WHITE PAPER

Understanding the ACA's Health Care Exchanges

What you can expect for your patients

July 2013

RESOURCE CORPORATION OF AMERICA

1120 MARINA BAY DRIVE
CLEAR LAKE SHORES, TX 77565
WWW.RESOURCE-CORP.COM
1.800.267.7671

March 23, 2010

The Affordable Care Act Becomes Law

What is the Affordable Health Care Act (ACA)?

The Affordable Care Act (ACA) will begin enrollment in October 2013 to start offering health care coverage in January 2014, in order to provide more universal coverage for the millions of Americans who currently are without it.[1] New forms of coverage available for Americans in every state include Health Insurance Exchanges and the possibility of expanding current Medicaid programs through federal grants.[2] The federal government also has compiled three different means of state participation with the ACA through three different types of exchanges.

What are the three types of health exchanges offered?

The three types of health exchanges offered via the ACA are the following[3]:

1. State-based Marketplace
2. State Partnership Marketplace (also referred to as a hybrid market)
3. Federally-Facilitated Marketplace (also referred to as FFM)

With the state-based marketplace, the states that chose to enroll in this particular exchange will create and operate their own marketplace, using federal grants from the ACA and possibly their own state funds.

For the state partnership marketplace, the state will work with the federal government but will run certain functions of their own, as well as make key decisions and tailor the exchange to the specific needs of their state.[4]

Finally, the FFM will be the default marketplace rolled out by the federal government for those states that did not elect to create either of the two preceding marketplace.[5]

How much money will your state receive, and how will it be allocated?

Texas: received $1M in 2010 from the federal government and returned $900K[6]

Louisiana: received $1M in Sept 2010, announced in March 2013 would return all[6]

Kentucky: 8/2010 $7.7M from Level One Establishment Grant for IT, 9/2010 $1M Fed Exchange Planning Grant, 2/2012 $57.8M for IT systems for Medicaid enrollment, 9/2012 $4.4M Level One Grant for Navigator Program, 1/2013 $182.7M Level Two Establishment Grant for interoperable IT system[6]

Tennessee: $1M 9/2010 Fed Exchange Planning Grant, $1.5M 11/2011, $2.2M 2/2012, $4.3M 5/2012 all 3 Level One Establishment Grants for continued exchange planning[6]

Florida: received $1M in 2010 and returned it all[6]

Georgia: received $1M in 2010, with federal government assuming full responsibility in 2014 (no set-up of own state exchange)[6]

North Carolina: 9/2011 $1M Federal Exchange Grant, 8/2011 $12.4M Level One Establishment Grant to expand existing DHHS, 1/2013 $74M Level One Grant for IPA program and IT systems[6]

South Carolina: $1M in 9/2011 for Federal Exchange Grant, will not pursue more money per governor[6]

Nevada: 9/2010 $1M Federal Exchange Grant, 3 Level One Grants for rule-based eligibility engine to streamline eligibility process of $4M in 8/2011, $15.3M in 2/2012, and $4.4M in 5/2012, $50M in 8/2012 for Level Two Grant for Exchange operations[6]

California: 2 parts - state and federal gov't; California Health Trust Fund w/i State Treasury authorized loan of $5M to assist with exchange; California HealthCare Foundation and Blue Shield California Foundation also funded activities for grant; $1M in 9/2010 for Federal Exchange Planning Grant, 8/2011 $39.4M for business and operation planning, 6/2012 $196.4M for exchange development, 1/2013 $674M Level Two Grant for exchange ops through 12/2014[6]

An exchange is a competitive marketplace where individuals and small businesses will be able to purchase affordable private health insurance and have the same insurance choices as Members of Congress.

New Mexico: $1M in 9/2010 for Federal Exchange Grant, 11/2011 $35M Level One Grant for business/operations of exchange, also receiving technical assistance from Robert Wood Johnson Foundation for assistance with expanding exchange[6]

Washington: $1M 9/2010 Federal Exchange Grant, $23M 9/2010 Level One Grant for operational planning and IT, $127.8M 5/2012 Level Two Grant to fund exchange through 12/2014[6]

How will a patient qualify in your state?

