. Understand the new benefit requirements for adults covered as a result of the Medicaid expansion. Find out how Medicaid fits within the continuum of coverage opportunities available under the ACA. Register today!

Advance Payments of Premium Tax Credits (APTCs) and Cost-Sharing Reductions (CSRs): A Practical Guide (March 19).

- Learn about the financial and nonfinancial eligibility criteria for APTCs and CSRs. Gain insights into the options for using APTCs to purchase plans. Learn the two ways APTCs can be received. Take a detailed look at how the APTC is calculated. Get an in-depth view of the income measure (Modified Adjusted Gross Income) used to evaluate eligibility and calculate the size of APTCs and CSRs. Register today!

Advance Payment of the Premium Tax Credit Reconciliation (March 26).

- Understand what reconciliation is, how it works and how to calculate it through real-world examples. Discover effective strategies for minimizing APTC repayment, including accurately projecting household size and income, taking less tax credit in advance and promptly reporting household and income changes. Get a step-by-step guide to obtaining and reconciling APTCs. Register today!

Qualified Health Plan Selection: The Keys to Choosing the Right Option (April 2).

- Learn about the factors to consider when selecting a Qualified Health Plan. Identify the key considerations to take into account beyond cost, including provider networks and formulary designs. Explore the interplay between premiums and cost-sharing across metal levels, as well as for catastrophic coverage. Walk through specific, real-life examples that demonstrate the implications of premium and cost-sharing options for consumers, depending on their ages, incomes and health needs. Register today!

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Private Insurance Market Reforms & Shared Responsibility Payment

Appendix

2013 Federal Poverty Level (FPL)

The Federal Poverty Level is used to identify who qualifies for insurance affordability programs. The Federal Poverty Level is updated annually.

2013 Monthly Federal Poverty Level Guidelines
(all states and DC except Alaska and Hawaii)

Household Size	100%	133%	150%	200%	300%	400%
1	$957	$1,273.48	$1,426.25	$1,915	$2,872.50	$3,830
2	$1,292.50	$1,719.03	$1,938.75	$2,585	$3,877.50	$5,170
3	$1,627.50	$2,164.58	$2,441.25	$3,255	$4,882.50	$6,510
4	$1,962.50	$2,610.13	$2,943.75	$3,925	$5,887.50	$7,850
5	$2,297.50	$3,055.69	$3,446.25	$4,595	$6,892.50	$9,190
6	$2,632.50	$3,501.23	$3,948.75	$5,265	$7,897.50	$10,530

Source: *Federal Registrar*, Vol. 78, No. 16, January 24, 2013, pp. 5182-5183. Use to determine 2014 APTC eligibility.

2014 Federal Poverty Level (FPL)

The Federal Poverty Level is used to identify who qualifies for insurance affordability programs. The Federal Poverty Level is updated annually.

2014 Monthly Federal Poverty Level Guidelines
(all states and DC except Alaska and Hawaii)

Household Size	100%	138%	150%	200%	300%	400%
1	$973	$1,342	$1,459	$1,945	$2,918	$3,890
2	$1,311	$1,809	$1,966	$2,622	$3,933	$5,243
3	$1,649	$2,276	$2,474	$3,298	$4,948	$6,597
4	$1,988	$2,743	$2,981	$3,975	$5,963	$7.950
5	$2,326	$3,210	$3,489	$4,652	$6,978	$9,303
6	$2,664	$3,677	$3,996	$5,328	$7,993	$10,657

Source: *Federal Registrar*, Vol. 79, No. 14, January 22, 2014, pp. 3593-3594. Use to determine 2014 Medicaid/CHIP.