

***Health Care Reform:
What Changes Are We Facing?***

A. Care Delivery

Accountable Care Organization (ACOs)

ACOs are groups of doctors, hospitals, and other health care providers, who come together voluntarily to give coordinated high quality care to their patients.

B. Access to Care

1. Medicaid Expansion
2. Insurance Exchanges: Health Insurance Marketplace

Medicaid Expansion

Fact 1:

The Affordable Care Act (ACA) was written under the assumption that the Medicaid expansion would be universal, with all states expanding Medicaid to nearly all **adults over age 19 and under age 65 with incomes below 138 percent of the federal poverty level**, or about \$22,350 for a family of four in 2011.

Fact 2:

In June 2012 the Supreme Court declared the Affordable Care Act's (ACA's) **Medicaid expansion optional**.

Fact 3:

For the first three years of the new expansion, 2014–2016, the **federal government will pay 100 percent of the costs** of covering newly eligible people.

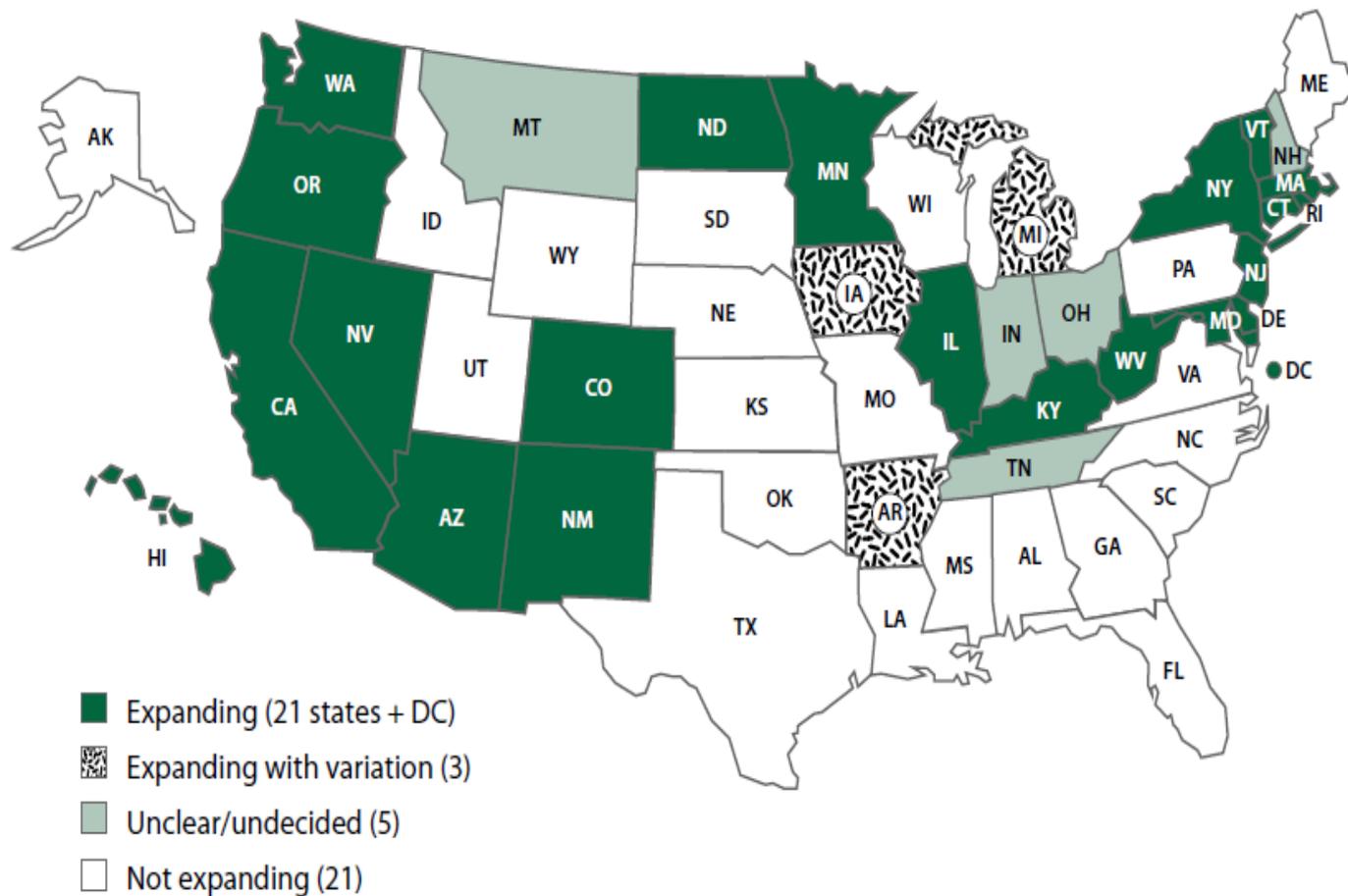
Fact 4:

