

Implementation of the Affordable Care Act in California

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What I Will Talk About Today

- The Patient Protection and Affordable Care Act of 2010 (the ACA or “Obamacare”)
- Current ACA Implementation in California
- Future ACA Implementation in California

The Patient Protection and Affordable Care Act of 2010 (the ACA)

Goals of Health Care Reform

Improve Access to Health Care via Insurance Expansion

- 50 million uninsured estimated in 2010, 55 million in 2012
 - Improve access to primary and specialty care.
 - Improve affordability of health care premiums and out-of-pocket spending.
 - End insurance company practices that are harmful to consumers.

Reduce Spending in the Health Care System (i.e. “Bend the Cost Curve”)

- \$2.9 trillion dollars in overall spending (18% of GDP) in 2013
 - One-third of health care spending is attributed to fraud and waste.
 - Overuse of services, geography and fee-for-service incentives are often blamed.

Improve Quality and Patient Safety

- Reduce medical errors, improve outcomes, coordinate care
 - Reward providers and insurers for providing high quality care.
 - Reduce readmissions and hospital-acquired infections.

Improve Wellness and Health Behaviors

- Incentivize healthy behaviors and preventive services

ACA Will Cut the Uninsured Population in Half

CBO Estimates of ACA effects on insurance coverage											
(Millions of nonelderly people)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Medicaid and CHIP	34	34	35	34	32	32	31	32	32	32	32
Employer-based	154	156	157	157	159	160	160	161	161	160	161
Nongroup and Other	25	25	25	27	28	28	31	30	30	31	31
Uninsured	55	56	56	56	56	57	58	57	59	60	60
Total	268	271	273	274	275	277	280	280	282	283	284
Change (+/-)											
Medicaid and CHIP	*	1	7	9	10	10	11	11	11	11	11
Employer-based	1	1	-1	-2	-5	-5	-5	-6	-5	-4	-4
Nongroup and Other	1	*	-1	-1	-2	-2	-3	-2	-2	-3	-3
Exchanges	0	0	9	14	23	25	26	26	25	25	25
Uninsured	-2	-2	-14	-20	-26	-28	-29	-29	-29	-30	-30
Total final population											
Medicaid and CHIP	43	15.2%									
Employer-based	157	55.5%									
Nongroup and Other	28	9.9%									
Exchanges	25	8.8%									
Uninsured	30	10.6%									
Total	283	100.0%									



Changes in Offering Coverage Since ACA was Signed

- No denial of coverage for children with pre-existing conditions.
 - Effective as of September 23, 2010, for new plans.
 - For-profit insurance companies announced that they would no longer offer “child-only” policies.
 - * California (along with six other states) legislatively punished insurance companies for not offering coverage.

- Parents can keep their children on their group coverage through age 26, even without student status.
 - Effective as of September 23, 2010, with yearly plan renewal.
 - 2.5 million people have enrolled in their parent’s coverage as of March 2012.

- Two temporary public coverage expansions
 - “Pre-existing condition” pools (uninsured 6+ months, pay about \$250 per month)
 - Early Retiree Reinsurance Program (ages 55-64, companies decide benefits)
 - Have already begun and will end by January 1, 2014.

Changes in Private Coverage Benefits Since ACA was Enacted

- Applies to *all* plans, as of September 23, 2010.
 - Elimination of lifetime limits on coverage.
 - Elimination of rescissions.

- Applies to *new* plans only, as of September 23, 2010.
 - All preventive services must be included, at no charge.
 - * “Preventive Services” as designated with an A or B rating by the U.S. Preventive Services Task Force or inclusion in ACIP recommendations.
 - Direct access must be granted to OB/GYNs and Pediatricians.

- “Grandfathered” status determines whether or not a plan is considered “new” as of the plan renewal.
 - Plans lose their grandfathered status with “significant” changes to costs or benefits.

What Will Happen Soon to Public Programs Under the ACA

- Medicaid eligibility expanding to include *everyone* with household income under 138% FPL, on January 1, 2014.
 - Includes childless, poor, able-bodied adults for the first time.
 - Excludes undocumented immigrants.
- Originally, ACA tied this expansion to current Medicaid funding.
 - The Supreme Court eliminated that in June 2012.
 - Medicaid expansion is now voluntary.
- 13 million people expected to be covered under the expansion.
- CHIP sunsets in 2015.

