

# IMPACT OF HEALTH CARE REFORM ON CITIES IN ALABAMA

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# Health Care Reform in Alabama

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## **Patient Protection and Affordable Care Act of 2010**

- The PPACA was signed into law on March 23, 2010 along with the Health Care and Education Reconciliation Act of 2010.
- These Acts transform America's Health Care system with new Federal programs, grants and discretionary funding.
- Some funding is "direct spending" to States. Much required State initiated action to secure funding.

# Health Care Reform in Alabama

## Transformation in State Oversight of Healthcare

- New State oversight for Insurance reform includes minimum health coverage standards, premium rate increases, health care costs, insurance exchanges and consumer protection.
- Priority shift toward Preventative Health Care and major delivery system reforms. State will monitor compliance with the minimum standards for coverage of *preventative health services* by insurance companies.
- Increased Medicaid coverage for lowest income individuals under 65 up to 133% of FPL. Expanded Medicaid responsibility not adopted by Alabama.

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## **Cooperation and Action was Imperative**

- Governor decided not to participate in the implementation plan to coordinate actions by the various state agencies affected by health care reform and to address budget impact.
- State legislators decided not to pass legislation to implement health care reform. Ex: Minimum health care coverage and Premium rate review.

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## State Takes No Action

- There are provisions in the bill for the federal government to step in and implement health care reform in the state. Because Alabama decided to opt out of these health care reforms, there are penalties assessed that will reduce funding in already existing programs. The state has also lost some authority to manage health care through Federal preemption.

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## **What Cities can do when no State Action**

- Deadline for enrollment is March 31.
- There are exceptions to the March Deadline.
- Special Enrollment due to a qualifying event, such as marriage, divorce, birth or adoption of a child, or a loss of a job.
- Educate Public that Open Enrollment starts November 15.

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## What Cities Can Do

- Create tools to reach citizens.
  - Some cities have a Health Care Website.
  - Train volunteers to assist residents with enrollment.
  - Host conversations with community stakeholders to explain how the Marketplace works.
  - Include state and local elected officials, small business owners, civic and community organizations.
  - Walgreens and CVS, and Library Assoc. have agreed to provide information about the Marketplace.

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## **Certified Enrollment Counselors**

- Prior to the enrollment season get volunteers certified as application counselors. (August and September)
- Become educated about the Affordable Care Act and benefits available in the State.



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## Impact in Alabama

- 95% of Alabama's uninsured and eligible population may qualify for tax credits.
- Alabama has received over \$9 million in grants for research, planning, information technology development and implementation of ACA.
- Over 2 million people have pre-existing health conditions and now may be insured.

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## Impact in Alabama

- Insurance refunds – Because some insurance companies were spending less than 80% of premiums on health care, some insured will get a refund of \$248 per family covered by a policy.
- Rate increases for premiums dropped from 75% to 14%.
- Community Health Centers received \$2 million.

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## Impact in Alabama

- Investment in Primary Care workforce – 109 National Health Service Corp workers in Alabama in 2012 as compared with 57 in 2008. These clinicians work in rural, and urban communities, and receive student loan repayment and scholarship assistance.
- Alabama received \$9 million in grants from the prevention and public health fund to support effective health policies in Alabama.

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## Impact in Alabama

- In Alabama people with Medicare saved nearly \$99 million on prescription drugs. In 2012 this was an average of \$643 per beneficiary.
- Preventative care is covered without a co-pay or deductible.
- Those enrolled in Medicare Advantage paid on average lower premiums than paid in 2010.

# Health Care Reform in Alabama

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## Education is Key to Public Support

- **Tax credits** – How they work.
- The Premium Tax Credit in 2014 – To be eligible you must buy health insurance in the Marketplace, not have employer sponsored insurance, cannot be claimed as a dependent, and pay over 9.5% of family income for health coverage.
- You may receive a larger refund or get a credit paid to the insurance company to reduce your premium.

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## Education is Key

- Though almost half of the states have agreed to participate, early indicators are people are exceeding expectations in signing up for the Marketplace.
- Amidst all of the political noise, Alabamians have beat the odds and signed up in numbers that exceeded all expectations.

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## **Education is the Key**

- Key provisions of the law should be explained to people, especially the benefits and help with premium payment.

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## **Personal Commitment can make a difference**

- Cameron Kelly-Johnson, a 32-year-old Florence resident, said he has been helped greatly by the new law. “ It changed everything for me and has given me the opportunity to have health insurance for the first time in 10 years.”
- Motivated in part by the help he has received, Kelly-Johnson now works as a federally certified health care law navigator in rural Alabama. He spends about 10 hours a week talking to Alabamians about their insurance choices, and added that he has seen about 200 people over the course of his work.



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## **Minimum Coverage of Health Care**

- HHS has developed minimum standard benefits and coverage with uniform definitions of medical and insurance terms.
- Insurance Companies are required to provide a short plain language Summary of Benefits and Coverage.

# Health Care Reform in Alabama

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## Minimum Health Care Benefits

- Outpatient care
- Trips to the emergency room
- Treatment in the hospital for inpatient care
- Care before and after a baby is born

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## Minimum Health Care Benefits

- Mental health and substance use disorder services: This includes behavioral health treatment, counseling and psychotherapy
- Prescription drugs
- Services and devices to help you recover if you are injured, or have a disability or chronic condition. This includes physical and occupational therapy, psychiatric rehabilitation and more.

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## **Minimum Health Care Benefits**

- Preventative Services including counseling, screening and vaccines to keep you healthy and care for managing a chronic disease
- Pediatric services: This includes dental and vision care for kids

# Health Care Reform in Alabama

## Consumer Protections

- Alabama has immediate responsibility for *oversight of compliance* with health care plans to insure:
- **No lifetime limit** on the dollar value of benefits for any participant.
- **No "unreasonable" annual limits** on coverage.
- **No** annual or lifetime **specific coverage benefit limits**.
- **No rescission of coverage** unless there is fraud or misrepresentation.
- **No discrimination** in favor of higher salaried employees in a plan.
- **No** contribution requirements that **favor** higher salaried employees in a plan.

# Health Care Reform in Alabama

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## Consumer Protections

- **No Pre-existing Condition** Exclusions for Enrollees Under Age 19.
- **No cost sharing on required Preventive Services** – Requires coverage and prohibits the imposition of cost-sharing for specified preventative services.
- **Extends Dependent Coverage for Children Until age 26** – If a policy offers dependent coverage, it must include dependent coverage until age 26.

# Health Care Reform in Alabama

## Consumer Protections

- **No Prior authorization for Emergency Services** –regardless of the participating status of the provider, and at the in-network cost-sharing level.
- **Access to Pediatricians** – Mandates that if designation of a PCP for a child is required, the person be permitted to designate a physician who specialized in pediatrics as the child's PCP if the provider is in-network.
- **No referral or authorization requirements for access to OB/GYNs** – Prohibits authorization or referral requirements for obstetrical or gynecological care provided by in-network providers who specialize in obstetrics or gynecology.



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## Consumer Protections

- An estimated 108,000 people from Alabama retired before they were eligible for Medicare and have health coverage through their former employers.
- **Early Retiree Reinsurance Program** – provides for retirees not active employees and not qualified for Medicare to participate in Employer plans at reduced premium contributions. State Insurance Commissioner has issued letter to Licensed Alabama Health Insurers regarding program.

# Health Care Reform in Alabama

## Consumer Protection – Appeals

- A group health plan and a health insurance issuer offering group or individual health insurance coverage is required to implement an effective appeals process which at a minimum:
- Provides an external review process for health care plans that includes the consumer protections in the Uniform External Review Model Act promulgated by the National Association of Insurance Commissioners. The external review is binding on health care plans.

# Health Care Reform in Alabama

## Cost Containment – The Exchange

- The Federal Exchange is the central mechanisms created by the health reform law to help individuals and small businesses purchase health insurance coverage.
- Alabama defaulted to the Federal Exchange to help consumers make valid comparisons between plans that are certified to have met benchmarks for quality and affordability.
- The Federal Exchange administers the new health insurance subsidies and facilitate enrollment in private health insurance, Medicaid and the Children's Health Insurance Program (CHIP).

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# Health Care Reform in Alabama

## Cost Containment – The Exchange

- **Two National Insurance Companies** - There will be at least two health care plans available in Alabama through the Exchange with oversight by the Federal Government (OPM).
- **Premium Rebate** - Insurance Companies must spend at least 80% to 85% of premium dollars on direct medical care and rebate you the difference if they fall short. Premium Rebates to consumer based on percentages set by HHS or State.
- **State may set rebate** - lower percentages may be set by a state. The State must seek to ensure adequate participation by health insurance issuers, competition in the health insurance market in the State, and value for consumers so that premiums are used for clinical services and quality improvements.

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## **Federal Priority Shift to Preventative Health Care**

- Act created an interagency council to promote healthy living and establishes a Prevention and Public Health fund to expand and sustain a national investment in prevention and public health programs.
- Includes an investment in new therapies to prevent, diagnose, and treat acute and chronic diseases.
- Includes funding opportunities for state agencies to prevent chronic disease, improve immunization rates, and promote the public health workforce.

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## **Preventative Health Care**

- Medicaid planning grants for developing coordinated care for chronic conditions. (\$25 million max per state)
- Medicaid grants to test approaches that may encourage behavior modification for healthy lifestyles.
- Provides FMAP incentive payment to states that eliminate cost sharing requirements for preventive services. (1% increase in FMAP)

# Health Care Reform in Alabama

## Medicaid New Responsibilities

- Medicaid now is the major point of financial intersection between states and the federal government. Thus, Medicaid is a major part of the transformation of health care.
- Medicaid is the “financial glue” holding together local health care safety nets. It finances over half of community health centers, mental health care, and provides significant hospital revenues.
- Medicaid enrollment is already at an all time high. The Act adds potentially 16-23 million new enrollees in Medicaid and adds new responsibilities. For the first time, Alabama has the option of Federal Medicaid funding for coverage for all low-income populations, irrespective of age, disability, or family status.
- To finance coverage for the newly eligible enrollees, Alabama declined to receive 100% funding for 2014 – 2016. Full funding will decline after 2016.



# Health Care Reform in Alabama

## Medicaid New Responsibilities

- Medicaid will design awareness campaigns to educate Medicaid enrollees about coverage of preventive services.
- Last year, roughly 68,700 Medicare beneficiaries in Alabama hit the donut hole, and received no extra help to defray the cost of their prescription drugs
- Relief for senior who hit the Medicare Part D donut hole for prescription drug coverage. (\$250 and future discounts.).
- Medicaid drug rebate percentage increased for brand name drugs to 23.1%

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## Medicaid New Responsibilities

- Medicaid will cover tobacco cessation counseling and drug therapy for pregnant women w/o cost sharing. (2010)
- State authorized to purchase recommended vaccines for adults.
- Hospital payments based on value-based incentives that meet performance standards. (2013)
- Re-admissions may adversely affect payments to hospitals.

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## Medicaid New Responsibilities

- **Oversight of new standards** for health homes.
- **Use community health workers** to promote positive health behaviors and outcomes in medically underserved communities.
- **Medical records** – Health Information Technology implementation of electronic Health records.

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## **National Strategy for Quality Improvement in Health**

- HHS established a national strategy to improve the delivery of health care services, patient health outcomes and population health.
- HHS, working with Medicaid and state agencies, will implement this strategy to increase the wellness and health of the resident population and drive down costs of health care.

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## **National Strategy for Quality Improvement in Health**

- HHS has required large chain restaurants and vending machines to include nutrition labeling on food products.
- Medicaid and Insurance Exchange will coordinate together to achieve population health improvement goals.

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## Challenges for Cities in Alabama

- Direct, discretionary and grant opportunity funding must be coordinated to meet strict deadlines or lose out on major funding.
- Increased need for interagency planning and implementation coordination.
- New fraud standards heighten the need for resources to monitor compliance with new federal laws and regulations.
- City needs a pool of talented health care experts and federal grant writers to assist state vision of health care reform.

