



National Health Care Reform: Impact on Oklahoma

Garth L. Splinter, MD, MBA
State Medicaid Director
Oklahoma Health Care Authority
March, 2011

www.okhca.org

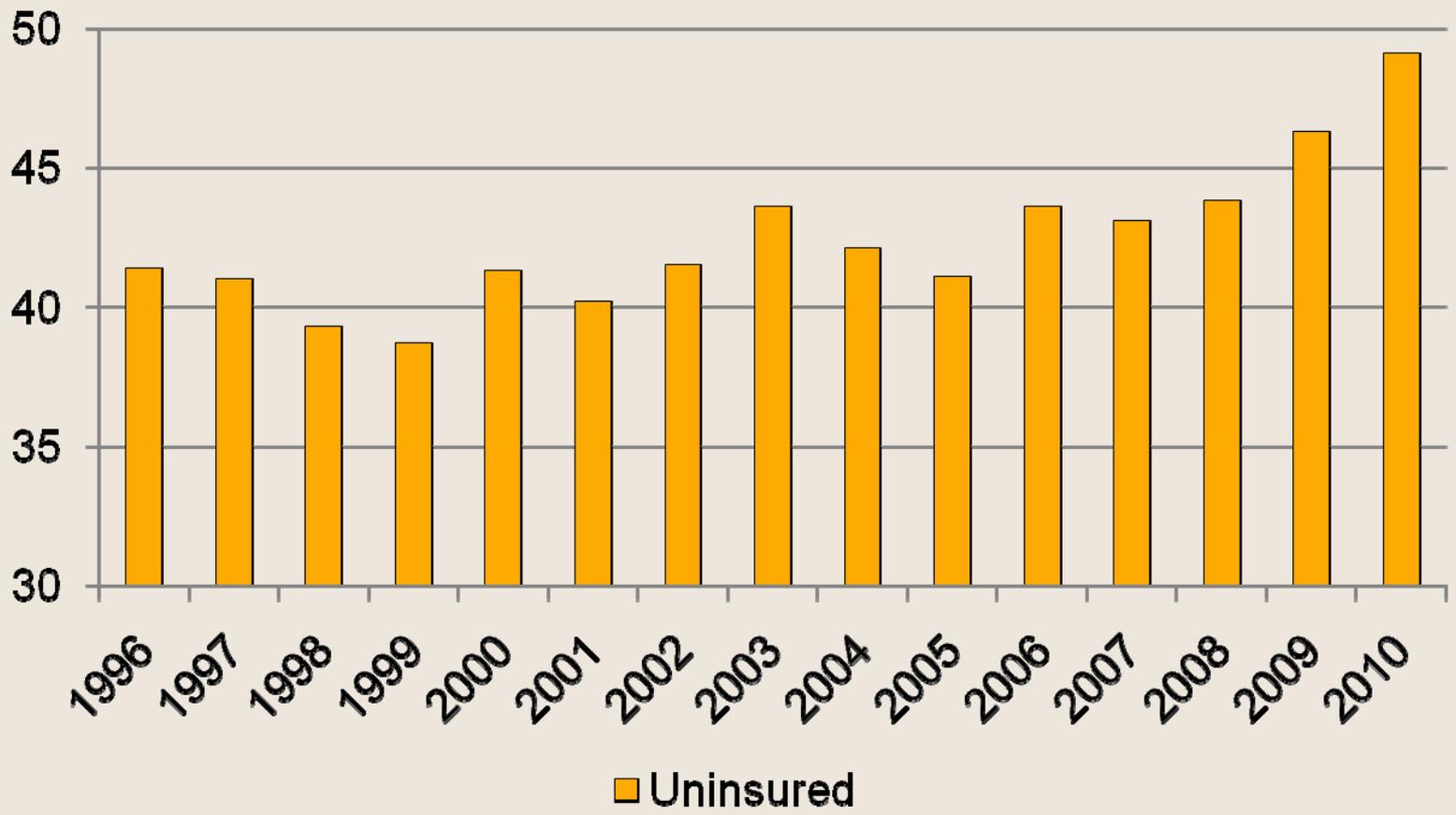


United States Uninsured

- 50.7 million people uninsured in 2009.
- The number of people with health insurance decreased 1.5 million in 2009; first decrease since 1987.
- The number covered by government health insurance increased from 87.4 million to 93.2 million in 2009. Medicaid coverage increased from 42.6 million to 47.8 million.

