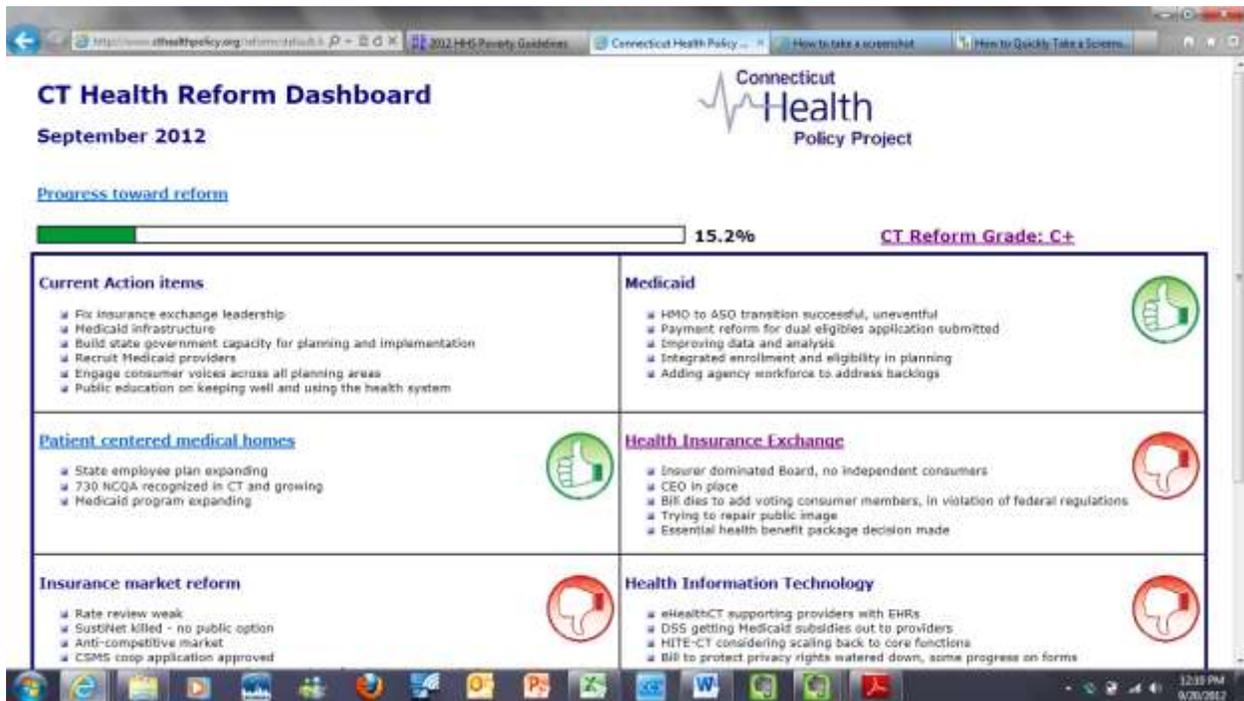


National health reform and CT

The Patient Protection and Affordability Care Act, passed Congress and signed by the President in March 2010, and upheld by the Supreme Court in June 2012, offers Connecticut exciting opportunities to expand health coverage, improve the quality of care and reduce costs. However, it also creates significant new responsibilities for our state. For up-to-date information on how Connecticut is implementing health reform, go to the CT Health Reform Dashboard at www.cthealthreform.org.



National health reform in a nutshell:

- **Individual mandate** – Residents with incomes over the federal poverty level (FPL, currently \$11,170 for an individual and \$23,050 for a family of four) will be required to have health care coverage, either through a public program, through an employer’s plan or by direct purchase. Subsidies are available for people with incomes up to four times the FPL. Penalties range from \$695 or 2.5% of income and will be enforced by deduction from income tax refunds.
- **Employer mandate** – Employers with over 50 workers will be assessed a fine of \$750 to \$2,000 per worker not offered reasonable coverage.
- **Small business tax credits** – Provides refundable credits to some small businesses (fewer than 25 employees) with low income workers (average wages below \$40,000/yr).
- **Medicaid** – Gives states the option to expand Medicaid coverage to all state citizens and legal immigrants below 138% of FPL (currently \$15,415 for an individual and \$31,809 for a family of four) regardless of family circumstance. This is a significant change to Medicaid eligibility in Connecticut which currently is limited to children, their parents, elderly and disabled residents. It is expected that Connecticut’s Medicaid enrollment will grow by 11 to 22% or between 116,000 and 147,000 new members in January 2014 due to this expansion. Because of new federal reimbursements, it is expected that reform will reduce Connecticut state health care

spending by 10% for 2011 to 2020.ⁱ National reform also increases Medicaid primary care provider rates to Medicare levels, with the federal government picking up the full cost for 2013 and 2014.

- *State insurance exchange* – National reform provides grants for states to develop an insurance marketplace to help consumers shop intelligently for good coverage. Coverage offered in the exchange will be affordable with caps on premiums and out of pocket costs.
- *Insurance reforms* – National reform prohibits denials of coverage for pre-existing conditions, sets standards for benefit packages to be offered in the exchange, limits lifetime and annual coverage maximums, and requires insurers to spend 80 or 85% of premiums on medical care and quality enhancements. Under national reform, insurers can no longer cancel policies just when policyholders get sick. Insurers cannot charge more based on sex or health status– pricing can only be based on age and geography, with limits on how much rates can vary.
- *Allows children to stay on their parents' coverage to age 26* – Although Connecticut was one of a handful of states with similar laws, passage of the federal act covers all employer coverage policies and exempts the benefits from taxes.
- *Comparative effectiveness research* – Currently new technologies, treatments and drugs are not tested for their effectiveness before being widely adopted. Many analysts believe this lack of information is one of the largest drivers of health care cost escalation. National reform devotes significant resources for research to determine which treatments are most effective for which patients.
- *Health care workforce* – National reform includes numerous programs to address looming shortages across health care fields.
- Closes the *Medicare* prescription drug donut hole by 2020. National reform also stabilizes Medicare's funding for an additional decade, in part by reducing overpayments to Medicare Advantage HMOs.
- *Taxes on high value health plans* – In 2018, national reform includes taxes on expensive health plans. The tax is intended to raise revenue and to hold down premium costs.
- *Nutrition labeling on menus* – To help consumers make healthier choices, chain restaurants will have to post nutritional information, including calories, for their food.

What does Connecticut need to consider as national reform rolls out?ⁱⁱ

- Create a consumer-focused insurance exchange that actively negotiates prices and value on behalf of consumers
- Repair Connecticut's Medicaid program, improve enrollment and retention, recruit providers, and improve access to care
- Support and implement payment and delivery reform to improve the quality of care and control costs
- Build meaningful, robust insurance monitoring and oversight
- Engage consumers in policymaking and mount a public education campaign to ensure every Connecticut resident takes full advantage of the reforms

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Sources:

CT Health Policy Project 2012 Candidate Briefing Book – CT and national health reform

CT Health Reform Dashboard, www.cthealthreform.org

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ⁱ D Auerbach, et al, The Impact of the Coverage-Related Provisions of the Patient Protection and Affordable Care Act on Insurance Coverage and State Health Care Expenditures in Connecticut, RAND and the Council of State Governments, 2011

ⁱⁱ Questions for CT: How will we implement national Medicaid health reforms, CT Health Policy Project Issue Brief, January 2010.