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## Challenges in Alabama

- State Budget Crisis – More demands on limited resources and uncertain funding for administration of new programs.
- One major private insurance carrier with 80% of the market.
- Reform calls for unprecedented changes in state law regulating private insurers and Medicaid. Many laws needed to be (but were not) enacted by 2011 and 2012 to receive federal funds.
- Population health needs are high – childhood and adult obesity.

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## Challenges for Cities in Alabama

- **Since the State fail to get in the game on the ACA then some grant and funding opportunities may fall on cities, to receive assistance from the Federal Government. Cities will benefit from focus and involvement on the most important issue for the health of Alabamians this decade.**



# Health Care Reform in Alabama

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## Challenges in Alabama

- Access to affordable health care insurance and services is now provided by the Federal Exchange. A careful review of all other benefits under the ACA by cities and counties may increase opportunities for Alabama citizens to benefit from the ACA.

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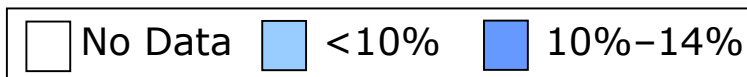
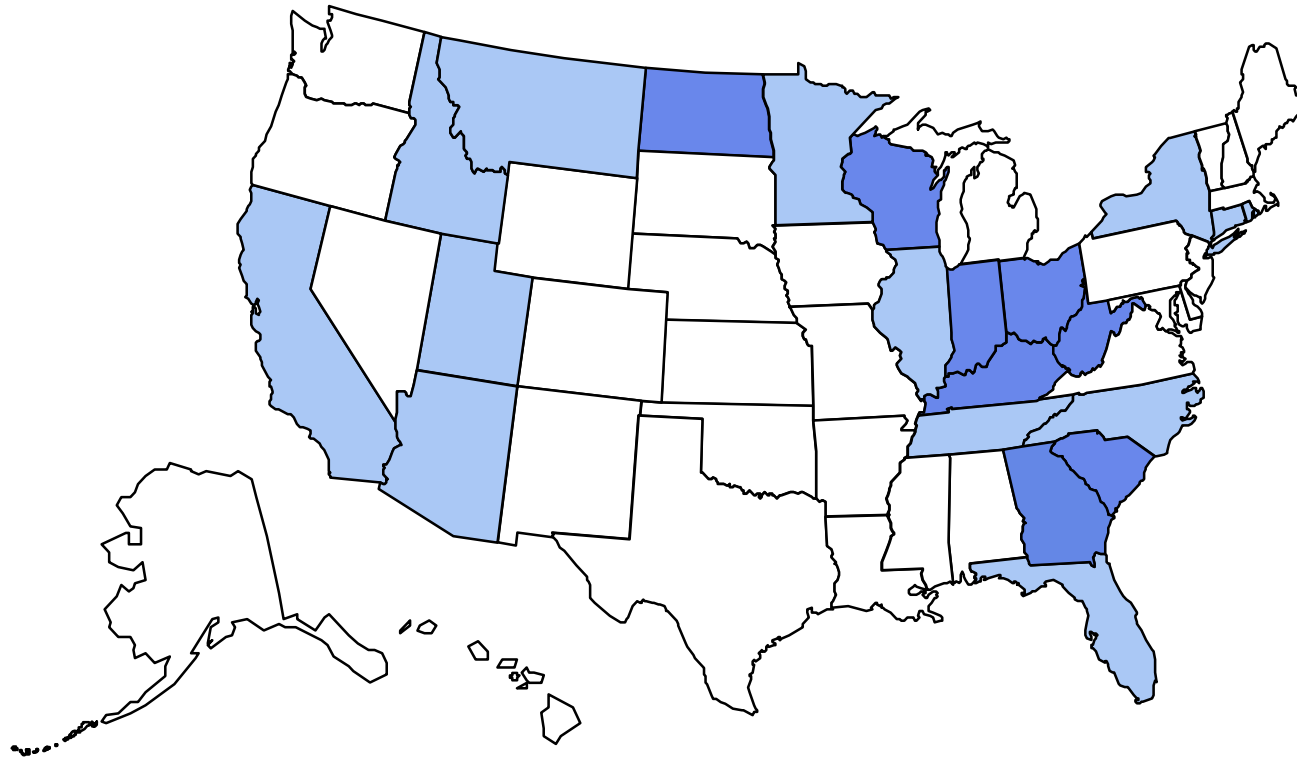
## Preventative Health Care

- Obesity is a preventable health care condition.
- School based health centers. (\$200 million in grants)
- CDC awarded demonstration project grants for living well, childhood obesity, immunizations, health care workforce development. Funds went to Texas, Massachusetts and California.

## Obesity Trends\* Among U.S. Adults

# BRFSS, 1985

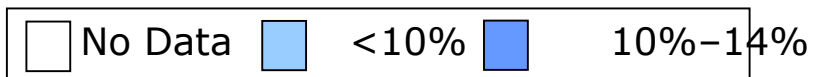
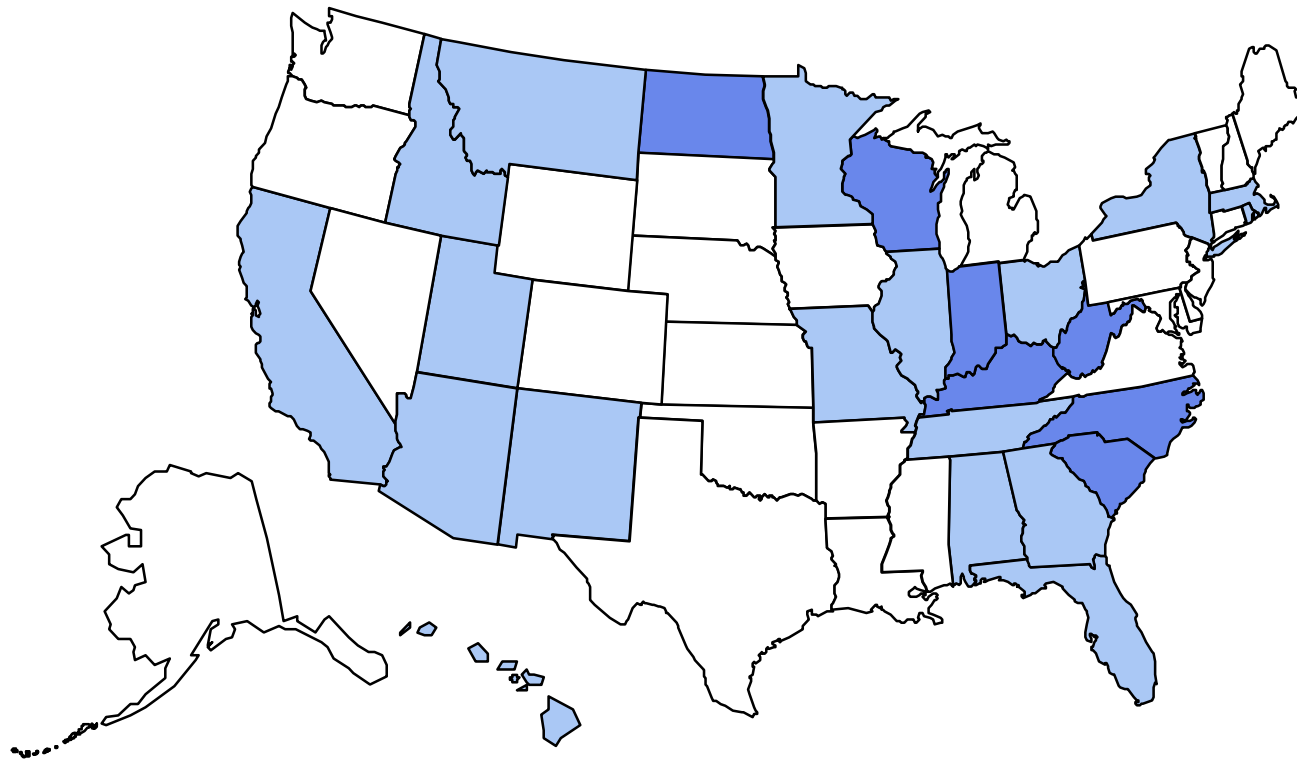
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## Obesity Trends\* Among U.S. Adults

## BRFSS, 1986

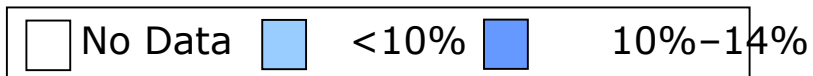
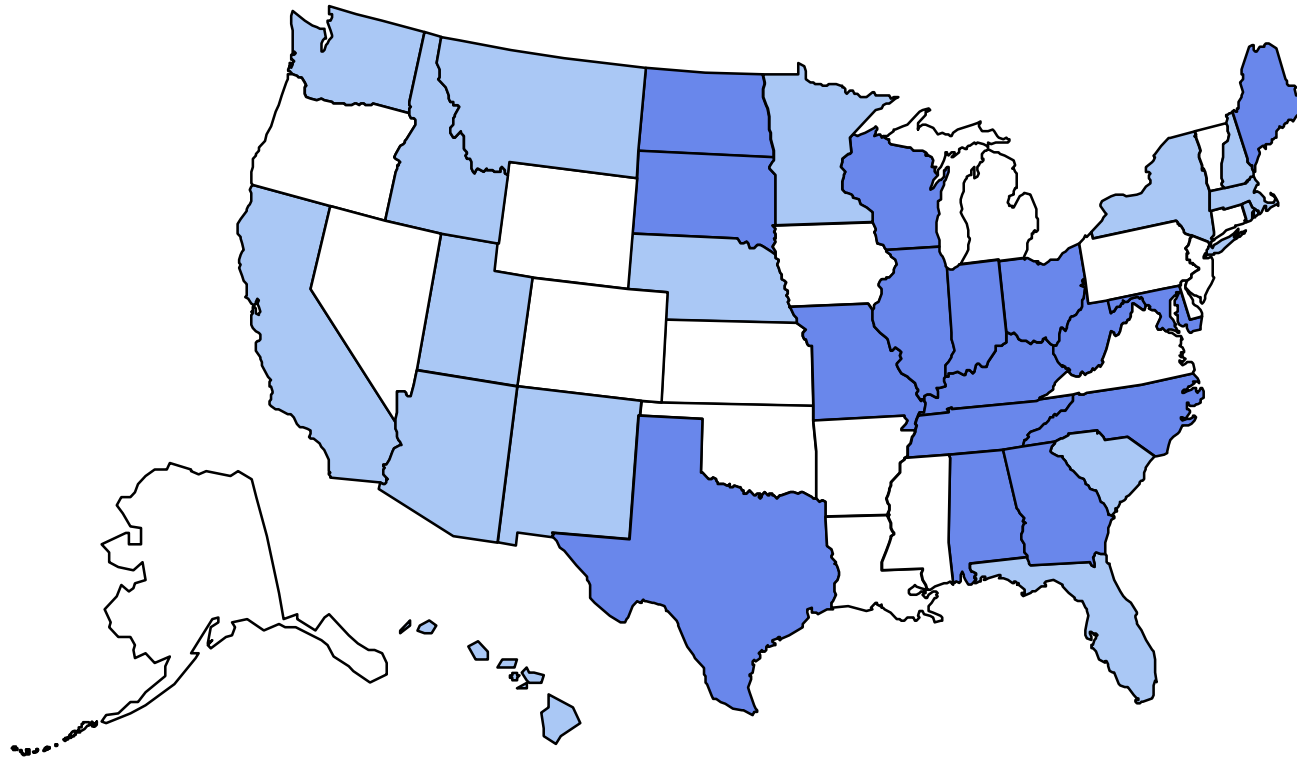
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## Obesity Trends\* Among U.S. Adults