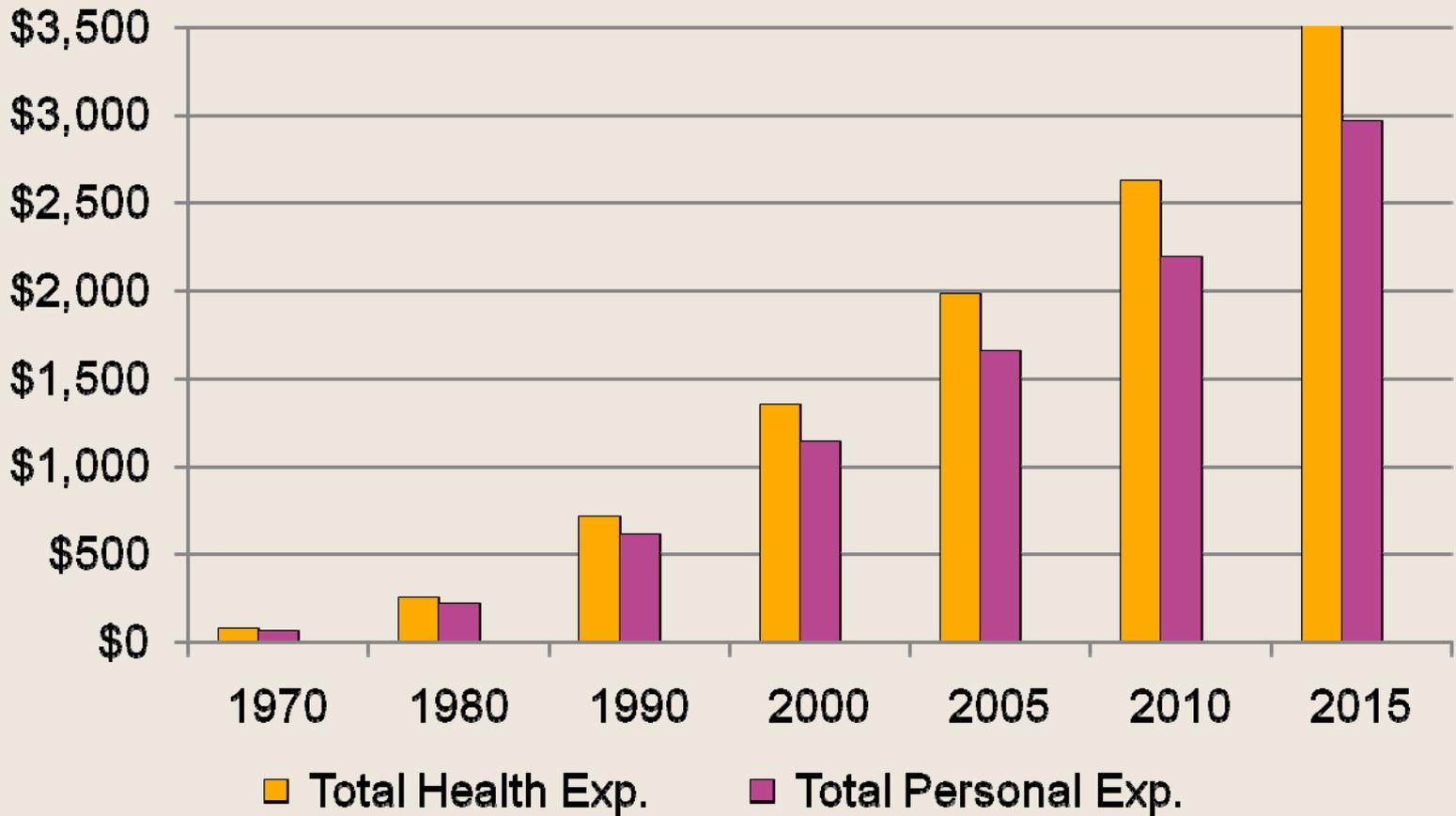


Uninsured (Millions)



