Demystifying Health Care Reform

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Today’s Topics

- The Mechanics
- Insurance Impacts
  - Improving existing insurance coverage
  - Expanding coverage
- Provider Impacts
  - Hospitals
  - Nurses
Today’s Topics

- Quality Impacts
  - New National Quality Strategy
  - Quality Measurement
  - Data Collection and Public Reporting
  - Quality Improvement and Patient Safety
  - Patient-Centered Outcomes Research
  - New Procedures for collection of data to assess health disparities

The Mechanics

- Primary bill: HR 3590 (The Patient Protection and Affordable Care Act)
  - Passed by Senate on 12/24/2009
  - Passed by House on 3/21/2010
  - Signed into law by President Obama on 3/23/2010

- Contains bulk of health care reform (HCR provisions)

- Ten Titles – 900 pages
The Mechanics

- Secondary bill: HR 4872 (Health Care Education and Reconciliation Act)

- Enacted changes to HR 3590 as if they had been included in HR 3590
  - Passed House on 3/21/2010
  - Passed Senate on 3/25/2010 with amendments
  - House agreed to Senate amendments 3/25/10
  - Signed into law by President Obama on 3/30/10

- Bills collectively referred to as ‘health care reform’ legislation

- Referred to in more formal way as ‘PPACA’ or ‘Affordable Care Act’

- Effective dates range from 1/1/2010 to 1/1/2017
Insurance Impacts

- Improving existing private insurance market

- Initial reforms **effective 9/23/2010** *(Sections 1001 and 1101)*
  - Eliminates pre-existing condition exclusions for children
  - Eliminates rescissions (policy terminations for unintentional fraud on application)
  - Children up to age 26 can stay on parent’s policy
  - Eliminates lifetime limits on any policy
  - Prohibits copayments on and deductibles for preventive services

Insurance Impacts

- Improving existing private insurance market

- Comprehensive reforms **effective 1/1/2014** *(Section 1201)*
  - Bans use of annual policy coverage limits
  - Eliminates pre-existing condition exclusions for adults
  - Requires an insurer to accept all applicants for coverage and renew policies annually
  - Waiting periods before coverage begins can’t be longer than 90 days
Insurance Impacts

• **Expanding** coverage now
  ➢ New high-risk pools will be available in each state to provide coverage to individuals who can’t purchase private insurance (effective July 1, 2010 through December 31, 2013)

Insurance Impacts

• **Expanding** coverage (effective 1/1/2014)

• **Section 1301**
  ➢ All insurers (except self-insured under ERISA) must offer ‘essential benefit package’ (EBP) in order to be a ‘qualified health plan’
  ➢ EBP to include behavioral health consistent with new mental health parity requirements, prescription drug, dental and vision benefits
  ➢ Each EBP will have different coverage levels (bronze, silver, gold and platinum), representing a percentage of the actuarial value of the full benefit package.
Insurance Impacts

- **Expanding** coverage (effective 1/1/2014)

- **Section 1311**
  - Qualified health plans (QHPs) will be made available through American Health Benefit Exchanges
  - Can be single-state or multi-state, government agency or non-profit
  - Will designate ‘Navigators’ to provide impartial information about QHPs, facilitate enrollment, and refer to ombudsman for problem resolution

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Insurance Impacts

- **Expanding** coverage (effective 1/1/2014)

- **Section 1312**
  - Must be a citizen residing in the State to be eligible to enroll in QHPs
  - Small employers can buy QHPs for employees through Exchange; large employers can use QHPs in 2017
Insurance Impacts

- **Expanding coverage (effective 1/1/2014)**

- **Section 1322**
  - Federal $ available to develop non-profit ‘Consumer Operated and Oriented Plans’ (CO-Ops) (grants/loans to be awarded by July 1, 2013)
  - Must be a new member-run non-profit health insurer (cannot be a governmental entity or related to existing insurer)

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Insurance Impacts

- **Expanding coverage (effective 1/1/2014)**

- **Section 1401**
  - Individuals in the Exchange with incomes between 100% and 400% FPL can receive refundable tax credits toward cost of premiums
  - Current Federal Poverty Levels:
    - 100% FPL = $10,830 (individual); $22,050 (family of four)
    - 200% FPL = $21,660; $44,100
    - 400% FPL = $43,320; $88,200

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Insulation Impacts

- **Expanding coverage (effective 1/1/2014)**

- **Section 1501**
  - Every citizen must have ‘minimum essential coverage’ or face penalty of $695/family/year or 2.5% of family income (whichever is greater)
  - Plans will report enrollees to IRS which will effectuate the penalty

- **Summary**
  - Medicaid will provide coverage for all adults up to 133% FPL
  - QHPs (through Exchange) will provide coverage for all adults above 133%, unless
    - Covered by employer-sponsored insurance
    - Covered by State basic health program (in lieu of QHPs for individuals between 133% and 200% FPL)
Projected Changes in Insurance Coverage by 2019

Total new coverage = 32 million

Source: Congressional Budget Office, March 2010

Hospital Impacts

- Hospital value-based purchasing program
  (Section 3001 – effective 10/1/2012)
    - Incentive payments (increase in its base operating DRG payment for discharge) for outcomes around specific conditions.

