

**Health Reform:  
Post-Election Edition**

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**Agenda**

- Federal and State Election Results
  - Issues Before Congress
- Health Reform Implementation
  - WA State Implementation

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**Election Results**

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## U.S. Presidential Election

*Re-election of President Obama means implementation of the health reform law will continue its course*




Electoral College:  
332 Obama, 206 Romney

Popular Vote:  
51% Obama, 48% Romney

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## U.S. Congressional Elections

*Republicans retained control of the House, Democrats increased their margin in the Senate*

Party	112 <sup>th</sup> Congress		113 <sup>th</sup> Congress	
	<i>U.S. House of Representatives*</i>	<i>Senate</i>	<i>U.S. House of Representatives**</i>	<i>Senate</i>
Democrat	190	51	200	53
Republican	240	47	234	45
Independents	0	2 <small>(caucus with Ds)</small>	0	2 <small>(caucus with Ds)</small>

\* 5 vacancies before election (3 D and 2 R)  
\*\* 1 vacancy (Rep. Jesse Jackson resigned)

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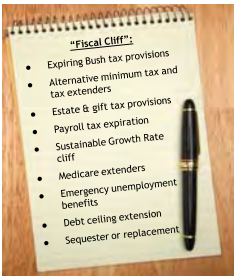
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## Lame-Duck Session and Healthcare

*Significant activity is expected, but outcomes are uncertain for the lame-duck session*

- Medicare "doc fix"
- Automatic spending cuts a/k/a "sequestration"



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## 113th Congress and Deficit Reduction

*Major entitlement reform proposals expected to be on the table as part of package to address federal spending*

- Medicare reform: premium support
- Medigap 1<sup>st</sup> dollar coverage
- Medicaid block grants / cuts
- Tax reform





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## Health Reform Implementation



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## Timeline of Healthcare Reform

Jan 1, 2010 <small>(Effective Date)</small>	March 23, 2010 <small>(Enactment Date)</small>	Sept 23, 2010	2011 - 2013	Jan 1, 2014	2015 - 2020
<ul style="list-style-type: none"> <li>• Small business tax credits</li> <li>• Medicare Part D "donut hole" rebates</li> </ul>	<ul style="list-style-type: none"> <li>• Grandfathered plan status if in effect on date of enactment</li> </ul> <p><b>90 Days Out</b></p> <ul style="list-style-type: none"> <li>• National high risk pool</li> <li>• Early retiree reinsurance program</li> </ul> <p><b>July 1, 2010</b></p> <ul style="list-style-type: none"> <li>• HHS internet portal for individuals and small groups</li> </ul>	<p style="text-align: center;"><b>Phase I</b></p> <ul style="list-style-type: none"> <li>• Dependent coverage to age 26</li> <li>• Restrictions on rescissions</li> <li>• No pre-existing condition exclusions under age 19</li> <li>• Preventive services with no cost-sharing</li> <li>• No lifetime limits; restricted annual limits</li> <li>• Patient protections</li> <li>• Rate review for all insured products</li> </ul>	<ul style="list-style-type: none"> <li>• Minimum Medical Loss Ratio Requirements</li> <li>• Wellness program grants for small employers</li> <li>• Pharma Tax</li> <li>• Summary of benefit requirements</li> <li>• Reporting of quality of care activities</li> <li>• Comparative effectiveness research fee</li> <li>• Medicare payroll tax increase</li> <li>• Medical device manufacturer tax</li> </ul>	<p style="text-align: center;"><b>Phase II</b></p> <ul style="list-style-type: none"> <li>• Guaranteed issue, no pre-existing condition exclusions, modified community rating rules</li> <li>• Mandated benefit designs</li> <li>• Individual mandate and employer responsibility</li> <li>• State Insurance Exchanges</li> <li>• Subsidies</li> <li>• Medicaid expansion</li> <li>• Phase II small employer tax credits</li> <li>• Insurer fee</li> </ul>	<p><b>2016</b></p> <ul style="list-style-type: none"> <li>• Healthcare Choice Compacts</li> </ul> <p><b>2018</b></p> <ul style="list-style-type: none"> <li>• 40% excise tax on "Cadillac Plans"</li> </ul> <p><b>2020</b></p> <ul style="list-style-type: none"> <li>• Completely close Medicare Part D "donut hole"</li> </ul>



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## ACA Proposed Rules

*HHS released numerous proposed rules in late November*

- Health Insurance Market Reforms
- Essential Health Benefits, Actuarial Value, and Accreditation
- Notice and Benefit Payment Parameters
- Wellness Programs in Group Health Plans
- Multi-State Plan Option



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## Key Employer Provisions

- Employer "Free Rider" penalty
- Automatic enrollment if employer has > 200 employees
- Reporting and disclosure requirements
  - W-2 health coverage reporting
  - Reporting of employer sponsored coverage
- Taxes and Fees
  - Comparative Effectiveness Research Fee
  - Insurer Fee
  - Reinsurance program fee
  - Cadillac Plan tax

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## State Decisions in ACA Implementation

- Medicaid Expansion
  - States may expand Medicaid to <133% FPL
  - If state doesn't expand, 100-133% FPL will qualify for Exchange subsidies; <100% FPL will not receive subsidies
- Essential Health Benefits
- Risk Adjustment and Reinsurance Programs



Source: Advisory Board Company, 2012

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WA State Implementation

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### General Election Results: Washington State

*Inslee in as Governor, Democrats retain House & Senate*

<b>Gubernatorial</b>	<b>U.S. House</b>	<b>State Senate</b>
Jay Inslee (D) 51%	<b>1<sup>st</sup> District:</b>	Democrats lose one seat
Rob McKenna (R) 49%	Suzan DelBene (D) 54%	(26-23), pending recount
	John Koster (R) 46%	
<b>U.S. Senate</b>	<b>6<sup>th</sup> District:</b>	<b>State House</b>
Maria Cantwell (D) 60%	Derek Kilmer (D) 59%	Democrats retain majority
Michael Baumgartner (R) 40%	Bill Driscoll (R) 41%	
	<b>10<sup>th</sup> District:</b>	
	Denny Heck (D) 58%	
	Richard Muri (R) 42%	

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### WA Exchange

*Ahead of most states, WA continues to move forward with Exchange implementation*

- Established as “public-private partnership” in 2011 legislation
- Received federal Exchange grants
  - Planning grant ~ \$1 million
  - Establishment grant (level 1) = \$23 million
  - Establishment grant (level 2) = \$128 million



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## WA Exchange Self-Sustainability

- Exchange Board submitted recommendations to Legislature:
  - Assess 0.5% premium tax in 2014 and 1% premium tax in 2015
  - In 2014, apportion premium tax collected from Exchange premiums to finance Exchange operations; shortfall addressed by service charge on Qualified Health Plans (QHPs)
  - In 2014, assess service charge on QHPs in the Exchange

	Low	Medium	High
Enrollment (without federal BHP)	187,500	343,750	500,000
Total Operating Costs	\$ 44,471,244	<b>\$ 52,560,335</b>	\$ 60,312,691
Per Member Per Month (PMPM) Cost	\$ 22.02	\$ 14.09	\$ 11.09

Source: Wakenly Consulting Group, Washington Health Benefit Exchange Administrative Budget Projections and Self-Sustainability Analysis, May 2012

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## 2013 WA State Legislative Preview

- Exchange and ACA implementation
- Medicaid expansion
- Payment reform
- OIC legislation:
  - Health insurer reserves regulation

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# Questions?

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