# BRFSS, 1987

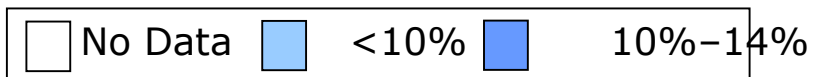
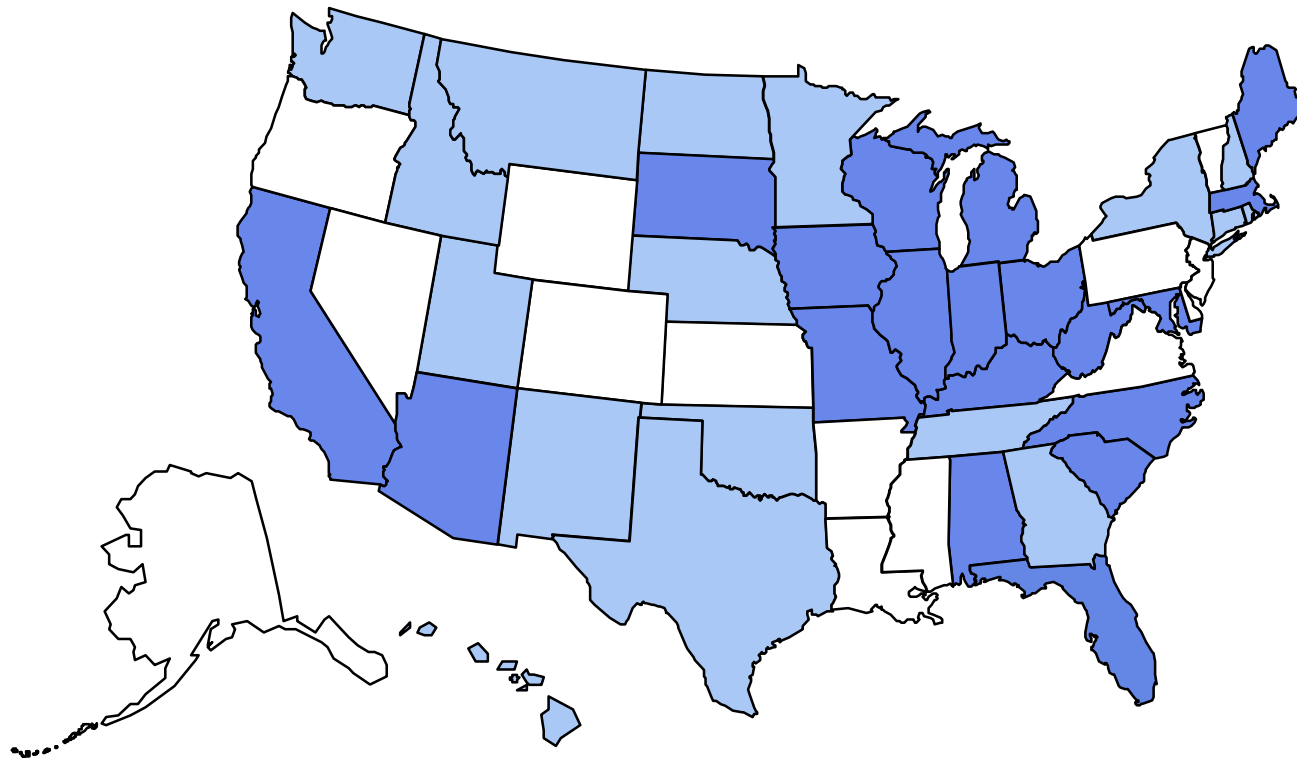
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# Obesity Trends\* Among U.S. Adults

BRFSS, 1988

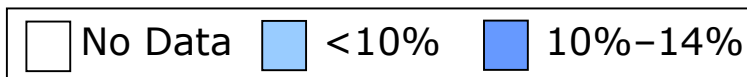
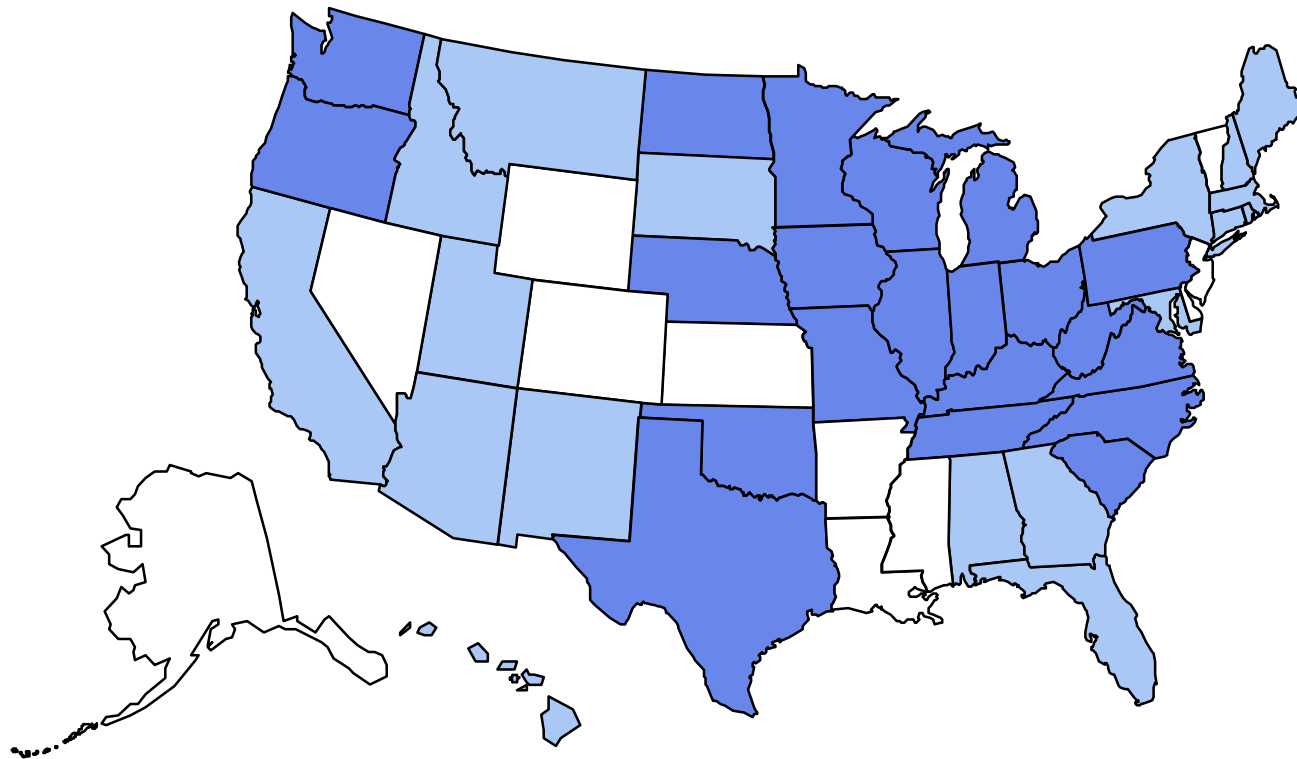
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## Obesity Trends\* Among U.S. Adults

## BRFSS, 1989

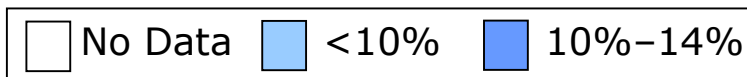
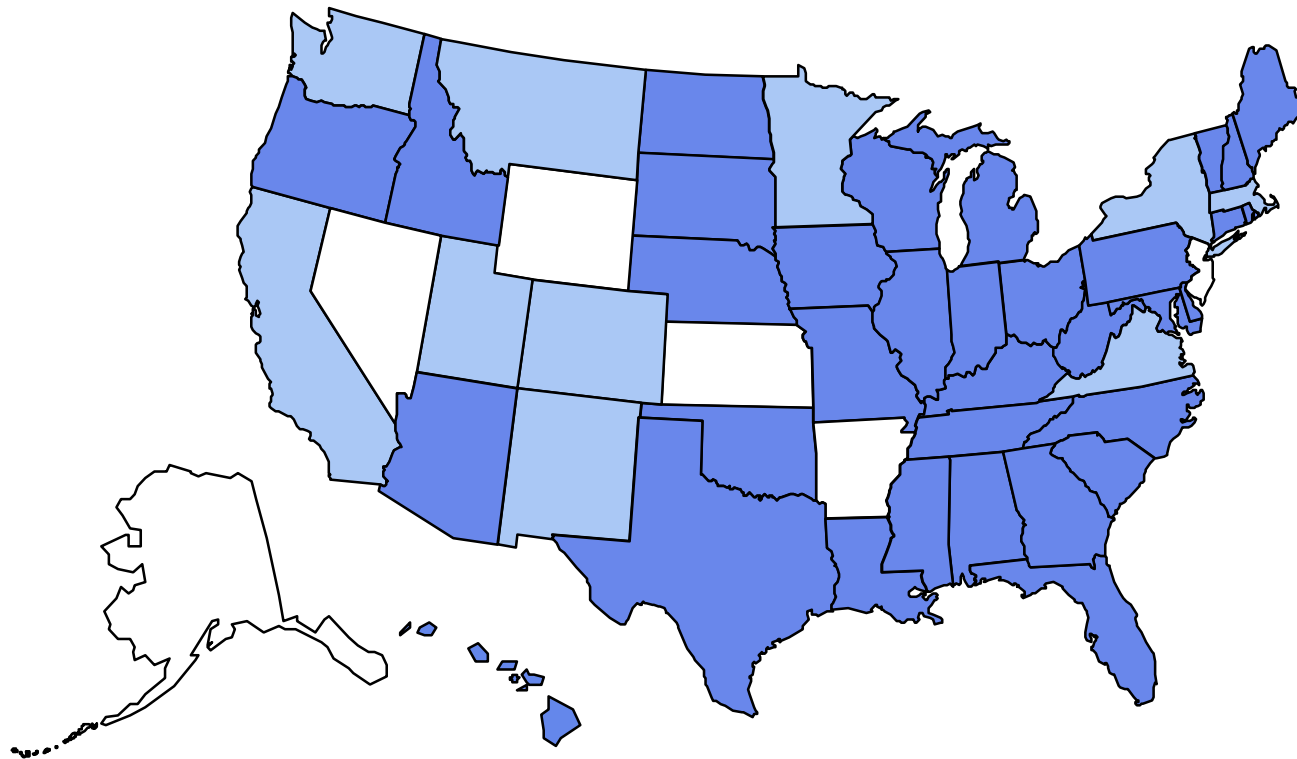
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# Obesity Trends\* Among U.S. Adults

BRFSS, 1990

(\*BMI  $\geq 30$ , or  $\sim 30$  lbs overweight for 5' 4" woman)

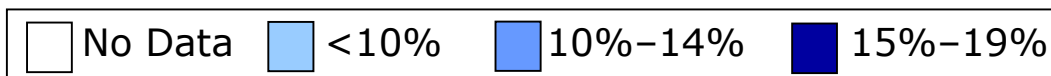
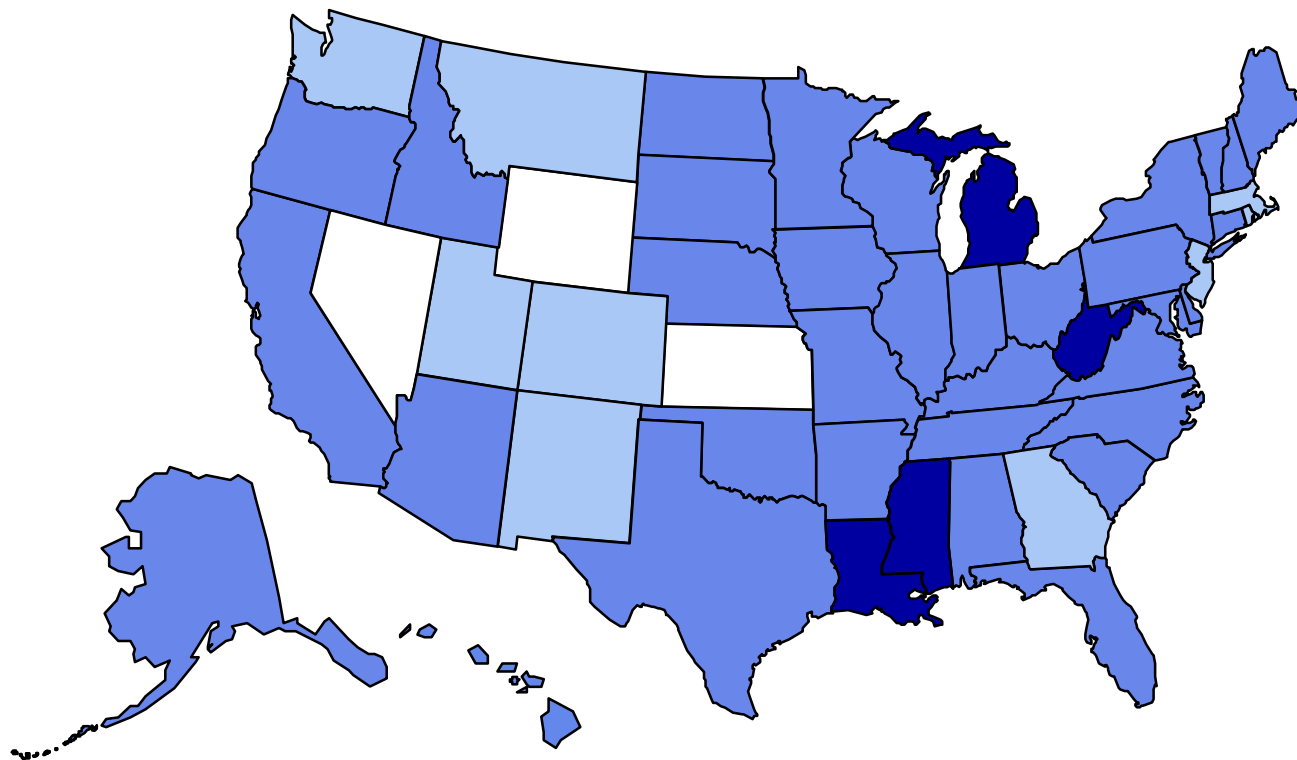




