



The Affordable Care Act: What does it mean for Kansas?

Topeka, Kansas • December 9, 2010

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Kansas Health Institute

The Kansas Health Institute is an independent, nonprofit health policy and research organization that informs policymakers about important issues affecting the health of Kansans.

Our mission is to inform policymakers by identifying, producing, analyzing and communicating information that is timely, relevant and objective.



What is in the ACA?

- Insurance market reforms
- Health insurance exchanges and federal credits and subsidies
- Medicaid expansion
- New consumer and employer responsibilities
- Safety net funding
- Workforce development and expansion
- Focus on health equity



Insurance Market Reforms

- Several provisions were implemented within the first six months of passage
 - Dependent coverage to age 26
 - Prohibition on pre-existing condition exclusions for children
 - Federal high risk pool
 - No lifetime or annual caps
 - Medical loss ratio rules
 - Planning and implementation funding



Market Reforms Already Implemented

Dependent Coverage Up to Age 26: Impact in Kansas

Previously, most insurers set age of dependency at either 19 or 23

72,000 uninsured Kansans between the ages of 19-25

BCBS of Kansas, BCBS of Kansas City, and Coventry implemented this rule ahead of schedule



Market Reforms Already Implemented (continued)

No Pre-existing Condition Exclusions for Children: Impact in Kansas

BCBS of Kansas, Coventry, Humana, and Aetna all withdrew from child-only policy market

BCBSKC still offering child-only policies

Plans that discontinued offering new child-only policies did not drop children in existing policies

Child-only policies not huge share of market

75,000 Kansas children are uninsured

Federal government and states are looking at policy and legislative solutions to adverse selection concern



Market Reforms Already Implemented (continued)

Federal High-Risk Pool: Impact in Kansas

Operated by the Kansas Health Insurance Association (KHIA)

Coexists with state-run high risk pool, which has under 2,000 beneficiaries

\$36 million in funding initially allocated for Kansas

Initial uptake has been low; as of December 2010, the total number of enrollees was 121 in Kansas

HHS is exploring changes to increase uptake

The ACA limits out-of-pocket costs to current Health Savings Account limits (roughly \$6,000 for individual policies, \$12,000 for family policies); the federal pool in Kansas is currently only offering individual policies.



Market Reforms Already Implemented (continued)

No Lifetime/Annual Limits: Impact in Kansas

Lifetime limits are prohibited for all plans; annual limits are prohibited for all plans except grandfathered individual plans

Limit rules only apply to “essential health benefits”

Potential increase in premium rates due to these provisions, but not large



Market Reforms Already Implemented (continued)

Medical Loss Ratio: Impact in Kansas

Many large group insurers meet the 85% threshold, small group and individual insurers may have to make adjustments to reach 80% threshold

Over 6% of Kansans are insured through individual or direct purchase plans; percentage among adults aged 19-64 is greater

The National Association of Insurance Commissioners was tasked with developing the standards



Market Reforms Already Implemented (continued)

Planning and Implementation Funding: Impact in Kansas

Kansas Insurance Department

- Premium Review Grant (\$1M)
- Consumer Education Grant (\$270,000)
- Exchange Planning Grant (\$1M)



Market Reforms Already Implemented (continued)

Other Reforms Instituted

Preventive services to be provided by many private insurers at no cost to beneficiary

Rescissions prohibited except in cases of fraud or intentional misrepresentation

Temporary reinsurance program

Small business tax credits to help offset costs of coverage



Insurance Market Reforms Scheduled for 2014

2014 Market Reforms: Impact in Kansas

Guaranteed issue, prohibition on pre-existing condition exclusions extends to adults, rating factors limited to age, tobacco use, geography and family composition

Many provisions will impact individual market most, almost 137,000 adults in Kansas

Currently rating bands in small group market, no rating restrictions in individual market



Health Insurance Exchanges and Federal Credits/Subsidies

- KID, KHPA, SRS and other agencies are already exploring how exchange(s) could operate in Kansas
- Of all Kansans, nearly 2/3 have incomes at or below 400% of FPL
- Of the almost 350,000 uninsured Kansans, almost 90% have incomes at or below 400% of FPL



