



## Health Care Reform in Maryland

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## Affordable Care Act Overview

- Signed into law on March 23, 2010
- Insurance coverage expansions go into effect on January 1, 2014:
  - Coverage expansions in Medicaid (up to 138% FPL)
  - Coverage expansion in the Exchange (138% and up), with tax credits on a sliding scale from 138-400% FPL
- Insurance market reforms mainly start in 2014:
  - Guarantee issue
  - Prohibition on annual and lifetime limits, guarantee issue
  - Community rating
  - Coverage to age 26 on parent policies
  - Individual mandate (unless affordability exemption)
  - Rate reviews and "rebates" when too little overall care is funded
  - Employers with 50 or more full-time employees must offer coverage or face a tax penalty if at least one full-time employee receives a premium tax credit

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## More Affordable Insurance

- Medicaid is expanding to include all adults under 138% FPL.
- Individuals from 138-400% FPL will be eligible for:
  - Advanced premium tax credits (APTC) so that no one pays more than 9.5% of their income on their health insurance premium. (The tax credits provide the rest.)
  - Cost-sharing reductions (CSR) on a sliding scale.
- Beginning in 2014, commercial insurance premium costs may only vary by community rating based on four factors:
  - Age,
  - Smoking status,
  - Geographic region, and
  - Individual or family coverage.

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## Greater Accessibility to Insurance

- Applicants will be able to apply online, by phone, mail, or in-person at existing and new locations.
- Data from the IRS, Social Security Administration, and other state and federal data sources will be available; no paper verification will be necessary when the information is already available.



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## Simplified Eligibility Determinations

- Beginning in 2014, many eligibility categories will be collapsed.
- Eligibility for most people will be based on Modified Adjusted Gross Income (MAGI).
  - This is a federal standard, linked to tax methods.
  - All states will use the same method.
  - Medicaid (in most eligibility categories) and the Maryland Health Benefit Exchange (MHBE) will use the same method.
  - This method is not applied to disability and LTSS groups; for those groups, the existing rules are used.

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## Real-Time Determinations

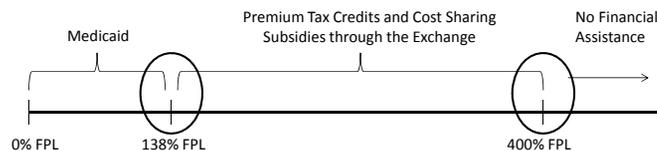


- Starting in 2014, eligibility workers will use the new eligibility system and web portal, the Maryland Health Connection, when working with the Medicaid population.
- Eligibility will be determined in real-time, and individuals will be able to enroll in a Medicaid managed care organization (MCO) right away.
- People can still apply in-person at local offices.
- Medicaid and the MHBE will jointly utilize a statewide call center called the Consolidated Services Center and Connector Entities as shared services for assistance.

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## New Medicaid MCOs and Continuity of Care

- Two new companies have applied to become MCOs, meaning in 2014 there may be as many as ten MCOs participating in Medicaid.
- MCOs will be expected to work with the MHBE and private issuers to ensure continuity of care as individuals move between Medicaid, the Exchange, and private insurance.



This depicts adults. Children are in Medicaid or MCHP to 300% FPL.

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## The Maryland Health Connection

- The **Maryland Health Connection** is the new name for Maryland's public health insurance exchange, which is a state-based exchange.
- The **Maryland Health Connection** is a marketplace where individuals, families, and small businesses can:
  - Compare health insurance options
  - Calculate total out-of-pocket costs based on eligible subsidies or tax credits
  - Enroll in the health plan that's best suited for their needs



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## The Maryland Health Connection

- The State will use a “no wrong door” approach to help Marylanders determine eligibility for **no-cost** and **low-cost** health insurance.
  - Medicaid
  - Commercial Plans
- The Maryland Health Connection will provide online, in-person, or over the phone assistance for Marylanders to get enrolled.
  - **Open Enrollment begins October 1, 2013.**
  - **Coverage is effective on January 1, 2014.**



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## Individual Premium Subsidies

FPL	Annual Income*	Maximum Premium (as % of income)	Enrollee's Monthly Share
138%	\$15,856	2.00%	\$26.43
150%	\$17,235	4.00%	\$57.45
200%	\$22,980	6.30%	\$120.65
250%	\$28,725	8.05%	\$192.70
300%	\$34,470	9.50%	\$272.89
350%	\$40,215	9.50%	\$318.37
400%	\$45,960	9.50%	\$363.85

\*Annual income is for a family of one based on 2013 FPL Guidelines.

