AFFORDABLE CARE ACT: CONSUMER ISSUES

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ACA TITLE I: QUALITY, AFFORDABLE HEALTH CARE FOR ALL AMERICANS

• Two goals:
  • Reforming problematic insurance company practices
  • Expanding coverage to the uninsured.
• The other nine titles of the ACA promote other policy goals
  • Constraining health care cost increases, strengthening Medicare, expanding the health care workforce, combatting fraud and abuse, etc.
REFORMING HEALTH INSURANCE

• Most of reforms went into effect in 2010 and 2011
  • Outlawing post-claims underwriting (rescissions)
  • Eliminating lifetime and annual dollar limits
  • Internal and external review
  • Preventive care without cost sharing
  • Summaries of benefits and coverage
  • Direct access to certain specialties

REFORMING HEALTH INSURANCE

• Medical loss ratio requirements
  • 80% (individual and small group markets) or 85% (large group markets) must be spent on claims
  • Justification of unreasonable premium increases
**ACA COVERAGE EXPANSIONS**

- The ACA will expand coverage to millions who are now uninsured and preserve coverage for those now insured.
- The ACA is fundamentally a conservative law. It attempts to preserve and build on our current system.
- The ACA pursues five strategies to preserve and expand coverage.

**PRESERVING EMPLOYER COVERAGE**

- Most working age Americans are insured through their job.
- The ACA imposes a tax on large employers who do not offer affordable and adequate coverage if their employees receive premium tax credits.
- The tax is delayed until 2015, but employers continue to have all of the incentives they have now to offer insurance.
PRESERVING MEDICARE, EXPANDING MEDICAID

- Medicare eligibility will not change
- Medicaid expansion
  - Would have expanded Medicaid to cover adults and children up to 138% of poverty with 100% federal financing for first three years
  - Adult expansion made optional by Supreme Court
  - About half the states will proceed with expansion in 2014
  - Others likely to join later

REFORMING THE NONGROUP MARKET

- Currently plagued by high cost-sharing, limited benefits, denial of coverage to those who need it most
- ACA abolishes health status underwriting and preexisting condition exclusions and requires guaranteed issue and renewal and modified community rating
- Reforms already in place have expanded coverage to over 3 million young adults
PREMIUM TAX CREDITS

- Available on sliding scale based on income to Americans with incomes between 100% and 400% of poverty (about $11.5k and $46k for an individual, $23.5k and $94k for a family of four)
- Individuals with incomes up to 250 percent of poverty are eligible for reduced cost sharing.

THE INDIVIDUAL RESPONSIBILITY PROVISION

- Necessary to:
  - Reduce free-loading on uncompensated care
  - Ensure stability of insurance markets
- Imposes a tax on those who can afford health insurance but do not purchase it a tax
- Will be small at first but become more substantial after 3 years.