

Health and Human Resources

Presentation to Senate Finance Committee

Secretary of Health and Human Resources

Dr. Bill Hazel

September 20, 2012



Overview

- Brief update on the Supreme Court of the United States (SCOTUS) decision on the Patient Protection and Affordable Care Act (PPACA)
- Work of the Virginia Health Reform Initiative
- Virginia's Next Steps

Supreme Court Ruling

- **Minimum Essential Coverage Mandate –**
 - requires most people to maintain a minimum level of health insurance coverage for themselves and their tax dependents in each month beginning in 2014.
 - The individual mandate can be satisfied by obtaining coverage through employer-sponsored insurance, an individual insurance plan including those to be offered through the new health insurance exchanges, a grandfathered health plan, government-sponsored coverage such as Medicare or Medicaid, or similar federally recognized coverage.
 - People exempt from the individual mandate include undocumented immigrants, religious objectors, and people who are incarcerated.

SCOTUS Ruling - The Individual Mandate is a Constitutional Exercise of Congress' Power to Tax

Supreme Court Ruling

- Medicaid Expansion –
 - The ACA expands the Medicaid program's mandatory coverage groups by requiring states to cover nearly all people under age 65 with household incomes at or below 133% FPL (\$14,856 per year for an individual and \$30,657 per year for a family of four in 2012) beginning in January, 2014.
 - To fund this expansion of Medicaid coverage, the ACA provides that the federal government will cover 100% of the states' costs of the coverage expansion in 2014 through 2016, gradually decreasing to 90% in 2020 and thereafter.

SCOTUS Ruling - The Medicaid Expansion Is Unconstitutionally Coercive of States. Congress may not make all of a state's existing Medicaid funds contingent upon the state's compliance with the ACA Medicaid expansion.

Essential Health Benefit

- Winter/Early Spring 2012, Essential Health Benefit Analysis
- Relied on information released by HHS on January 25, 2012, 3 largest small group products in each state based on June 30, 2011 data collected by HealthCare.gov
- 3 nationally available FEHBP plans
- 3 largest state employee plans
- Non-Medicaid commercial HMO plan

Small Group	State Employees	Federal Employees	Non-Medicaid HMO Plan
Anthem Health Plans of VA PPO	COVA Care	FEHBP BCBS Standard Option	Anthem
Anthem HealthKeepers HMO	COVA Connect	FEHBP BCBS Basic Option	
Optima Vantage HMO	Kaiser	Government Employees Health Association (GEHA)	

Essential Health Benefit

- May 2012, Virginia Health Reform Initiative Advisory Council Meeting
 - EHB materials and information to Advisory Council and Stakeholders prior to meeting
 - EHB Panel:
 - PWC, Virginia Association of Health Plans, National Federation of Independent Businesses, Patient Advocate Foundation
- May/June 2012, Essential Health Benefit Subcommittee Formed
 - Working group – VAHP members/staff, state staff
 - Subcommittee – VHRI AC members, advocates, support: state staff, VAHP
- Public Comment – written and verbal – over 22 entities/advocates

Essential Health Benefit

- Working Group
 - Analysis of all possible EHB options
 - Analysis of Anthem Small Group PPO and Virginia Mandated Benefits
 - Analysis of missing required elements of core EHB requirements
 - Developed working documents for subcommittee use and recommendation
- Subcommittee
 - Working documents from subcommittee
 - Public Comment consideration
 - Created framework for discussion (least costly, essentially not looking to add services)
 - Developed recommendation for AC consideration

Essential Health Benefit

Essential Health Benefit Required Categories

Ambulatory Services
Emergency Services
Hospitalization
Maternity and Newborn Care
Mental Health and Substance Abuse
Prescription Drugs
Rehabilitation and Habilitative Services
Laboratory Services
Preventive and Wellness Services
Pediatric Services Including Oral and Vision

Anthem Small Group PPO

Ambulatory Services
Emergency Services
Hospitalization
Maternity and Newborn Care
Mental Health and Substance Abuse
Prescription Drugs
Rehabilitation and Habilitative Services
Laboratory Services
Preventive and Wellness Services
Pediatric Services: Vision

Services to be added



Habilitative Services –
pending federal
guidance



Pediatric Oral

Virginia Health Reform Initiative

Essential Health Benefit Recommendation

The subcommittee recommended the following EHB package that is believed to not create any added expense to the Commonwealth

- **Benchmark Plan –**
 - Anthem, Small Group PPO
- **Pediatric Dental Services –**
 - Smiles for Children as benchmark (Current Medicaid/FAMIS dental program for children) Some Services Include:

Fluoride	Crowns	Sealants
Braces (if medically necessary)	Cleanings (every 6 months)	Root Canal Treatments
Space maintainers	X-rays	Extractions
Fillings	Anesthesia	Oral Disease Services

Health Benefits Exchange

Five Core Functions

Eligibility	Accept applications from individuals and small businesses; conduct verifications of applicant information; determine eligibility for enrollment in a Qualified Health Plan and for insurance affordability programs; determine employer and employee eligibility for SHOP enrollment; connect Medicaid and CHIP-eligible applicants to Medicaid and CHIP; and conduct redeterminations and appeals.
Enrollment	Enrollment of consumers into qualified health plans; transactions with Qualified Health Plans and transmission of information necessary to initiate advance payments of the premium tax credit and cost-sharing reductions.
Consumer Assistance	Consumer support assistants; education and outreach; Navigator management; call center operations; website management; and written correspondence with consumers to support eligibility and enrollment.
Plan Management	Plan selection approach (e.g., active purchaser or any willing plan); collection and analysis of plan rate and benefit package information; issuer and QHP certification, monitoring and oversight; ongoing issuer account management; issuer outreach and training; and data collection and analysis for quality.
Financial Management	Premium aggregation for SHOP (option to administer individual consumer premiums); user fees; financial integrity; support of risk adjustment, reinsurance, and risk corridor programs.