After 2016 the federal contribution will decrease over time to 90 percent by 2020.

Fact 5:

The exchanges are set to **begin enrollment in October 2013, with coverage taking effect January 1, 2014.**

Exhibit 1. Status of State Participation in Medicaid Expansion, as of August 2013



Note: Indiana and Tennessee have considered expanding with variation.

Source: Avalere State Reform Insights; Center of Budget and Policy Priorities; Politico.com; Commonwealth Fund analysis.

A. Medicaid Expansion (*implementation January 1, 2014*)

- Iowa Wellness Plan (*for those at or less than 100% FPL*)
- The Marketplace Choice (*for those between 101% and 138% FPL; will use Insurance Exchanges*)

B. Health Insurance Exchanges

Note:

- Iowa is requesting waivers for five years – 2014 through 2018.
- An official decision on Iowa's waivers is expected to take at least 45 days so an understanding with CMS may be required to begin enrollment starting October 1, 2013.

Medicaid Expansion: Iowa Wellness Plan Basics

- **Population will consist of adults aged 19-64 with incomes 0-100% of FPL** (up to \$11,490 for a family of one) who are not eligible for regular categorical Medicaid program and who lack health insurance coverage.
 - ❑ Medically frail patients will be moved to regular Medicaid.
 - ❑ Eligible individuals who have access to cost-effective employer-sponsored insurance will receive premium assistance through Iowa's Health Insurance Premium Payment (HIPP) program.

- **Will provide a comprehensive commercial-like benefit plan** that is indexed to the State Employee Plan benefits, similar to those provided on the Medicaid State Plan.
 - ❑ Mental health, substance use disorder, and dental benefits will be provided as carved out benefits on a contracted basis.

