Office of the Healthcare Advocate
Pediatric Practice Management and the ACA

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TOPICS

- Brief Overview of ACA
- General Requirements of ACA
- General Coverage Options
- Small Business Opportunities in the ACA
- Focus on assisting and educating consumers to make informed decisions when selecting a health plan
- Assist consumers to resolve problems with their health insurance plans
- Identify issues, trends and problems that may require executive, regulatory or legislative intervention – Systemic Advocacy
- OHA provides assistance to any CT resident who requests our help with an insurance related issue (includes private health insurers, group health plans, federal employee plans, public programs, High Risk Pool, Medicare, etc.)

- Case Management (assess, coordinate, monitor and evaluate options and services required to meet an individual’s health or advocacy needs)
Connecticut’s Federally Recognized Health Insurance Consumer Assistance Program
OHA’s PPACA consumer assistance

- Required by CT law and as part of PPACA – and as core area 10 within the Exchange
  - Independent office
  - Receive and respond to complaints concerning health insurance coverage under state and federal laws
  - Toll free line and review of eligibility for programs and referral to other agencies when appropriate

- Assist with the filing of complaints and appeals, including filing appeals with the internal appeal or grievance process of the group health plan or health insurance issuer involved and providing information about the external appeal process-OHA provides direct consumer assistance through participation in the grievance process

- Collect, track, and quantify problems and inquiries encountered by consumers

- Educate consumers on their rights and responsibilities with respect to group health plans and health insurance coverage through extensive outreach activities to reach underserved areas and including media campaigns

- Assist consumers with enrollment in a group health plan or other health insurance coverage by providing information, referral, and assistance

- Resolve problems with obtaining premium tax credits under section 36B of the Internal Revenue Code of 1986

- Assistance to small businesses
Fully-Insured Health Plans

- **State-licensed Health Plans (offered by fully funded plans):**
  - State-licensed managed care organizations are regulated under state law, although federal law may add additional standards and in some cases supersede state authority.
  - In Connecticut, state-licensed health plans cover approximately 42% of the privately insured citizens.
  - Each state has laws that require state-licensed managed care organizations to offer or include coverage for certain benefits or services (known as mandated benefits or consumer protections).
  - Plans under the Exchange are fully-insured plans and MUST follow state insurance laws.
General ACA Requirements

- Minimum coverage required
- Current coverage arrangements
- Exchange
- Coverage tiers and subsidies
- Individual mandate
- New rating rules
Minimum Coverage

- Plans must meet certain level of minimum value to meet ACA requirements of acceptable coverage
- 60% actuarial value (AV)—plan must pay at least 60% of costs of the plan
- Essential Health Benefits
- Are you already offering coverage to your employees?
  - Plan is grandfathered – as long as it meets the above—and may be exempt from some ACA requirements
  - If so, skip to the end of presentation, no need to change plans
  - Can change plans (or if plan becomes non-grandfathered) through new plan outside or inside Exchange
- Regular marketplace still available
ACA General Requirements

- Businesses with < 50 employees are **not** required to purchase insurance for their employees. (Employers with > 50 employees will have to or they will pay a fine per worker if the worker receives federal subsidies.)
- Most practices are small businesses (<50 employees)
- Obviously, there are good business reasons to purchase insurance for your employees, and the ACA is designed to make the process of purchasing that coverage easier for you.
ACA Opportunities

- Small businesses will have more choices to offer their employees healthcare coverage under the ACA through plans offered on Connecticut’s Health Insurance Exchange, Access Health CT.
- Employees may get subsidies depending on their income to help purchase plans.
- Idea is to offer a new marketplace with easier comparison of plan choices.
- Exchange is allowed to require more of the carriers that participate.
  - More assertive network monitoring
  - Moving toward active purchasing and independent verification of rate-setting
  - Exchange can reject a plan based on price.
ACA Opportunities cont’d

