Governor Walker's Entitlement Reform & Patient Protection And Affordable Care Act (PPACA)

SCAODA

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Presentation Outline

- Governor's Entitlement Reforms
- PPACA Provision Background
- BadgerCare Plus Reforms
- BadgerCare Plus & Marketplace Estimated Enrollment
- Looking Ahead…
- Questions

Wisconsin Entitlement Reforms

- Governor Walker's proposed entitlement reforms will:
  - Ensure every Wisconsin resident has access to affordable health insurance
  - Create a BadgerCare Plus program that is sustainable
  - Help more Wisconsin citizens become independent and rely less on government health insurance
  - Maintain the health care safety net for those who need it the most

Wisconsin Entitlement Reforms

- Governor Walker's proposed entitlement will specifically:
  - Reduce the number of uninsured non-elderly adults by 50%, from 14% to 7%

Current Population	Current Uninsured	BC+ Enrolled	Exchange Enrolled	Total Enrolled	Uninsured Post ACA
3,424,000	477,100	92,556	132,025	224,581	252,519

  - Provide an estimated 259,198 childless adults and parents and caretaker coverage in BadgerCare Plus
  - Provide an estimated 692,308 childless adults and parents and caretaker relatives will be covered in the Marketplace

PPACA Provision Background

- Medicaid Expansion
- Adult MOE Expiration
- Exchanges aka “The Marketplace”
- Individual Mandate
- Employer Shared Responsibility
- Modified Adjusted Gross Income (MAGI)

PPACA – Medicaid Expansion

- PPACA provides increased federal financial participation for "newly eligible" adults who would not have been covered under the state's policies and procedures in effect as of December 2009 and required states to expand to 133% of the federal poverty level or risk losing existing federal participation.
  - Provides enhanced federal match equal to 100% from 2014 to 2016, 95% in 2017, 94% in 2018, 93% in 2019, and 90% in 2020 forward
  - Made future federal financial participation (for existing programs) in jeopardy if states chose not to expand
  - The SCOTUS ruling in June struck down this provision
  - HHS will not provide the enhanced match for a partial expansion (e.g. covering childless adults up to 100% FPL) based on HHS FAQ released on December 10, 2012

PPACA – Adult MOE Expiration

- The MOE provisions in the PPACA require that States' coverage for adults under the Medicaid program remain in place pending implementation of coverage changes that become effective in January 2014.
  - The Medicaid MOE provisions relating to adults expire when the Secretary determines that an Exchange established by the State under section 1311 of the PPACA is fully operational.
  - The MOE provisions for children under age 19, in both Medicaid and CHIP are effective through September 30, 2019.

PPACA – "The Marketplace"

- PPACA requires that state Medicaid/CHIP programs and the federally facilitated exchange, The Marketplace, are tightly integrated to create the "no wrong door" for people seeking financial assistance up to 400% FPL
  - HHS is introducing a new federal data hub that seeks to facilitate access to financial and non-financial information to be used in the eligibility determination process for all health insurance affordability programs
  - At the state's discretion the Marketplace will either conduct an assessment or full determination (based on MAGI) for Medicaid/CHIP eligibility
  - Additional Marketplace Requirements
    - Establish a navigator program in each state by October 1, 2013
    - Provide a call center for individuals
    - Responsible for outreach and education
    - Must produce notices that are clear, accurate, and actionable
  - Not directed toward the EBD population

PPACA – Individual Mandate

- Requires most residents of the United States to obtain health insurance and imposes a financial penalty for being uninsured.
  - In 2014, the penalty is $95 per adult and $47.50 per child (up to $285 for a family) or 1.0% of family income, whichever is greater.
  - In 2015, the penalty is $325 per adult and $162.50 per child (up to $975 for a family) or 2.0% of family income, whichever is greater.
  - In 2016, the Penalty is $695 per adult and $347.50 per child (up to $2,085 for a family) or 2.5% of family income, whichever is greater.
  - People can be exempt from the penalty, if:
    - Their income is low enough that they don't have to submit a tax filing
    - For tribal membership, religious beliefs, or hardship exemptions
    - Amount required to pay for premiums is over 8% of total income

PPACA – Employer Shared Responsibility

- Businesses with 51 or more FTE employees will be fined $2,000 per employee (excluding the first 30 employees) if they do not offer coverage for employees who average 30 or more hours per week.
  - Note that there is no penalty for part-time employees not offered coverage.
- To avoid penalties, employers must offer insurance that covers at least 60% of the actuarial value of the cost of benefits.
- The coverage also must be affordable to employees, meaning an individual employee's premium cannot exceed 9.5% of their household income.
  - If the coverage offered does not meet the affordability standard, employees may receive tax credits to purchase insurance on their own through the Marketplace.
  - If this is the case, employers will either have to pay $3,000 per employee receiving the tax credit, or pay $2,000 per employee excluding the first 30 workers (whichever amount is less).

