

# Health Reform: Post-Election Edition

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# Agenda

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

# Election Results

# 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

# 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 (caucus with Ds)	0	2 (caucus with Ds)

\* 5 vacancies before election (3 D and 2 R)

\*\* 1 vacancy (Rep. Jesse Jackson resigned)

# 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”



# 113th Congress and Deficit Reduction

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

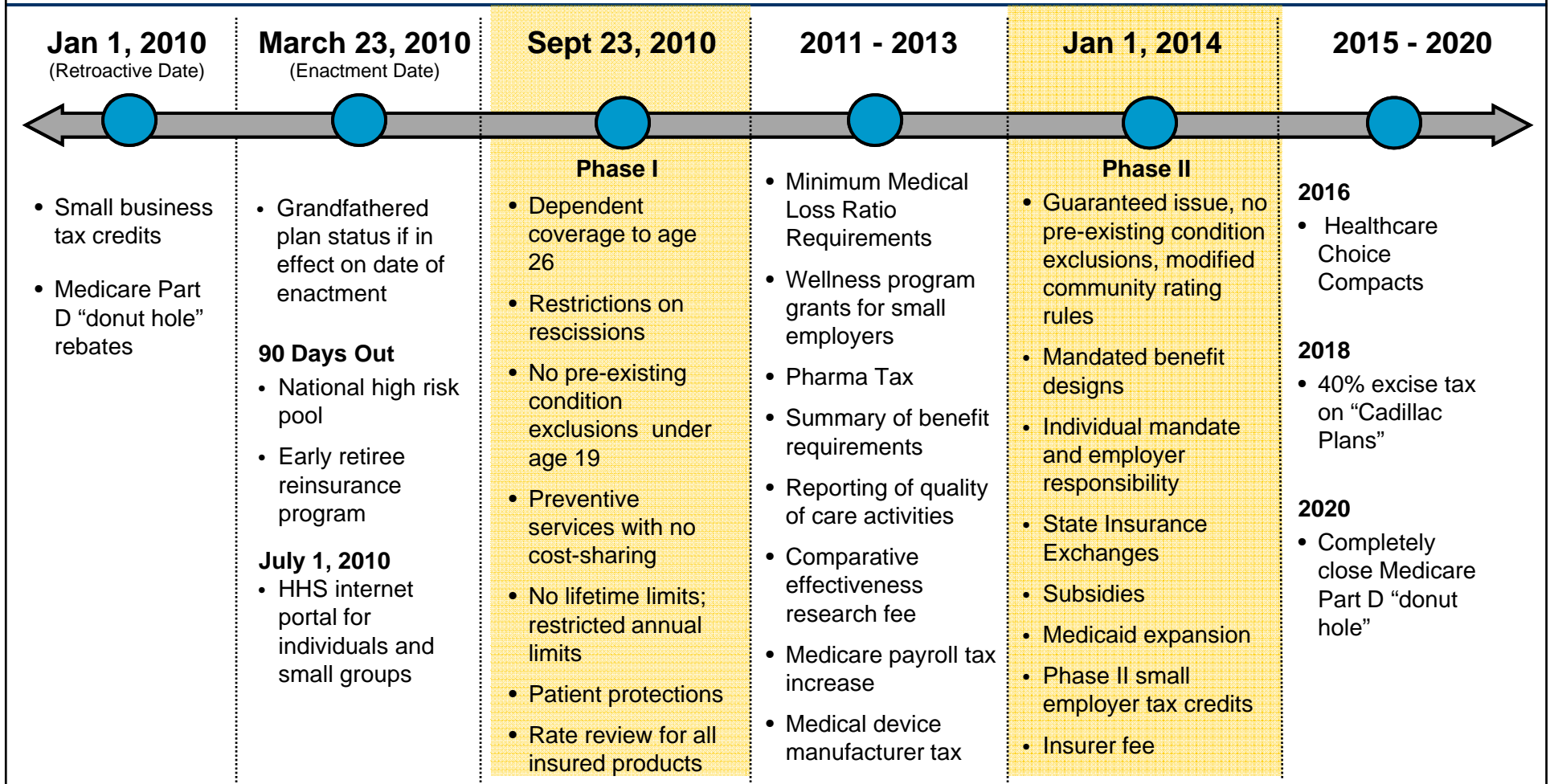
- Medicare reform: premium support
- Medigap 1<sup>st</sup> dollar coverage
- Medicaid block grants / cuts
- Tax reform