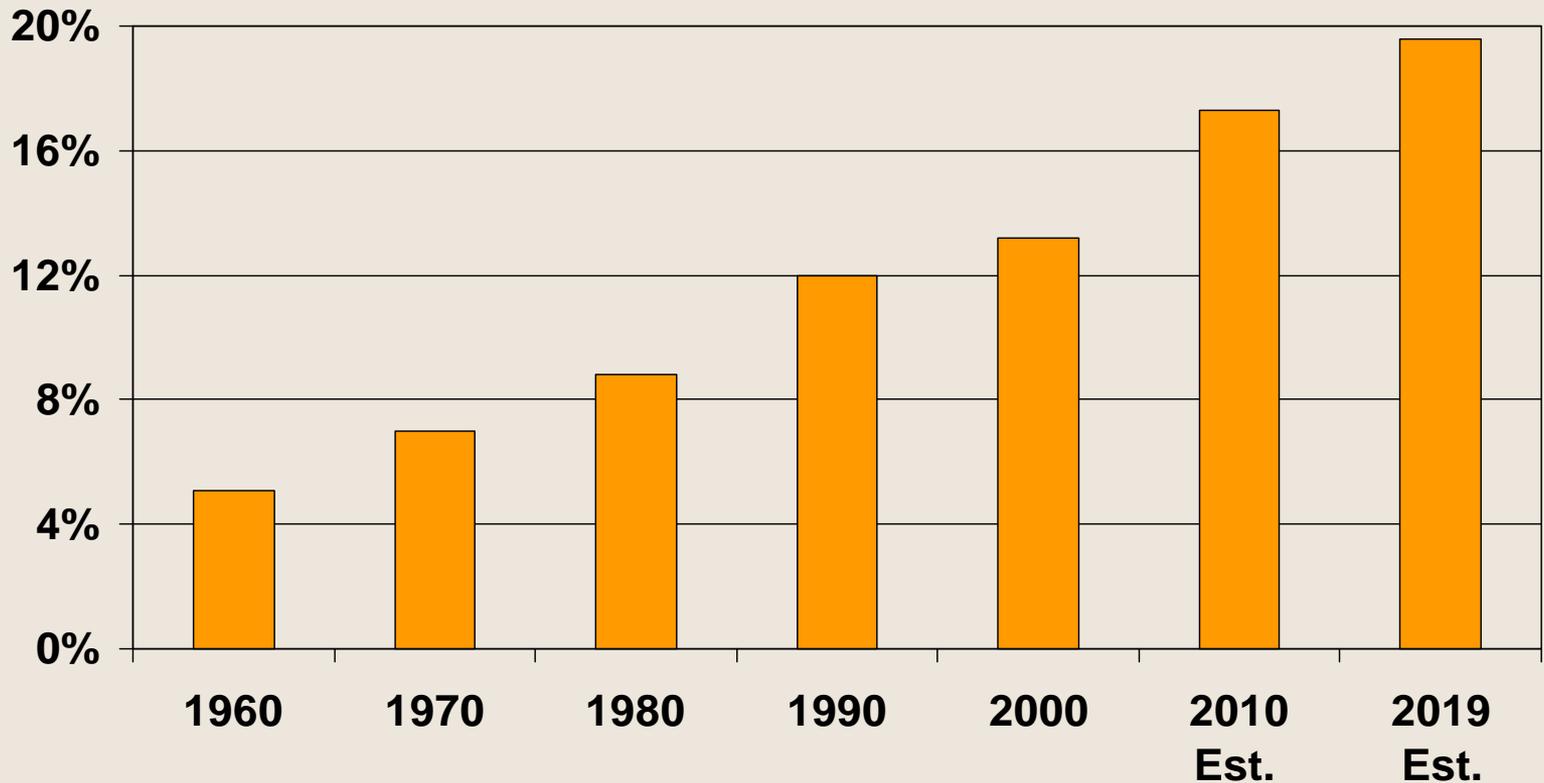


US Health Expenses (Billion \$'s)





