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Sargent Shriver National Center on Poverty Law

Status of Health Reform

Federal and Illinois Situation: Mid-year 2012

Presentation to United Way of Illinois Annual Meeting

Starved Rock State Park, IL

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Shriver Center

Remember: Current system a big problem

- Cost ever-increasing, but access to care decreasing
- Little choice or control or guarantee of quality
- No peace of mind: what if you lose coverage and never get it back?
- 50 million uninsured – decreasing employer-based coverage, cost-shift to everyone else



ACA has tools to address these issues

- Insurance reforms (Med. loss ratio, rescissions, etc)
- Competitive marketplace (exchange)
- Guaranteed issue, non-discrimination in price
- Affordability (subsidies, cost controls, competition)
- Health system reforms (care coordination, billing reforms, information technology)
- Healthcare workforce development
- Capacity investments
- Coverage for **36 million**

- WILL IT HAPPEN?



Much depends on politics and will

- Supreme Court
- Election
- Budget
- Implementation guidance and discipline from CMS



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Status: Supreme Court

Decision in June

- Mandate upheld
- Medicaid expansion upheld
- But feds may not remove all Medicaid funding from states that don't comply
- As practical matter states have choice

Bottom line: Game on. Unless....



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Status: Election

- Stakes: Will ACA survive?
- Romney: “Obamacare” repeal top issue
- Polling: “Obamacare” mixed; specifics popular (except Mandate); growing desire that politicians move on
- Public education lags – ideology and politics (“greatest attack on personal liberty ever”, “government takeover”, etc.)



Status: Federal budget

- If ACA and Obama stay in place: Major funding is protected because written into the substantive law, not subject to annual discretionary budget debate
- But important pots of money are discretionary and already under attack or used as “pay-fors” to expand other spending
- Deficit and debt debates always a threat
- If Obama out – all bets off



Status: Implementation from CMS

- Immense flow of proposed regulations, RFPs, guidance, and decisions on waivers
- Proposed or interim final rules issued on exchanges, Medicaid expansion, essential benefits package, and much more
- Signaling flexibility on Exchange financing and timing but holding line on standards
- Waivers -- flexibility on early Medicaid expansion; unclear on state budget crisis
- If Obama out – all bets off



ACA provisions in effect

- No pre-existing cond. denials or high pricing for children (adults 2014)
- Up to age 26 can be on parents' policy
- No co-pays for preventive care
- Filling in Medicare “donut hole” for seniors
- Major investment in health IT

- Latest August 1: new preventive services for women without cost-sharing in new policies



Much depends on state choices

- Policy decisions on exchanges, industry and system reforms, benefit packages, and Medicaid eligibility expansions
- Implementation issues – design, staffing, resources, competency, change mgmt.
- Investments – much is federal but some state costs, state budget fears, ideology



Illinois Status -- general

- Quinn Administration committed, supportive, competent but understaffed
- DHFS leads; DOI, human services agencies
- Democrats – supportive but timid (election)
- Republicans in lockstep – national lead
- Insurance industry strong with both parties
- 2011 Medicaid Reform Act: care coordination, long term care re-balance, and health IT
- Strong politics around children
- SMART Act cuts



Illinois Status: Exchange

- Quinn has decided to opt for hybrid state/federal exchange in 2014, then state-only in 2015
- DOI will oversee IL part of hybrid exchange
- Mautino/Osmond negotiations on hold until after election.
- All sides participating; compromise possible
- Significant federal funds already received
- Planning and build-out of IT is proceeding



Illinois Status – Exchange Issues

HB4141 (Mautino), HB4574 (Osmond)

- Board composition (consumers, industry, experts)
- Advice and consent (super majority?)
- Exchange powers – active purchaser vs. market organizer (Mass-Colorado-Utah)
- Financing – fees and assessments, not GRF
- General Assembly role
- Brokers and navigators
- Interface with public insurance



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Illinois Status – Medicaid issues

- Coverage is required by federal law
- Full federal funds
- Creates jobs, saves charity care costs
- Reduces the “cost shift” of uninsured
- 40,000 low income uninsured veterans
- Helps fund human services
- Allows prevention, avoidance of ER

State must decide as soon as possible



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Illinois Status – Other Policy Choices

- Early Expansion: Cook County waiver (100K)
- Care coordination: Innovations RFP; integrated care pilot; Medical Home Network
- LTC re-balancing – building community capacity (budget challenges, court orders)
- ACA insurance reform
- Lots pending: expansion benefits pkg, Exchange details and benefit pkg, Basic Health Plan?, healthcare billing and rates, new charity care law



Illinois Status – Implementation Issues

- Strong commitment from Quinn Admin.
 - DHFS and DOI lead – many other agencies
 - DHFS Medicaid Advisory Committee
 - Significant start on Health IT and EVE systems with large federal investment
 - Care coordination and LTC re-balancing
 - Court orders
 - Major budget headwinds – programs and staff
 - Politicians playing for time
- MAJOR CHANGE MANAGEMENT TASK....



Illinois Status – Implementation Players

- Governor's office (Mike Gelder)
- DHFS coordination (Julie Hamos, Mike Koetting)
- Illinois Office of Health Information Technology (Laura Zarembo)
- Dept of Insurance (Andrew Boron)
- Mautino/Osmond; Haine/Brady (insurance)
- Feigenholtz/Bellock; Steans/Righter (Medicaid)
- Providers, consumers, insurers, voters



Illinois Status -- Investment

- Heavily dependent on federal funding
- Medicaid block grant (Ryan plan): disastrous for states, but likely result of GOP sweep
- Longterm cost control requires up front investment. E.g.: coverage=medical home=prevention and wellness and smart use of IT=cost savings (less ER, etc.)
- Investment endangered by budget woes, politics and ideology (several kinds)



Illinois Status – Budget cuts

\$2.7B (18% of program) – bad, but...

- \$1.1B done with revenue
- Rate cuts: about \$300M (safety nets spared)
- No cuts to children
- FamilyCare to 133% FPL (26,000)
- Illinois Cares RX eliminated (160,000) – advocates demanding amendatory veto
- Service restrictions – drugs (4 scrips), adult dental, hospice, chiropractic, podiatric, etc
- DON increase, community mental health cuts



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Information

Federal: www.healthcare.gov

National: www.kff.org, www.familiesusa.org

Kids: www.ccf.georgetown.edu

Legal: www.healthlaw.org

Seniors: www.nscclc.org

State: <http://insurance.illinois.gov/hiric/>

<http://www2.illinois.gov/gov/healthcarereform/Pages/default.aspx>

State NGO: www.illinoishealthmatters.org

Shriver Brief: www.theshriverbrief.org



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