# Health Reform Implementation



# Timeline of Healthcare Reform



# 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

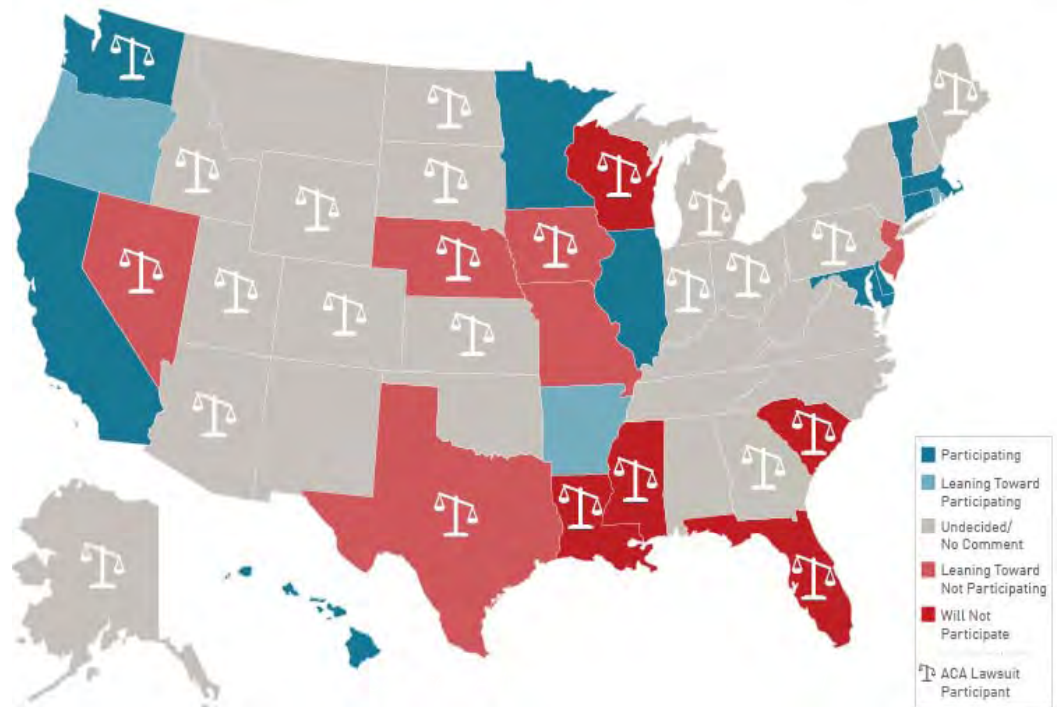


# Key Employer Provisions

- 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

# 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

# WA State Implementation

# General Election Results: Washington State

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

## Gubernatorial

**Jay Inslee (D) 51%**  
Rob McKenna (R) 49%

## U.S. Senate

**Maria Cantwell (D) 60%**  
Michael Baumgartner (R)  
40%

## U.S. House

**1<sup>st</sup> District:**  
**Suzan DelBene (D) 54%**  
John Koster (R) 46%

**6<sup>th</sup> District:**  
**Derek Kilmer (D) 59%**  
Bill Driscoll (R) 41%

**10<sup>th</sup> District:**  
**Denny Heck (D) 58%**  
Richard Muri (R) 42%

## State Senate

Democrats lose one seat  
(26-23), pending recount

## State House

Democrats retain majority

# 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





# 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

	<b>Low</b>	<b>Medium</b>	<b>High</b>
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: Wakely Consulting Group, Washington Health Benefit Exchange Administrative Budget Projections and Self-Sustainability Analysis, May 2012



# 2013 WA State Legislative Preview

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

# Questions?