

AFFORDABLE CARE ACT IMPACT ON VIRGINIA CONSUMERS

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Health & Human Resources Subcommittee
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Virginia leads the nation...

- In Business:
...“the best state for business.” (*Forbes*, 2006-2009)
- In Education:
...the “state where a child will most likely have a successful life.” (*Education Week*, 2007)
- In Fiscal Governance:
...one of four states effectively dealing with the national recession, “better positioned to weather bad times.” (The Pew Center, 2009)
- In Personal Income:
#8 nationally in per capita personal income
(Bureau of Economic Analysis)

...but not in healthcare.

- Is among only 10 states with more uninsured children today than 15 years ago – 167,000.
- Has experienced the 4th largest drop nationally in worker's health coverage over last 15 years.
- Ranks 43rd nationally in income eligibility for children's health coverage.
- Ranks 44th nationally in income eligibility for Medicaid parents' coverage.
- Ranks 48th nationally in Medicaid per capita expenditures.

Virginia ranks 44th on Medicaid income eligibility limits for working parents.

State	Income Eligibility Limit <i>(percent of federal poverty level)</i>	State Rank
Tennessee	134%	12
Maryland	116%	15
Kentucky	62%	29
North Carolina	51%	38
West Virginia	34%	42
Virginia	30%	44

Source: Kaiser Commission on Medicaid and the Uninsured, based on a national survey conducted by the Center on Budget and Policy Priorities (CBPP)

Current Medicaid Eligibility* for Virginia Parents

- Rural Areas
 - Family of 4 - \$417 / month
- Urban Areas
 - Family of 4 - \$450/ month
- Northern Virginia
 - Family of 4 - \$531 / month

* Net income after fixed deductions for work and child care expenses

Basic Medicaid Eligibility* for Other Adults

- Aged (65+), blind, disabled
 - 80% FPL – Individual \$722, Couple \$972
- Pregnant Women
 - 133% FPL – Medicaid - \$2444 / month – family of 4
 - 200% FPL – FAMIS Moms - \$3675/month – family of 4
- Childless Adults – **No Coverage**

*not long term care or spenddown

Over One Million Virginians are Uninsured

They are employed: 80% live in households with at least one full-time (65%) or part-time (15%) worker.

They work for small companies: 46% live in households with a worker in a small company (100 or fewer employees) or with a self-employed worker.

Their employers don't offer health insurance: 72.3% live in households where the worker(s) has no offer of employer-sponsored health insurance.

They are U.S. citizens: The overwhelming majority of uninsured Virginians are U.S. citizens (81%).

The majority are white, non-Hispanic: 50% are Caucasian/non-Hispanic, 20% are African-American, 20% are Hispanic, and 10% classify as "other."

Virginia Health Care Foundation, *Profile of the Uninsured In Virginia*, 2010

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- Medicaid Expands to 133% FPL in 2014
 - Individual - \$1,201/mo; \$14,404/year
 - Family of 4 -\$2,444/mo; \$29,327/year
 - 100% federal funding for 2 years; ↓90% thereafter
 - Coverage for ≈ 270,000 - 425,000 Virginians
 - ↑ Federal payments for primary/primary care, children's coverage

WHO ARE THE “NEWLY” ELIGIBLE?

- Parents of Medicaid eligible children
- Disabled –income 80% FPL-133% FPL
 - e.g. 2 yr. wait for Medicare.
- Childless adults – 0% FPL – 133% FPL
 - includes extremely poor
- Many are currently using safety net, community mental health services, uncompensated care

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- Insurance Exchanges – for people without employer based coverage and small businesses
 - Standardized benefit packages
 - Sliding scale subsidies
 - Limits on out-of-pocket costs
 - Premiums = 2%-9.5% of income
 - Available to people at all income levels up to 400% FPL
 - Must be coordinated with Medicaid/FAMIS

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- Consider new option for Medicaid or “basic health program” for non-elderly adults between 133% and 200% FPL
 - exchange products may not be affordable to this population
 - FFP = 95% of value of tax credits and cost-sharing reductions that would have been provided via the exchange

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- Insurance Reforms
 - Dependent coverage up to age 26
 - No pre-existing condition restrictions
 - No lifetime limits
 - Phase-out annual caps
 - No rescissions
 - Rate review
 - Medical-loss ratio requirements

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- Individual and Employer Mandates to Purchase/Provide Insurance
 - Please see attached fact sheet for explanation of
 - Purpose
 - Exemptions
 - Penalties

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- “Increases in state spending are small compared to increases in coverage and federal revenues and relative to what states would have spent if reform had not been enacted.”
- Without considering all the offsets, KFF estimates federal gov’t will pay 92.8%-95.1% of Virginia’s new costs from 2014-2019.

Medicaid Coverage and Spending in Health Reform: National and State-by-State Results for Adults at or Below 133% FPL, Kaiser Family Foundation, May 2010.

OPPORTUNITIES BEFORE 2014

- Adjust FAMIS eligibility
 - 200% FPL gross income – 43rd nationally
 - SB 266 (2010) increase to 225% - not funded
 - 1st year covers ≈6500 children. \$2.7 million gf; \$5 million ngf
 - Sept. 2010 JCHC report confirms federal allocation would support increase

OPPORTUNITIES BEFORE 2014

- Improve coverage for legal immigrants
 - Medicaid eligible pregnant women-during and after the 5 year bar
 - Proposed in Item 297 #22s (Barker)
 - \$.9 million gf \$1.1 million ngf
 - FAMIS eligible pregnant women – during the 5 year bar
 - Proposed in Item 296 #3s (Barker)
 - \$90,473 gf \$168,021 ngf

OPPORTUNITIES BEFORE 2014

- FAMIS eligible legal immigrant children – during the 5 year bar
 - Proposed in Item 296 #1s (Whipple)
 - \$140,000 gf, \$280,000 ngf
 - Must be done before covering legal residents in FAMIS Moms program
- Medicaid for other “qualified” aliens after 5 year bar