Current ACA Implementation in California

Changes in California's Current Public Programs

- LIHP Program - Coverage program for medically indigent adults
 - “Bridge to Health Care Reform”
 - * Expansion & extension of 10-county pilot program
 - Prepare California for seamless transition to health care reform in 2014.
 - * Ends December 31, 2013
 - * Enrollees move to Medi-Cal or the Exchange
 - Goals: build network capacity, enroll eligible population, provide coordinated & high quality care to bend the cost curve, transition to 2014
 - * Counties, other governmental entities apply
 - * Funded locally – Federal Reimbursement at 50% FMAP

- Healthy Families movement to Medi-Cal
 - Gov. Brown is currently implementing moving all Healthy Families children (800,000) into a Medi-Cal expansion program, to be completed by December 31, 2013.
 - Main issues are differences in coverage, premiums, and access to providers.

Changes in CA from the ACA

- Providing new coverage options for young adults
 - As of December 2011, 435,000 young adults in California gained insurance coverage.
- Making prescription drugs affordable for seniors
 - In California, people with Medicare saved over \$453.8 million on prescription drugs since the law's enactment.
- Covering preventive services with no deductible or co-pay
 - In 2011 and 2012, 8,061,000 Californians with private health insurance gained preventive service coverage with no cost-sharing.

Covered California

- Our new health insurance “marketplace” under the ACA.
 - Used to be called the Exchange.
- Will open for enrollment in October 2013.
 - Enrollment period is open until March 2013.
 - Will be closed unless enrollee has a “qualifying event” until November 2013.
- www.coveredca.com

California's Medicaid Expansion

- Governor Jerry Brown suggested that California expand the low-income insurance program on a county-by-county basis.
 - Builds off of LIHP, which was our “bridge to health care reform.”
 - Shift responsibility to the counties.
 - * Counties would be responsible for setting payment rates, processing claims and developing provider networks.
 - No guarantee that state will not “clawback” the funding, though.
- Legislature's view: a statewide plan for people newly eligible under the expansion.

California Legislation in Discussion

- ABX1 1/SBX 1 1– Medi-Cal Eligibility:
 - implements key ACA provisions to expand Medi-Cal eligibility to childless non-elderly adults with incomes up to 138% of FPL, and streamlines eligibility/enrollment process
- ABX1 2/SBX1 2 – Health Care Coverage:
 - prohibits insurers from charging more based on health status or denying coverage due to pre-existing conditions, and limits how much more insurers can charge based on age, geography and family composition

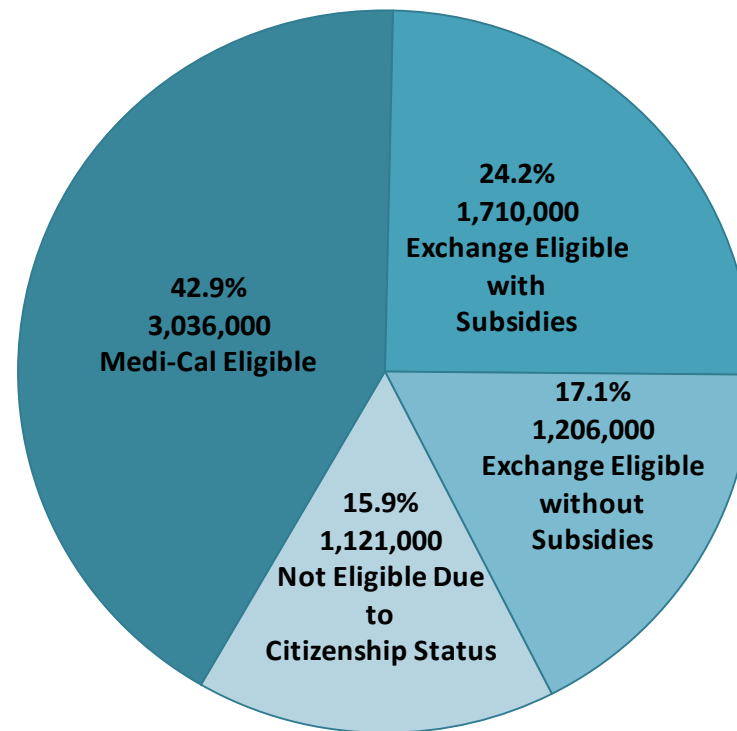
California Legislation in Discussion

- SBX1 3 – Bridge Plans in the Exchange:
 - allows the sale of bridge plans in the Exchange for lower-income Californians, and exempts bridge plan products from the requirement to offer each of the 5 tiers of coverage
- Bills to Expand Scope of Practice for Non-Physicians (SB 491, SB 492, SB 493, SB 352)
 - Would expand scope of practice for non-physicians to address provider shortage problems, i.e. nurse practitioners, optometrists, pharmacists, and physician assistants.
- SB 809 - Legislation to Upgrade Prescription Drug Monitoring Database
 - Would upgrade a database (CURES) that monitors physicians who overprescribe certain medications.