Medicaid Expansion

- According to KHPA
 - 87,000 would be newly eligible
 - 33,000 may be currently eligible but compelled to enroll in 2014
 - An additional 11,000 “premium assistance” beneficiaries may also enter the program
- KHPA received a HRSA grant that includes an upgrade to the Medicaid eligibility system

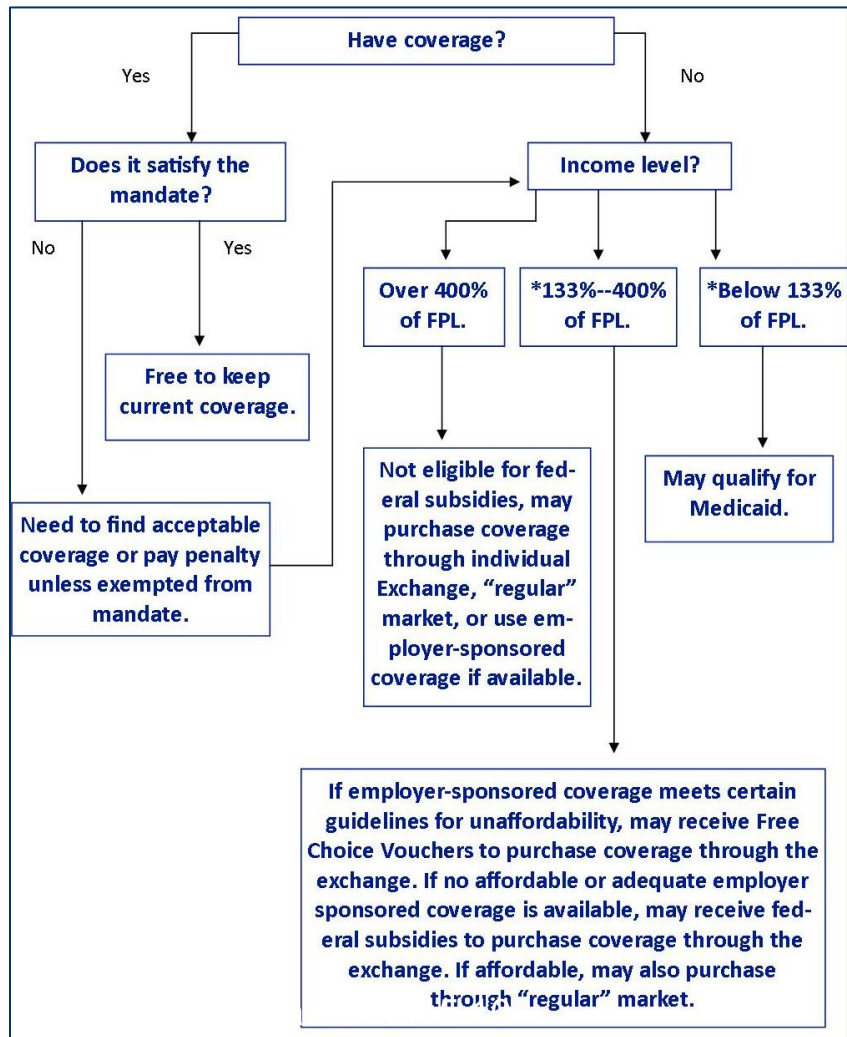


New Individual and Employer Responsibilities

- Individual mandate and employer coverage requirements begin in 2014
- Nearly 350,000 uninsured Kansans; even those with insurance will need to carry coverage that meets adequacy standards
- Slightly over 25% of private Kansas employers are large enough (50+) to be subject to penalties for failing to offer adequate and affordable coverage

