

# National Healthcare Reform: Implications for Nursing Education and Practice

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# Goals for Today's Presentation

- Explain key provisions of the new federal Patient Protection and Affordable Care Act (PPACA) of 2010
- Compare and contrast provisions of PPACA to similar provisions in Massachusetts law
- Describe the effects PPACA may have in Massachusetts
- Highlight provisions in PPACA of special interest to advance practice nurses and nurse educators

# National Health Reform looks a lot like Massachusetts Health Reform

## PPACA 2010

- Individual mandate
- Medicaid expansion
- Premium subsidies
- Employer responsibility
- Exchange
- Insurance market reforms
- Other provisions

## Massachusetts 2006

- Individual mandate
- Medicaid expansion
- Premium subsidies
- Employer responsibility
- Connector
- Insurance market reforms

# National Health Reform looks a lot like Massachusetts Health Reform, BUT ...

- Each component is a little bit different in the federal law than the Massachusetts law
- Massachusetts lawmakers may need to amend Massachusetts law to align with the federal law

# Consumer Responsibility: Individual Mandate

## PPACA 2010

- Everyone, including children, must have health insurance by 1/1/14 if it is affordable
- Health insurance is affordable if the premium is  $< 8\%$  income

## Massachusetts 2006

- Adults age 19-64 must have health insurance if it is affordable
- Sliding scale affordability standard: 2-10% income
- *US law requires more low income people to have health insurance than MA does, and fewer higher income people*

# Consumer Responsibility: Individual Penalties

## PPACA 2010

- Individuals who are uninsured but could afford insurance must pay a penalty
- Penalty amount per year is the greater of:
  - ❑ \$695 per person (\$347 per child up to 18) to a maximum of \$2085 per family\*, or
  - ❑ 2.5% taxable household income

## Massachusetts 2006

- Individuals who are uninsured but could afford insurance must pay a penalty
- Penalty amount is 50% of the lowest cost premium available to the individual
  - *Uninsured individuals in MA may owe both a US penalty and a MA penalty*

\* Penalty amount is lower in 2014 and 2015



*“Come quickly—I think I had  
an out-of-pocket experience.”*

# Government Responsibility: Medicaid Expansion

## PPACA 2010

- Medicaid expansion covers everyone with income < 133% Federal Poverty Level (FPL)

## Massachusetts 2006

- Commonwealth Care established for individuals with income < 300% FPL
- \$0 premium contribution for individuals with income < 100% FPL (and \$0 premium for lowest cost plan for individuals with income <150% FPL)

➤ *US Medicaid expansion will not affect who is covered in MA: everyone in MA with income < 133% FPL is already eligible for MassHealth or Commonwealth Care*

# Government Responsibility: Premium Subsidies

## PPACA 2010

- Sliding scale premium tax credits and cost-sharing tax credits for people with income 133-400% FPL
- *US subsidizes premiums for individuals at higher income levels than MA does, but ...*

## Massachusetts 2006

- Sliding scale premium contribution for income 101-300% FPL
- *MA provides bigger premium subsidies than US does, i.e. individuals would need to pay more of their health insurance premiums under the US law than in MA*
- *MA may use state funds to supplement the US subsidy ... or not*

# Employer Responsibility: Employer Mandate

## PPACA 2010

- Employers with more than 50 employees must offer health insurance to employees

## Massachusetts 2006

- Employers with 11 or more employees must offer health insurance to employees (98% of MA employers with > 50 employees offer health insurance to employees)
- *US requirements affect fewer employers than MA requirements*

# Employer Responsibility: Employer Penalties

## PPACA 2010

- Employers that do not offer coverage to their employees pay \$2000 per FTE (no penalty on first 30 employees)
- Employers that offer unaffordable coverage to their employees, or whose employees receive federal subsidies, may also owe a penalty of up to \$2000 per FTE