Future ACA Implementation in California

Three Million Californians will Be Medi-Cal Eligible in 2014

Total Uninsured All or Part Year: 7,072,000



Notes: Numbers may not add to 100% due to rounding.

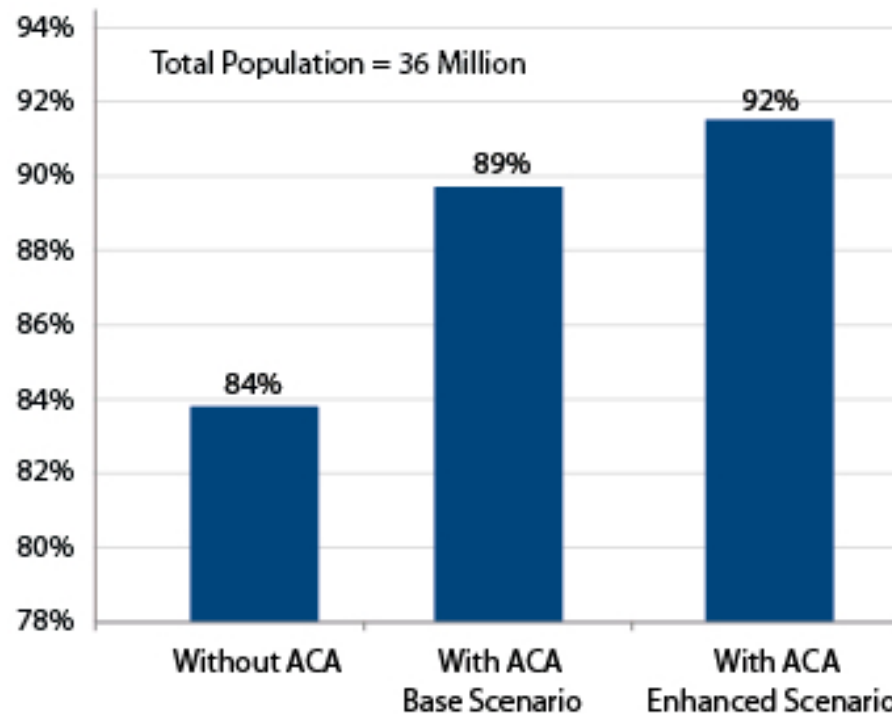
Source: 2009 California Health Interview Survey

Citation: Lavarreda, SA and Cabezas L (2011). *Two-thirds of California's 7 Million Uninsured May Obtain Coverage Under Health Care Reform.*

Policy Brief: UCLA Center for Health Policy Research.

Nine Out of 10 Non-elderly Californians Will Be Covered Under Affordable Care Act