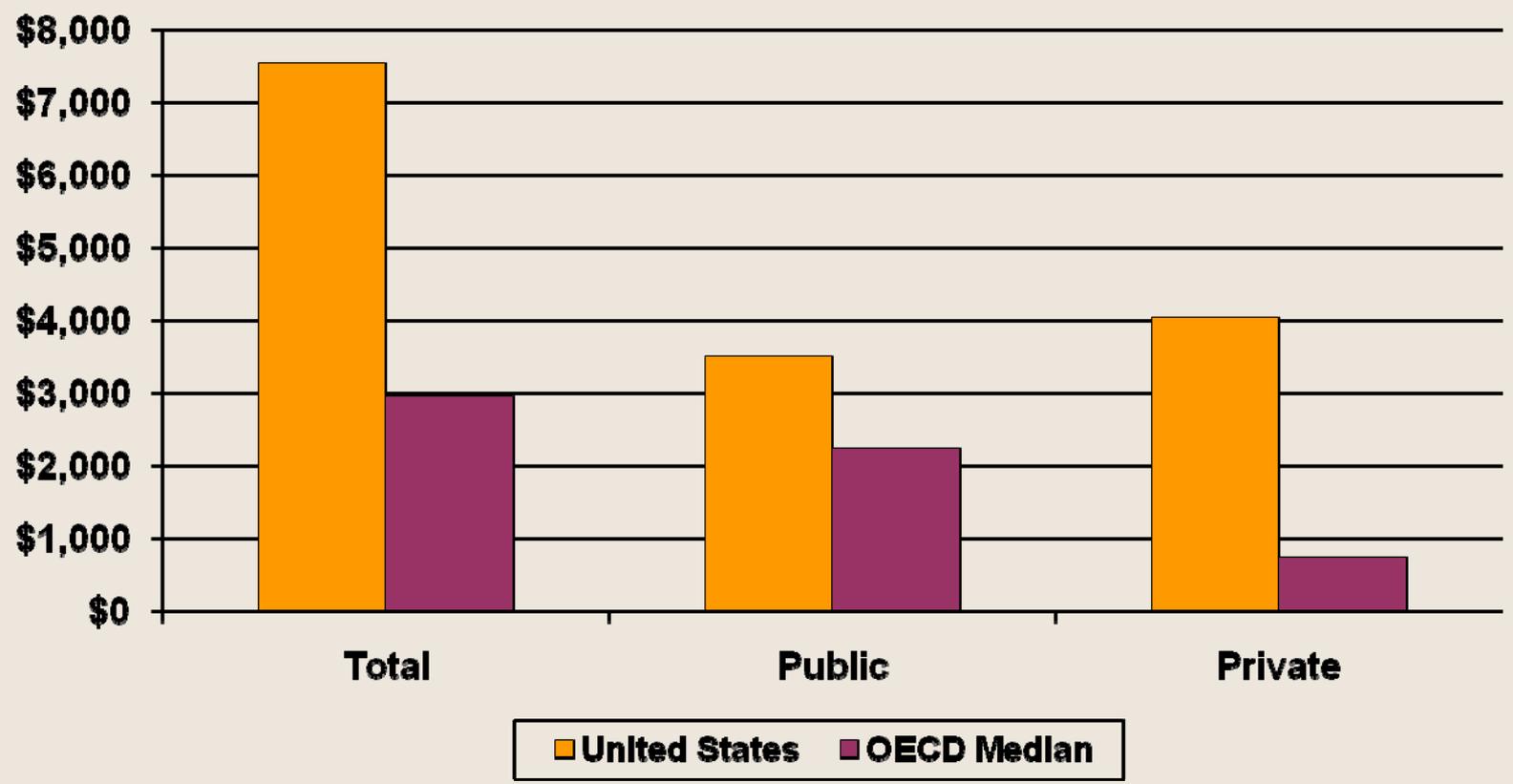
US Health Expenditures as a % of GDP





Total Health Expenditures

US vs. Other Countries –
Annual Health Spending per Person, \$'s, 2008

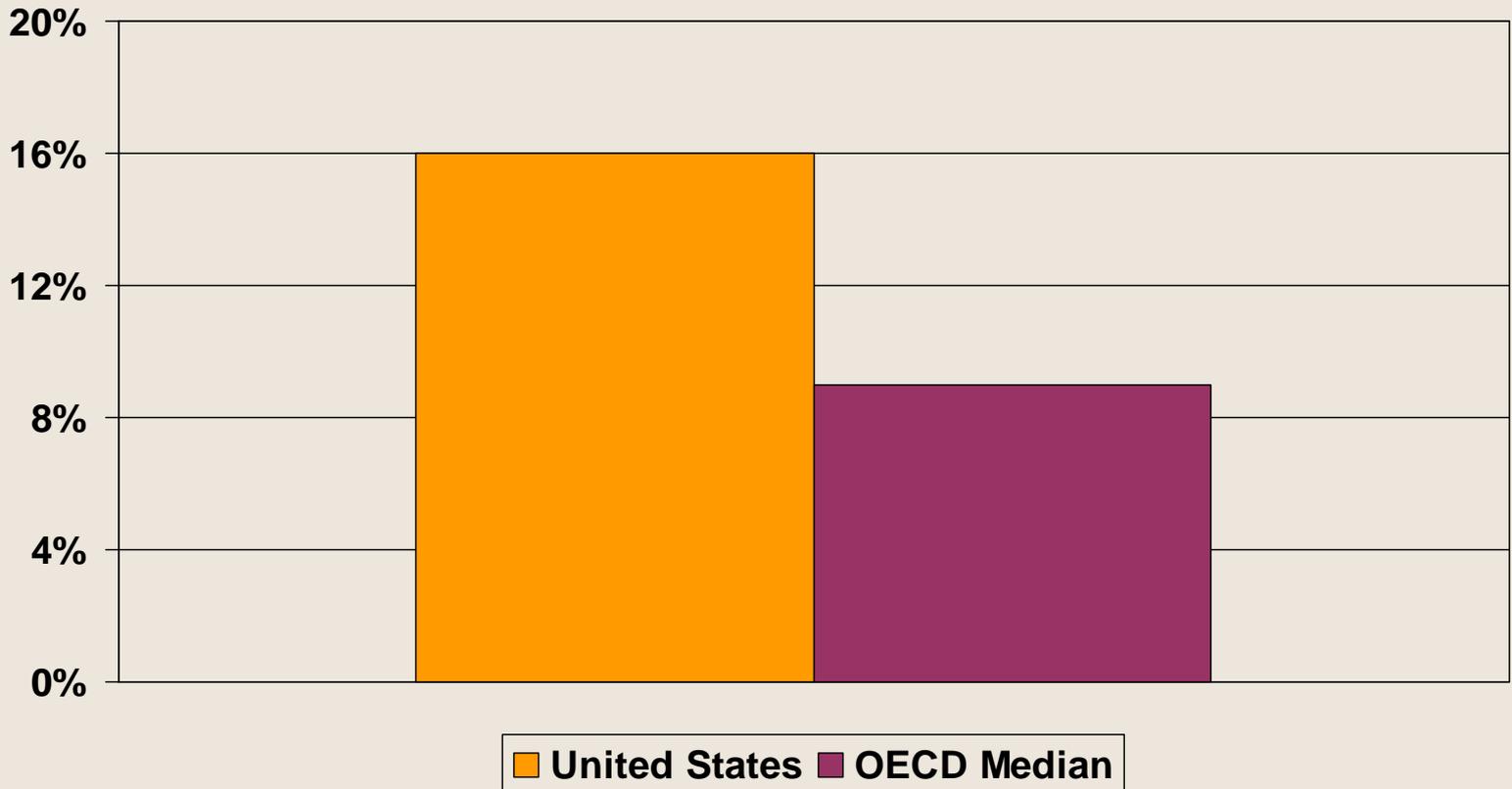


Based on 18 of the 25 non-US OECD countries reporting; not adjusted for population.

Source: OECD (Organization for Economic Co-operation and Development)



% GDP Spent on Health Care 2008





Outcomes

Country	Expected healthy life span in years (2007)	Total expenditure on health as % of GDP (2008)
France	73	11.1
Italy	74	9.0
Japan	76	8.1
UK	72	9.0
Germany	73	10.4
Canada	73	10.3
US	70	16



2011 Federal Poverty Level (FPL) Guidelines

Persons in Family/HH	100%	133%	185%	200%	250%	300%
1	\$10,890	\$14,484	\$20,147	\$21,780	\$27,225	\$32,670
2	\$14,710	\$19,564	\$27,214	\$29,420	\$36,775	\$44,130
3	\$18,530	\$24,645	\$34,281	\$37,060	\$46,325	\$55,590
4	\$22,350	\$29,726	\$41,348	\$44,700	\$55,875	\$67,050
5	\$26,170	\$34,806	\$48,415	\$52,340	\$65,425	\$78,510
6	\$29,990	\$39,887	\$55,482	\$59,980	\$74,975	\$89,970

SOURCE: Federal Register, Vol. 76, No. 13, January 20, 2011, pp. 3637-3638

<http://aspe.hhs.gov/poverty/index.shtml>



Patient Protection and Affordable Care Act (ACA)

- Public Law 111-148 (P.L. 111-148)
- 906 Pages
- Signed into law March 23, 2010
- Act is divided into 10 titles
- Approximately 405 provisions with implementation dates beginning in 2010 through 2018
- Provisions focus on expanding coverage, reform of health insurance, controlling health care costs, and improving the health care delivery system.