Medicaid Expansion Overview: 100% Below FPL

Eligibility	<p>Adults: age 19-64 Income below 100% of FPL (\$11,490 for a family of 1, \$15,510 for a family of 2) Not otherwise Eligible for Medicaid: Estimated 89,000 Lives</p>		
Benefits	<p>Equivalent to State Employee Health Benefit Package:</p> <table border="0"> <tr> <td data-bbox="353 589 1058 782"> <ul style="list-style-type: none"> • Ambulatory Services (Physician Services) • ER Services • Hospitalization • Mental Health and Substance use disorder services, including behavioral health treatment. • Rehabilitative and Habilitative Services & Devices </td> <td data-bbox="1058 589 1738 782"> <ul style="list-style-type: none"> • Laboratory Services • Preventive and Wellness Services • Home and Community Based Services (HCBS) with Chronic Mental Illness, Equivalent to Medicaid Benefit • Prescription Drugs, Equivalent to the Medicaid Benefit • Dental Services </td> </tr> </table>	<ul style="list-style-type: none"> • Ambulatory Services (Physician Services) • ER Services • Hospitalization • Mental Health and Substance use disorder services, including behavioral health treatment. • Rehabilitative and Habilitative Services & Devices 	<ul style="list-style-type: none"> • Laboratory Services • Preventive and Wellness Services • Home and Community Based Services (HCBS) with Chronic Mental Illness, Equivalent to Medicaid Benefit • Prescription Drugs, Equivalent to the Medicaid Benefit • Dental Services
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Provider Network	<p>Medicaid Provider Network, including enrollment with a primary care medical home for all members to assist in coordinating health services.</p>		
Out-Of-Pocket Costs	<ul style="list-style-type: none"> • No co-payments, except for \$10 for using the Emergency room when it was not a medical emergency • No monthly contributions or premiums in the first year • No contributions after the first year if the member completes preventive services and/or wellness activities • Monthly contributions only for adults with incomes greater than 50% of the Federal Poverty Level if preventative services / wellness activities not completed. • Out of pocket costs can never exceed 5% of income 		
Health Care Innovations	<p>The program will include care coordination and management by Accountable Care Organizations (ACOs).</p> <ul style="list-style-type: none"> • ACO's will be accountable under a contract for a set of quality and cost outcomes for the population attributed to them. • ACOs will assist members by coordinating care through medical homes, engaging in proactive health care, preventive services, and member outreach. This will in turn increase quality outcomes and lower costs. • If the ACO is successful in meeting the quality and cost measures, they can receive a share of the savings that was achieved. • The program will also provide incentives for members to engage in health and wellness 		

Iowa Wellness Plan Enrollment Process

- **Enrollment in the Iowa Wellness Plan will initiate during the implementation of the ACA's Marketplace on October 1, 2013.**
- **Iowa Medicaid will inform IowaCare members of their options** for health insurance coverage, including the Iowa Wellness Plan, Marketplace Choice Plan and other options available from the Health Insurance Marketplace.
- **Individuals enrolled in the Iowa Wellness Plan will be provided with the choice to select a primary care provider (PCP) or, if available in their location, a managed care plan.**
 - Members that do not make a selection will have a PCP or managed care plan, as applicable, auto-assigned to them.

- A. Medicaid Expansion (*implementation January 1, 2014*)
- Iowa Wellness Plan (*for those at or less than 100% FPL*)
 - **The Marketplace Choice (*for those between 101% and 138% FPL; will use Insurance Exchanges*)**

B. Health Insurance Exchanges

Note:

- Iowa is requesting waivers for five years – 2014 through 2018.
- An official decision on Iowa's waivers is expected to take at least 45 days so an understanding with CMS may be required to begin enrollment starting October 1, 2013.

- **Population will consist of adults aged 19-64 with incomes 101-138% of FPL** (income between \$11,491-\$15,281 for a family of one) who are not eligible for Medicaid program and who lack health insurance coverage.
- **Members will be able to choose from among participating high-value silver qualified health plans (QHPs) offered on the Insurance Exchange** in each service/rating area of the State.
- **Membership in the Marketplace Choice Plan requires payment of monthly contributions by members.**
 - Contributions will be waived for a member during the initial year of membership and in subsequent years if complete all required preventive care services and wellness activities.
- **The provider network will be determined by the plan, as will provider payment rates.**

