Healthcare Reform:

Overview of changes for Californians

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Agenda

- ✓ Current CA Health Insurance Coverage
- ✓ Highlights of Affordable Care Act (ACA)
- ✓ Impact on CA with NO Insurance
- ✓ Impact on CA with Insurance
- ✓ Reform Timeline

CA Health Insurance Coverage

- ✓ 49.8% Employment-based all yr
- ✓ 24.3% Uninsured all or part of yr
- ✓ 16.5% Medi-Cal or Healthy Families all yr
- ✓ 5.2% Private all yr
- ✓ 4.3% Other all yr

Source: CHIS Policy Brief 2009

Highlights of Healthcare Reform

- ✓ Affordable Care Act signed March 2010
- ✓ Fully implemented in 2014
- ✓ Est. 94% of CA will be insured
- ✓ Bans insurers from:
  - Denying coverage due to pre-existing conditions
  - Dropping coverage of people who become sick
  - Charging higher premiums because of health issues

Highlights of Healthcare Reform

(cont'd)

- ✓ Requires employers to provide health insurance, or be subject to penalties
- ✓ Encourages small employers to provide coverage in exchange for tax credits
- ✓ Requires individuals to obtain health insurance or pay penalty, unless they qualify for certain exemptions
- ✓ Allows parents to extend health insurance to children up to age 26

Changes for Californians with No Insurance

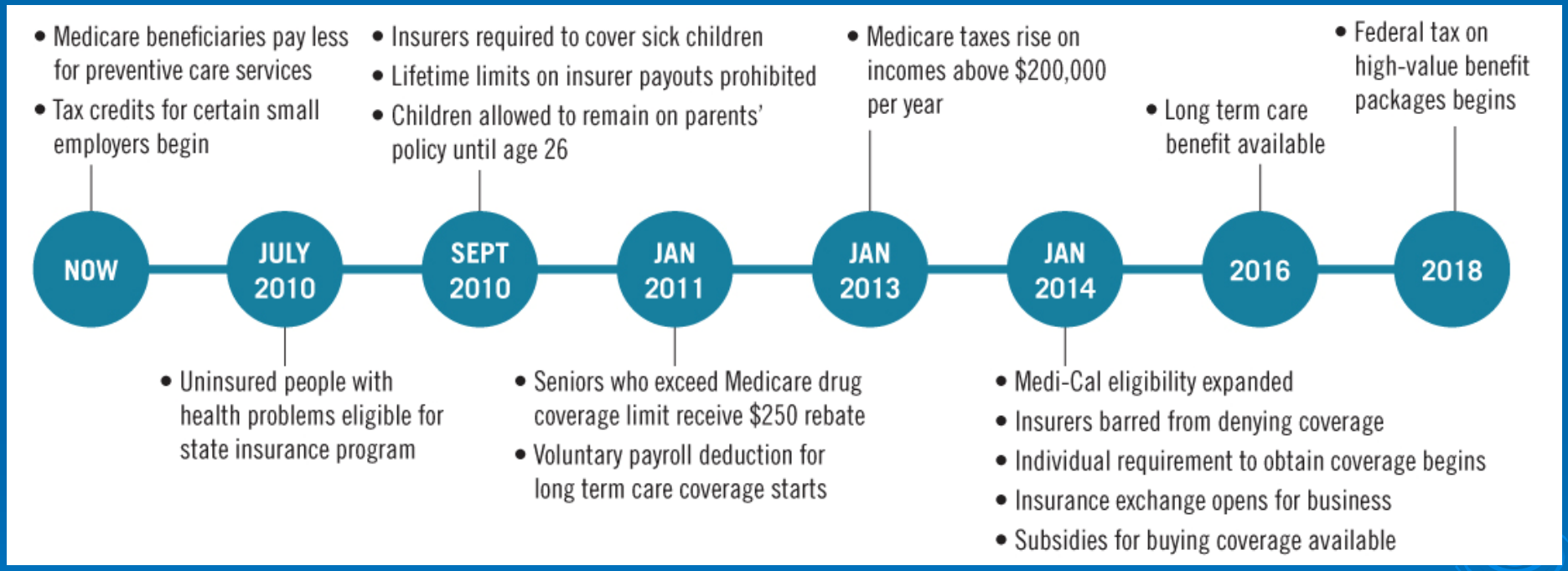
Annual Income		Coverage Options	Cost
Individual	Family of Four		
Up to $14,400	Up to $29,327	***Eligible for Medi-Cal.*** Low-income Californians who are U.S. citizens, as well as most legal immigrants, can enroll in Medi-Cal, the state's Medicaid program.	Copayments of $1 to $5 for selected services. A provider may not refuse care if a patient cannot pay for the cost of a visit.
Up to $43,320	Up to $88,200	***Eligible to buy subsidized private coverage through a new health insurance exchange market.*** Participating insurers must offer a package of "essential" benefits that covers at least 60% of health care expenses.	Buyer's share of premium may not exceed 2% of annual income at the low end of the earning scale to 9.5% at the top. Yearly limits on out-of-pocket costs also apply.
$43,321 and above	$88,201 and above	***Required to buy private coverage.*** Ineligible for subsidy.	Subject to market rates. Individuals who remain uninsured will be liable for penalties of up to 2.5% of their income unless they qualify for certain exemptions.

