



# Legislation and Policy in 2017

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# What we are watching...

- Virginia politics
- FAMIS funding
- ACA replacement – American Health Care Act

How might these affect utilization of services, Medicaid funding and benefits, insurance rates, public health funding, the safety net, the health of Virginians...

# FAMIS Funding

- FAMIS funding (known as CHIP federally) expires **September 2017**
- ACA authorized a higher match rate
- Traditionally bi-partisan
- Some chatter indicates it may be used as a negotiating tool Medicaid or other health care issues

111,565 children and 3,312 pregnant women in Virginia at risk of losing comprehensive, affordable dental & medical coverage



# Coverage Now – A Refresher

- Medicaid
  - Required to cover oral health services for children
  - Dental is an optional service for adults
  - 50/50 Match; states determine services and eligibility, within guidelines
- ACA
  - Required pediatric dental benefit offered on exchange
  - 5 million adults (nationally) gained coverage that includes dental through expansion

## In Virginia Subsidies Offset Majority of Individual Costs

378,838 purchased insurance on the exchange Avg premium \$366/month	84.2% income eligible for subsidies  Avg subsidy \$276/month	Average premium cost \$90/month	\$1.56 Billion in federal subsidies for Virginia
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Updated March 23, 2017  
2016 numbers



# Coverage Now – A Refresher

## Medicaid/FAMIS

- Just under 1 million Virginia lives are covered by Medicaid/FAMIS
- Virginia is 44<sup>th</sup> nationally for eligibility
- Virginia is 22<sup>nd</sup> nationally in spending per beneficiary

Population	FPL	Family of 3	Dental Benefit
Preg Women & Children	Medicaid: 133% FAMIS: 200%	M: \$25,390 F: \$38,180	Comprehensive
Elderly & Disabled	80%	\$15,272	Extraction only
Working Parents	30%	\$5,727	Extraction only
Childless Adults	NOT ELIGIBLE		



# Trump on ACA Replacement

**“Insurance for everybody”**

*January 2017*

“Nobody knew that health care  
could be so complicated.”

*February 2017*



# Republican Replacement Bill - AHCA

## **Keeps/Modifies:**

- Coverage guarantee
  - subject to surcharge if coverage gap
- Children up to age 26 on parent's insurance

## **Gives States Option:**

- Create own Essential Health Benefit list
  - Including pediatric dental and preventive services
  - Pre-existing conditions coverage not mandated
  - Lifetime and annual caps possible for anything not EHB
- Waive community rating provisions and allow higher premiums for preexisting conditions as long as high risk pool



# Republican Replacement Bill - AHCA

## What Does it Do?

- Significantly changes calculations for premium assistance
- Relaxes HSA account rules
- Repeals:
  - Individual and employer mandates
  - Affordability provisions including cost-sharing subsidies
  - Most taxes
  - Medicaid expansion (ends enhanced match rate by Jan 2018)
- Eliminates the Prevention and Public Health Fund
- Appropriates Funding for FQHCs; Reinstates DSH funding; Creates Patient And State Stability Fund
- Guts Medicaid





# Republican Bill - AHCA

## Changes Premium/Out of Pocket Assistance

- Subsidies based on age Instead of Income
  - Phases out at \$75,000/yr
- Changes to affordability rules
  - Insurers can charge an older adult 5x more for plan – up from 3x in ACA
- Repeals cost-sharing subsidies

The current ACA subsidies consider family income, local cost of insurance, and age. The House replacement legislation bases tax credits only on age



# Republican Bill - AHCA

**Repeals Individual Mandate** – Creates surcharge if gap in coverage

- 30% premium surcharge for gap in coverage
- individuals aging out of dependent coverage must prove that they enrolled during the first open enrollment period
- Penalty greater for older individuals since premiums may vary with age



# Republican Bill - AHCA

## Eliminates Prevention & Public Health Fund

*“To provide for expanded and sustained national investment in prevention and public health programs to improve health and help restrain the rate of growth in private and public health care costs”*

- Estimated \$20 million in Virginia
- Water Fluoridation Funding
- Chronic Disease Funding
- Approximately 20% of VDH dental program



# Republican Bill - AHCA

## Creates Patient And State Stability Fund

\$15 Billion Total in Grants to States - decreases to \$10B and must be matched 50/50 by '26 - May Be Used For:

- Financial assistance to high-risk individuals
- Incentives stabilize insurance premiums
- Promoting preventive, **dental**, vision care, and mental health and substance use disorder services
- Paying providers directly for services
- Providing assistance to reduce out-of-pocket costs.