Medicaid Expansion: Market Choice Plan

Medicaid Expansion Overview: 101%-138% Below FPL

Eligibility	<p>Adults: age 19-64 Income between 100% and 138% of FPL (\$11,491-\$15,856 for a family of 1, \$15,511-\$21,404 for a family of 2) Not otherwise Eligible for Medicaid: Estimated between 61,000 - 62,000 lives</p>
Premium Assistance	<p>This program will be a premium assistance program. Members will select from a choice of commercial plans off the exchange. The Medicaid program will pay the premium to the commercial plans on behalf of the individual. The Medicaid program will ensure that the health plan options provide the required benefits, provider network, and out-of-pocket costs</p>
Benefits	<p>At the Minimum Equivalent to State Employee Health Benefit Package:</p> <ul style="list-style-type: none"> • Ambulatory Services (Physician Services) • ER Services • Hospitalization • Mental Health and Substance use disorder services, including behavioral health treatment. • Rehabilitative and Habilitative Services & Devices • Laboratory Services • Preventive and Wellness Services • Home and Community Based Services (HCBS) with Chronic Mental Illness, Equivalent to Medicaid Benefit • Prescription Drugs, Equivalent to the Medicaid Benefit • Dental Services
Provider Network	<p>Statewide Provider Network available through the Commercial Health Plan. Statewide Exchange participants and potential for an auto-assignment</p>
Out-Of-Pocket Costs	<ul style="list-style-type: none"> • No co-payments, except for \$10 for using the Emergency room when it was not a medical emergency • No monthly contributions or premiums in the first year • No contributions after the first year if the member completes preventive services and/or wellness activities • Monthly contributions only for adults with incomes greater than 50% of the Federal Poverty Level if preventative services / wellness activities not completed. • Out of pocket costs can never exceed 5% of income
Health Care Innovations	<p>The use of commercial health plans and selection through the Health Benefits Exchange will:</p> <ul style="list-style-type: none"> • Allow individuals to stay on the same plan through the Exchange even if their income changes and they are no longer eligible for Medicaid. • Allow individuals to access coverage through the same plans as any other Iowans seeking coverage on the private individual market, through the Health Benefits Exchange. <p>The program will also provide incentives for members to engage in health and wellness activities through being able to have their monthly premiums waived.</p>

Health Care Reform: What Are the Changes We Will Be Facing in Iowa ?

A. Medicaid Expansion (*implementation January 1, 2014*)

- Iowa Wellness Plan (*for those at or less than 100% FPL*)
- The Marketplace Choice (*for those between 101% and 138% FPL; will use Insurance Exchanges*)



B. Health Insurance Exchanges

Note:

- Iowa is requesting waivers for five years – 2014 through 2018.
- An official decision on Iowa's waivers is expected to take at least 45 days so an understanding with CMS may be required to begin enrollment starting October 1, 2013.

General information:

- The fundamental purpose of a health insurance exchange is to provide a **structured marketplace for the sale and purchase of health insurance.**
- Qualified individuals (including those in the Medicaid Market Choice Program) and small businesses will be able to purchase private health insurance through exchanges.
 - *Note: Nothing in the ACA prohibits qualified individuals, qualified employers, and insurance carriers from participating in the health insurance market outside of exchanges.*

General information:

- States are required to establish American Health Benefit Exchange by **January 1, 2014**
- Initial **open enrollment period starts October 1, 2013** and ends March 31, 2014.
 - Annual open enrollment periods after that start on October 15 and end December 7
- Restrict access to coverage through the Exchanges to U.S. citizens and legal immigrants who are not incarcerated.
- Exchanges are created to
 - Facilitate individuals between 100-400% of FPL to buy insurance using premium and cost-sharing credits.
 - To assist small employers and small businesses to obtain coverage for employees through the exchange via what is called Small Business Health Options Program (SHOP).
- Large employers will be phased into the exchange in 2017
- **Ultimately, the goal of a health insurance exchange is to shift the market for health insurance from competition based on risk (where insurers compete primarily by trying to enroll healthy individuals) to competition based on price**