# Obesity Trends\* Among U.S. Adults

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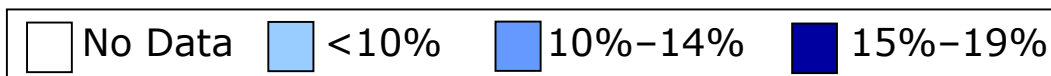
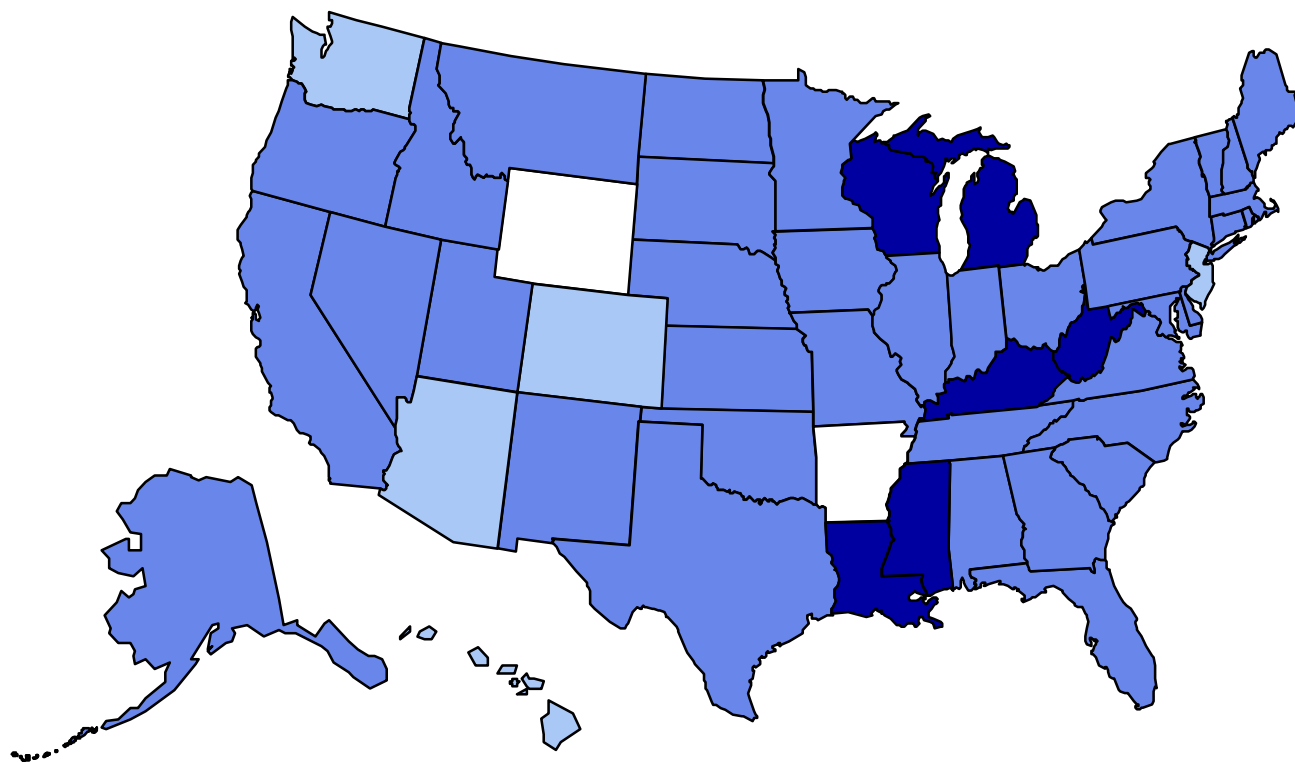
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# Obesity Trends\* Among U.S. Adults

BRFSS, 1992

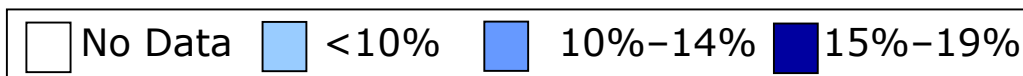
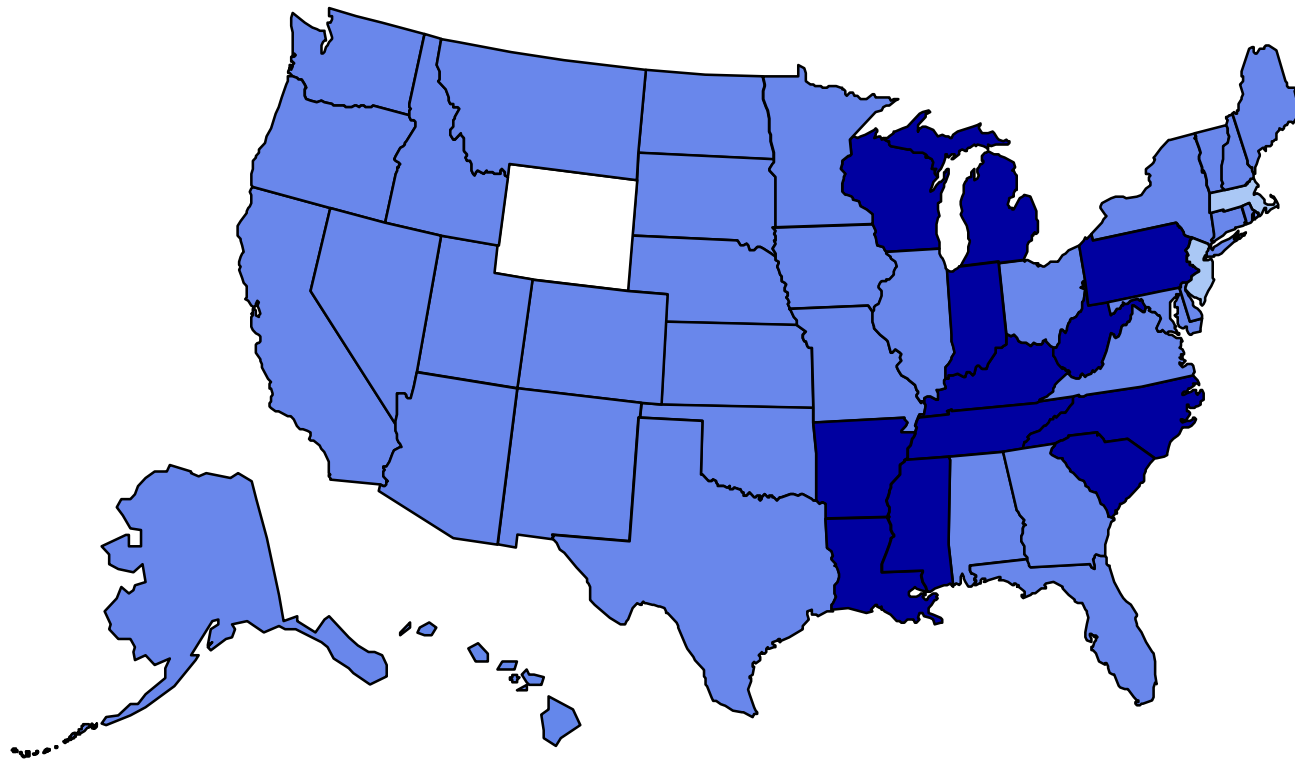
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## Obesity Trends\* Among U.S. Adults

## BRFSS, 1993

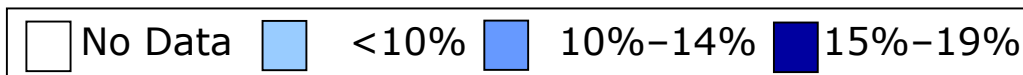
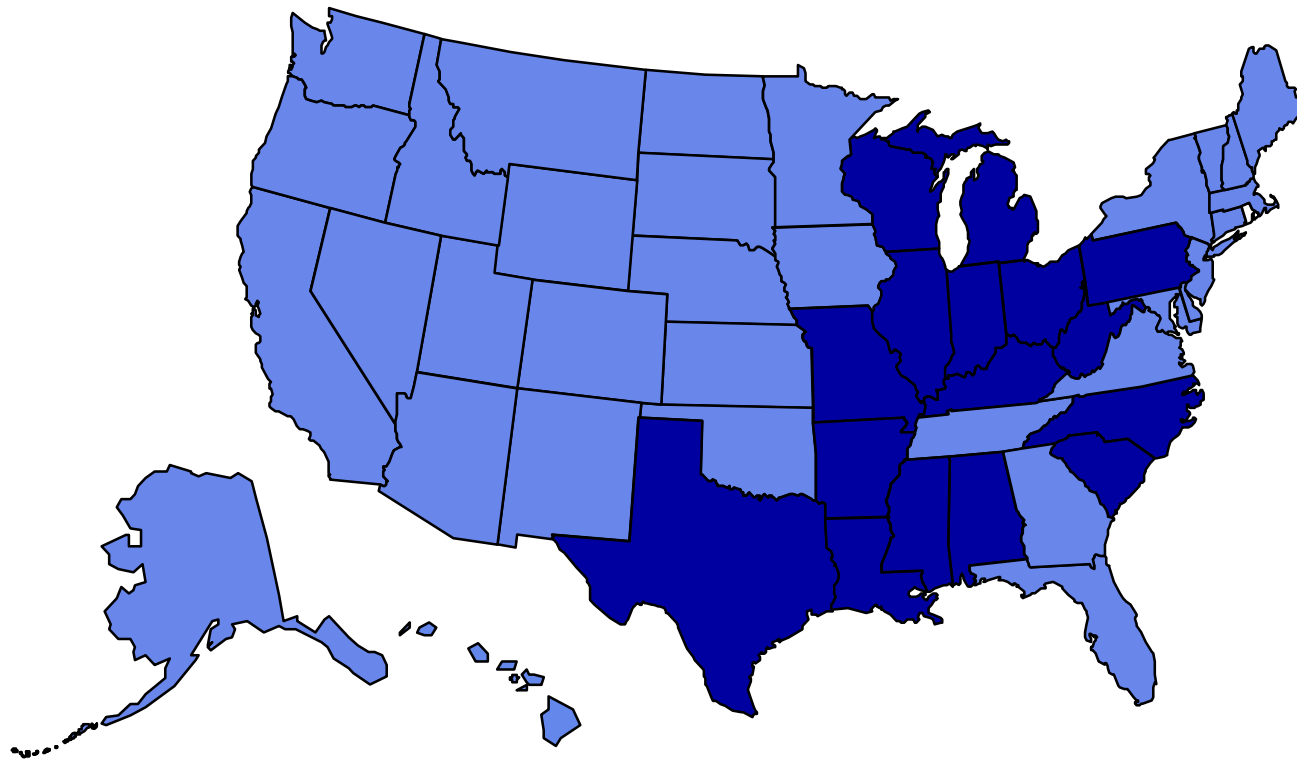
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## Obesity Trends\* Among U.S. Adults