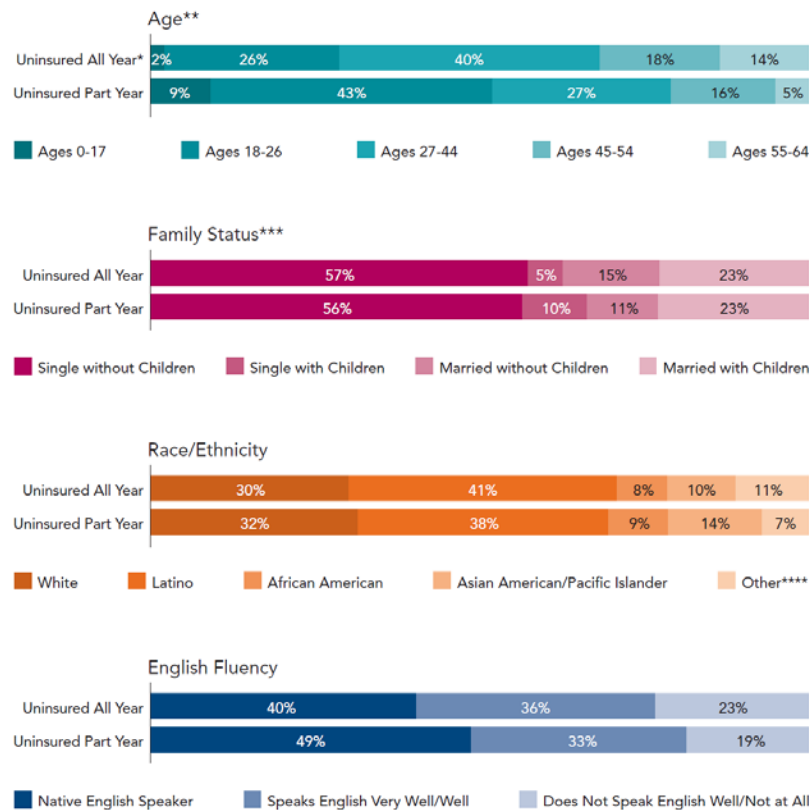
Percentage of Non-Elderly Population With Insurance in California, 2019



Source: UC Berkeley–UCLA CalSIM model, Version 1.7

Newly Eligible for Medi-Cal are Young, Single, and Latino

Sociodemographic Characteristics of the Population Newly Eligible for Medi-Cal under ACA, California, 2009



* The distribution is statistically different between uninsured all year and uninsured part year.

** Children ages 0-5 with monthly family incomes greater than 133% FPL and annual family incomes of 133% FPL or lower are included.

*** Married couples with children only include those with incomes of 100-133% FPL who are not currently eligible for Medi-Cal but will be newly eligible under ACA.

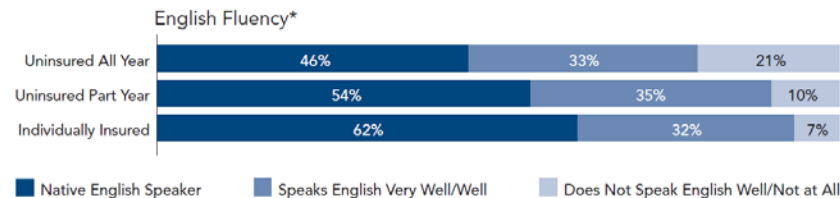
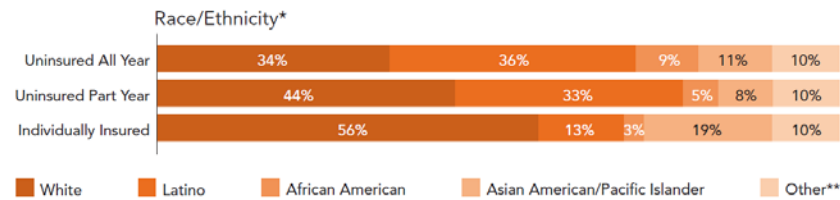
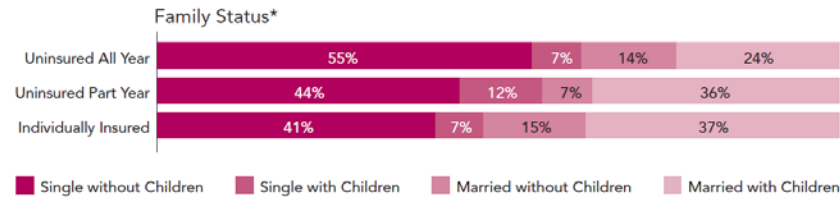
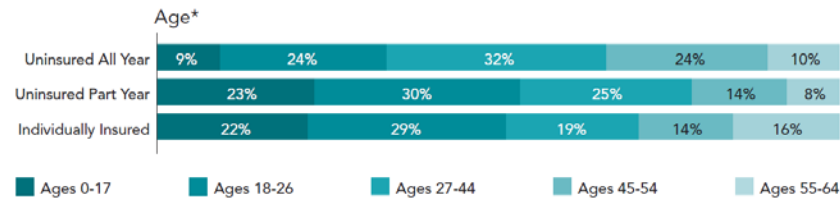
**** Other includes American Indian and Alaska Native and mixed/multiracial individuals.

Note: Totals may not add to 100% due to rounding error.
Source: 2009 California Health Interview Survey

Source: "Californians Newly Eligible for Medi-Cal Under Health Care Reform?" Pourat, Martinez, and Kominski, 2011.