## Massachusetts 2006

- Employers that do not make a “fair and reasonable contribution” to their employees’ health insurance pay \$295 per FTE
- *Some employers may owe both US and MA penalties*

# Employer Incentives

## PPACA 2010

- Small business tax credit for employers with 25 or fewer employees and average annual wages less than \$50,000 per year (sole proprietors not eligible)
- 2010-2013: Small businesses can receive tax credits for 4 years
- 2014 and beyond: Small businesses can receive tax credit for 2 years

## Massachusetts 2006

- Some small businesses with low-income employees qualify for subsidies through the Insurance Partnership (Few MA businesses use the IP, and they are mostly sole proprietors)
- *MA small businesses can take advantage of new US tax credits*

# Exchange: Market for purchasing health insurance

## PPACA 2010

Establishes in each state:

- American Health Benefits Exchange where individuals can purchase health insurance
- Small Business Health Options Program (SHOP) where small businesses can offer health insurance to employees

(same organization can do both)

## Massachusetts 2006

MA Health Connector:

- Individuals can purchase subsidized and non-subsidized insurance
- In 2009, Connector established a pilot program for small businesses to offer health insurance to employees

# Exchange: Responsibilities (1 of 2)

## PPACA 2010

- US HHS sets standards for qualified plans
- State Exchanges certify that health plans meet federal standards and select plans that are “in the interests of” individuals & employers
- Offers plans with Platinum, Gold, Silver & Bronze levels of benefits, and catastrophic plans

## Massachusetts 2006

MA Health Connector:

- Establishes Minimum Creditable Coverage (MCC) standards
- Offers non-subsidized plans with Gold, Silver & Bronze levels of benefits that receive the Connector’s “seal of approval”

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*“In the future, everybody will have fifteen minutes of health-care coverage.”*

# Exchange: Responsibilities (2 of 2)

## PPACA 2010

- Affordability guidelines established in law
- Most subsidies are tax credits; Exchange may have some role

## Massachusetts 2006

MA Health Connector:

- Administers Commonwealth Care Program (subsidized health insurance)
  - Negotiates prices & benefits with health plans
  - Establishes affordability guidelines
  - Administers subsidies
- *Effect tbd. MA will negotiate with federal agency.*

# Insurance Reforms (1 of 3)

## PPACA 2010

New requirements:

- Prohibits rescission (cancelling insurance after insured gets sick)
- Prohibits lifetime insurance caps and “unreasonable” annual caps
- Allows children to stay on parents’ plan till age 26

## Massachusetts

Existing Massachusetts law:

- Allows lifetime caps
  - Allows annual caps on student and young adult plans
  - Allows dependents to stay on parents’ plans to age 26
- *Effect tbd. US law generally pre-empts state laws, but PPACA does not preempt “any State law that does not prevent the application of [PPACA’s] provisions”*

# Insurance Reforms (2 of 3)

## PPACA 2010

New requirements:

- Requires modified community rating: insurers cannot offer different premium prices based on applicant's health history
- Allows premium differences based on age up to 3:1, and based on tobacco use up to 1.5:1 (additive)
- Limits waiting period for employer-sponsored insurance to 90 days

## Massachusetts

Existing Massachusetts law:

- Requires modified community rating
  - Limits total premium differences based on age, industry, tobacco use, and other adjustments to 2:1
  - Limits waiting period for employer-sponsored insurance to 6 months
- *Effect tbd. US law generally pre-empts state laws, but PPACA does not preempt "any State law that does not prevent the application of [PPACA's] provisions"*

# Insurance Reforms (3 of 3)

## PPACA 2010

New requirements:

- Medical Loss Ratio (percent of premium spent on medical care) must be at least 85% for large group coverage, 80% for small group & individual coverage
- Health plans must explain benefits in standard format (like credit cards)

## Massachusetts

Existing Massachusetts law

- No requirement. (Most MA insurers exceed these limits, except for student insurance)
  - Connector displays health plan benefits in standard format
- *Effect tbd. US law generally pre-empts state laws, but PPACA does not preempt “any State law that does not prevent the application of [PPACA’s] provisions”*