## BRFSS, 1994

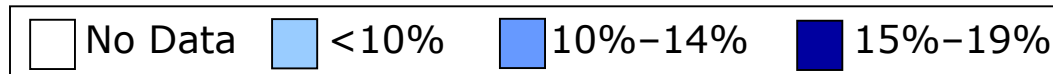
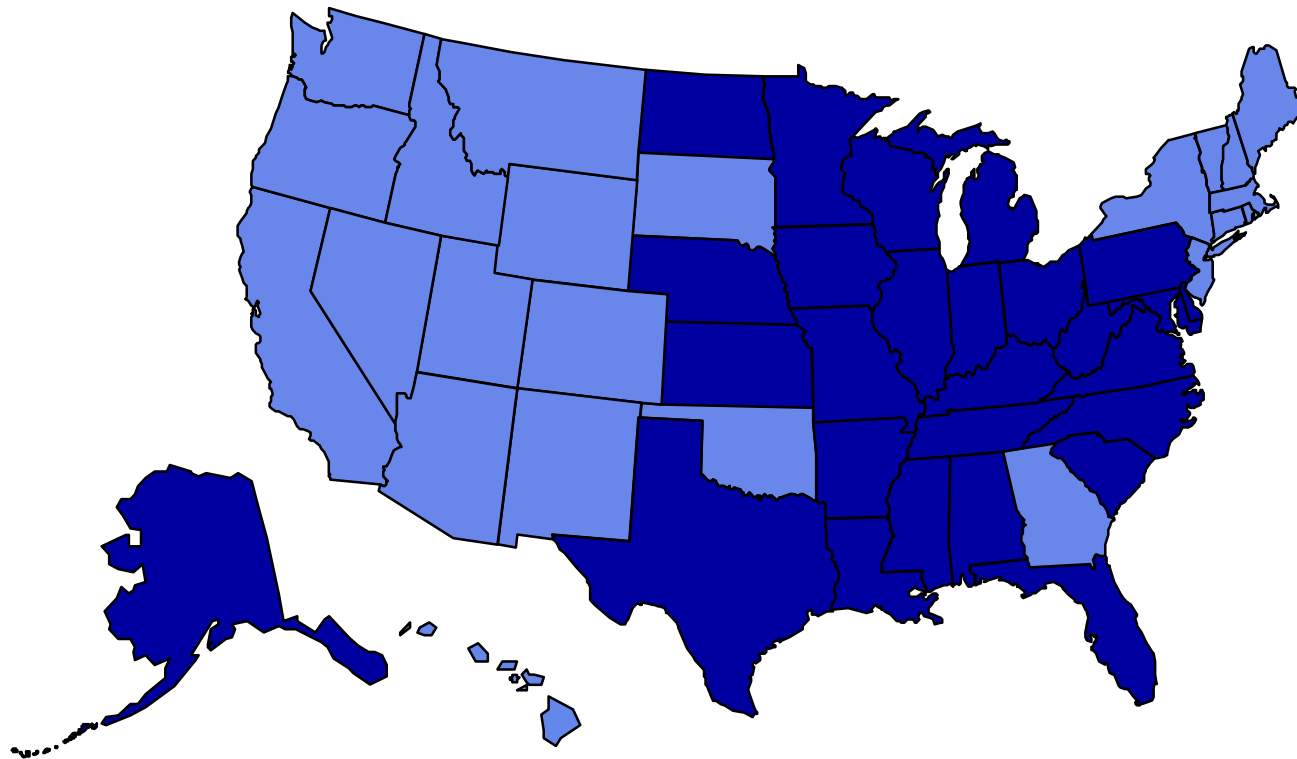
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# Obesity Trends\* Among U.S. Adults

BRFSS, 1995

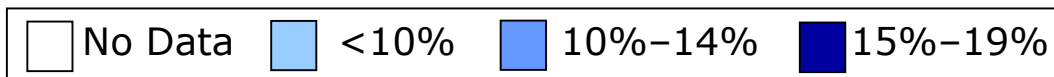
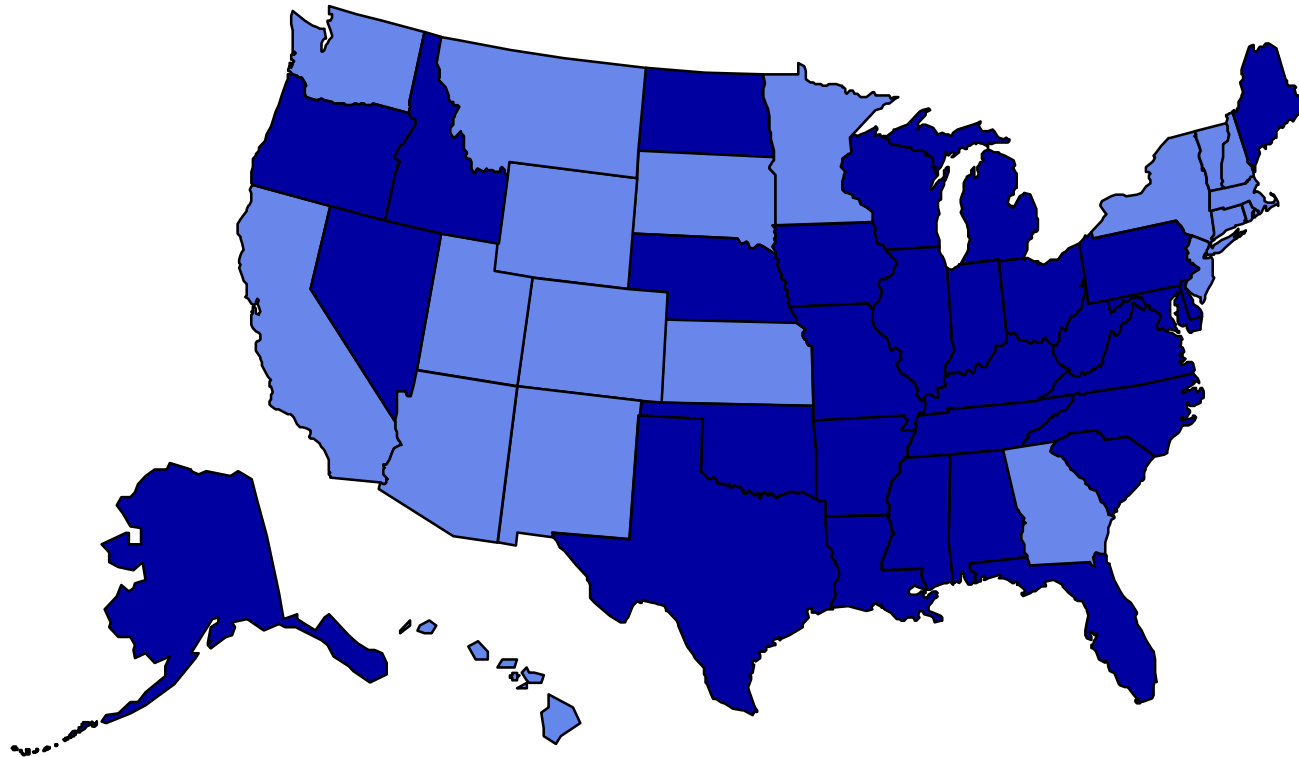
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## Obesity Trends\* Among U.S. Adults

## BRFSS, 1996

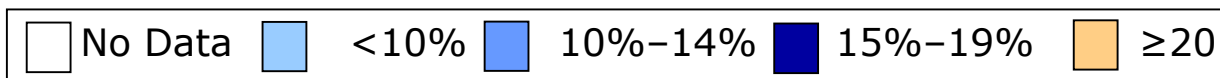
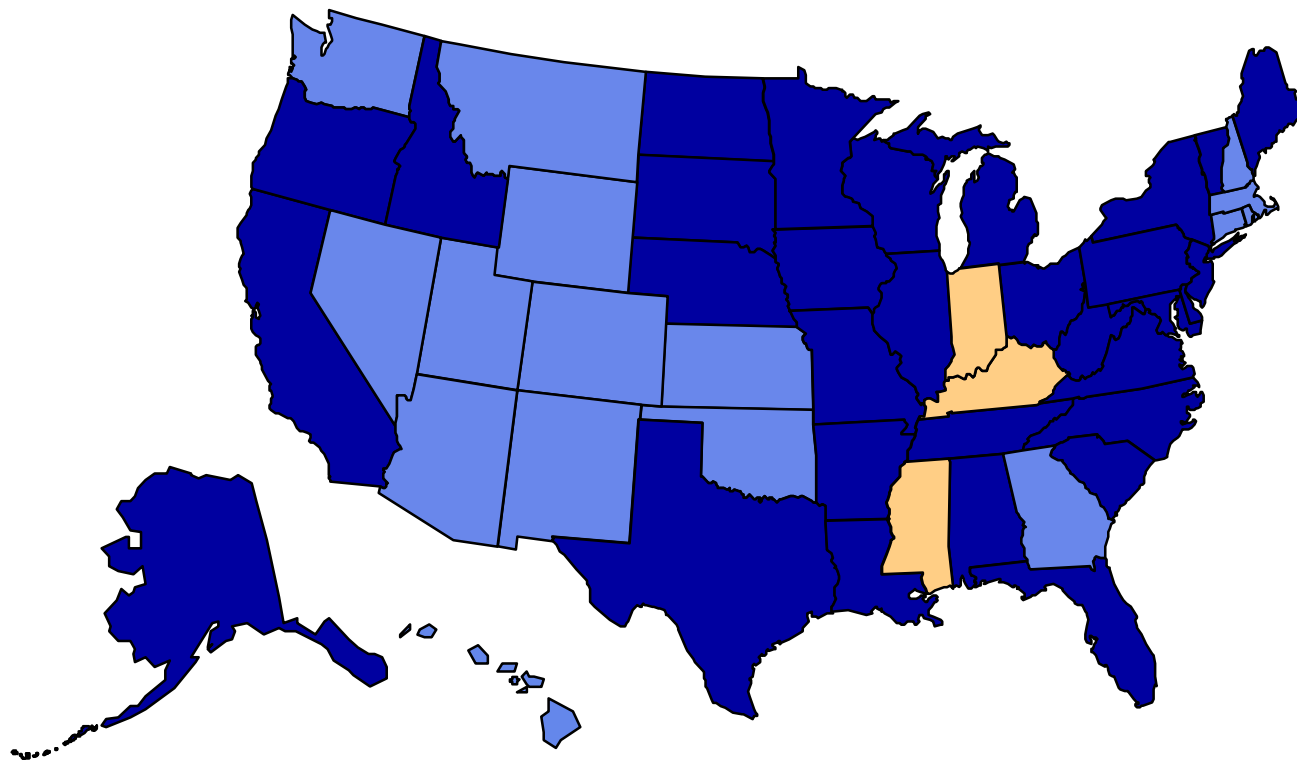
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# Obesity Trends\* Among U.S. Adults

