



**THE NELSON A.
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INSTITUTE
OF GOVERNMENT**

HEALTH CARE REFORM

What You Need to Know and How it Will Affect New York State

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Overview of Coverage Provisions in Congressional Bills as of 12/24/09

Issue	House	Senate
Insurance regulations	Dependent coverage to age 27; risk pools	Dependent coverage to age 26; risk pools
Mandate penalty	2.5% of the difference between MAGI and up to national average	\$95 per adult per year in 2014; \$750 in 2016; family cap of \$2,250
Insurance exchange	National; all plan types; businesses phased in; sliding scale cost share	State; private & co-op; businesses phased in; sliding scale cost share
Medicaid SCHIP	Up to 150% FPL	Up to 133% FPL
Employer responsibility	Firms \$<500,000 72.5% of premiums; small employer tax credit	Firms <50 FTE pay fee of \$750; small employer tax credit

National Health Reform Proposals, December 2009

Issue	House	Senate
Primary care	5% pay increase for PCPs; bring Medicaid to Medicare payments	10% Medicare bonus for PCP
Prevention	Remove cost-sharing; employer programs	Annual visits for Medicare; remove cost-sharing; employer programs
Payment	Medical homes; ACOs; bundled payment after pilot	Medicaid medical home; ACOs; bundled payment after pilot
Quality	Center for quality improvement	National quality strategy; public reporting
Long-term care	National voluntary insurance program via payroll and opt-out	National voluntary insurance program via payroll and opt-out

Major Areas of Similarities and Differences Between Bills

Similarities between bills	Differences between bills
<ul style="list-style-type: none"> ❖ Individual mandate ❖ Insurance exchange ❖ Premium and cost-sharing subsidies ❖ Insurance market regulations ❖ Essential standard benefit package standard ❖ Medicaid / CHIP expansion ❖ Center for Payment Innovation; pilot programs for rapid cycle testing of innovative payment methods ❖ Creating a national quality improvement strategy ❖ Improving primary care reimbursement ❖ Center for Comparative Effectiveness Research ❖ Create and expand wellness and prevention programs 	<ul style="list-style-type: none"> ❖ Employer shared responsibility ❖ Independent Payment Advisory Board to extend Medicare solvency, slow Medicare cost growth and increase quality of care ❖ Sources of revenue: surcharges on higher income vs. excise tax on high cost health plans ❖ Choice of public plan in exchange ❖ Nationally- vs. State-based exchanges

Source: Commonwealth Fund analysis of health reform proposals.

Timing of Coverage Reform Provisions

- ❖ 2010 – Bar on lifetime coverage limits; kids not subject to pre-existing condition exclusion; young people stay on parents' coverage; pre-existing conditions enroll in high-risk pools; business tax breaks; limits on insurer premiums
- ❖ 2011 – Interim state exchanges; tax increases to finance reforms
- ❖ 2012 – Increased Medicaid payments for PCP; counting DSH reductions
- ❖ 2013 – House version starts mandate, state exchanges, ban on pre-existing condition exclusion
- ❖ 2014 – Senate version starts mandate; no rejections for pre-existing conditions; state exchanges
- ❖ 2015 – Senate extends SCHIP, and the match level increases in 2016
- ❖ 2017 – States may pay for larger share of Medicaid cost, lose DSH funds

Examples of State Role in Financing

- ❖ New public insurance eligibility levels – Senate finance committee bill may result in new net cost (estimated at over \$1 billion); House bill = savings
- ❖ Woodwork – Enhanced state match may not apply to those already eligible for public insurance but not currently enrolled (close to 900,000 people in NY)
- ❖ Administrative – Enrolling thousands more people, creating new administrative entities, coordinating programs, assisting people with new options, etc.
- ❖ Potential loss of DSH funds may not equal decrease in DSH costs
- ❖ Potential Cadillac tax may affect cost of public employees' benefits

Examples of State Role in Administration

- ❖ Create and oversee state insurance exchanges
- ❖ Regulate products and rules within exchanges
- ❖ Regulate small group & individual markets
- ❖ Provide wraparound services or additional subsidies
- ❖ Enforce individual or employer mandates

Examples of State Role in Implementation

- ❖ Update legislation, programs, and processes
- ❖ Request waivers from federal rules if needed
- ❖ Inform residents about options; provide outreach
- ❖ Create technology to link old & new programs
- ❖ Ensure services and programs mesh
- ❖ Create new forms and eligibility processes
- ❖ Assist citizens through the process
- ❖ Expand capacity to deal with new enrollees