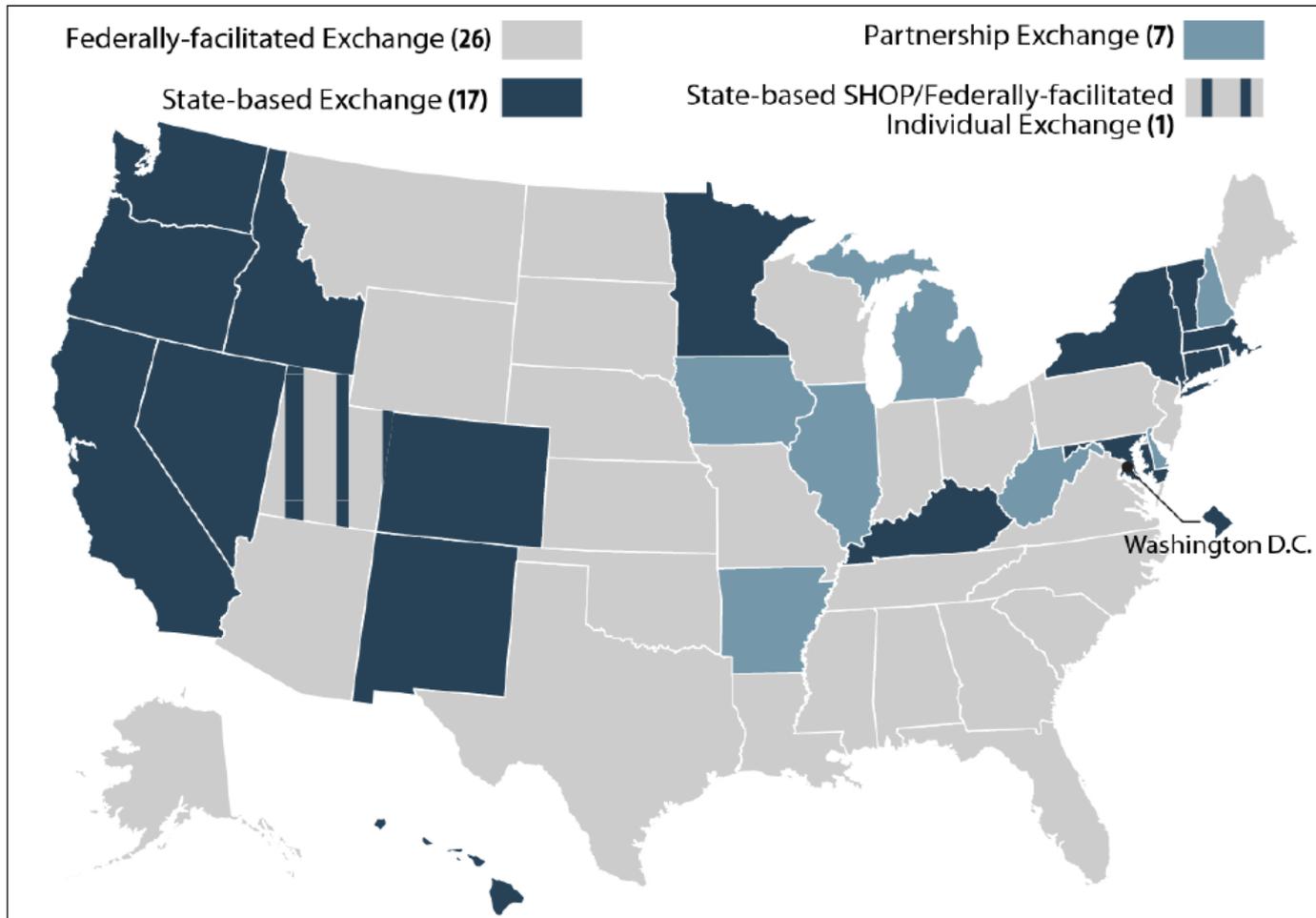
Health insurance exchanges:

- Competitive marketplaces in each state in which individuals and small businesses can choose among an array of affordable, comprehensive health insurance
 - ❑ **State-based exchange**: States create and run the exchange
 - ✓ **Seventeen states** and the District of Columbia
 - ❑ **Federally-facilitated Exchange (FFE)**: run by DHHS in those states that do not establish their own
 - ✓ **Twenty-six states** chose to default to a federally facilitated exchange
 - ❑ **Partnership Exchange**: States **(including Iowa)** run certain functions and DHHS run the exchange
 - ✓ **Seven states** chose to pursue a state partnership exchange
- Estimated coverage for ~30 million people by 2017
- Open enrollment October 2013

(Data are as of May 2013)

Figure 1. Exchange Decisions for 2014

(As of May 30, 2013)



Source: CRS analysis of information available from the Center for Consumer Information and Insurance Oversight (CCIO).

