



States Implement Health Reform



March 2011

The Affordable Care Act: A Brief Summary

Overview

The federal Patient Protection and Affordable Care Act (P.L. 111-148), signed March 23, 2010, as amended by the Health Care and Education Reconciliation Act, signed March 31, 2010, is also referred to as the Affordable Care Act (ACA), or simply as “federal health reform.” The 900+ page act contains many provisions, with various effective dates. Other papers in this series address specific topics in more detail.

Key Federal Provisions

Provisions included in the ACA are intended to expand access to insurance, increase consumer protections, emphasize prevention and wellness, improve quality and system performance, expand the health workforce, and curb rising health care costs.

Expand Access to Insurance Coverage

The ACA aims to extend health insurance coverage to about 32 million uninsured Americans by expanding both private and public insurance. Key provisions do the following, effective Jan. 1, 2014, unless otherwise noted:

- Require employers to cover their workers, or pay penalties, with exceptions for small employers.
- Provide tax credits to certain small businesses that cover specified costs of health insurance for their employees, beginning in tax year 2010.
- Require individuals to have insurance, with some exceptions, such as financial hardship or religious belief.
- Require creation of state-based (or multi-state) insurance exchanges to help individuals and small businesses purchase insurance. Federal subsidies will limit premium costs to between 2 percent of income for those with incomes at 133 percent of federal poverty guidelines, rising to 9.5 percent of income for those who earn between 300 percent and 400 percent of the poverty guidelines.
- Expand Medicaid to cover people with incomes below 133 percent of federal poverty guidelines.
- Require creation of temporary high-risk pools for those who cannot purchase insurance on the private market due to preexisting health conditions, beginning July 1, 2010.
- Require insurance plans to cover young adults on parents’ policies, effective Sept. 23, 2010.
- Establish a national, voluntary long-term care insurance program for “community living assistance services and supports” (CLASS), with regulations to be issued by Oct. 1, 2012.
- Enact consumer protections to enable people to retain their insurance coverage (see next section).

Increase Consumer Insurance Protections

The ACA enacted several insurance reforms, effective in 2010, to accomplish the following:

- Prohibit lifetime monetary caps on insurance coverage and limit the use of annual caps.
- Prohibit insurance plans from excluding coverage for children with preexisting conditions.
- Prohibit insurance plans from cancelling (rescinding) coverage, except in cases of fraud.
- Establish state-based rate reviews for “unreasonable” insurance premium increases.
- Establish an office of health insurance consumer assistance or an ombudsman program.
- Establish the share of premiums dedicated to medical services (minimum medical loss ratios).

Additional insurance reforms will become effective Jan. 1, 2014, including those to prohibit most insurance plans from excluding people for preexisting conditions, discriminating based on health status, and imposing annual monetary caps on coverage; and reforms to require guaranteed issue and renewal of policies, premium rating rules, nondiscrimination in benefits, and mental health and substance abuse parity.

2011 Poverty Guidelines*
(48 states and the District of Columbia)

Family Size	Poverty	133% of Poverty	400% of Poverty
1	\$10,890	\$14,483.70	\$43,560
3	18,530	24,644.90	74,120

For larger families, add \$3,820 for each additional person
*Income levels are higher in Alaska and Hawaii

Emphasize Prevention and Wellness

The ACA contains provisions intended to prevent illness, including the following highlights:

- Establishes a Prevention and Public Health Fund, to provide grants to states for prevention activities, such as disease screenings and immunizations, beginning in 2010.



- Creates the National Prevention, Health Promotion and Public Health Council to coordinate federal prevention efforts, including those to address tobacco use, physical inactivity and poor nutrition.
- Requires insurance plans issued after March 23, 2010, to cover certain preventive care without cost-sharing, such as immunizations; preventive care for children; and specified screening for certain adults for conditions such as high blood pressure, high cholesterol, diabetes and cancer.
- Increases the federal share of Medicaid payments by 1 percentage point for certain preventive services, for which states do not charge a copayment, effective Jan. 1, 2013.
- Increases Medicare payments for certain preventive services, effective Jan. 1, 2011.
- Establishes a federal home-visiting initiative to help states foster health and well-being for children and families who live in at-risk communities.
- Requires restaurant chains with 20 or more locations to label menus with calorie information and to provide other information, upon request, such as fat and sodium content.
- Requires Medicaid programs to cover tobacco cessation services for pregnant enrollees.
- Requires a federal public education campaign about oral health.

Improve Health Quality and System Performance

The ACA contains several provisions related to improving quality and system performance, including, but not limited to, the following:

- Comparative research to study the effectiveness of various medical treatments;
- Demonstration projects to develop medical malpractice alternatives and reduce medical errors;
- Demonstration projects to develop payment mechanisms to improve efficiency and results;
- Investments in health information technology;
- Improvements in care coordination between Medicare and Medicaid for patients who qualify for both;
- Options for states to create “health homes” for Medicaid enrollees with multiple chronic conditions to improve care; and
- Data collection and reporting mechanisms to address health disparities among populations based on ethnicity, geographic location, gender, disability status and language.

Promote Health Workforce Development

The ACA addresses workforce issues through a number of provisions, including reforms in graduate medical education training; increases in health profession scholarship and loan

programs; support for training programs for nurses; support for new primary care models, such as medical homes and team management of chronic diseases; increased funding for community health centers and the National Health Service Corps; and support for school-based health centers and nurse-managed health clinics.

Curb Rising Health Costs

Key provisions of the ACA that intend to address rising health costs include providing more oversight of health insurance premiums and practices; emphasizing prevention, primary care and effective treatments; reducing health care fraud and abuse; reducing uncompensated care to prevent a shift onto insurance premium costs; fostering comparison shopping in insurance exchanges to increase competition and price transparency; implementing Medicare payment reforms; and testing new delivery and payment system models in Medicaid and Medicare.

State Roles in Implementation

States play numerous roles and have various responsibilities under the ACA, ranging from implementing new health insurance requirements to expanding their Medicaid programs by Jan. 1, 2014. In some cases, states may implement provisions—or defer to the federal government to do so—such as establishing a temporary high-risk pool or creating and administering health benefit exchanges. Other briefs in the series provide additional details and highlight state roles and responsibilities.

State Experiences

Many provisions of the ACA were first implemented by states in their efforts to expand access to care and improve overall health system performance. These state experiences can help inform implementation efforts within and among states. For example:

- 35 states had high-risk pools.
- 37 states had some requirement about young adults on parental insurance plans.
- 47 states required state-regulated insurers to provide for an independent appeals process.
- Several states had premium assistance programs.
- Many states had expanded Medicaid beyond the minimum federal requirements.
- Massachusetts and Utah pioneered insurance exchanges.
- Massachusetts enacted an individual mandate.

Resources

NCSL’s home page for health reform information:
<http://www.ncsl.org/healthreform>

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