affordable care act

Among the many provisions of the Patient Protection and Affordable Care Act (PPACA) designed to expand access to health insurance in the United States, two significant components have engaged public policymakers in the Commonwealth of Virginia: Medicaid expansion and the question of the state operating an insurance exchange.

MEDICAID EXPANSION

To improve access to health coverage, section 2001 of the PPACA established a new state option, beginning Jan. 1, 2011, to provide Medicaid coverage to additional individuals in each state through an amendment to its state plan of medical assistance. Eligible individuals include those under age 65, who are not pregnant and not entitled to Medicare. The law created a mandatory Medicaid eligibility category for individuals with income at or below 133 percent of the Federal Poverty Level (FPL) beginning Jan. 1, 2014. Also, the mandatory Medicaid income eligibility level for children ages 6 to 19 changes from 100 percent FPL to 133 percent FPL. States have the option to provide Medicaid coverage to all individuals under the age of 65 and above 133 percent of FPL through a state Medicaid plan amendment.

One of the most-discussed features of the PPACA is the federal share of the cost of Medicaid expansion. From 2014 through 2016, the federal government will pay a state with an expanded Medicaid eligibility 100 percent of the cost of covering the new Medicaid recipients. Then these federal Medicaid matching payments decline: 95 percent in 2017, 94 percent in 2018, 93 percent in 2019 and 90 percent thereafter.

As has been widely reported, the U.S. Supreme Court ruled that the PPACA's individual health insurance mandate does not violate the Constitution because it may be viewed as a permissible tax on individuals who do not obtain health insurance. The only provision of the law that the Court invalidated was the Medicaid provision that threatened states with the loss of existing Medicaid funding if they declined to comply with the new Medicaid coverage extension. As a result of the Court's action, a decision by a state to expand its Medicaid program pursuant to the extended benefit is voluntary. Consequently, a state that decides against extending benefits to adults under age 65 and up to 133 percent of FPL will not lose existing federal Medicaid funding.

In the closing hours of the 2013 Virginia General Assembly session, the Senate and House of Delegates adopted a pathway to expand Medicaid in the Commonwealth to those adults at 133 percent of FPL and below. The Department of Medical Assistance Services (DMAS) was directed to seek federal authority through any necessary waiver(s) to implement a comprehensive "value-driven, market-based" reform of the Virginia Medicaid program. DMAS was specifically authorized to implement necessary changes when feasible after the federal waiver and before completion of any regulatory process undertaken to effect such change.

BY THOMAS W. GREESON

2013 POVERTY GUIDELINES FOR THE 48 CONTIGUOUS STATES AND THE DISTRICT OF COLUMBIA

PERSONS IN FAMILY/HOUSEHOLD	POVERTY GUIDELINE
1	$11,490
2	$15,510
3	$19,530
4	$23,550
5	$27,570
6	$31,590
7	$35,610
8	$39,630

For families/households with more than 8 persons, add $4,020 for each additional person.

SOURCE: Federal Register, Vol. 78, No. 16, January 24, 2013, pp. 5182-5183

In the first phase, DMAS is to reform the Virginia Medicaid program to (i) implement a Medicare-Medicaid Enrollee (dual eligible) financial alignment demonstration; (ii) enhance program integrity and fraud-prevention efforts; (iii) include children enrolled in foster care in managed care; and (iv) implement a new eligibility and enrollment information system for Medicaid and other social services.

The second phase includes, in part, reforms to coverage for non-long-term care populations to be more commercial insurance-like, limitations on non-essential benefits, and reasonable cost sharing. The third phase of reform is to include all remaining populations in coordinated care with recommendations to be provided to the General Assembly in 2014.

With such reforms in place, DMAS is to then seek the approval of a newly created Medicaid Innovation and Reform Commission, composed of 10 members of the General Assembly, to implement Medicaid expansion by July 1, 2014, or as soon as practicable thereafter.

INSURANCE EXCHANGES

To assist individuals who are uninsured, the U.S. Secretary of Health and Human Services provides grants to states to facilitate creation of health benefit exchanges. By Jan. 1, 2014, each state may establish an exchange, generally defined as a governmental agency or non-profit entity, to make qualified health plans available to individuals and employers in a given state. The PPACA defines a qualified health plan as one that is certified by the exchange through which it is offered; provides essential health benefits, as defined by the PPACA; and is offered by a health insurer.

Individuals who are determined not to be eligible for Medicaid must be screened for enrollment in qualified health plans offered through the exchange and, if eligible, enrolled in such plan without having to submit additional paperwork. The state Medicaid agency and the state children's health insurance program (CHIP) agency may enter into an agreement with an exchange, under which the state Medicaid agency or state CHIP agency may determine whether a state resident is eligible for premium assistance for the purchase of a qualified health plan. Agreements must meet the requirements the Secretary of the Treasury has prescribed to reduce administrative costs and the likelihood of eligibility errors and disruptions in coverage. Any non-pregnant, non-elderly adult whose family income exceeds 100 percent but does not exceed 133 percent of the FPL, and who is Medicaid-eligible and eligible to receive premium credits for exchange coverage, is offered an option to elect to enroll himself or herself (or the family) in an exchange plan instead of Medicaid.

Because Virginia Gov. Bob McDonnell did not approve of the formation of a Virginia-operated insurance exchange, the federal government will begin operating a federal exchange in Virginia in 2014. The Virginia State Corporation Commission will oversee the insurers and the health plans offered to Virginia residents on the federal exchange. ■

Other legislative articles:
Lobbyist's Perspective, page 10
The studied work of the Boyd-Graves Commission, page 33

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