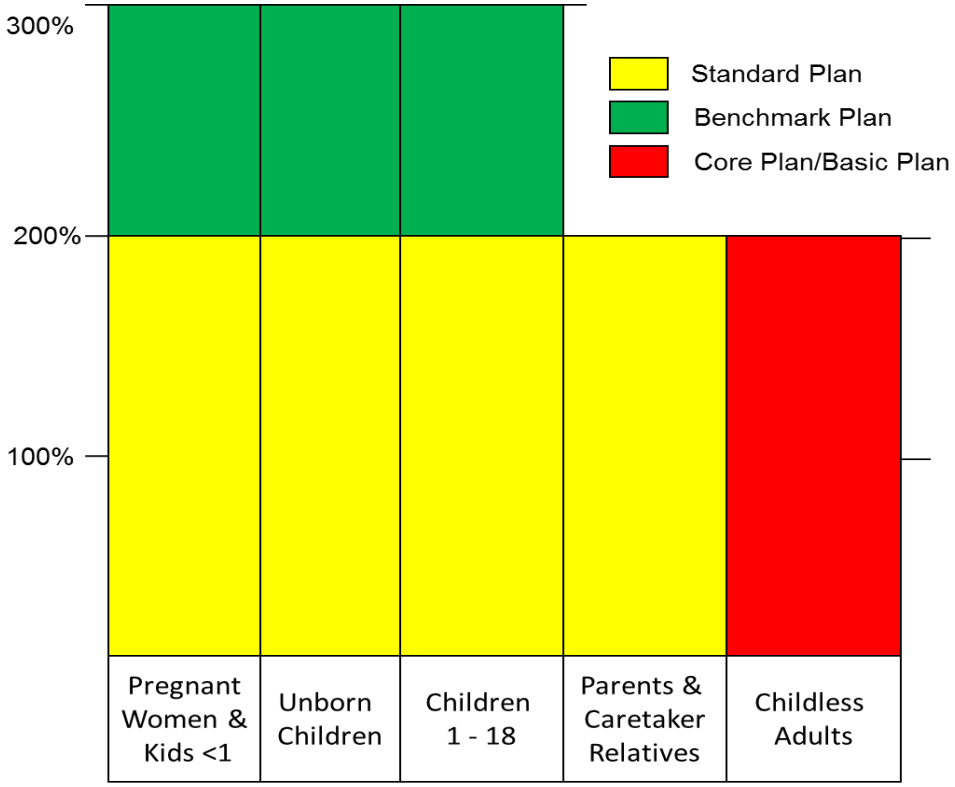
PPACA - MAGI

- Requires that states use the IRS' methodology for determining Modified Adjusted Gross Income (MAGI), with certain exceptions, to determine household composition, family size, and income eligibility, thereby eliminating most income deductions and disregards
  - Will be used as the basis for determining Medicaid, CHIP, and Exchange eligibility for certain populations starting in 2014
    - MAGI will not be used for determining eligibility for the elderly, blind, and disabled (EBD) population
  - MAGI introduces tax filing status and tax relationships as new factors in determining how households are tested for eligibility
  - The new rules are highly complex and will require massive systems and operational changes by state Medicaid agencies between now and January 2014
  - DHS is developing MAGI based training material and will deliver using a variety of media and face-to-face meetings