Source: California Healthcare Foundation

Changes for Californians with Insurance

Source of Coverage	Coverage Options	New Costs and Benefits
Employer Plan	• ***Stay in employer plan.*** If your employer continues to offer coverage, you can keep it.	Lifetime dollar limits on insurance payouts are eliminated.
Individual Policy	• ***Keep current plan.*** If your insurer continues to offer the same coverage, you can renew it. However, new policies must comply with federal minimum coverage standards; older plans that don't meet this test cannot enroll new customers. • ***Shop for coverage through the insurance exchange.*** Individuals with incomes below $43,320 can qualify for federal tax credits to help offset premium costs.	Lifetime dollar limits on insurance payouts are eliminated. Caps on out-of-pocket costs apply. Medicare taxes will increase for individuals with annual incomes above $200,000, or families earning more than $250,000.
	• ***Participate in long term care insurance.*** A new payroll deduction will allow employees to qualify for long term care benefits after a five-year waiting period. The program is voluntary; those who do not opt out will be enrolled automatically.	and can no longer be used for over-the-counter drugs. Employer-provided insurance valued at $10,200 or higher ($27,500 for families) will be subject to federal tax.
	Access to services. Physicians who treat Medicare patients in rural areas, inner cities, and other underserved areas will be paid a 10% bonus, which may make it easier for beneficiaries to obtain care.	incomes above $85,000 and households earning more than $170,000.