ACA Specifics, 1

- Most Notable Provisions:
 - Requires most U.S. citizens and legal residents to have health insurance;
 - Create exchanges for individuals (133 - 400% FPL) and small businesses (up to 100 employees);
 - Some employers (> 50 employees) pay penalties for some employees not covered at work;
 - Expand Medicaid to 133% of FPL;
 - Impose new regulations on some health plans.



ACA Specifics, 2

- Other Provisions:
 - Employers with > than 200 employees must automatically enroll them at work;
 - Premium credits for individuals and families between 133 - 400% FPL are given for purchase through the exchange;
 - Exchange categories of plans offered for individual and small group markets (Bronze, Silver, Gold, Platinum, and Catastrophic-available only to age 30 and only in the individual market).



ACA Specifics, 3

- Other Provisions:
 - Guaranteed issue and renewability of private insurance (rating variation allowed for age, area, family size, and tobacco use);
 - Health plans must report the proportion of premium dollars spent on clinical services, quality, and other costs;
 - Dependent coverage for children up to age 26 for all individual and group policies;
 - No lifetime limit on coverage and no cancelling coverage except in cases of fraud.



ACA Specifics, 4

- Medicare Provisions:
 - Change payments to Medicare Advantage plans;
 - Changes in provider rates;
 - Establishes an Independent Advisory Board;
 - Reduce Disproportionate Share Hospital (DSH) Payments;
 - Create an Innovation Center within the Centers for Medicare and Medicaid Services;
 - \$250 rebate for Part D coverage gap (2010);
 - Reduce Part D coinsurance rate for gap from 100% to 25% (by 2020);



ACA Specifics, 5

- Miscellaneous Provisions:
 - For 2013 and 2014 Medicaid must pay primary care doctors 100% of Medicare fee schedule;
 - Private policies may not have a > 90 day waiting period;
 - States must establish a consumer assistance office (advocate) for people with private insurance;
 - Simplifies health insurance administration.



ACA Specifics, 6

- Miscellaneous Provisions:
 - Grants biologics manufacturers 12 years of exclusive use before generics can be developed;
 - Supports comparative effectiveness research;
 - Grants to states to study medical malpractice tort reform;
 - Develop a national quality improvement strategy;
 - Require disclosure of financial relationships between health entities.



ACA Specifics, 7

- Miscellaneous Provisions:
 - Cover only proven preventive services and eliminate cost-sharing for preventive services in Medicare and Medicaid;
 - Require chain restaurants and vending machines to disclose the nutritional content of each item;
 - New excise tax on high cost insurance estimated to raise \$32 billion over ten years.



Congressional Budget Office Estimates

- ACA will provide coverage to an additional 32 million persons when fully implemented in 2019;
- Cost of the coverage components will be \$938 billion over ten years;
- Costs are financed through savings from Medicare and Medicaid and new taxes and fees;
- ACA will reduce the deficit by \$124 billion over ten years.



ACA Challenges, 1

- **4 cases have addressed the constitutionality of the ACA:**
- Michigan --- October, 2010; law is constitutional
- Virginia --- November, 2010; law is constitutional
- Virginia --- December, 2010; law is unconstitutional
- Florida --- January, 2011; law is unconstitutional



ACA Challenges, 2

Unconstitutional argument- the Supreme Court has never found that NOT BUYING something is economic activity.

Constitutional argument- NOT BUYING INSURANCE is not inactivity, but a decision to try to pay for health care later out of pocket, rather than now, with insurance. The totality of these economic decisions has a substantial impact on the national health care market, shifting billions of dollars onto other market participants, driving up the cost of other insurance policies.

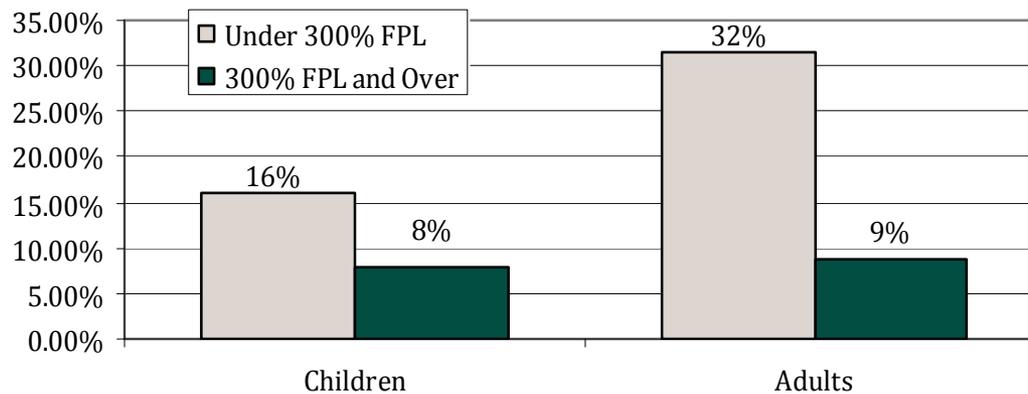


Oklahoma's Uninsured

Oklahoma Uninsured 2009

Total	18% (658,011 persons)
Children (0-18)	13% (129,755 children)
Adults (19+)	20% (528,256 adults)

