


National Health Care Reform:
What does it mean for New Jersey,
and what comes next?



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*WHAT NEXT? Making it Work for New
Jersey: A Statewide Health Care Reform
Implementation Conference*

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About Community Catalyst

Community Catalyst is a national non-profit
advocacy organization dedicated to achieving
quality, affordable health care for all.

We work with national, state and local consumer
organizations, policymakers and foundations to
build consumer and community leadership to
improve the health care system so it serves
everyone, and to ensure consumers have a seat
at the table as health care decisions are made.



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**An
Historic
Law...**

...with real impacts on New Jerseyans.



Presentation Overview

1. **The big picture:** What does health reform mean for coverage nationally and in New Jersey?
2. **Getting into the details:** What are the main provisions in the law?
3. **Moving forward:** What has to happen for reform to be successfully implemented?



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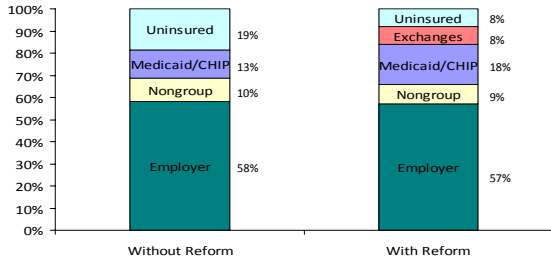
The Big Picture: What does health reform mean for coverage nationally and in New Jersey?



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The Impact on Coverage Nationally

Key message: Overall, most people *with* insurance will continue getting their coverage from the same source, while the number of uninsured will be reduced dramatically.



How will New Jerseyans be affected?

Key Message: Under national health care reform, 82 percent of the uninsured in New Jersey will be eligible for either Medicaid or private insurance subsidies. National health reform will also lower health care costs for hundreds of thousands of New Jerseyans who already have coverage but who struggle to pay for it.

Health reform will:

- ✓ **Expand Medicaid eligibility** to cover **25 percent** of New Jersey's uninsured
- ✓ **Provide subsidies** to lower health care costs for **33 percent** of New Jersey's uninsured (and for hundreds of thousands of those who already have coverage.)
- ✓ **Help 106,500 small businesses** in New Jersey afford insurance for their workers
- ✓ **Lower prescription drug costs** for **227,000 seniors** in New Jersey



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Getting Into The Details: What are the main provisions in the law?



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The Building Blocks of Health Reform

- ✓ Medicaid
- ✓ Exchange for purchasing coverage
- ✓ Premium and cost-sharing subsidies
- ✓ Insurance industry reforms
- ✓ Employer responsibility
- ✓ Individual mandate
- ✓ Quality improvements/cost reductions
- ✓ Improving health equity


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Medicaid

Key message: The new law expands Medicaid to most people earning less than 133 percent of the federal poverty level (FPL) – approximately \$30,000 annually for a family of four.

	New Jersey Medicaid eligibility in 2009	Medicaid eligibility under National Reform
Parents	200% FPL	133% FPL*
Disabled adults	100% FPL	133% FPL
Childless adults	Not Eligible**	133% FPL


*The law includes a maintenance of effort requirement, so New Jersey will be required to keep their eligibility at 200% FPL for parents until at least 2014.
 ** The only way for childless adults to receive health coverage is to apply for welfare through the General Assistance program.



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Medicaid (continued)

- ✓ Medicaid will cover 476,300 newly eligible New Jerseyans (288,800 of whom are currently uninsured)
- ✓ States must expand by 2014; option to expand earlier
- ✓ Elimination of asset test
- ✓ Federal government pays most costs for newly eligible individuals
- ✓ 2013 & 2014: increased reimbursement for primary care services
- ✓ States cannot cut existing Medicaid eligibility criteria
 - Escape clause for states facing budget deficits



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Exchanges

Key message: In the Exchange, insurance companies will compete to provide the best product at the best price to individuals and small businesses.

- ✓ States create their own Exchanges; must be running by Jan 1, 2014
- ✓ Open to individuals and small businesses (fewer than 100 employees)
- ✓ Plans must meet federal minimum requirements:
 - Quality standards
 - Benefits
 - Limits on cost-sharing



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Premium & Cost-Sharing Subsidies

Key Message: Millions of Americans who haven't been able to afford coverage will get premium and cost-sharing subsidies according to a sliding scale.

- ✓ Will lower health insurance costs for up to 1,652,000 New Jerseyans (382,000 of whom are currently uninsured)
- ✓ Begins in 2014
- ✓ Average subsidy in 2015: \$5,200
- ✓ Available to people who:
 - Do not have affordable employer sponsored coverage, AND
 - Are earning up to 400 percent of the FPL



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Insurance Reforms

Key message: Unlike most states, New Jersey has already enacted many of the most significant insurance industry reforms in national health reform. However, national health reform will provide some additional consumer protections in New Jersey.