- Payment adjustment for hospital-acquired conditions (Section 3008 – effective 10/1/2015)
  - A hospital in the top 25% of hospitals for HACs only receive 99% of payments otherwise due.
Hospital Impacts

- Accountable Care Organization shared savings program (Section 3022 - effective 1/1/2012)
  - ACOs which save $ for Medicare (Parts A & B) will get share of savings

- Bundled Payment Pilot (Section 3023 – effective 10/1/2015)
  - Providers will get bundled payment (in lieu of separate A & B payments) for specific period of time for treating 10 specific conditions.

Hospital Impacts

- Hospital readmissions reduction program (Section 3025 – effective 10/1/2012)
  - Publication of all hospitals’ readmissions rate and reduced payment for ‘excess’ readmissions (hospital-specific)

- Community-based care transitions program (Section 3026 – effective 1/1/2011)
  - 5-year program to provide enhanced payments to hospitals for improved care transition services to high-risk Medicare beneficiaries.
Nursing Impacts

- Nurse-managed health clinics (Section 5208 - $50 million in 2010)
  - Funds nurse-managed health clinics treating vulnerable or underserved populations
- Nurse education & retention grants for 2010 - 2012 (Section 5309)
- Graduate nurse education demonstration (Section 5509 - $50 million 2012-2015)
  - Funds up to 5 hospitals for clinical training for advance practice nurses

Other Provisions

- Enhances program integrity/fraud and abuse programs for Medicare and Medicaid (Section 6402)
  - Strengthens National Practitioner Data Bank
  - Expands audits and data-sharing among Federal agencies
- Establishes a voluntary public insurance program for CLASS program - community living assistance services and support (Section 8002)
Quality Impacts

Sect 2701 – Adult Quality Measures Program for Medicaid

- HHS Secretary will release a set of proposed quality measures – similar to the process underway for children in Medicaid and CHIP
  - Jan 2011 – proposed set for comment
  - Jan 2012 – release of final measures
  - Jan 2013 – voluntary reporting by State Medicaid programs on the measures
  - Jan 2016 – Revised/enhanced set of measures
Sect 3011 – National Quality Strategy

- By January 2011, the HHS Secretary will release a National Strategy for Quality Improvement in Health Care

- Also by January 2011, a new internet website will be available to highlight national priorities for health care quality and Federal agency-strategic plans for health care quality.

Sect 3011 – National Quality Strategy

- Will identify priorities that:
  - Have the greatest potential for improving health outcomes, efficiency, and patient-centeredness of health care
  - Areas with potential for rapid improvement in quality and efficiency in patient care
  - Address gaps
  - Improve Federal payment policies to focus on quality and efficiency
Sect 3012 –
Federal Interagency Working Group
on Health Care Quality

- Convened by the President to address national priorities
- Will avoid inefficient duplication of quality improvement efforts and resources
- Will assess alignment of Federal quality efforts with private sector initiatives
- Attempt to streamline quality reporting and compliance efforts where possible

Sect 3013 –
Quality Measure Development

- $75 million toward identifying gaps where no quality measures exist, or existing measures need improvement
- Secretary’s Report every three years available to the public via an internet website
**Sect 3013 – Quality Measure Development**

- Develop “outcome” measures
- Develop “quality and efficiency” measures
- Publicly report on HACs utilized by CMS

**Sect 3014 – Multi-Stakeholder Approach to Quality Measures**

- $20 million to CMS each year 2010-2014
- Convene multi-stakeholder groups to provide input to quality measures development
- Publicly transparent process
- Review of measures used by the Secretary at least every three years
Sect 3015 – Data collection: Public Reporting

- The Secretary will make public, via websites, performance information summarizing data on quality measures
- Quality and resource measures will address clinical conditions
- Provider-specific where appropriate
- Multi-stakeholder workgroup to design and format each website

Sect 3501 – Health Care Delivery Research

- AHRQ will identify, develop, evaluate and disseminate innovative strategies for quality improvement practices
- Establishes The Center for Quality Improvement and Patient Safety
- Will coordinate with new CMS Center for Medicare and Medicaid Innovation (Sec 3021)
- Includes authorization to appropriate funds for technical assistance
Sec 3508 – Integrate QI and Patient Safety training into clinical education

- Demonstration projects to develop and implement academic curricula
  - Health professions school
  - School of public health
  - School of social work
  - School of nursing
  - School of pharmacy
  - Graduate medical education

Sec 2702 – Payment Adjustments for “Health Care-Acquired Conditions”

- The Secretary will identify State practices that prohibit payment for “Health Care Acquired Conditions”
- Create regulation specific to Medicaid
- Shall not result in loss of access to care or services
Sec 10303(b) – “Hospital-Acquired Conditions”

- The Secretary will, to the extent possible, publicly report on measures for HACs that are currently utilized by CMS

Sec 6301 – Patient Centered Outcomes Research

- Creates a private, non-profit, tax exempt corporation called the Patient-Centered Outcomes Research Institute
- Will identify national priorities for research
- Will appoint panels for clinical trials and rare diseases
- Will establish a methodology committee
Sec 4302 – Health Disparities

- The Secretary will develop Office of Management and Budget (OMB) standards for collection of race, ethnicity, sex, primary language, and disability status
- Will develop national interoperability and security standards
- Will evaluate data collection methodologies under Medicaid and CHIP

Key to Reaching Our Goals: Bringing Everyone to the Table
Questions?

- www.healthreform.gov

The Right Care
For Every Person
Every Time