

Expanding Health Insurance Coverage for Virginians

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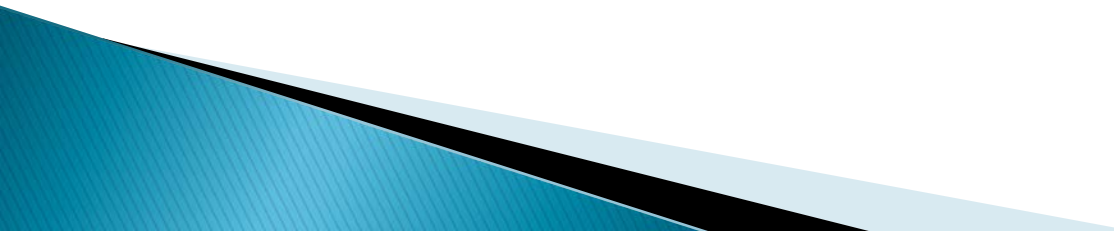
Some Considerations

- ▶ To have a vibrant and competitive economy, Virginia requires a healthy workforce.
- ▶ Currently, many Virginians have impaired health due to:
 - **Obesity**(2012): Adults: 27.6%; Children and Adolescents: 29.8%
 - **Smoking**(2011): 20.9%
 - **Alcohol**(2012): 18–25: Binge: 43.0%; Abuse/Dep: 19.4%
 - **Illicit Drug Use**(2012): 18–25: 26.0%.

Current Health Insurance Picture-1

- ▶ The Commonwealth and the Counties/Cities already pay for health care for uninsured Virginians through:
 - General hospital emergency room care
 - State psychiatric hospital care
 - Care provided through safety net outpatient programs, such as Free Clinics and Federally Qualified Health Centers, as well as Community Services Boards
 - Care provided in County/City jails, and in State Prisons.

Current Health Insurance Picture-2

- ▶ Usually, the care provided through these systems to uninsured persons is very expensive and sometimes ineffective because it frequently lacks continuity from episode to episode.
 - ▶ For example, a single hospital emergency room visit can easily cost between \$2,500 – \$5,000 for one visit.
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Affordable Care Act

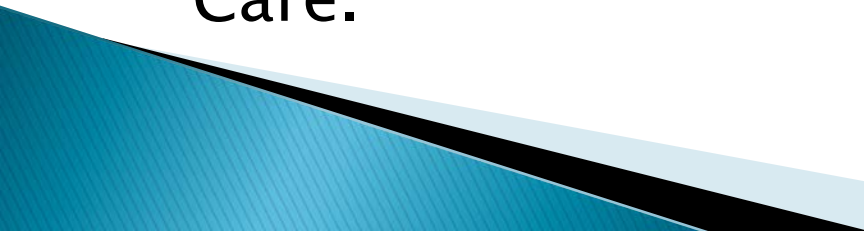
▶ Five Types of Reform

- Insurance Reform <--- **OUR FOCUS TODAY**
- Coverage Reform
- Quality Reform
- Payment Reform
- IT Reform

▶ My overview of ACA:

<http://nacbhdd.trilogyir.com/content/ACA%20Article%2011-18-12.pdf>

Insurance Reform – Essential Health Benefit

- ▶ – Ambulatory Patient Services
 - ▶ – Emergency Services
 - ▶ – Hospitalization
 - ▶ – Maternity and Newborn Care
 - ▶ – **Mental Health and Substance Abuse Disorders**
 - ▶ – **Prescription Drugs**
 - ▶ – Laboratory Services
 - ▶ – **Preventive and Wellness Services and Chronic Disease Management**
 - ▶ – Rehabilitative and Habilitative Services and Devices
 - ▶ – Pediatric Services, Including Oral and Vision Care.
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Insurance Reform – Marketplace

- ▶ State Health Insurance Marketplace
 - Virginia has a Federally Facilitated Exchange.
 - Virginia's Essential Health Benefit is based upon a modification of the Anthem Small Group PPO.
 - **IMPORTANT: Because the Commonwealth is not currently undertaking Medicaid Reform, the Marketplace extends down to 100 % of the Federal Poverty Level (FPL)—income of about \$11,200 in 2013.**

Insurance Reform – Medicaid

▶ Basic Model:

- Intended to cover all without health insurance up to 133% FPL—income of about \$15,200 in 2013.
- Federal Government will pay 100% of the cost for 2014–2016, then reduce payment to 90% by 2020.
- The “Alternative Medicaid Benefit” (a newly defined benefit for new enrollees) must be based on the Essential Health Benefit framework.
- The benefit can be a more comprehensive benefit for individuals with intensive needs for treatment and support (“medically needy” persons).
- The ACA seeks to intervene early in all conditions and assist the individual in greater self-management of disease.