The CBO projects that Medicaid spending would decrease by \$839 billion by 2026 – 25% per year

# Republican Bill - AHCA

**Guts Medicaid:** Changes program to Per Capita Cap or Block Grant

## Per Capita Cap:

- – funding capped on per person basis
  - Children, Adult, Aged, Blind, Disabled
  - Does not specify services or populations – gives states flexibility
  - Designed to save money, not improve care
  - Locks states in to past expenditures
  - Does not account for changes in need, costs or new treatments/innovations
  - Enables work requirement
- 2016 Spending Baseline
- Indexed to:
  - CPI – M +1% for elderly and persons with disabilities
  - CPI – M everyone else
    - Less than inflation



# Republican Bill - AHCA

## Block Grant:

- Lump sum to states based on baseline year
- Designed to save revenue
- Does not vary based on health care costs or # of people served
- States may pick this option for children, preg women and low income families
- Locked in for 10 years
- Indexed to CPI (NOT CPI medical as per capita cap)
  - Much lower than inflation
- This option provides extreme flexibility to states. Mandatory benefits are scaled back and EPSDT is repealed
- Enables states to impose work requirements



# So What?

Medicaid will have less money and states will have more discretion on how to spend it (and don't forget about FAMIS funding!)

## Few levers to control costs:

- Reimbursement
- Eligibility
- Services



# What does ALL this mean

- By 2026 **21 million more Americans will be uninsured** than under the current law – 14 million next year.
  - Total of 52 million uninsured Americans
  - **232,788** Virginians will lose private coverage
- Federal Budget will be reduced by **\$337B by 2026**
- Premiums reduce for young adults & increase for older people
  - Ex: premium tax credit for a 60yo would be anywhere from 31-82% less depending on geography
  - Premiums will increase 20% until 2020; by 2026 10% lower than now

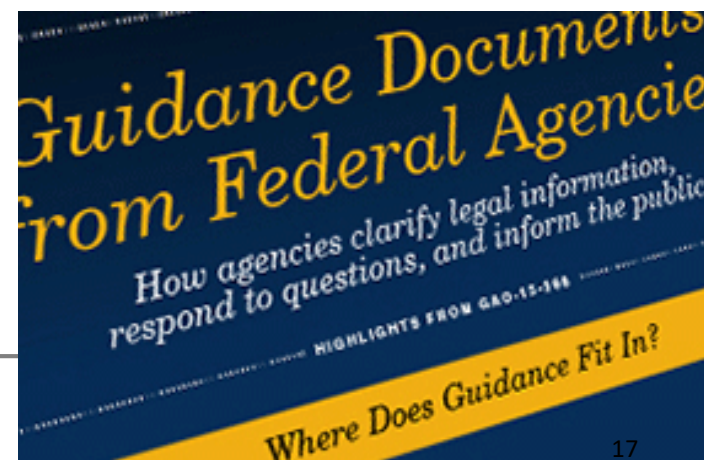
Sources: CBO report; Kaiser Family Foundation; Sen. Mark Warner





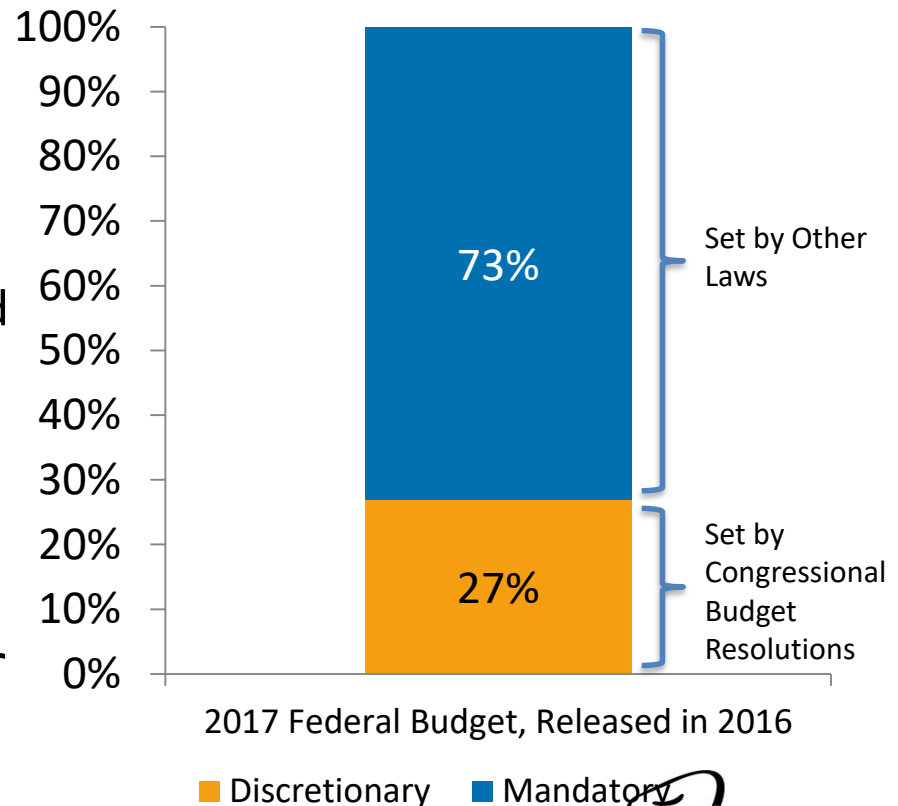
# Other Medicaid Changes Possible Through Administrative Actions