BRFSS, 1997

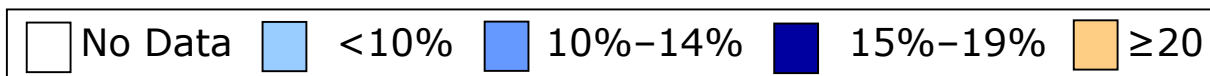
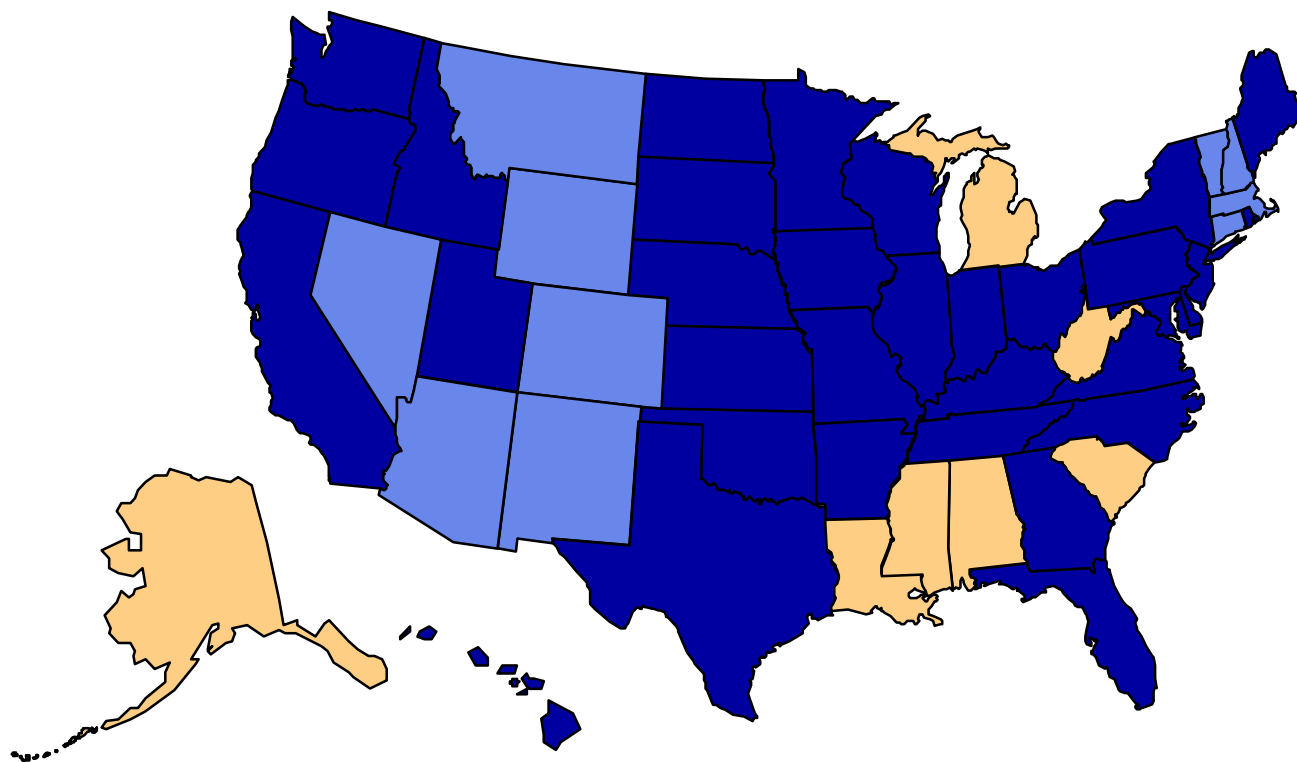
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# Obesity Trends\* Among U.S. Adults

BRFSS, 1998

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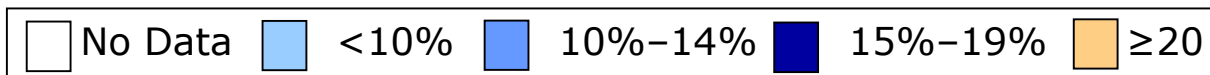
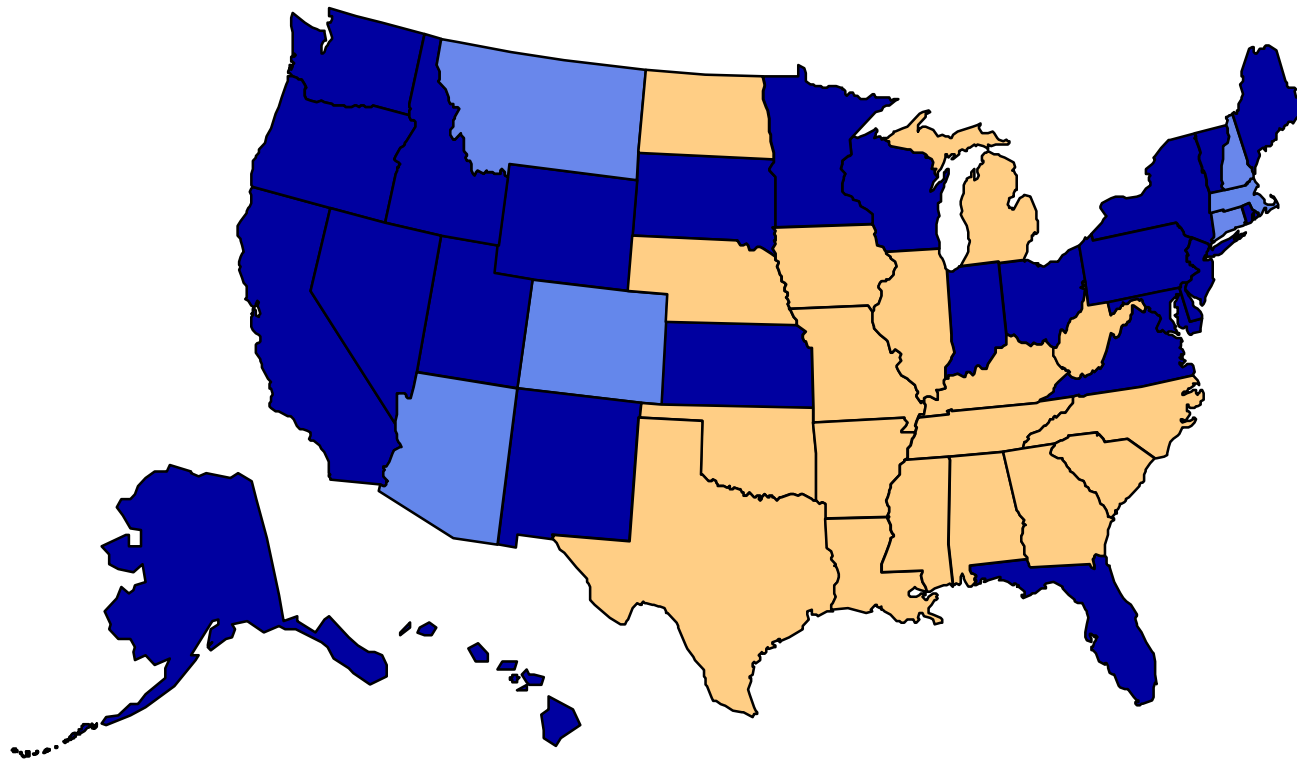




## Obesity Trends\* Among U.S. Adults

# BRFSS, 1999

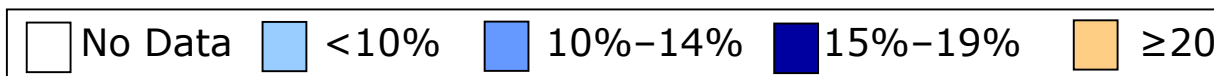
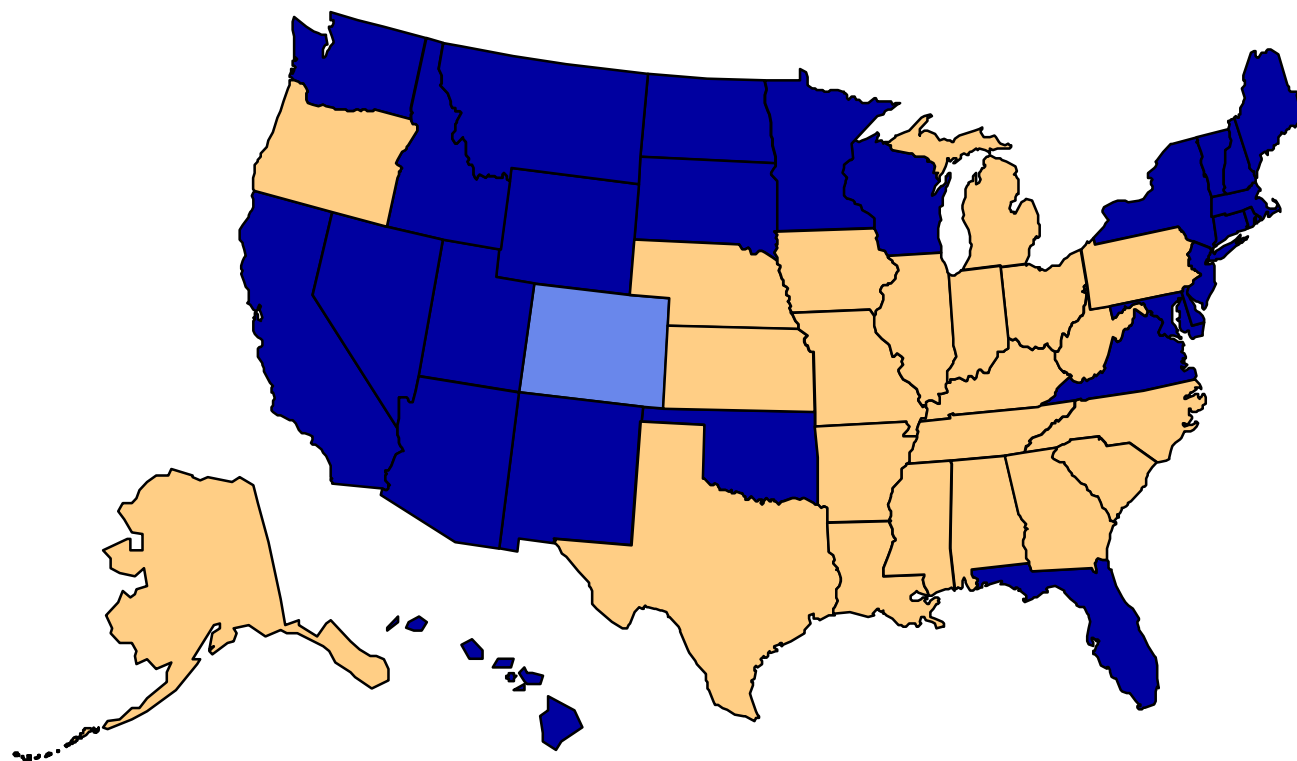
(\*BMI  $\geq 30$ , or  $\sim 30$  lbs overweight for 5' 4" woman)



# Obesity Trends\* Among U.S. Adults

BRFSS, 2000

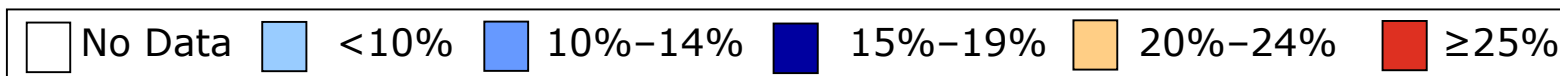
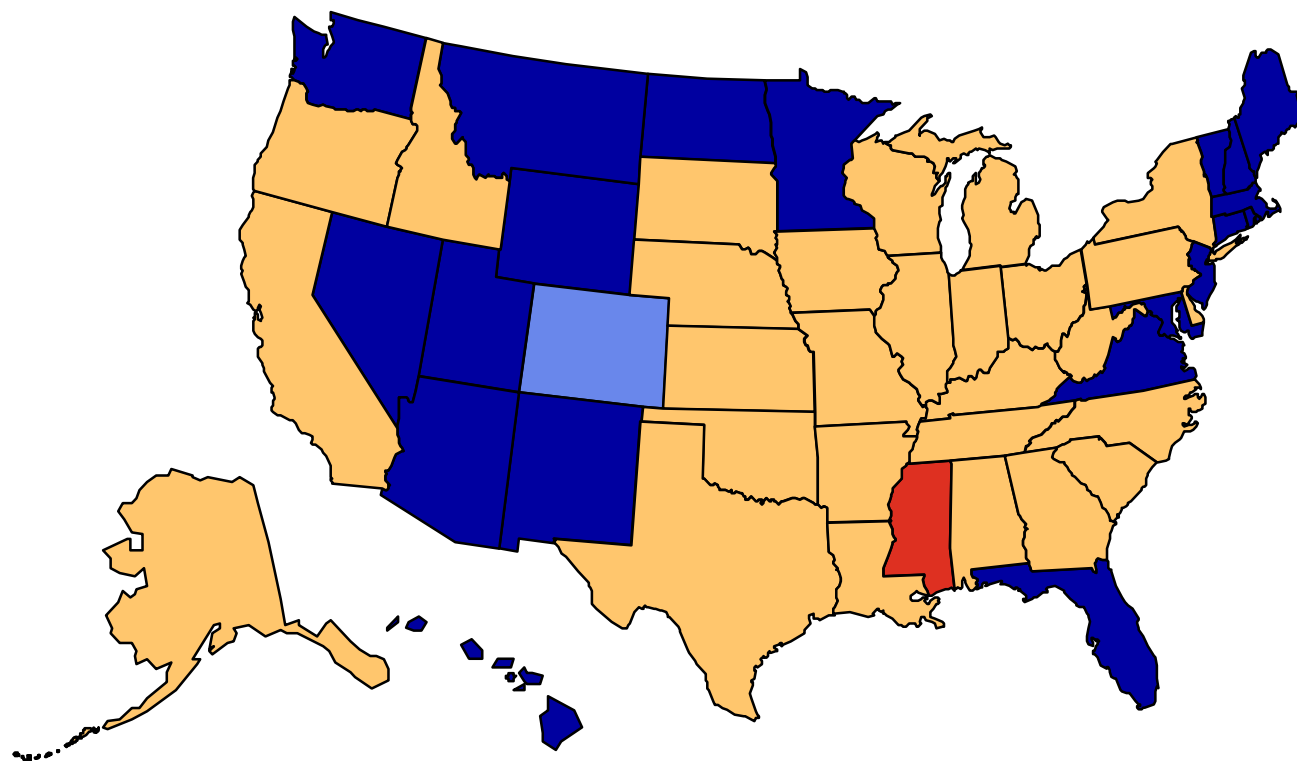
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# Obesity Trends\* Among U.S. Adults

