

Coverage

Background

Implementation of the *Patient Protection and Affordable Care Act (ACA)* will provide access to health care coverage to many Americans who have not enjoyed coverage. The Congressional Budget Office (CBO) estimates that the ACA will extend coverage to approximately 32 million uninsured people, or about 94 percent of legal residents. Three elements of health care reform – the individual mandate, expansion of Medicaid and the creation of state health insurance exchanges with public subsidized coverage – will help achieve this level of coverage.

AHA View

Implementation of the ACA's coverage provisions must occur in a thoughtful and transparent manner where the views of all stakeholders are considered. Since much of the implementation falls to state governments, the AHA is working closely with state hospital associations to develop tools and resources to better equip hospitals to engage in these state-level discussions. These tools can be found on the AHA's website under "Health Care Reform Moving Forward."

Enrollment. Ensuring that people enroll in the health insurance programs available to them is critical to achieving the increased coverage that the ACA envisions. The AHA is participating in a diverse coalition that includes insurers, providers and advocacy groups that will encourage enrollment through the exchanges and Medicaid. Enrollment efforts will focus on state-based initiatives and best practices. The coalition, "Enroll America," has begun its work, and a public launch is expected midyear.

Individual Mandate. The individual mandate requires that by January 1, 2014 individuals, with some exceptions, secure the minimum essential health insurance coverage through either their employer, the state health insurance exchange or a public program such as Medicaid, Medicare or Childrens Health Insurance Program. The constitutionality of this mandate is being challenged in a number of courts throughout the country. The AHA has filed several friend-of-the-court briefs in support of the basic tenants of the constitutionality of the individual mandate. The U.S. Supreme Court may take up this matter sometime in 2012.

Medicaid. The ACA expands Medicaid eligibility to all legal residents earning up to 133 percent of the federal poverty level (FPL), about \$14,404 for a single adult or \$29,327 for a family of four. The federal government will largely finance this expansion. The CBO estimates that half of the 32 million newly insured under the ACA will get their coverage through the Medicaid expansion. States are required to maintain levels of Medicaid eligibility in place as of March 23, 2010. States that have already expanded coverage to 133 percent of the FPL and beyond can seek a waiver from this requirement if they can demonstrate hardship. Some governors say they lack sufficient funds to maintain current levels of Medicaid eligibility, and are seeking relief as they prepare for a significant expansion in the program slated for 2014. The AHA, along with

a number of other national hospital associations, has urged the Department of Health and Human Services (HHS) not to relax the existing coverage requirements, as this would push many low-income Americans off the Medicaid rolls and into the ranks of the uninsured – moving the nation backward in the quest for coverage for all.

Exchanges, Essential Benefits and Insurance Reform. HHS has looked to the National Association of Insurance Commissioners (NAIC) and the Institute of Medicine (IOM) to help it define essential benefits, the medical loss ratio and premium rate review, as well as shape implementation policy around the state health insurance exchanges. The AHA is working with the NAIC, IOM and HHS; the key issues follow:

State Health Insurance Exchanges. The AHA believes that state-level health insurance exchanges should be flexible enough to accommodate local conditions. Exchanges need to create an efficient and effective private insurance marketplace for consumers – one that encourages private insurers to participate – while balancing key objectives of pooling risk and managing public subsidies. Exchanges should focus initially on the basic elements needed to allow the new marketplace to develop, starting small in both size and scope.

Essential Health Benefits. The AHA recommends that the essential health benefits package for health plans that participate in state insurance exchanges cover a broad range of services, including medical, psychiatric, rehabilitative, dental, vision, pharmaceutical, preventive and hospice services. In addition, the package should be driven by the needs of the individual, be generally available and adhere to accepted professional guidelines. The AHA suggests a three-pronged framework for assessing which benefits to include:

- Are the benefits responsive to individual needs?
- Do the benefits take affordability into account?
- Are the benefits easily understood and transparent?