Four benefit categories of plans plus a separate catastrophic plan will be offered through the Exchange

- **Bronze plan** (or Essential Health Benefits package)
 - represents minimum creditable coverage and provides the essential health benefits
 - covers 60% of the benefit costs of the plan, with an out-of-pocket limit equal to the Health Savings Account (HSA) current law limit.
- **Silver plan** - covers 70% of the benefit costs of the plan
 - Note:**
 - *Iowa has chosen this plan for the Medicaid Market Plan of Choice Program.*
 - *Iowa is covering all costs in a participant's first year and each subsequent year that health improvement behaviors are complete*
- **Gold plan** - covers 80% of the benefit costs of the plan
- **Platinum plan** - covers 90% of the benefit costs of the plan
- **Catastrophic plan** available to those up to age 30 or to those who are exempt from the mandate to purchase coverage and provides catastrophic coverage only. This plan is only available in the individual market.

Health Benefit Exchange Plan Levels of Coverage

Levels of Coverage	Plan Pays on Average	Enrollee Pays on Average* (in addition to monthly premium)
Bronze – Lower monthly premium and higher monthly cost. Consider if you think you might use low amounts of health services.	60 percent	40 percent
Silver – Generally higher premiums than bronze and moderate out-of-pocket costs. Consider if you'd like to balance monthly fees with out-of-pocket expenses.	70 percent	30 percent
Gold – More likely to have high premiums and low out-of-pocket costs. Consider if you may need to use a lot of health services in the year.	80 percent	20 percent
Platinum – Likely to have highest premiums but with generous coverage benefits. Consider if you may use lots of service but need the lowest out-of-pocket costs.	90 percent	10 percent

Qualified Health Plans cover Essential Health Benefits which include at least these 10 categories

Ambulatory patient services	Prescription drugs
Emergency services	Rehabilitative and habilitative services and devices
Hospitalization	Laboratory services
Maternity and newborn care	Preventive and wellness services and chronic disease management
Mental health and substance use disorder services, including behavioral health treatment	Pediatric services, including oral and vision care

How Individuals Will Pay: Premiums and Tax Credits

- The premium a person would have to pay would not exceed a specified percentage of their income (adjusted for family size), as follows:

Income Level	Premium as % of Income
Up to 133% FPL	Covered in Iowa if follow through with wellness reqs.
133-150% FPL	3.0 - 4.0%
150-200% FPL	4.0 - 6.3%
200-250% FPL	6.3 - 8.05%
250-300% FPL	8.05% - 9.5%
300-400% FPL	9.5%

- The amount of the tax credit that a person can receive is based on the premium for the second lowest cost silver plan in the exchange
- A person who wants to purchase a plan that is more expensive would have to pay the full difference between the cost of the second lowest cost silver plan and the plan that they wish to purchase.