BRFSS, 2001

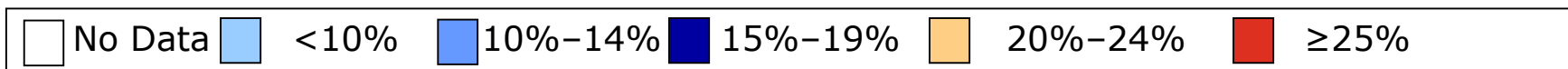
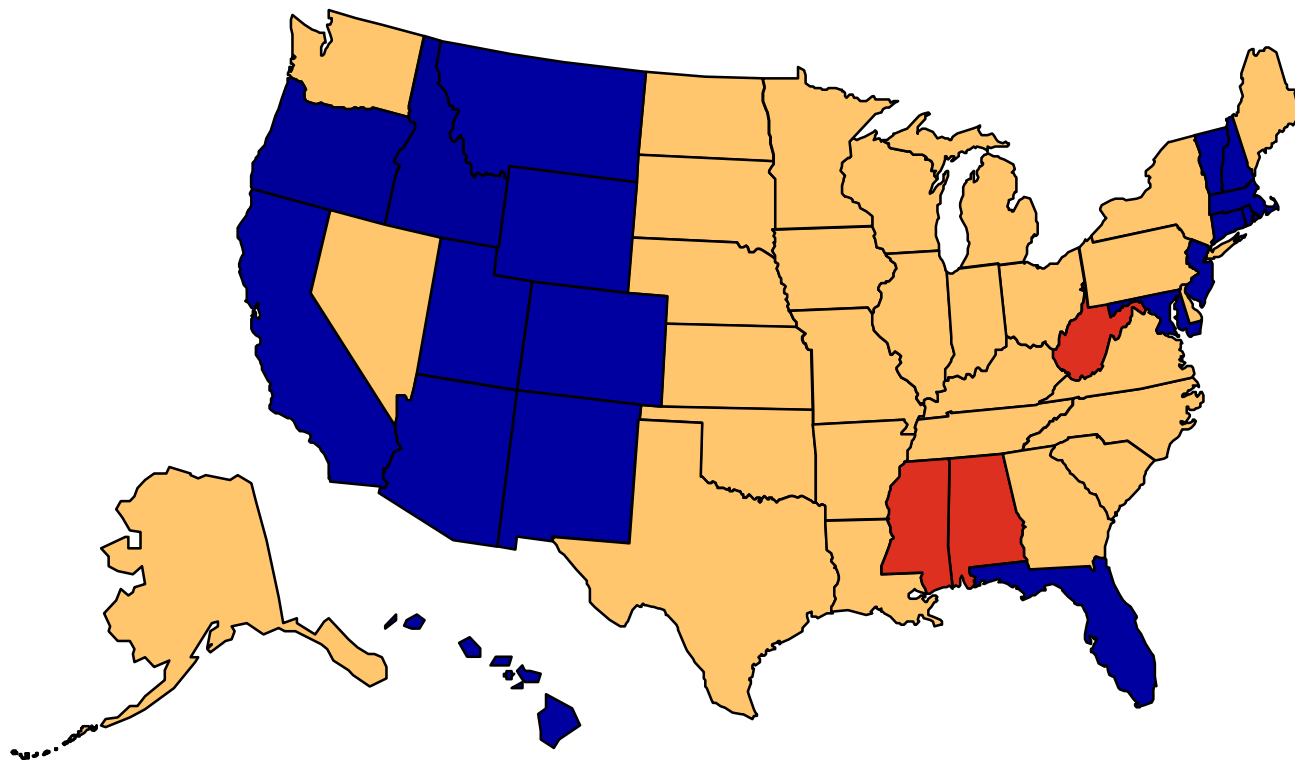
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# Obesity Trends\* Among U.S. Adults

## BRFSS, 2002

(\*BMI  $\geq 30$ , or  $\sim 30$  lbs overweight for 5' 4" woman)

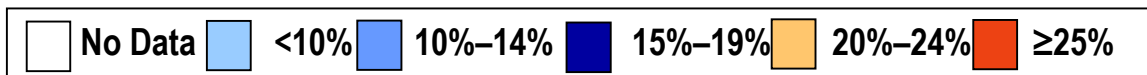
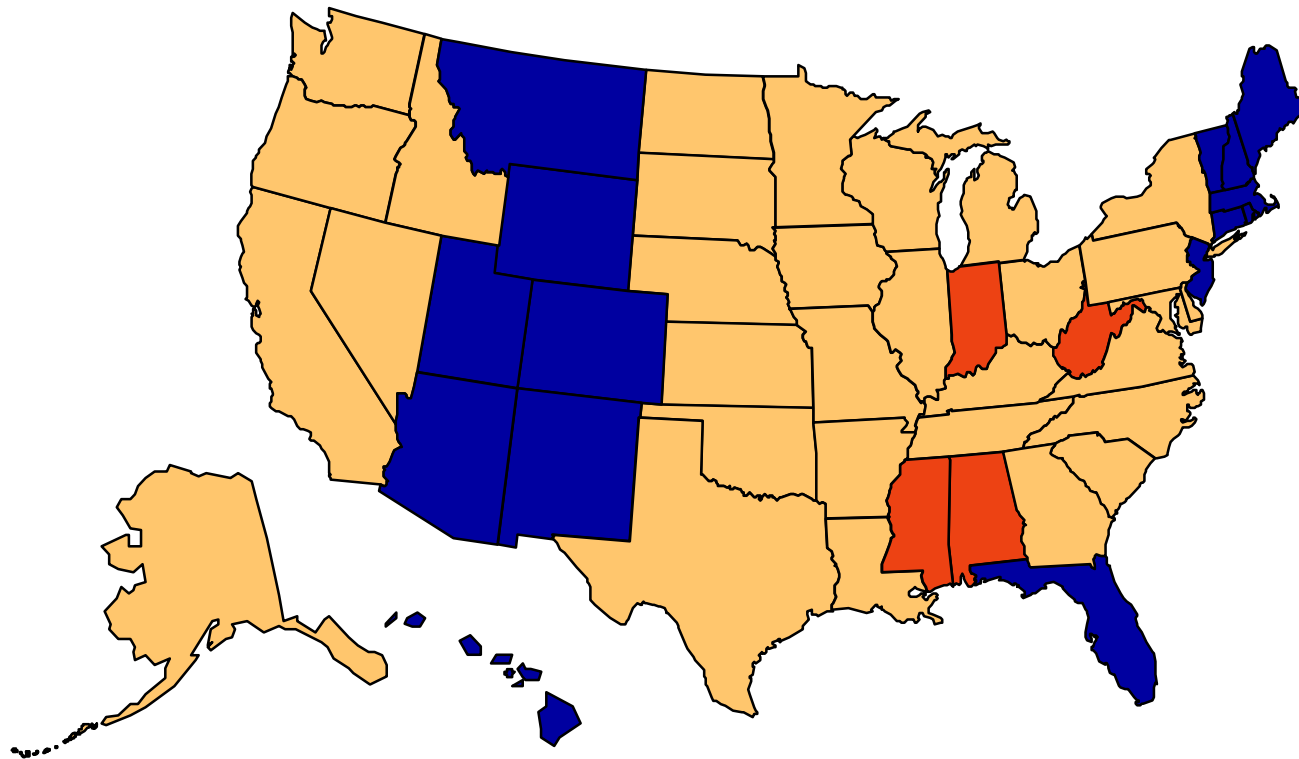


Source: Behavioral Risk Factor Surveillance System, CDC

## Obesity Trends\* Among U.S. Adults

# BRFSS, 2003

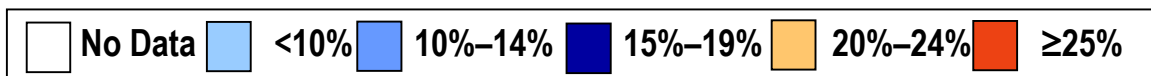
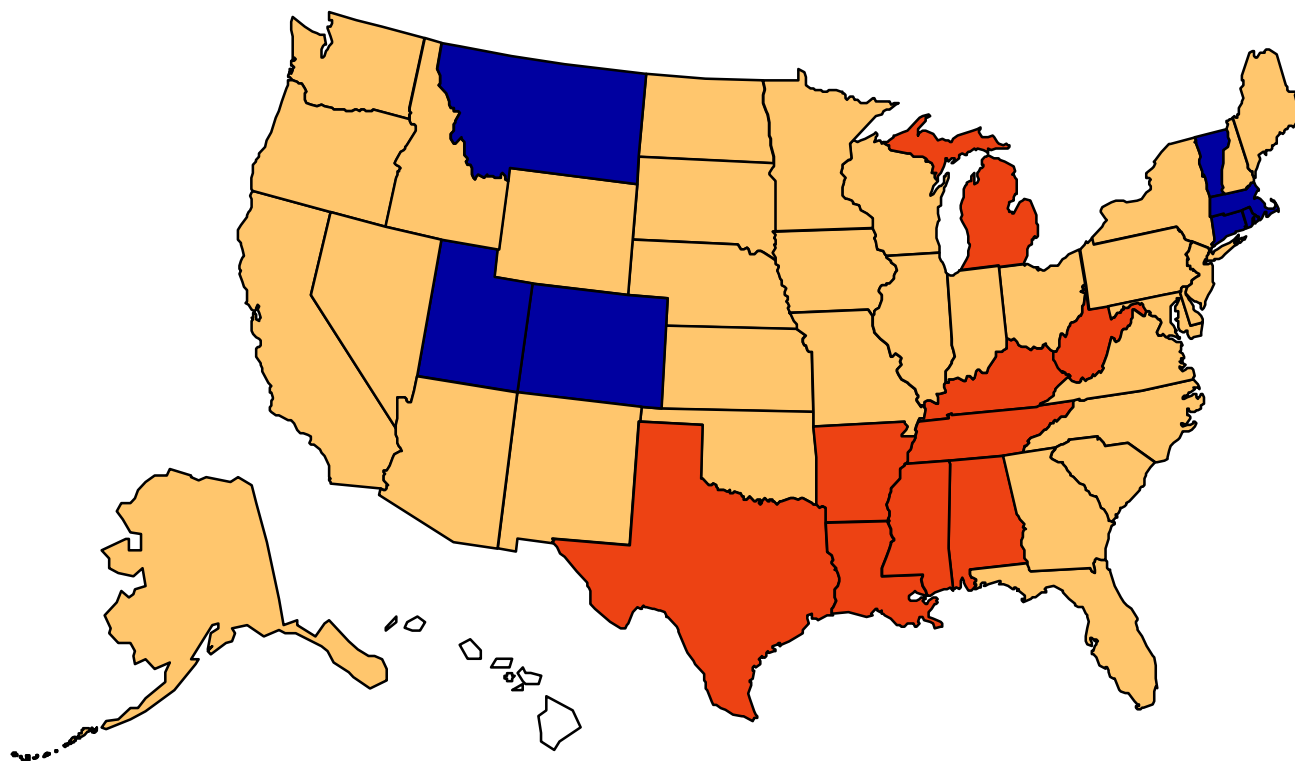
(\*BMI  $\geq 30$ , or  $\sim 30$  lbs. overweight for 5' 4" person)