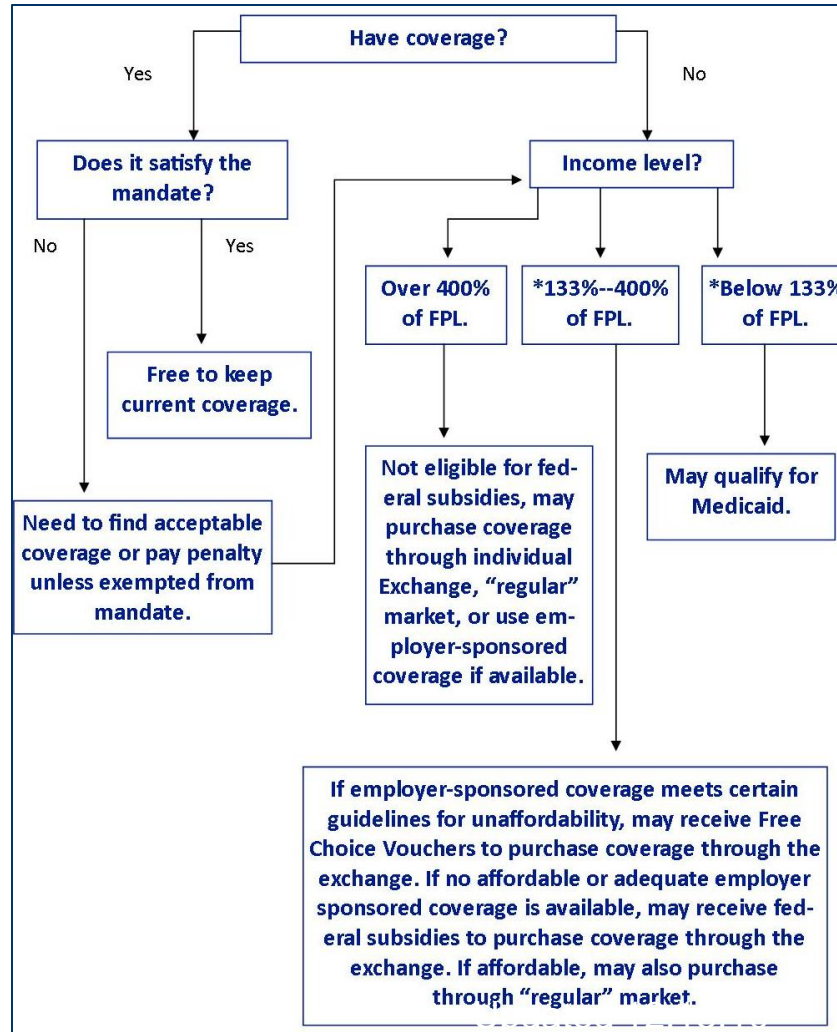


Getting Real: What will this mean for Kansas consumers?





Getting Real (continued)