Starting immediately in New Jersey:

- ✓ Coverage for adult children to age 26 on parents' health plan
- ✓ Funding for high risk pool
- ✓ Funding for rate review
- ✓ No lifetime caps

Starting in 2014:

- ✓ More limited premium variation based on age (3:1 under national reform, compared to 3.5:1 currently in New Jersey)
- ✓ No pre-existing condition exclusions
- ✓ No annual caps



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Employer Responsibility

Key message: Health care reform requires large companies to pay their fair share, and it provides tax credits to help small businesses afford coverage for themselves and their employees.

- ✓ “Free-rider penalty” on employers if workers access subsidies
 - Starts in 2014
 - Exempt if fewer than 50 employees
- ✓ Tax credits for small businesses to help offset costs of insurance
 - Starts immediately
 - 106,500 New Jersey small businesses will qualify



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Individual Responsibility

Key message: The bill requires all Americans to purchase health care coverage. This mandate ensures all of us pay our fair share, while exempting those who cannot find affordable coverage.

- ✓ Penalty:
 - In 2014: larger of \$95 or 1 percent of income above tax-filing threshold
 - In 2015: larger of \$325 or 2 percent of income above tax-filing threshold
 - In 2016: larger of \$695 or 2.5 percent of income above tax-filing threshold
- ✓ Exemptions:
 - Earning less than tax filing threshold
 - Cheapest plan exceeds eight percent of income
 - Gap in coverage of less than three months
 - Undocumented immigrants
 - Hardship waiver



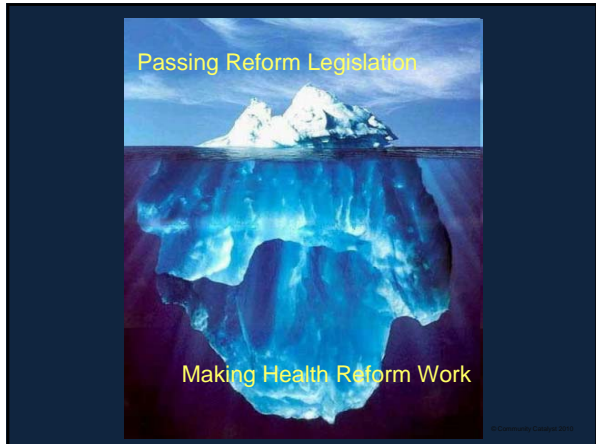
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Moving Forward:

What has to happen for reform to be successfully implemented?



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Ingredients for Successful Reform Implementation

Key message: The work has only just begun.

Four buckets of work:

- ✓ Public education on the value of the law
- ✓ Implementation of the law
- ✓ Protecting existing state coverage
- ✓ Addressing "unfinished business" and fixing weaknesses of the bill




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Public Education

Key Message: Building and maintaining support for reform will be essential to its successful implementation.

- ✓ **Publicize early wins**
 - Earned media around "firsts" and anniversaries
 - Communicate stories of those whose lives have already been improved
- ✓ **Continue mobilizing broad-based support for health care reform**
 - Outreach & education to constituencies who will benefit from a "quick win"
- ✓ **Help re-elect and support public officials who supported the law** (with (c)4 dollars)



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Public Education (continued)

Early winners:

- ✓ **Seniors:** In 2010, \$250 rebate to people enrolled in Medicare Part D who reach the doughnut hole
- ✓ **Small businesses:** In 2010, tax credits will be available to offset up to 35 percent of the employers' portion of their workers' premium
- ✓ **People with chronic health conditions:** Starting September 2010, insurers cannot deny coverage to children with pre-existing conditions
- ✓ **Young adults (and their parents):** Health plans must allow young adults to remain on their parents' health insurance until age 26
- ✓ **Community health centers (their patients and their employees):** Significant increases in funding for community health centers in 2010



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Implementation of the Law

Key Message: Implementation will happen at two levels: the federal government will further define key provisions through the rule-making process, and states will be responsible for putting the pieces in motion on the ground.

Federal level: Monitor and weigh in on regulations.

- ✓ Example: What are the eligibility criteria for the Hardship Waiver?

State level: Educate key decision-makers about responsibilities and opportunities for the state, and weigh in on implementation on the ground.

- ✓ Example: How should the state use its High Risk Pool dollars from the federal government?



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Protecting Existing State Coverage

Key Message: Medicaid serves as the foundation for expansions in the new health reform law. Protecting it from cuts is critical to successful health care reform implementation.

- ✓ **Develop broad-based coalitions in support of Medicaid**
 - Include key stakeholders like consumers and providers
- ✓ **Launch proactive campaigns to fend off cuts**
 - Revenue increases
 - Consumer-friendly cost-containment
 - Payment and delivery system reform



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Addressing “Unfinished Business” and Weaknesses of the New Law

Key Message: The new law is not perfect, and it is only the first step towards a health care system that works for everyone. We must continue building on the new law and filling in its gaps.

- ✓ Immigrant inclusion in public programs
- ✓ Enhanced premium and cost-sharing subsidies
- ✓ Stronger rate regulation to prevent further premium increases
- ✓ Public option?



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Questions?



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