*“Are you the one with the preëxisting condition or  
the one with just the existing condition?”*

# Medicare and Medicaid (1 of 2)

## PPACA 2010

- Enhanced federal matching funds for Medicaid (US pays greater share of cost) = new revenues for states
- Reduced Medicare and Medicaid payments to Disproportionate Share Hospitals (DSH) as people become insured
- Smaller annual Medicare rate increases
- Gradually phase down the Medicare Part D “doughnut hole” from 2010 through 2020. Medicare Part D beneficiaries who reach the doughnut hole in 2010 receive a rebate of up to \$250.

# Medicare and Medicaid (2 of 2)

## PPACA 2010

- Medicaid payments for primary care services paid at Medicare rates in 2013 and 2014. Eligible primary care providers include nurse practitioners and clinical nurse specialists. Medicare rates for these services are approximately 35% higher than MassHealth rates in aggregate.
- Medicare payment rates to nurse-midwives for covered services set equal to physician rates for the same service, beginning 1/1/11.

# Financing

## PPACA 2010

- Excise tax on high cost health plans beginning 2018
- Increased Medicare tax on high income earners
- Tax on medical device manufacturers
- Reduced growth in Medicare & Medicaid payments

# Demonstration Projects, Pilots Programs, and Grant Opportunities

## PPACA 2010

- More than 1/3 of PPACA's pages are devoted to these
- Establishes more than 100 demos, pilots & grants with over \$22 billion in new funding
- US support for local innovation in:
  - Quality improvement
  - Payment reform
  - Reduction in racial and ethnic disparities
  - Workforce development
  - Coordination of care
  - Wellness & Prevention
  - Transparency

# Demos, Pilots, and Grants

## Example 1

### **Nurse-Managed Health Clinics:**

- Grants for operating costs to provide “primary care or wellness services to underserved or vulnerable populations”
- Must be managed by advance practice nurses
- Must be associated with a school/university, FQHC, or social service agency
- “Nurses are the major providers of the services”
- \$50M in FY 2010 & funding “as necessary” for FY 2011-2014.

# Demos, Pilots, and Grants

## Example 2

### **Independence at Home Medical Practice Demonstration:**

- Funding to develop a “payment system and service delivery model that utilizes physician and nurse practitioner directed home-based primary care teams to reduce expenditures and improve health outcomes”
- Provide primary care and preventive services to high-need Medicare beneficiaries in their homes
- Goals include reducing preventable hospitalizations, re-admissions and emergency department visits
- \$5M per year for FY2010-2015.

# Demos, Pilots, and Grants for Nursing Workforce Development

## For nursing students:

- Nursing education loans
- Loan forgiveness (up to 85%) in exchange for 3 years community-based service
- Advance Nursing education grants
- Loan forgiveness (up to 85%) for master's & doctoral students in exchange for 4 years teaching full-time at a school of nursing

# Demos, Pilots, and Grants for Nursing Workforce Development

## **For schools of nursing:**

- Nurse education, practice & retention grants
- Grants for comprehensive geriatric education programs
- Grants to increase workforce diversity

## **For hospitals:**

- Grants to train advance practice nurses in clinical settings

# For more information

- UMMS/CHLE summary of the 100+ pilot programs, demonstration projects, and grants included in PPACA: [www.umassmed.edu/CHLE](http://www.umassmed.edu/CHLE) under Publications
- June 21, 2010: UMMS Center for Health Law and Economics presents detailed analysis of the effects of PPACA on Massachusetts for the Blue Cross Blue Shield of Massachusetts Foundation and the Massachusetts Health Policy Forum. Look for it at: [www.umassmed.edu/CHLE](http://www.umassmed.edu/CHLE)
- Kaiser Family Foundation detailed summaries, analysis, and polling data at <http://healthreform.kff.org>