In order to be eligible for insurance offered in the marketplaces, the patient must be a US citizen or lawful resident, reside in the US, and not be incarcerated.[7]

Starting in 2014, tax credits will be available for those families in the middle class whose incomes fall between 100% and 400% of the poverty line, so that they can afford insurance offered through the marketplaces.[8] The federal poverty income level, or FPIL, is determined by the federal government and is shown in the chart below [9]:

Household Size	100%	133%	150%	200%	300%	400%
1	$11,490	$15,282	$17,235	$22,980	$34,470	$45,960
2	15,510	20,628	23,265	31,020	46,530	62,040
3	19,530	25,975	29,295	39,060	58,590	78,120
4	23,550	31,322	35,325	47,100	70,650	94,200
5	27,570	36,668	41,355	55,140	82,710	110,280
6	31,590	42,015	47,385	63,180	94,770	126,360
7	35,610	47,361	53,415	71,220	106,830	142,440
8	39,630	52,708	59,445	79,260	118,890	158,520
For each additional person, add	$4,020	$5,347	$6,030	$8,040	$12,060	$16,080

- For those states NOT expanding their Medicaid programs, the federal government's rules outlined above will apply. Texas, Louisiana, Florida, Georgia, North Carolina, South Carolina

- For those states expanding their Medicaid programs, they will use the money given by the federal government as well as any additional funds raised by the state itself, to decide how to determine who qualifies and who does not based on specific income brackets if they are expanding their Medicaid programs. These states are still in the process of fine-tuning their Medicaid expansion programs: California, Kentucky, Nevada, New Mexico, Washington, and Tennessee.

Starting in October, individuals will be able to get information about all the plans available in their area.

California: California is offering a Bridge Plan that would allow Medi-Cal individuals to transition from Medi-Cal to the Exchange under their same managed care plan by offering lower premiums.[10] The Medi-Cal expansion will "cover people under age 65, including people with disabilities, with income of less than $15,000 for a single individual and $31,180 for a family of four. The coverage is free for those who qualify and part of the provisions of the Affordable Care Act." [11]

Nevada: Cost Sharing Reductions (CSRs) are also available to patients to reduce the out of pocket costs for individuals and families who make less than 250% of the Federal Poverty Level. Medicaid expansion income limits are not yet available but are expected to be released this summer.[12]

New Mexico: Currently, New Mexico is in talks to expand its Medicaid programs. However, through the provisions of the ACA, New Mexico is offering qualified health plans (QHPs) for coverage that offers anywhere from 60-90% of health costs. The exact FPIL for patients to qualify is still being debated.[13]

Washington: Washington is offering QHPs. Their Medicaid expansion will now include adults between the ages of 19-65 who were previously ineligible and whose income is less than 138% of FPIL, as well as disregard the assets, resources, and 5% of the income for children, pregnant women, and families with minors.[14]

Kentucky: Kentucky offers tax credits for small business owners and for individuals and families whose incomes put them over for Medicaid eligibility. Kentucky is also offering Medicaid for individuals over 18 who make up to $15,857 per year. Individuals over 18 who make more than $45,960, or families of four who make more than $94,200, will only be eligible for health insurance offered through the state exchange.[15]

Tennessee: Tennessee Bridge option will be offered for patients over Medicaid income limits and below 200% to remain in mcd managed care rather than roll over to insurance and pay premiums. Otherwise, the state will operate under FFM as the legislature is currently debating whether to expand the current mcd program. [16]

How does a patient enroll in your state?

The Centers for Medicare and Medicaid Services (CMS) is currently building and testing the internet hub that will transmit state and federal data for those patients who have applied for the health care exchange.[17]

All other states are currently fine-tuning their application processes to begin enrolling in October 2013.

Exchanges will serve as a one-stop shop where individuals will get information about their options, such as tax credits for private insurance or programs like the Children's Health Insurance Program, be assessed for eligibility for the Exchange, and get enrolled in the plan of their choice.

Will there be assistance available to the patient, and if so, in what context?

Because there are so many changes with the implementation of the ACA, the federal government has specifically allocated funds for certain assisters to help consumers enroll. Among them are Navigators, In-Person Assisters (IPAs), Certified Application Counselors (CACs), and Agents and Brokers.[18]

Navigators receive funding to assist with enrollment for all three types of marketplaces; however, they can only receive funds from the state and not the federal government for state-based marketplaces. They use some of that funding for public education awareness.

IPAs are required in state-based marketplaces, optional in state partnership marketplaces, and not allowed in FFMs. IPAs are distinct from Navigators.

CACs may exist already in some states through current Medicaid agencies. They do not receive public funding; therefore, they are not required to launch public awareness campaigns.

Agents and Brokers are licensed insurance agents and brokers who can register with the state to assist with enrollment. This is offered only in those states that will allow it, and the state, according to their licensure laws, will oversee these types of assisters.

What will the application look like?

The federal enrollment form is split into those for individuals, families with children, and individuals without financial assistance.