Health Plan Options in Iowa's Exchange*

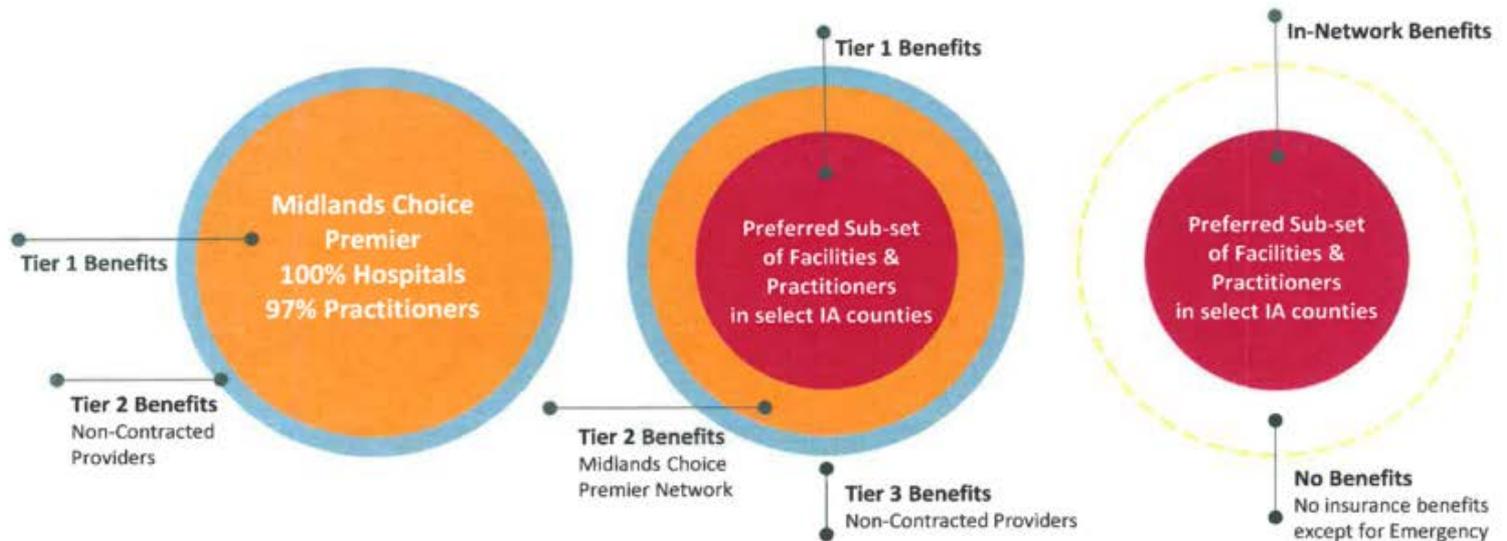
Company	Statewide Individual Coverage	Statewide Small Group	Regional Individual Coverage	Regional Small Group	Stand-Alone Dental
Avera Health Plans			X		
Best Life and Health Insurance Company					X
CoOpportunity Health	X	X			
Coventry Health Care of Iowa, Inc.	X				
Delta Dental Plans of Iowa					X
Dentegra Insurance Company					X
Guardian Life Insurance Company of America					X
Gunderson Health Plan Inc.			X		
Health Alliance Midwest Inc.				X	
Sanford Health				X	

*Pending approval.

- Wellmark is not currently offering a plan in the exchange but plans to apply for 2015.
- Specific information on premiums on exchange plans will not be available until the middle of September.

