Expanding Health Insurance Coverage for Virginians

Presentation on December 17, 2013

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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.

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.

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.”

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.

Questions and Comments

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