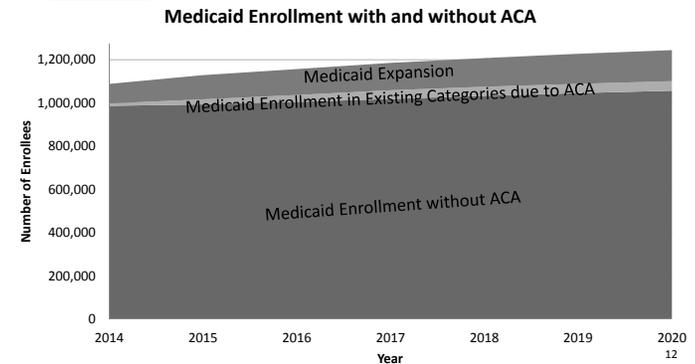
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## 2013 Federal Poverty Level Guidelines

Household Size	138%	400%
1	\$15,856	\$45,960
2	\$21,404	\$62,040
3	\$26,951	\$78,120
4	\$32,499	\$94,200
Each additional add	\$5,548	\$16,080

## Impact on Maryland Medicaid

- The expansion is estimated to expand full coverage Medicaid to 190,000 Marylanders by 2020.



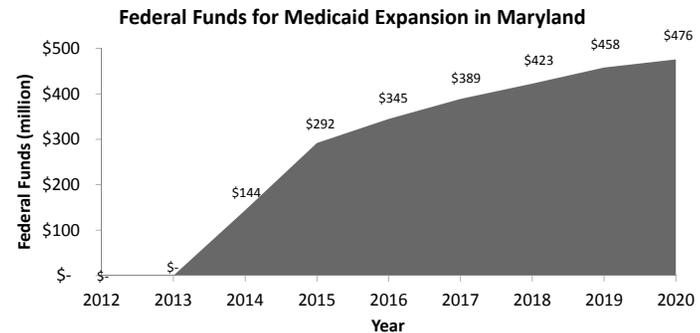
## Medicaid Expansion

- In 2014, approximately 88,000 PAC enrollees and 20,000 individuals new to Medicaid will be eligible for full benefits.
- Maryland currently provides childless adults a limited benefits package at a 50/50 match through PAC.
  - In 2014, these enrollees will be **automatically enrolled** into full Medicaid.
  - Therefore, it is important to enroll as many people as are eligible into PAC **now** so they will automatically receive **full benefits on January 1, 2014**.

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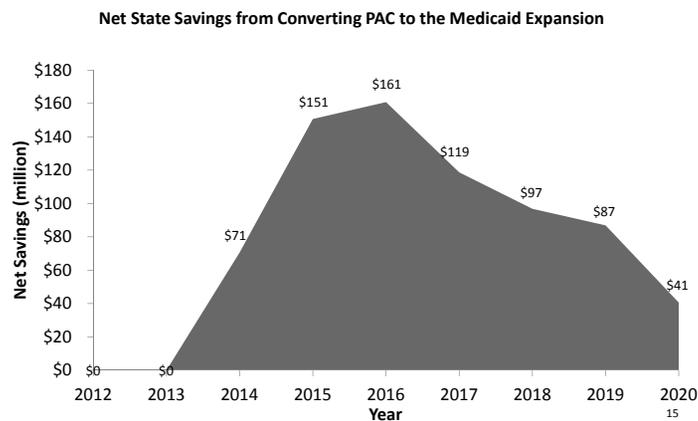
## Increased Federal Funds for Maryland

- The Medicaid expansion is expected to bring about \$2.5 billion in federal funds into Medicaid between 2014-2020.



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## Savings for Maryland



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## Savings for Maryland

- Maryland will receive an enhanced federal match for newly eligible adults.
  - The federal government will finance 100% of the costs of covering the Medicaid expansion population from 2014 through 2016.
  - The funds will then begin to taper down until it reaches a 90/10 match in 2020 (90% federal funds, 10% state funds), where it will remain indefinitely.
  - Converting PAC from a 50/50 match rate to the enhanced expansion match rate will save the Medicaid program a substantial amount of money.
- Annual savings will decline as the state's share of the expansion cost grows.
- The cumulative total will be \$725 million between 2012 to 2020.



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