Reform Timeline

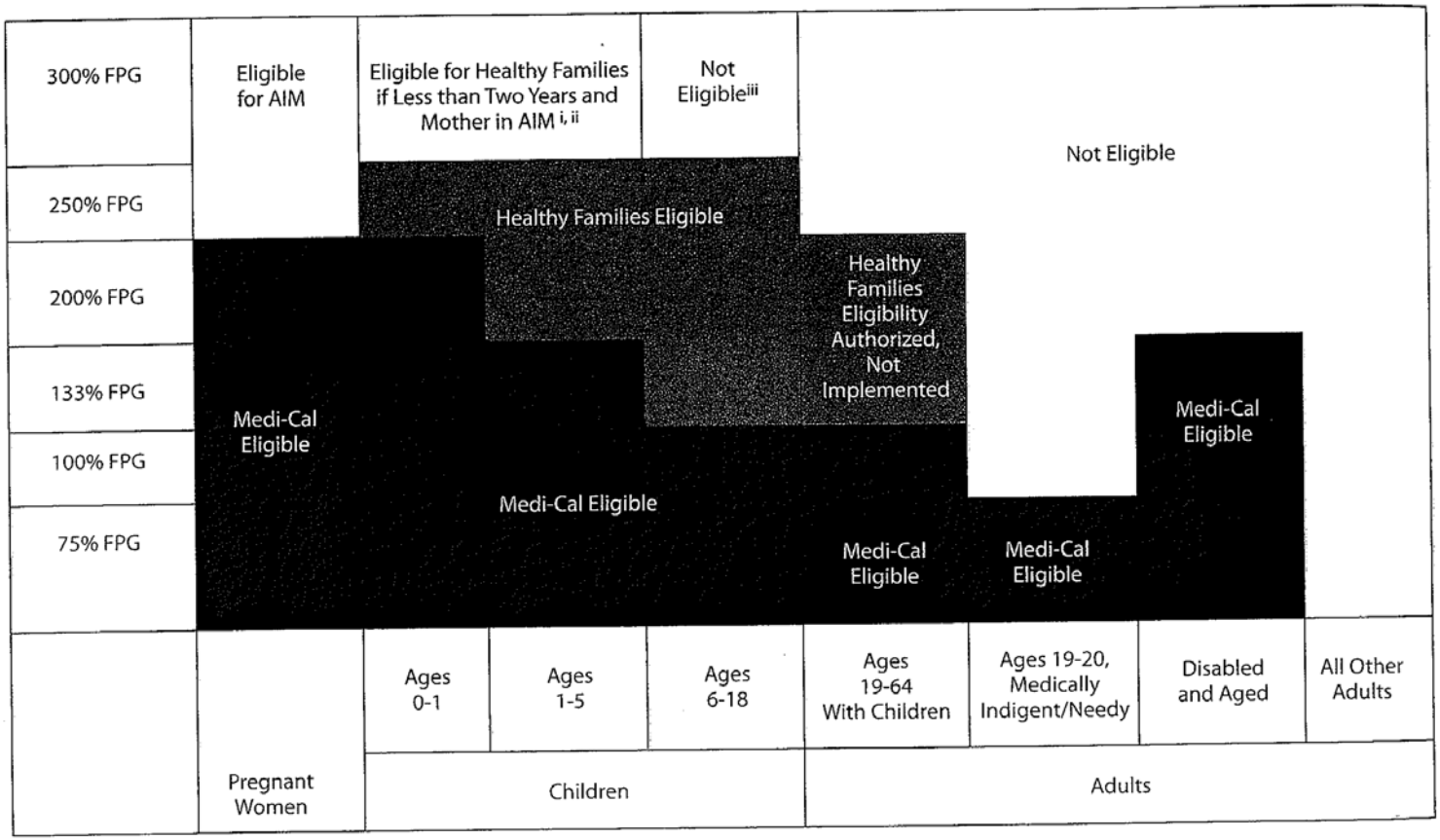


Source: California Healthcare Foundation

Reform Timeline: Public Coverage

- ✓ Medi-Cal expansion effective 2014
  - All individuals under 64, <133% FPL
  - Transition children 6-18, 100-133% from HF → Medi-Cal
  - Current/former foster children up to age 26
- ✓ Eligibility/enrollment changes 2014
- ✓ Maintenance of Effort
  - Adults → 2014
  - Children → 2019

Medi-Cal, Healthy Families and AIM Income Eligibility as Percent of Federal Poverty Guidelines (FPG), California, 2007



Notes: FPG = Federal Poverty Guidelines, which are used to administer federal means-tested programs and are similar but not identical to the Federal Poverty Levels.

[i] Pregnant women with household incomes up to 300% FPG are, however, eligible for the Access for Infants and Mothers program (AIM).

[ii] Children up to 2 years old with household incomes under 300% FPG and mothers in the AIM program are automatically enrolled in the Healthy Families program.

[iii] In 2007, 22 counties (including county regions) had county-based public-private partnership programs (most often called "Healthy Kids") that insured children through age 18 up to 300% FPG, regardless of immigration status.[12]

Medi-Cal = "full scope" Medi-Cal only, excluding eligibility for the share-of-cost program.

Reform Timeline: Health Insurance Exchange

- ✓ July 2010: HHS will establish internet portal by which resident may identify affordable coverage ins options within the state
- ✓ January 2014: Exchanges must be operational

Reform Timeline: Private Coverage

- ✓ June 2010: HHS establishes Temporary High Risk Pool through 2014
- ✓ September 2010-2014: New Insurance Standards implemented
  - Health Plans – September 2010 Highlights
    - No lifetime limits on essential benefits/restricted limits on annual coverage
    - Preventive services without cost-sharing
    - Dependent coverage up to age 26
    - No withholding of coverage for children under 19 w/ pre-existing conditions

Reform Timeline: Basic Health Plan

- ✓ January 2014: States have the option of creating a Basic Health Plan for:
  - All under age 65, 134%-200% FPL
  - Legal immigrants <133% within 5 waiting period
  - Funding comes from Fed $ that would otherwise have supported tax credits/cost-sharing had this group enrolled in the state Exchange.

Questions?