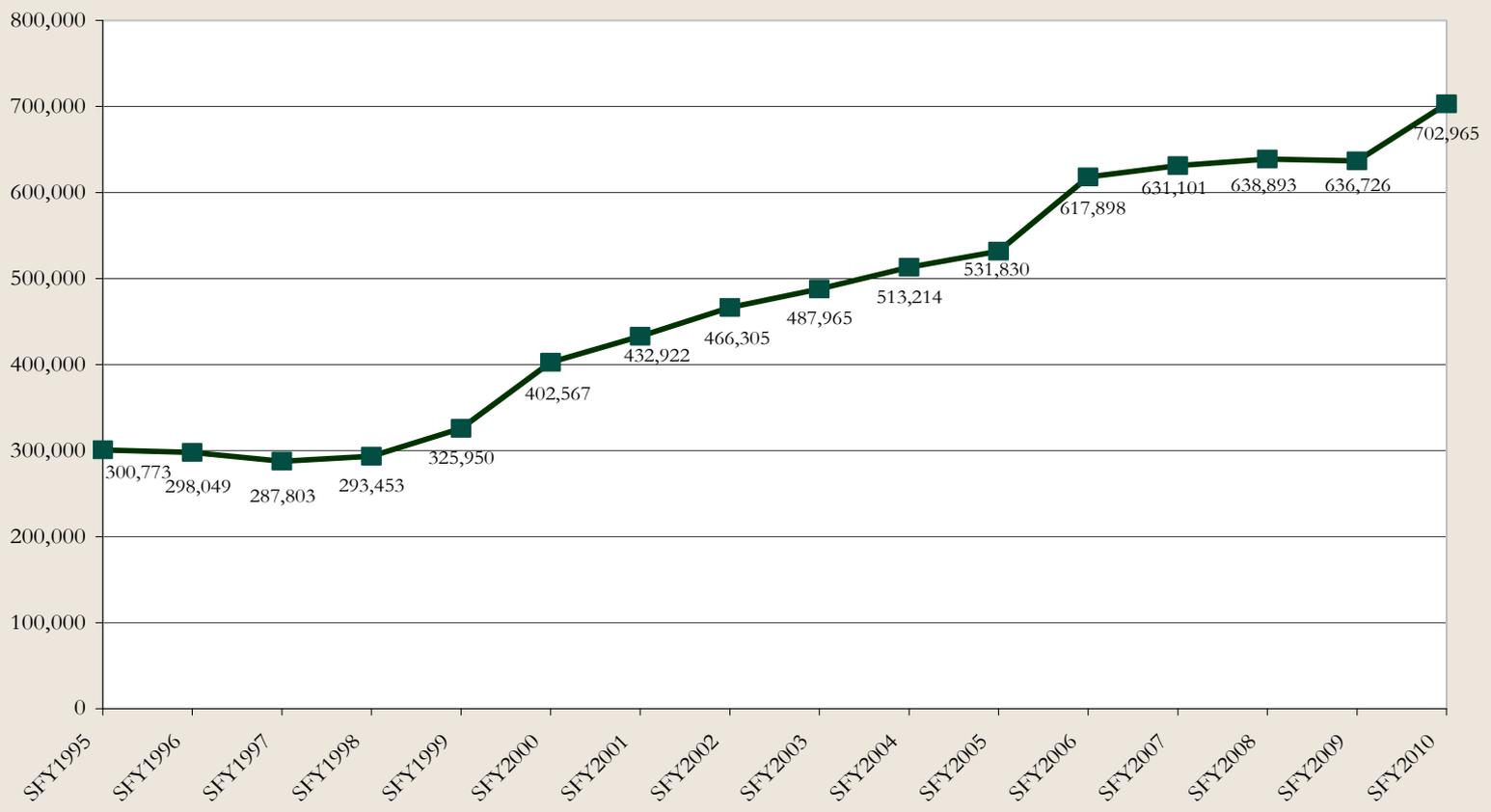
*Children and Adult Uninsured Rates
by FPL in Oklahoma (2009)*





