American Hospital Association

Shaping the Future for a Healthier America

Expanding Coverage

Background

Every day, the women and men in America's hospitals care for all who come through the hospital door regardless of their ability to pay. But as research has shown, too many patients end up being hospitalized with severe medical conditions that could have been prevented or addressed at an earlier stage. Often, patients without health insurance put off needed preventive care.

An important improvement in health care coverage is the recently signed *Patient Protection and Affordable Health Care Act* (PPACA). It expands coverage to an estimated 32 million Americans. This expansion will occur by 2019. Later this year, insurance reforms will begin by extending coverage to "high-risk" individuals as well as individuals eligible for Medicare.

AHA View

The AHA has long been committed to ensuring health care coverage for all. This legislation allows millions of people access to health care coverage, ensures significant insurance market reforms and provides a foundation upon which we can continue to improve our nation's health. The coverage brought by health reform touches on a major tenet of the AHA's *Health for Life* – a framework to improve America's health and health care. In *Health for Life*, the AHA worked with other stakeholders to identify five pillars of a reformed health system: a focus on wellness; the most efficient, affordable care; the highest quality care; the best information; and health care coverage for all, paid for by all. The PPACA expands access through a combination of public program expansions and private sector health insurance reforms.

Coverage Overview

Beginning January 1, 2014, all U.S. citizens and legal residents would have to obtain coverage or face a tax penalty. Individuals with employer-based coverage will be able to retain their coverage. Those without employer plans can obtain coverage through newly formed "health insurance exchanges." Subsidies will be available to low-income individuals to assist them with the purchase of health insurance and Medicaid will be expanded to provide additional coverage for the poor. While employers are not required to provide coverage, large employers will be charged a "free rider" assessment if their employees purchase health care coverage through the exchange with federal premium subsidies.

This summer, the legislation will establish temporary mechanisms to provide coverage to individuals with pre-existing conditions and non-Medicare eligible retirees over age 55. Also this summer, insurers will be prohibited from setting lifetime limits, dropping coverage (except in cases of clear fraud), excluding coverage to children based on a pre-existing condition and setting annual coverage limits. The law also will allow parents to include dependent children up to age 26 on their health insurance. Beginning in 2014, health insurers will be prohibited from excluding coverage based on pre-existing conditions for adults, will have limits imposed on premium ratings, and must guarantee the issuance of coverage for anyone who seeks it.

Medicaid
Beginning in 2014, all state Medicaid programs must cover individuals up to 133 percent of the federal poverty level (FPL). States will receive federal funds to pay for the newly expanded populations starting with 100 percent federal financing from 2014 to 2017, scaled down from 100 percent to 90 percent between 2017 and 2020, and set at 90 percent thereafter. States that have already covered this population will receive additional federal assistance.

Insurance Exchanges
Beginning in 2011, states must establish health insurance exchanges through which individuals and small businesses can purchase qualified private health insurance coverage. A Federal Employee Health Benefit Plan (FEHBP)-like, multi-state health insurance plan will be offered through the exchanges with oversight by the federal Office of Personnel Management. Consumer Operated and Oriented Plans (CO-OPS) will be created to foster non-profit, member-run health insurance cooperatives. There is no public program based on Medicare or Medicaid rates – a provision vigorously opposed by the AHA.

Enabling and Encouraging Enrollment
While health reform takes great strides in granting access to care, the work to expand health coverage is by no means over. Under the PPACA, hospitals will have the ability to make presumptive eligibility determinations for all Medicaid populations that come to their facilities seeking care, but key to reform's success is ensuring that individuals are enrolled in a coverage plan. To that end, the AHA will work collaboratively with public and private organizations on a variety of efforts – from streamlining enrollment processes to helping individuals sign up – to ensure that people are successfully enrolled in a coverage program.

Platform for Reform
Before the expansive coverage reforms become effective, it is important to shore-up existing coverage programs. The AHA will continue to work with broad coalitions of stakeholders to ensure those currently eligible for Children's Health Insurance Plan (CHIP) and Medicaid are enrolled through creative strategies such as hospital community programs and school-based clinics. In addition, there are two provisions of the *American Recovery and Reinvestment Act* that need to be extended in order to help the unemployed and Medicaid beneficiaries maintain coverage. The Senate has passed legislation, H.R. 4213, the *American Workers, State and Business Relief Act*, which will extend unemployment insurance benefits and eligibility for the 65 percent COBRA health care tax credit through December 31, 2010. H.R. 4213 also continues the temporary increase in federal Medicaid assistance (FMAP) through June 2011 allowing states to shore-up their Medicaid programs and prevent individuals from losing coverage. The AHA urges Congress to pass H.R. 4213 to support these important programs.