- Issue Presidential Executive Orders
- Approve additional Section 1115 waiver provisions used by states to operate/expand Medicaid
  - Higher premium requirements & “lock-out” for non-payment
  - Stricter healthy behavior incentives/requirements
  - New work/work search requirements
- Issue directives through other regulatory interpretations and guidance
  - Waiver approvals
  - Regulations/Sub-regulatory guidance
  - State Health Official Letters
  - Medicaid Director Letters
  - Frequently Asked Questions (FAQs)



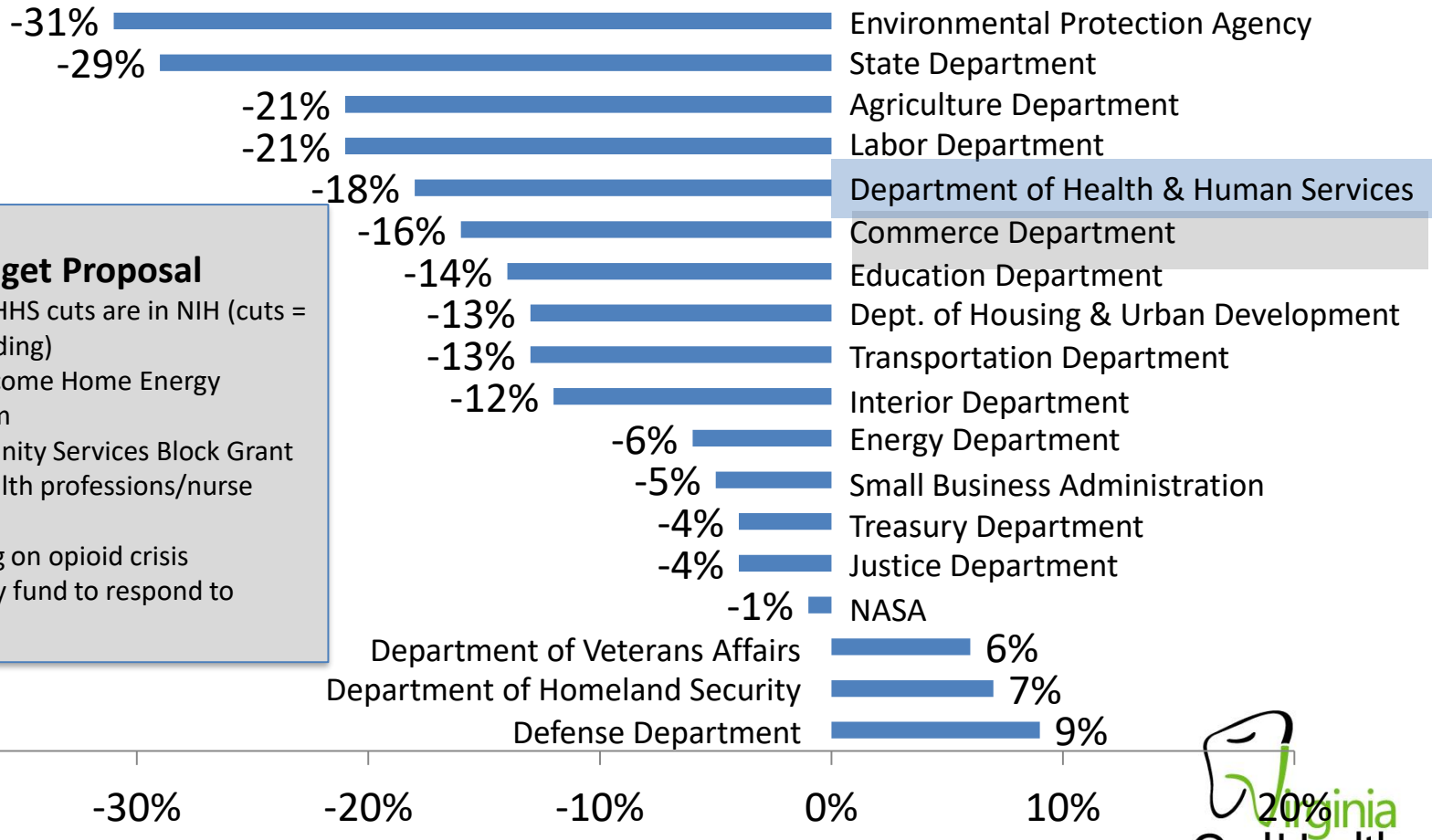
# President's 2018 Budget Proposal

- Provides only a broad overview of President's budget priorities
- Applies to "discretionary" and not "mandatory" spending
  - Discretionary: essentially defense and "everything else"
  - Mandatory: includes Social Security, Medicaid/Medicare, Interest on the debt
- Full budget proposal released later this spring with mandatory spending & tax recommendations



# Significant Cuts Proposed in “Non-Defense” Discretionary Spending

## Recommended Changes in Discretionary Spending



### HHS Budget Proposal

- More than 1/3 of HHS cuts are in NIH (cuts = 19% of NIH’s spending)
- Eliminates Low-Income Home Energy Assistance Program
- Eliminates Community Services Block Grant
- Cuts \$403M in health professions/nurse training programs
- Increases spending on opioid crisis
- Creates emergency fund to respond to disease outbreaks



Updated March 23, 2017

Source: “America First Budget Blueprint;” [https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/budget/fy2018/2018\\_blueprint.pdf](https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/budget/fy2018/2018_blueprint.pdf) ; “What Trump Cut in His Budget;” Washington Post: [https://www.washingtonpost.com/graphics/politics/trump-presidential-budget-2018-proposal/?utm\\_term=.b238bdee6e91#deft-6](https://www.washingtonpost.com/graphics/politics/trump-presidential-budget-2018-proposal/?utm_term=.b238bdee6e91#deft-6)

# So Where are We Now?

## ACA Approval Jumps Following Trump Inauguration

Select demographic groups

Maybe the House is voting right now?