Historic Average Enrollment

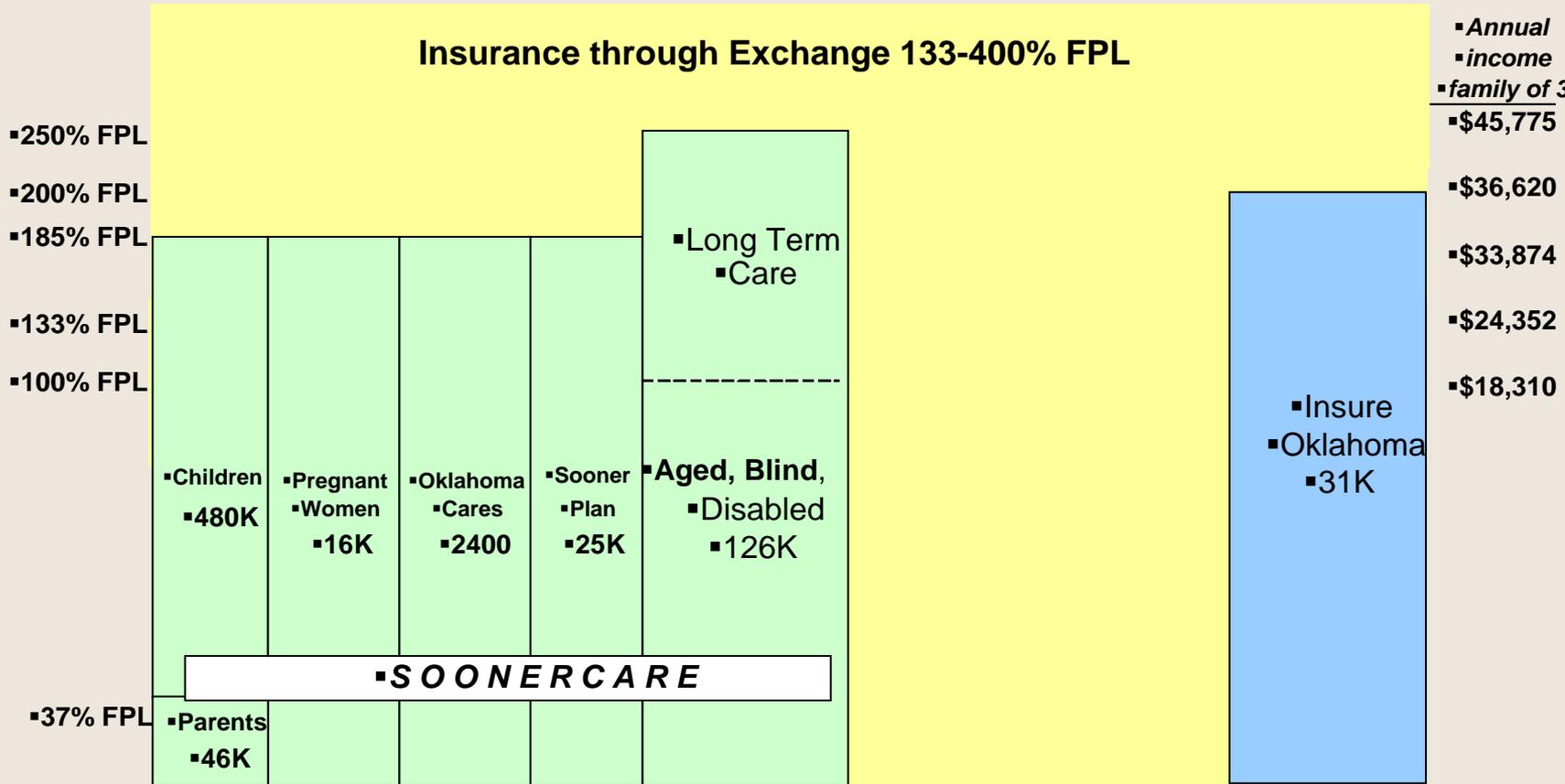
Historic Average SoonerCare Enrollment Per Month



Data prior to SFY2000 is from the OKDHS County Summary Report. During SFY1998 Title 19 expansion and CHIP were implemented. SoonerPlan and Oklahoma Cares enrollment began in the last half of SFY2005. In SFY2006 OHCA implemented 12 month certifications and TEFRA.