State Based Health Benefits Exchange

All functions, federal government can perform financial management

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Partnership Health Benefits Exchange

Under the proposed Partnership, States may choose to operate the following Exchange functions:

- Option 1 –Plan management functions;
- Option 2 –Selected consumer assistance functions;
- Option 3 –Both selected consumer assistance & plan management functions.

- Exchange functions other than selected consumer assistance or plan management functions will be performed by HHS under these options.

- As appropriate, HHS will ensure that the Partnership meets all Exchange standards

Partnership Health Benefits Exchange

Plan Management

- Plan management functions include (but are not limited to)
 - Plan selection;
 - Collection and analysis of plan rate and benefit package information;
 - Ongoing issuer account management;
 - Plan monitoring, oversight, data collection and analysis for quality.
- Under this proposed option for plan management, the State helps select plans and collects a standardized set of data on them to plug into Federally-facilitated Exchange's eligibility and enrollment functions.
- HHS coordinates with the State regarding plan oversight, including consumer complaints and issues with enrollment reconciliation.

Partnership Health Benefits Exchange

Consumer Assistance

- Consumer assistance functions that a State would operate under this proposed Partnership option include:
 - In-person assistance;
 - Navigator management;
 - Outreach and education.
- Consumer assistance functions that HHS would operate under this proposed Partnership option include:
 - Call center operations;
 - Website management;
 - Written correspondence with consumers to support eligibility and enrollment.

Federally Facilitated Health Benefits Exchange

- Federally-facilitated Exchange will perform core functions comparable to State-based Exchanges, including consultation with stakeholders.
- Federally-facilitated Exchange will make decisions where Exchanges have flexibility, including areas such as network adequacy and marketing.
- HHS will look to State standards to harmonize rules inside and outside of the Exchange.
- HHS can charge issuers user fees to run the Federally-facilitated Exchange.
- In fall 2011, HHS will devote resources to procurements for the Federally-facilitated Exchange.

Federally Facilitated Health Benefits Exchange

- Federally-facilitated Exchange will work with local stakeholders through the Navigator program and other outreach efforts to educate consumers and small businesses about available options in 2014.
- Federally-facilitated Exchange will determine eligibility for qualified health plans, tax credits, cost sharing reductions, and Medicaid and CHIP eligibility based on modified adjusted gross income.
 - Federally-facilitated Exchange will provide eligibility information to the applicable State agency to enroll those individuals in coverage.
- HHS will solicit input from States when running the Federally-facilitated Exchange.

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Virginia Center for Health Innovation

- December 2010, VHRI recommended the creation of an Innovation Center to allow stakeholder to collaborate in efforts to identify, pilot test, and spread effective models of delivery and payment.
- VCHI was incorporated on January 18, 2012 and submitted its 1023 application for tax-exemption to the IRS on April 25, 2012.
- The Virginia Chamber of Commerce has agreed to house VCHI and provide administrative support.
- The Virginia Hospital Education and Research Foundation has agreed to serve as the initial fiscal agent, while VCHI's taxexempt status is in process with the IRS.
- \$580,000 in start-up funding has already been secured from six founding partners (MSV, PhRMA, VAHP, VHCF, VHHA, and VIPC&S) and from nine grants (Carilion, HCA, HDL, GIH, Merck, PhRMA, Pfizer, Riverside, and VHCF).

Virginia Center for Health Innovation

Mission: To work in partnership with multiple stakeholders to accelerate the adoption of value-driven models of wellness and health care throughout Virginia.

Vision: The Virginia Center for Health Innovation is envisioned as a nonprofit, nonpartisan, consumer centered, trustworthy vehicle for sparking and sustaining health innovation in Virginia. The Center will advance the vision of Virginia as a national leader in individual health, community health, health care, and economic growth.

Virginia's Next Steps

Virginia Health Reform Initiative

Next Steps

Medicaid Exploration -

- Advance a more efficient and effective coverage model;
- Integrate Medicaid into the overall continuum of health insurance coverage in Virginia;
- Rationalize reimbursement policy to minimize provider cost shifting in the market;
- Promote access to and continuity of affordable coverage for low income consumers, even as their incomes fluctuate and their subsidy eligibility changes;
- Smooth the cost sharing “cliff” between Medicaid and Private Health Insurance;
- Continue to expand care coordination models for populations and services to reduce overall costs of the Medicaid program.

Virginia Health Reform Initiative

Next Steps

- September 30, 2012 – Determine Essential Health Benefit Benchmark Package
- November 16, 2012 – Determine Virginia's Health Benefits Exchange model (if existing timelines stand and states must act as required by PPACA)

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