The application for individuals is three pages, and the application for families is seven pages (not including the appendices).

The following links show the three different applications:

http://www.cms.gov/CCIIO/Resources/Forms-Reports-and-Other-Resources/Downloads/AttachmentC_042913.pdf
➔ family

http://www.cms.gov/CCIIO/Resources/Forms-Reports-and-Other-Resources/Downloads/AttachmentB_042913.pdf
➔ individual

http://www.cms.gov/CCIIO/Resources/Forms-Reports-and-Other-Resources/Downloads/AttachmentD_042913.pdf
➔ individual without financial assistance

For the other states, the applications are still being stream-lined if any changes are being made and will be available at a later date.

Will the exchange be retroactive?

All of the new health insurance plans offered in the marketplaces, whether actual insurance or Medicaid, will be effective January 2014. Any other changes are yet to be determined.

What about the latest information on the penalties?

Per the ACA, penalties will be imposed on those individuals who do not sign up for some sort of health coverage that will be available starting January 2014, and on employers with more than 50 employees who do not offer health coverage to their staff. These are known as the "individual mandate," and the "employer mandate," respectively.

Beginning in January 2014, penalties will be imposed on those individuals, regardless of whether or not they have pre-existing conditions, who have not enrolled in either Medicaid/CHIP programs available in their state, or in the health exchange. The penalties will increase by hundreds of dollars each year, starting at $95 per adult and increasing to $695 per adult by 2016[19].

Initially, the ACA called for a penalty of $2,000 per full-time employee on those employers with more than 50 employees that do not offer health insurance. The effective date was January 2014; as of July 2, this date was pushed back a year to January 2015[20].

Additionally, as recently as Monday, June 17th, the Obama Administration decided to delay penalties on states that have not expanded their Medicaid programs.[21] This is a reversal from the previous decision to enact penalties on states by cutting their year-end DSH payments. The aim is not meant to discourage expansion, but instead highlights the indecision and ongoing debates still prevalent among most states regarding the ACA.

RCA Perspective

As the depth and breadth of the exchanges unfold, and as the states figure out their individual roles within the scope of the ACA, the RCA management team continues to review the opportunities available and how we as a company best fit into being the go-to resource to which our contract facilities turn.

The patients we help today who are eligible for benefits could have already been on Medicaid or Social Security Disability before they were admitted to a facility. By increasing the FPIL and giving more people options for health care coverage, a very similar situation exists, only with that many more patients in need of assistance.

For additional information regarding health care reform please contact us at ACARCA@resource-corp.com.

RESOURCES

[1]http://www.healthcare.gov/law/information-for-you/index.html.gov

[2]http://kff.org/health-reform/

[3]http://www.cms.gov/cciio/resources/fact-sheets-and-faqs/state-marketplaces.html

[4]http://www.cms.gov/CCIIO/Resources/Fact-Sheets-and-FAQs/Downloads/partnership-guidance-01-03-2013.pdf

[5]http://www.cms.gov/CCIIO/Resources/Fact-Sheets-and-FAQs/ffe.html

[6]http://kff.org/state-health-exchange-profiles/

[7]http://www.healthcare.gov/marketplace/about/eligibility/index.html

[8]http://www.healthcare.gov/law/timeline/index.html

[9]http://www.familiesusa.org/resources/tools-for-advocates/guides/federal-poverty-guidelines.html

[10]http://kff.org/health-reform/state-profile/state-exchange-profiles-california/

[11]http://www.coveredca.com/coverage_basics.html

[12]http://exchange.nv.gov/Resources/FAQs/

[13]http://www.zanebenefits.com/blog/bid/295787/New-Mexico-Health-Insurance-Exchange-Guide

[14]http://wahbexchange.org/wp-content/uploads/HBE_Countdown_to_Coverage_MedicaidI.pdf

[15]http://kynect.ky.gov/wp-content/uploads/kynect_About_Fact_Sheet_Color.pdf

[16]www.tn.gov/nationalhealthreform/forms

[17]http://www.cms.gov/CCIIO/Resources/Fact-Sheets-and-FAQs/ffe.html

[18]http://files.www.enrollamerica.org/best-practices-institute/enroll-america-publications/Enrollment_Assisters_Fact_Sheet.pdf

[19]http://kff.org/infographic/the-requirement-to-buy-coverage-under-the-affordable-care-act/

[20] http://kff.org/infographic/employer-responsibility-under-the-affordable-care-act/

[21]http://www.politico.com/story/2013/05/obamacare-medicaid-payment-cuts-91290.html?hp=r13