

The ACA and Consumers

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Presentation Outline

- ▶ At the beginning of a (long?) journey
 - ▶ It's complicated
 - Marketplaces
 - Premiums
 - Subsidies
 - Plan Choice
 - Medicaid gap
 - ▶ Consumer outreach and experiences
 - ▶ Big Picture questions
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What is a Health Benefit Marketplace?

- ▶ On-line tool ([HealthCare.gov](https://www.healthcare.gov))
- ▶ Portal for application (not payment)
- ▶ View available Marketplace plans
- ▶ Access point for subsidies



Implications of State Decisions

- ▶ Medicaid integration
- ▶ Tailoring for state populations
- ▶ Quirk in tobacco calculations in federal Marketplace (older smokers)
- ▶ Court cases around subsidies in federal Marketplace
 - Challenges IRS rules granting subsidies in FFM
 - Conflicting court decisions
 - Possible workarounds



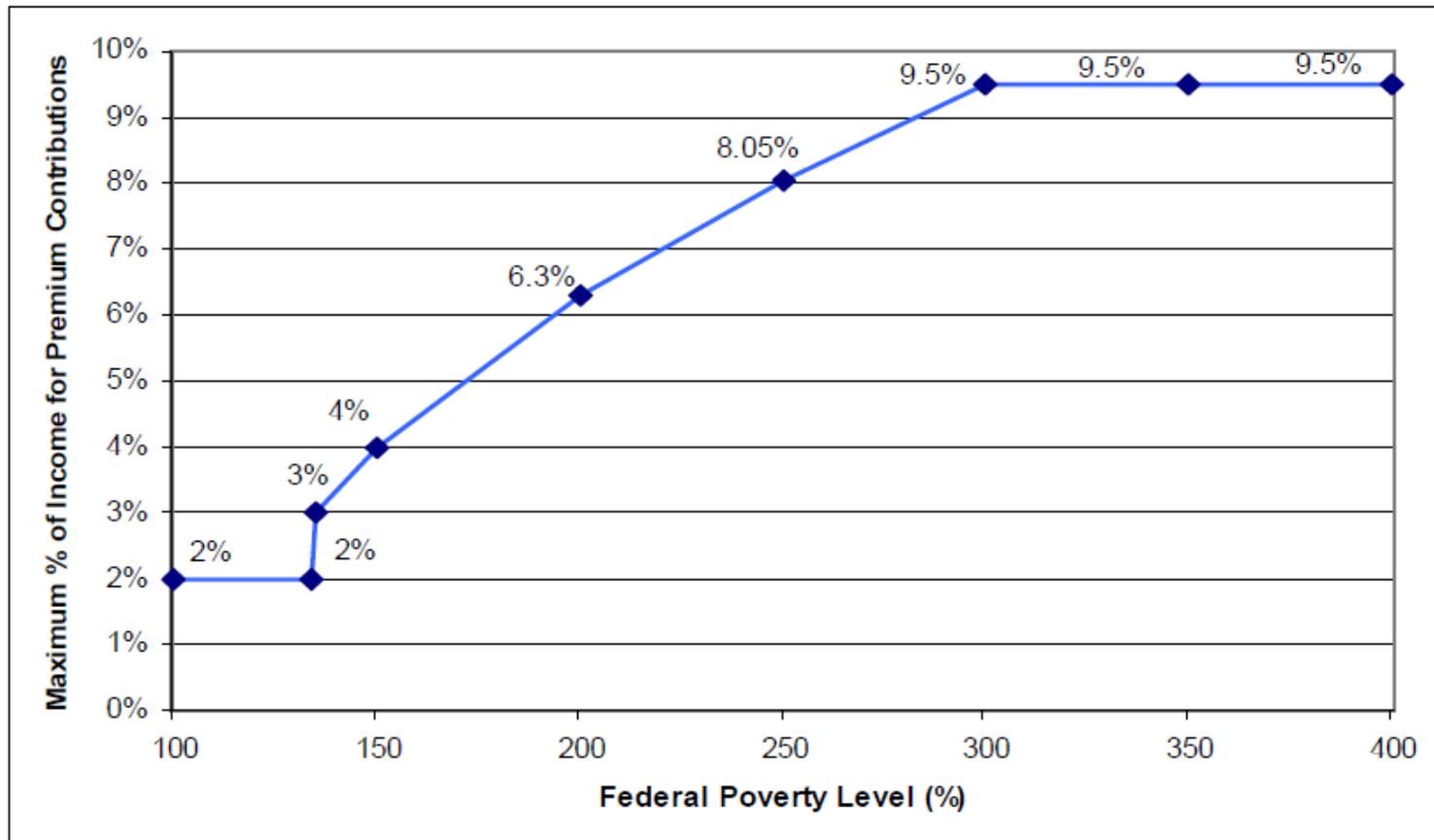
How Are Subsidies Determined?