Voters who say the country is on the "wrong track"

Urban voters

Voters with income of \$50-100k

Voters aged 18-29

All voters

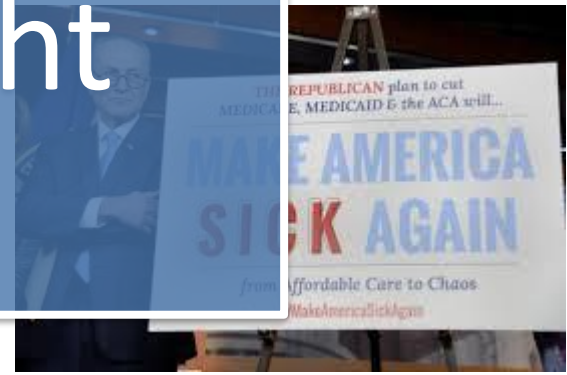
in ACA favorability from Jan. 8-17 to Jan. 20-22

+12%

+11%

+6%

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## ACA repeal could cost county and state millions

Health care coverage for 1.4 million Americans on track for the coming year. As Congress debates repeal of the ACA, state and local public health leaders are concerned about the impact on the state's health care system. The state's health care system is projected to lose \$1 billion a year in revenue from the ACA. This revenue is used to fund various health care programs, including Medicaid and the state's health care exchange. The loss of this revenue could lead to cuts in these programs, which could have a significant impact on the health of the state's residents.



## CBO says millions could lose coverage

According to Congress' budget analysts, 14 million Americans would lose health care coverage next year under the House Republicans' plan to repeal and replace the Affordable Care Act, or "Obamacare." The Congressional Budget Office says the number of people who would lose coverage is 14 million, or 4.3 percent of the total population. The CBO also says that the number of people who would lose coverage is 14 million, or 4.3 percent of the total population. The CBO also says that the number of people who would lose coverage is 14 million, or 4.3 percent of the total population.



# Resources:

## **Kaiser Family Foundation:**

<http://kff.org/medicaid/issue-brief/restructuring-medicaid-in-the-american-health-care-act-five-key-considerations/>

## **Health Affairs – ACA watch:**

<http://healthaffairs.org/blog/topics/following-the-aca/>

## **Manatt Health:**

<https://www.manatt.com/Health>

## **Children’s Dental Health Project:**

<https://www.cdhp.org/>

## **The Commonwealth Institute for Fiscal Policy:**

<http://www.thecommonwealthinstitute.org/>

## **Virginia Oral Health Coalition:**

<http://www.vaoralhealth.org>