Exchange Eligible are Older and non-Latino

Sociodemographic Characteristics of the Uninsured and Individually-Insured Exchange Eligible with Subsidy, California, 2009



Source: "Who Can Participate in the CA Health Benefits Exchange?" Pourat, Kinane, and Kominski, 2011.

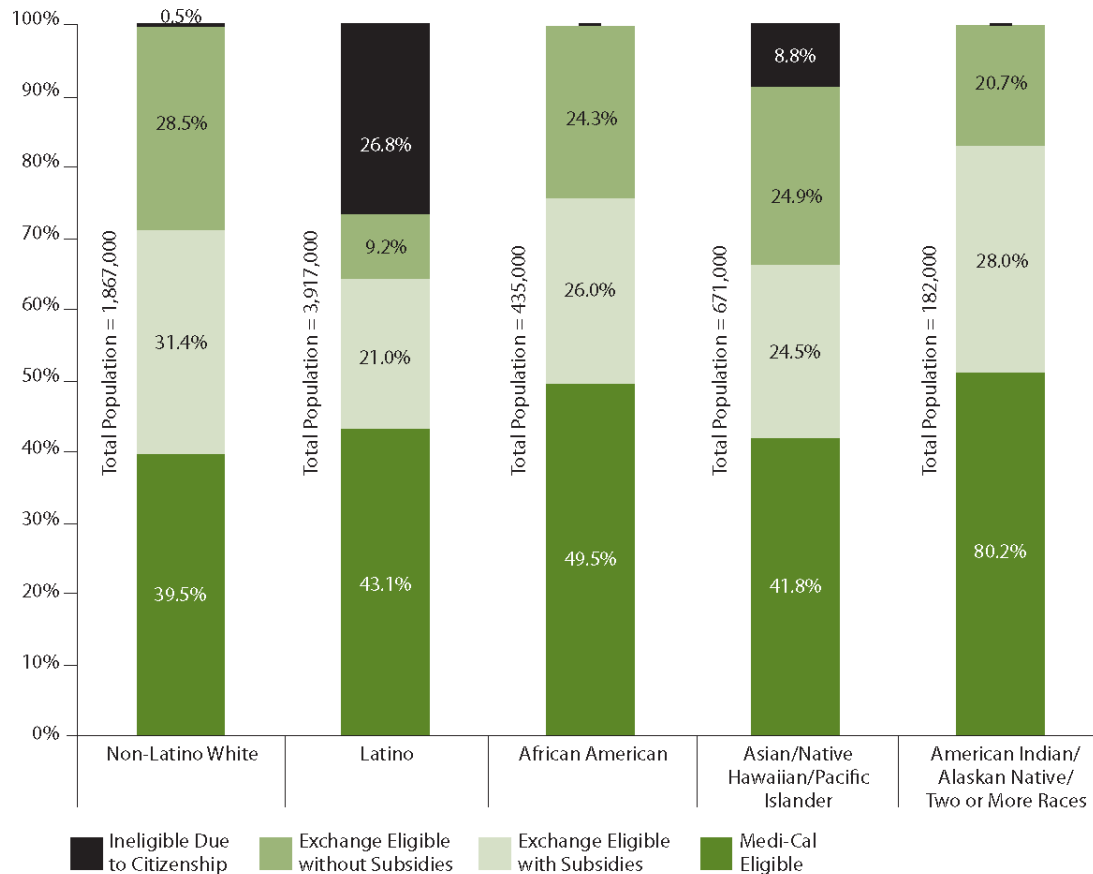
* The distribution is statistically different between categories of insurance status.

** Other includes American Indian and Alaska Native and mixed/multiracial individuals.

Note: Totals may not add to 100% due to rounding error.

Source: 2009 California Health Interview Survey

Eligibility for ACA Expansions by Racial/Ethnic Group among Uninsured Adults in California



Note: Numbers may not add to 100% because of rounding.
 – Unstable estimate due to coefficient of variation greater than 30%.
 Source: 2009 California Health Interview Survey

Citation: Lavarreda SA, Cabezas L, Jacobs K, Roby DH, Pourat N, and Kominski G (2012). *The State of Health Insurance in California: Findings from the 2009 California Health Interview Survey*. Report. UCLA Center for Health Policy Research.



Thank You!

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