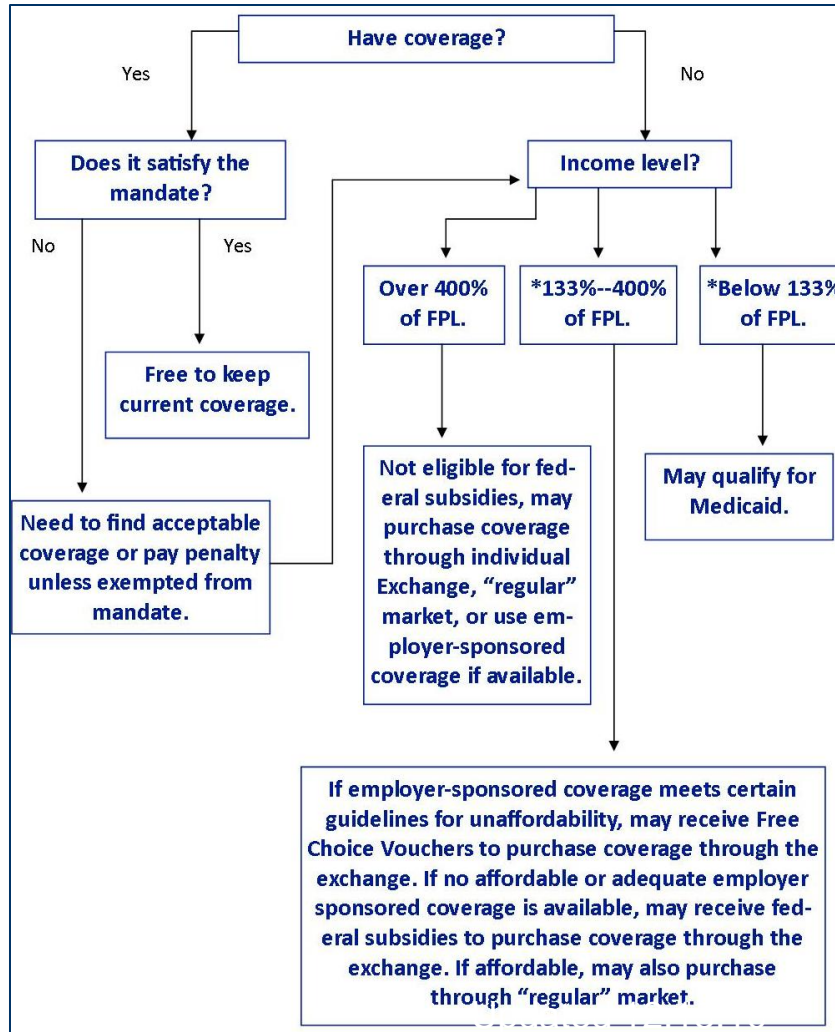


Sally

- No coverage
- Income 300% of FPL
- Employed, but employer does not offer coverage



Getting Real (continued)



Bill

- No coverage, by choice
- Income 200% of FPL
- Employed, employer offers coverage



Safety Net, Workforce Development and Health Equity

- \$11 Billion in funding to Federally Qualified Health Centers (FQHC)
- Reduction in DSH payments
- Workforce development and expansion funding
- Studies to explore inequities in health, funding for community transformation grants



Safety Net, Workforce Development and Health Equity (continued)

- 14 FQHCs and one Look-Alike in Kansas
- Many clinics and communities are actively seeking funding
- For FY '09 Kansas ranked 37th in Medicaid DSH allotments



Safety Net, Workforce Development and Health Equity (continued)

- KDHE has received the following grants;
 - Maternal, Infant, and Early Childhood Home Visitation Grant (\$936,464)
 - Building Epidemiology and Laboratory Capacity (\$299,936)
 - Health Profession Opportunity Grant (\$2,796,046)
- Kansas Department of Commerce has received;
 - State Healthcare Workforce Development (\$150,000)

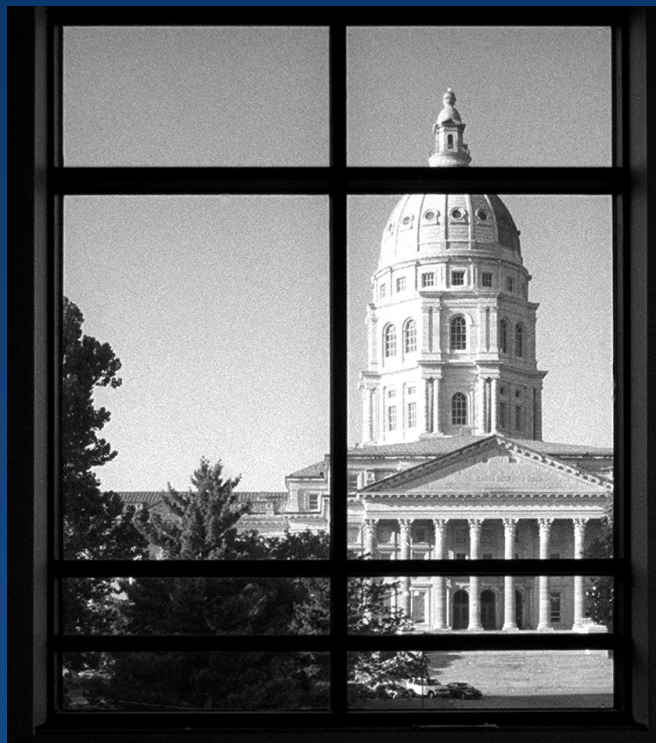


Safety Net, Workforce Development and Health Equity (continued)

- Recent CPS data shows that minority populations in Kansas have disparate rates of uninsurance;
 - Non-Hispanic White: 10%
 - Non-Hispanic Black: 18%
 - Hispanic: 36%



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Updated 12.15.10