2013-2015 BadgerCare Plus Reform

- Childless Adults
- Parents/Caretakers
- Benefits

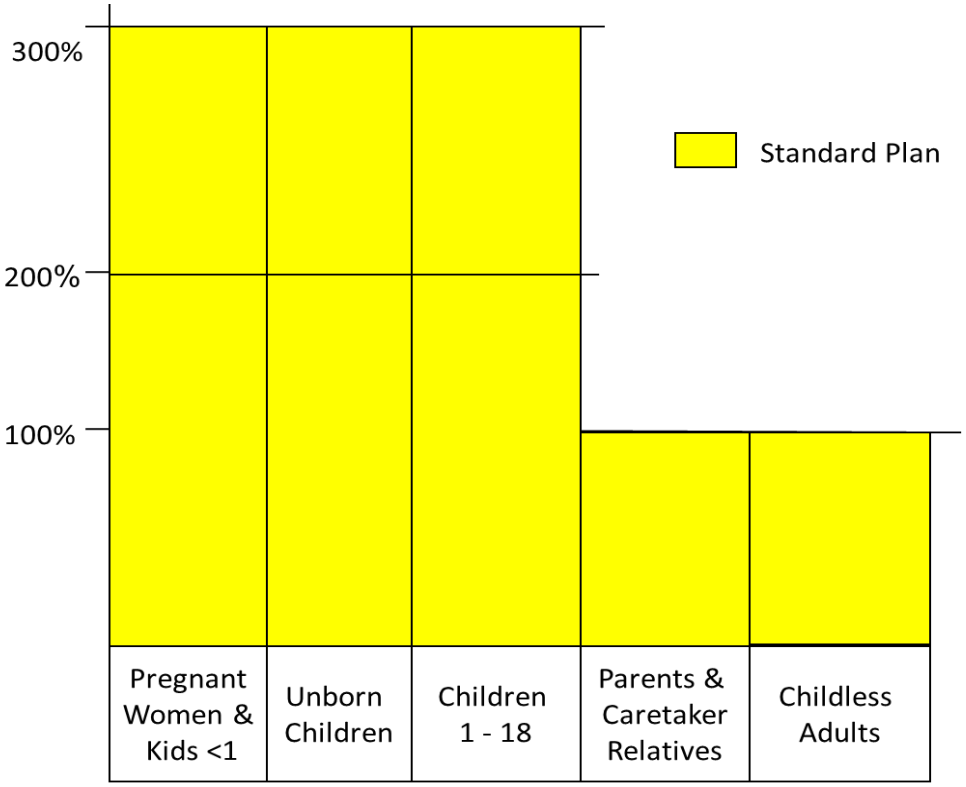
Current BadgerCare Health Plans



Proposed Entitlement Reforms

- Proposed entitlement reforms assume the following coverage levels starting January 1, 2014:
  - Parent and caretaker relative and childless adults - 100% FPL
    - Adults over 100% will obtain coverage through the Marketplace
  - Pregnant Women – 300% FPL
  - Children – 300% FPL

BadgerCare Health Plan - 2014



Wisconsin's Currently Uninsured

- The following is Wisconsin's uninsured population taken from the Current Population Survey (CPS) estimates for 2011.

Uninsured Rates Total	Population	Uninsured #	Uninsured %
Total State	5,658,800	558,400	10%
Non-Elderly Population, Age 0-64	4,829,000	553,600	11%
Children, Age 0-18	1,404,900	76,500	5%
Adults, 19-64	3,424,000	477,100	14%

2013-2015 BadgerCare Plus & Marketplace Estimated Enrollment

- BadgerCare Plus

	Parents and Caretakers	Childless Adults	Preg. Women (CHIP)	Preg. Women (non-CHIP)	Children	Total
Baseline Enrollment	247,712	16,450	1,924	18,880	484,164	769,129
Enrollment Impacts						
FPL	(98,940)	(5,307)	3,481	(4,642)	0	(105,407)
MAGI	459	23	30	28	8,170	8,710
Individual Mandate & Takeup	8,663	83,655	33	205	5,890	98,446
ESI Drop	2,362	4,121	408	200	24,471	31,562
Enrollment Impact Summary	(87,457)	82,493	3,952	(4,209)	38,531	33,311
BC+ Enrollment, Net	160,255	98,943	5,876	14,671	522,695	802,440

2013-2015 BadgerCare Plus & "The Marketplace" Estimated Enrollment

- The Marketplace

	Parents and Caretakers	Childless Adults	Preg. Women (CHIP)	Preg. Women (non-CHIP)	Children	Total
Exchange Enrollment	232,551	459,757	0	9,724	0	702,033
Transition of Current Ind Market	17,493	117,159	0	2,494	0	137,146
HIRSP	2,856	19,130	0	407	0	22,394
Transition of Current ESI Market	32,774	57,190	0	1,668	0	91,632
ESI Drop	76,368	133,259	0	3,802	0	213,429
Currently Uninsured	13,277	128,220	0	192	0	141,690
BC+ Baseline Exchange Enrollment	98,940	5,307	0	4,642	0	108,889
BC+ Adjusted Exchange Enrollment	89,783	4,800	0	1,160	0	95,743
BC+ Newly Uninsured	(2,326)	(87,292)	(3,952)	(264)	(38,531)	(132,366)

2013-2015 BadgerCare Plus & Marketplace Estimated Enrollment

- Wisconsin's Uninsured

	Parents and Caretakers	Childless Adults	Preg. Women (CHIP)	Preg. Women (non-CHIP)	Children	Total
Baseline Uninsured	100,191	372,138			76,500	553,600
Pregnant Women (CHIP, non-CHIP)				4,771		
Uninsured, Post ACA Implementation	87,409	160,770			70,610	323,129
Pregnant Women (CHIP, non-CHIP)				4,341		

Looking Ahead…

- Implementation
  - DHS is working closely with the Office of the Commissioner of Insurance on transition.
  - Key components:
    - Income Maintenance Offices
      - Milwaukee Enrollment Services Center
    - Certified Application Counselors
      - stakeholders, provider and advocate engagement
    - Navigators

Looking Ahead…

- Key Dates:
  - Summer 2013 – Qualified Health Plans in place
  - Late Summer 2013 – “The Marketplace” is unveiled
  - August/September 2013 – DHS and CMS finalize waiver for childless adults under 100% FPL
  - October 1, 2013 – enrollment in “The Marketplace” begins

Questions