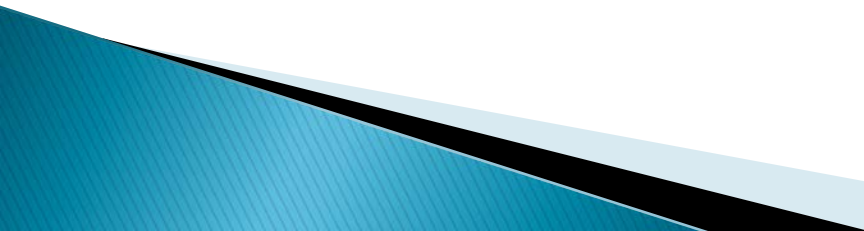
Health Insurance Reform in VA – 1

- ▶ Population Size: **250,000–350,000** (Medicaid) and **400,000–500,000** (Marketplace).
- ▶ Federal Source:
http://store.samhsa.gov/shin/content//PEP13-BHPREV-ACA/NSDUH_state_profile_Virginia_508_final_extra.pdf

Health Insurance Reform in VA – 2

- ▶ Estimated Federal and Commonwealth Expenditures
 - The ratio of Federal Expenditures to Commonwealth Expenditures is likely to be more than **\$6 to \$1**.

Health Insurance Reform in VA – 3

- ▶ The new Medicaid population is not likely to look like a traditional Medicaid population, since recruitment is based solely on income, not disability.
 - ▶ In this sense, this population is likely to look more like those in a private insurance group.
 - ▶ This means that only a subset of new enrollees likely will seek care each year.
 - ▶ Thus, this opportunity is “not more of the same.”
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Health Insurance Reform in VA – 4

- ▶ ISSUE: New benefit will permit **treatment of behavioral health conditions AND medical conditions at the same time**. This is called the “whole health” approach.
 - Behavioral health conditions often lead to medical conditions.
 - And medical conditions often lead to behavioral health conditions.
- ▶ Without considering these behavioral health conditions, care costs can escalate, with no appreciable positive outcomes.

Health Insurance Reform in VA – 5

- ▶ ISSUE: **Parity** in behavioral health and primary care benefits **will improve both care access and care outcomes**:
 - It will promote access to behavioral health services for those who need such care and also will reduce stigma.
 - We hope to look toward the day when seeking behavioral health services is as acceptable as seeking services for diabetes, cancer and heart disease.

Health Insurance Reform in VA – 6

- ▶ ISSUE: In Virginia, **integration of behavioral health and primary care has been successful** when the site of the care is comfortable for the individual.
 - Some behavioral health disorders are treated successfully within a medical setting using a behavioral health professional as part of the team.
 - More serious disorders necessitate specialty care, with primary care at the site of the behavioral health provider.

Health Insurance Reform in VA – 7

- ▶ **Outcomes from Integrated Care:**
 - Physical and behavioral health improve.
 - Less reliance upon emergency rooms for routine care.
 - The care team is focused on the “person” so it is whole health and person-centered care.
- ▶ **Issues with Current Integrated Care:**
 - Current financing for such projects cannot sustain this care.
 - Project findings should be used to determine payment reform.

Health Insurance Reform in VA – 8

- ▶ Examples of What Works:
 - Program of Assertive Community Treatment (PACT) addresses intense behavioral health needs of individuals who have spent much of their lives in state and private hospitals.
 - Virginia state hospital cost is about \$167,000 per year per bed.
 - Average cost of PACT service (often called “hospital without walls”) is \$16,500 per person per year but housing and medications must be added to the cost.
 - PACT can be used to help coordinate primary/medical care more efficiently.

Health Insurance Reform in VA – 9

- ▶ Option 1: (The Iowa Model)
 - Those from 100–133% FPL would enroll in a Qualified Health Plan [Has already started through the Marketplace], and Medically Needy would be transferred to Medicaid.
 - Those up to 100% FPL would enroll in Medicaid with the Alternate Medicaid Benefit.
 - All enrollees would participate in a wellness initiative, with a strong focus on and incentives for disease prevention and health promotion.
 - Federal Funds would be used for all enrollees.

Health Insurance Reform in VA-10

▶ Pros:

- Part of plan already has started.
- Plan includes a specific focus on wellness, prevention, and promotion.
- Plan balances public and private sector interests.

▶ Cons:


- Plan will require the development and submission of an 1115 waiver application.

Health Insurance Reform in VA- 11

▶ Other Options:

- Medicaid Reform as defined in the ACA:
 - All new enrollees would go into the Commonwealth Medicaid Program with an Alternative Benefit.
- Medicaid Reform as modified by Arkansas:
 - All new enrollees would go into Qualified Health Plans operated through the Marketplace.

Closing Observations

- ▶ Medicaid Reform would be a good move to improve the health status of Virginians, and it would make economic sense for the Commonwealth.
 - ▶ The model that Virginia chooses could be a hybrid model that will work best here.
 - ▶ The model should integrate and coordinate behavioral health and medical care, and build upon what has been successful in Virginia
 - ▶ The model should be chosen to promote wellness and good health, with appropriate incentives.
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Questions and Comments

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