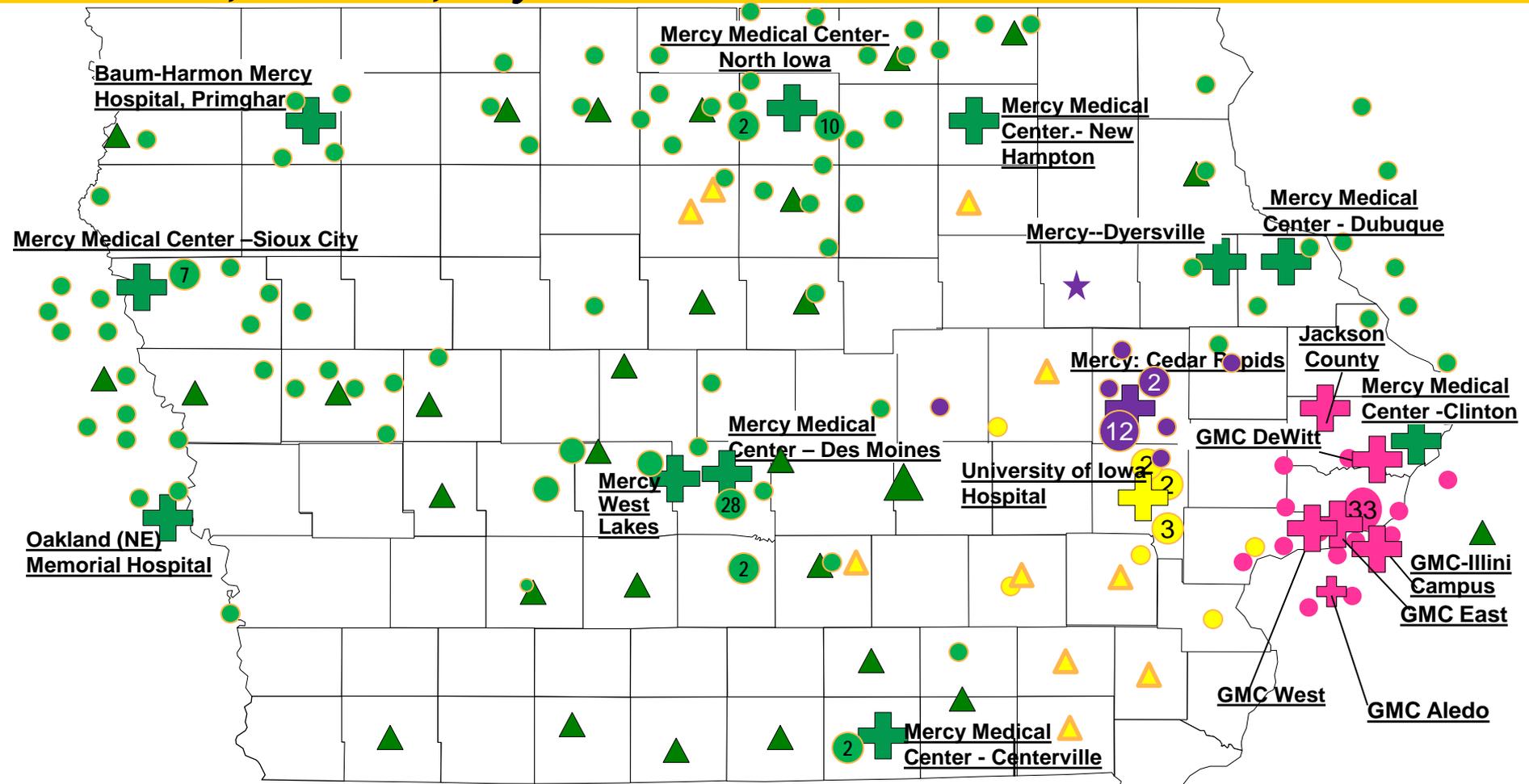
Network Structure That Supports Product Offerings

	CoOpportunity Premier	CoOpportunity Choice	CoOpportunity Preferred
	PPO Plan	Open Access Tiered Benefit Design Plan	EPO Plan
Tier 1 Benefits	Tier 1 Providers: Midlands Choice Premier Network	Tier 1 Providers: Preferred Sub-set of Facilities & Practitioners in select IA counties	In-Network Providers: Preferred Sub-set of Facilities & Practitioners in select IA counties
Tier 2 Benefits	Non-Contracted Providers	Tier 2 Providers: Midlands Choice Premier Network	No Benefits except Emergency
Tier 3 Benefits		Non-Contracted Providers	



University of Iowa Health Alliance

Members, Affiliates, Physicians



- + Mercy Health Network GREEN
- + University of Iowa Health Care YELLOW
- + Genesis Health System PINK
- + Mercy - Cedar Rapids PURPLE

- 17 Owned Hospitals, + 34 Affiliate Hospitals △
- 54 Total Hospitals
- 2,294 Integrated Physicians ○
- 2,000+ Additional Aligned Physicians
- \$4+ Billion Annual Net Revenues

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B. Health Insurance Exchanges

- Facilitate individuals between 100-400% of FPL to buy insurance using premium and cost-sharing credits
- Assist small employers and small businesses to obtain coverage for employees through the exchange via what is called Small Business Health Options Program (SHOP)
- Four benefit categories of plans (bronze, silver, gold, platinum) plus a separate catastrophic plan will be offered through the Exchange
- The premium a person would have to pay would not exceed a specified percentage of their income

QUESTIONS