## Obesity Trends\* Among U.S. Adults

BRFSS, 2004

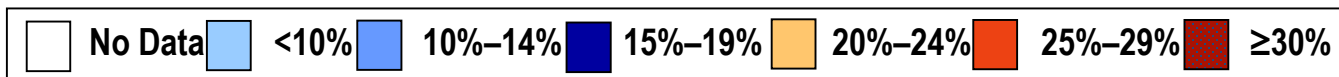
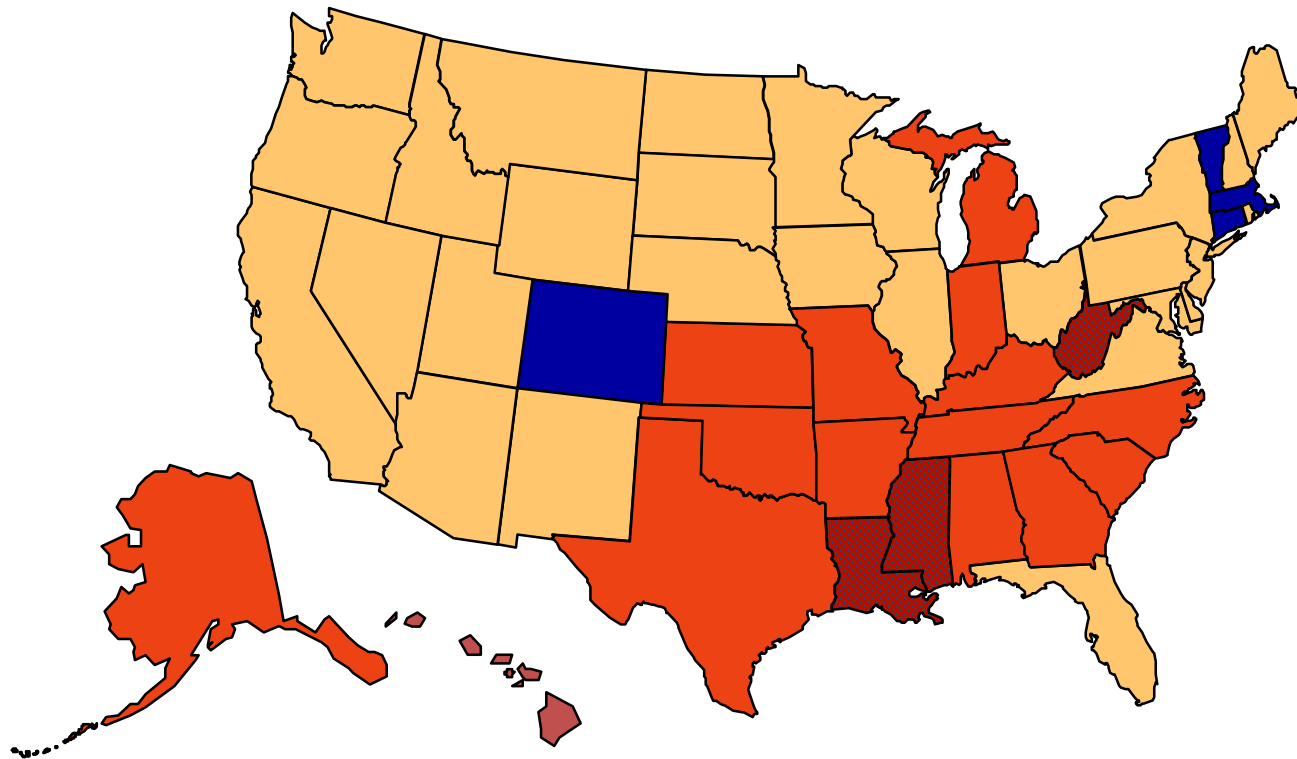
(\*BMI  $\geq 30$ , or  $\sim 30$  lbs. overweight for 5' 4" person)



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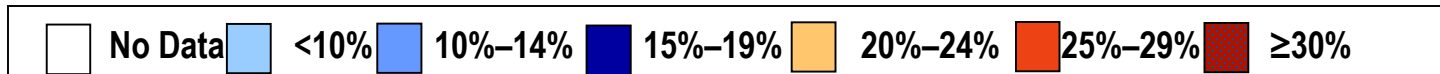
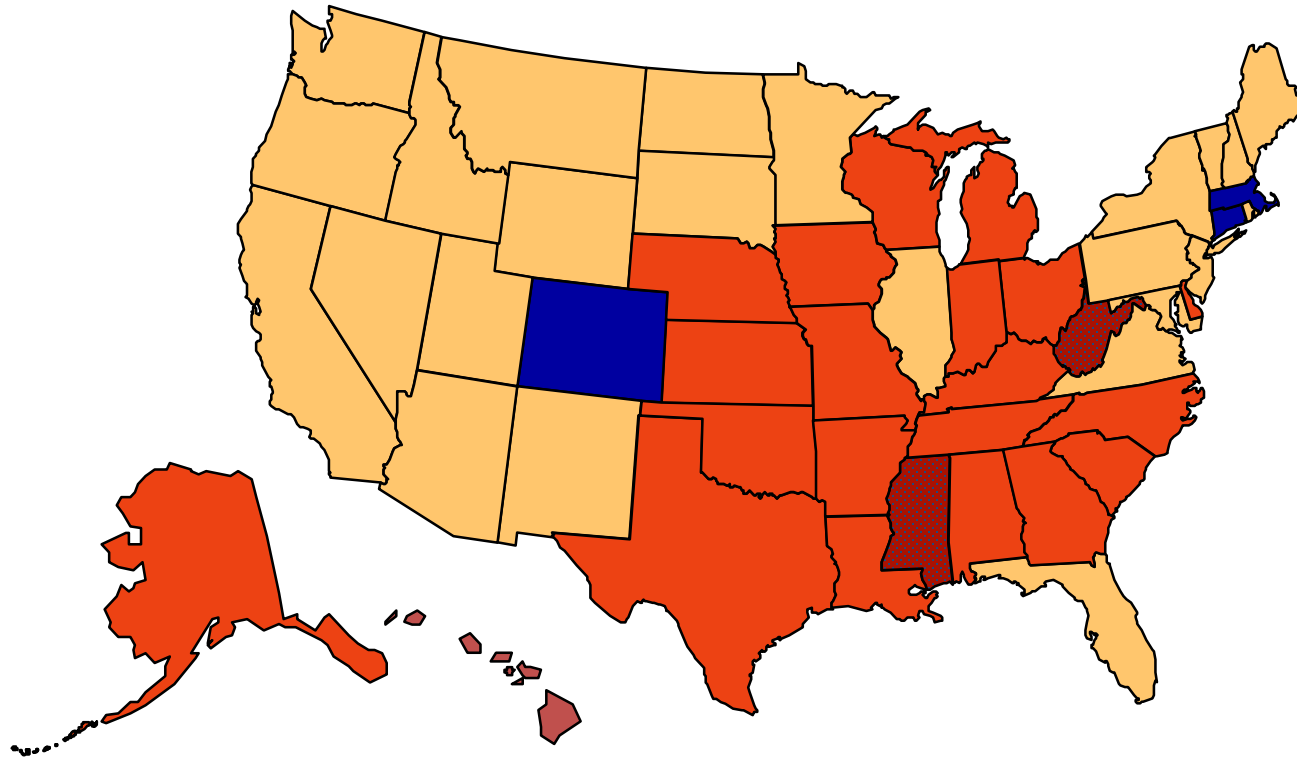
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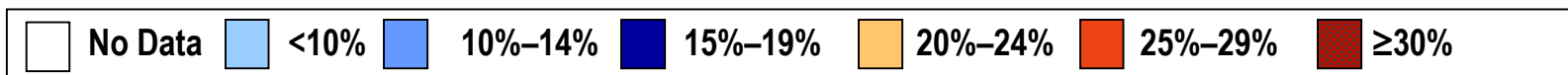
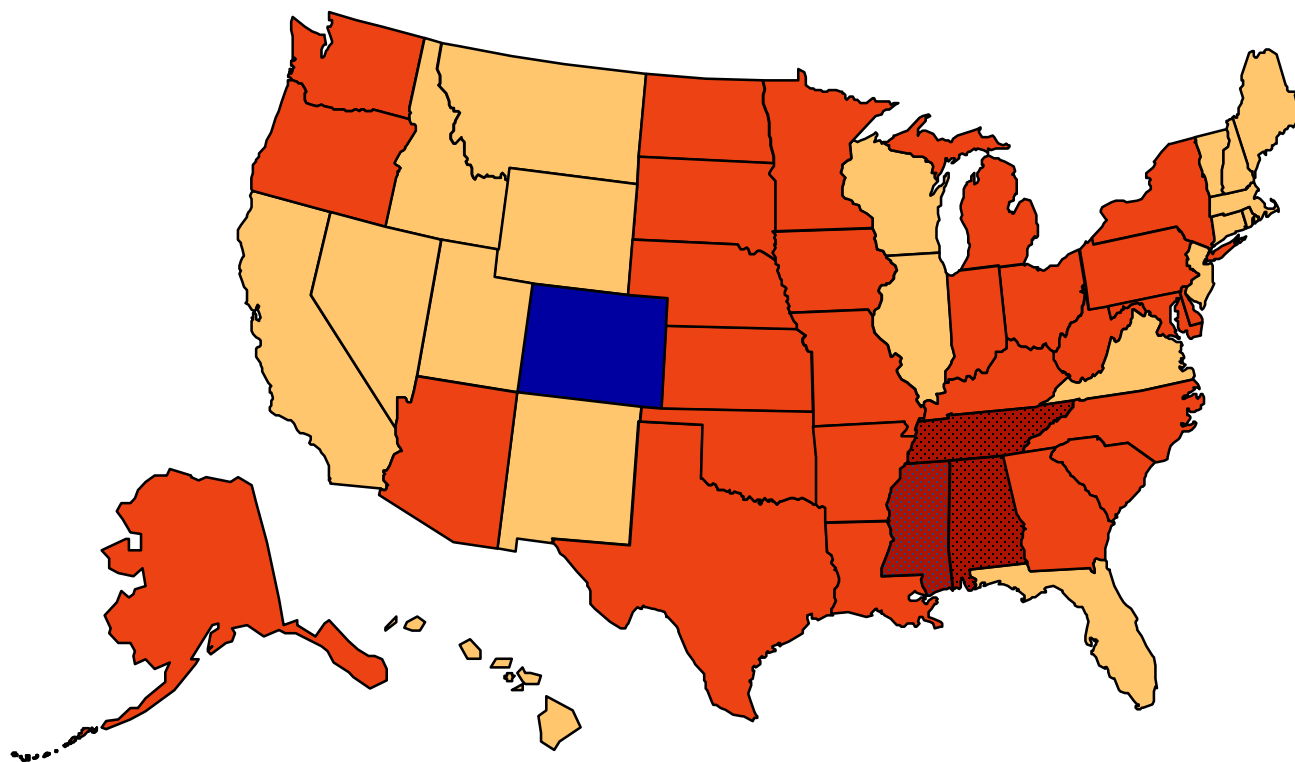




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BRFSS, 2007

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Key findings

**Data from the National Health and Nutrition Examination Survey, 2009–2010**

- More than one-third of adults and almost 17% of youth were obese in 2009–2010.
- There was no change in the prevalence of obesity among adults or children from 2007–2008 to 2009–2010.
- Obesity prevalence did not differ between men and women.
- Adults aged 60 and over were more likely to be obese than younger adults.

# Health Care Reform in Alabama

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## Why Healthcare is Important to Alabama

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