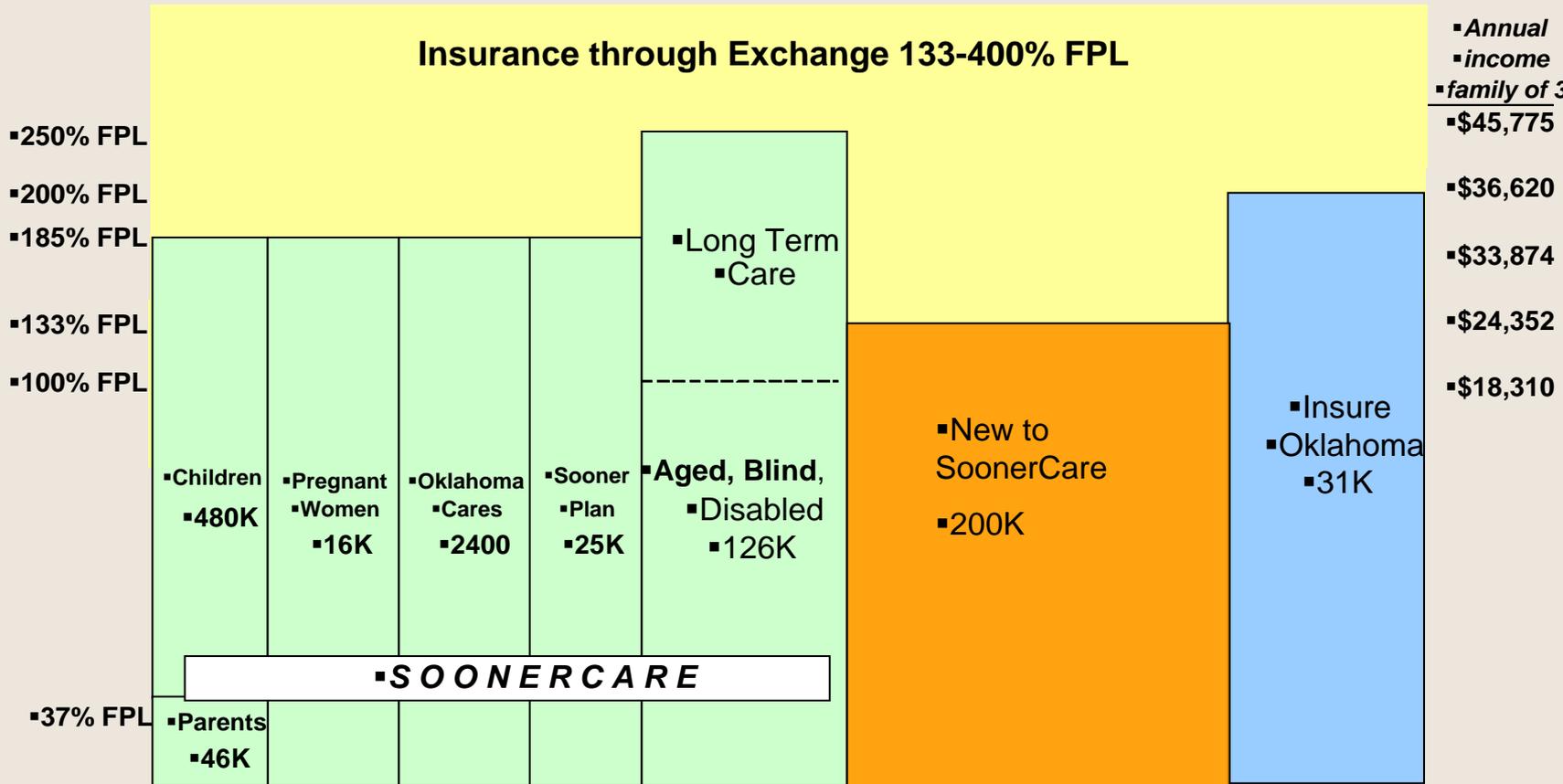


Current Categorical Eligibility





After 2014 Under ACA

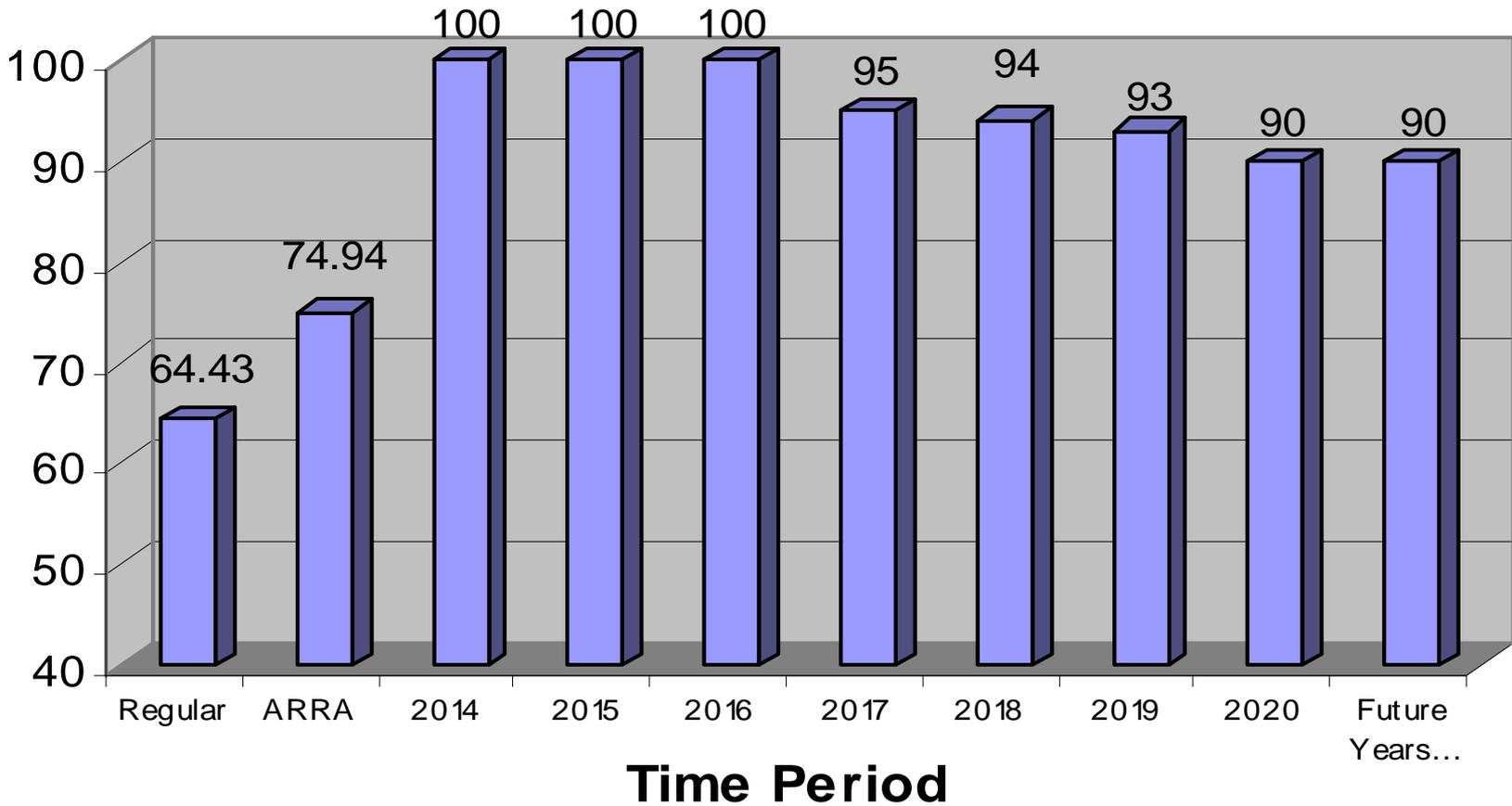




Show Me The Money

Oklahoma FMAP Outlook: Newly Qualified

**Percent
Federal
Dollars**





Estimated Grant Funding for EHR in Oklahoma

Affordable Care Act	\$1M grant awarded for insurance exchange planning activities
CMS Medicaid EHR Incentives	\$294M pending CMS approval
Health Information Exchange	\$8.9M
Loan Program	
ARRA Regional Extension Center	\$5.5M
Workforce Grants	
Broadband Grants	Ten grants some of which span more than one state - \$158M
ARRA Beacon Community Grant	\$12M
Meaningful Use	Analysis pending



QUESTIONS?

National Health Care Reform: Impact on Oklahoma

Garth L. Splinter, MD, MBA

State Medicaid Director

Oklahoma Health Care Authority

March, 2011

www.okhca.org