- Exchange lifts administrative burden by presenting choices directly and in an easy to understand manner
- Can enroll through portal, broker, navigator, in-person assister
- Coverage examples available on the portal
- Special focus on small business
  - Dedicated call center
  - Broker training on Exchange plans
  - Browse options before committing
  - Links to carrier websites for additional information
- Exchange to conduct independent assessment of rates to ensure best possible rates
Coverage Options on the Exchange

- Small businesses will be able to choose from a range of coverage options, including varying levels of coverage and contributions by their employees under the Small Business Health Options Program or SHOP.
- Different levels of cost sharing available. Higher cost sharing = less expensive plan, 60%, 70%, 80%, 90% AV
- Choice depends on how much cost you want to pay as an employer vs how much you prefer that the employee pay
Coverage Options on the Exchange

- Subsidies available to people between 138% and 400% FPL—subsidy level depends on income
  - Paid directly to carriers as an advanced premium tax credit
- All plans provide comprehensive benefits
- Plans – so far letters of intent from Aetna, Anthem, Healthy CT, United and ConnectiCare.
- Open enrollment – begins 10/1/13 for plan start dates of 1/1/2014.
Incentives to Purchase Coverage

- Small Business Tax Credit – Up to 50% cost of health insurance in 2014 (up to 35% now)

- Eligibility
  - You must also have fewer than 25 full-time equivalent employees (FTEs).
  - Those employees must have average wages of less than $50,000 a year
Small Business Tax Credit

- **Average wage example**
  - $200,000 and have 10 FTEs. To figure average wages you divide $200,000 by 10 – the number of FTEs – and the result is your average wage. The average wage would be $20,000.

- **Credit works on a sliding scale.**
  - The smaller the business or charity, the bigger the credit. So if you have more than 10 FTEs or if the average wage is more than $25,000, the amount of the credit you receive will be less.
Small Business Tax Credit (cont’d)

- Even if you are a small business employer who did not owe tax during the year, you can carry the credit back or forward to other tax years.

- Since the amount of the health insurance premium payments are more than the total credit, eligible small businesses can still claim a business expense deduction for the premiums in excess of the credit. That’s both a credit and a deduction for employee premium payments.

- Small tax-exempt employers: credit is refundable, so even if you have no taxable income, you may be eligible to receive the credit as a refund so long as it does not exceed your income tax withholding and Medicare tax liability.
EXAMPLE:

If you pay $50,000 a year toward workers’ health care premiums – and if you qualify for a 15 percent credit, you save ... $7,500. If you save $7,500 a year from tax year 2010 through 2013, that’s total savings of $30,000. If, in 2014, you qualify for a slightly larger credit, say 20 percent, your savings go from $7,500 a year to $12,000 a year
More Information on SBTC

- See your accountant or tax professional
Other items

- Individual Mandate
- Rating Changes
- Range of Coverage
- Important insurance Changes
Individual Mandate

- All individuals must be covered by minimum essential coverage beginning January 1, 2014
- Exemptions if plan costs exceed certain percentage of income – plans deemed unaffordable
- Other coverage meets requirements- e.g., Medicaid, Medicare, Tricare, etc.
- Penalty for not enrolling is $95 for the first year unless exempt for hardship reasons
Rating Changes

- No medial underwriting allowed
  - No pre-existing condition denial of coverage or exclusions of coverage as of 1/1/14 for adults
- Gender rating prohibited as of 1/1/14
- Age rating compressed to 3:1 as of 1/1/14
Range of Coverage and Other Changes

- Exchange plans subject to state law on benefit mandates
  - Mandates subject to change in 2016
- Lifetime limits lifted
- Annual limits lifted on essential health benefits
- Coverage of Habilitative services – a work in progress
- MH/SU services must be provided and federal parity applies to these plans
Summary

- Summary - There is no requirement that you purchase insurance at all or through the Exchange, but there are benefits to doing so.
- Your employees may benefit from subsidies to help them purchase coverage.
- Traditional routes still available—brokers—you don’t have to change how you purchase coverage.
- Brokers can sell you plans on the Exchange.
- Help is available to walk you through the process.
Questions

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