- ▶ Percent Federal Poverty Level
 - Income
 - Family size
 - Premium caps differ by FPL
- ▶ Cost of second least expensive silver plan
 - May purchase a higher coverage level and make up the premium difference
 - May purchase a lower coverage level and keep same subsidy

Income Caps

Figure I. Maximum Percentage of Household Income to Use Toward Premiums for the Second-Lowest Cost Silver Plan, by Percent of the Federal Poverty Level

Applicable to Premium Tax Credit Recipients



Source: CRS analysis of ACA.

Maximum Premium Payments by FPL and Family Size

Table 3. Maximum Monthly Premium Contributions for Tax Credit Recipients Enrolled in the Second-Lowest Cost Silver Plan, 2014

Based on 2013 HHS Poverty Guidelines for the 48 contiguous states and the District of Columbia

Federal Poverty Line (FPL)	Maximum Premium Contribution based on a Percent of Income ("Applicable Percentages")	Maximum Monthly Premium Contributions for Tax Credit Recipients, by Family Size			
		1 person	2 persons	3 persons	4 persons
100%	2.0%	\$20	\$27	\$34	\$40
132.9%	2.0%	\$26	\$35	\$44	\$53
133%	3.0%	\$39	\$53	\$66	\$79
150%	4.0%	\$58	\$79	\$99	\$119
200%	6.3%	\$122	\$164	\$206	\$248
250%	8.05%	\$194	\$261	\$329	\$396
300%	9.5%	\$274	\$369	\$465	\$560
350%	9.5%	\$319	\$431	\$542	\$654
400%	9.5%	\$365	\$492	\$619	\$747

Source: CRS computations based on "Annual Update of the HHS Poverty Guidelines," 78 *Federal Register* 5182, January 24, 2013, <http://www.gpo.gov/fdsys/pkg/FR-2013-01-24/pdf/2013-01422.pdf>.

Examples

Premiums by Household Composition and Income – Age 35						
	Percent FPL	Annual Premium	Subsidy	Net Premium	Monthly Payment	Child Enrollment Status
\$35,000						
One Adult	305%	3,011	0	3,011	251	
Two Adults	226%	6,022	3,503	2,519	210	
One Adult, two children	179%	6,140	4,270	1,870	156	Medicaid
Parent Only	179%	2,464	594	1,870	156	
\$50,000						
One Adult	435%	3,011	0	3,011	251	
Two Adults	322%	6,022	1,272	4,750	396	
One Adult, two children	256%	6,140	2,028	4,112	343	CHIP
Parent Only	256%	2,464	0	2,464	205	
\$75,000						
One Adult	653%	3,011	0	3,011	251	
Two Adults	484%	6,022	0	6,022	502	
One Adult, two children	384%	6,140	0	6,140	512	
Premiums and subsidies were calculated using the Kaiser Family Foundation subsidy calculator available at http://kff.org/interactive/subsidy-calculator/. Calculations are based on non-smokers with no employer coverage in Monongalia County, West Virginia.						

A Tale of Two (Silver) Plans

Coventry Health

- ▶ Premium: \$195
- ▶ Deductible: \$2,000
- ▶ Out-of-pocket Max: \$6,350
- ▶ Copayments:
 - Primary doc: \$10, Specialist: \$75, ER: \$500
- ▶ Coinsurance: In-patient 100% until deductible, then 50% until max

BCBS of Kansas City

- ▶ Premium: \$249
- ▶ Deductible: \$4,750
- ▶ Out-of-pocket Max: \$4,750
- ▶ Copayments
 - Doctor/ED 100% until deductible
- ▶ Coinsurance: None after deductible

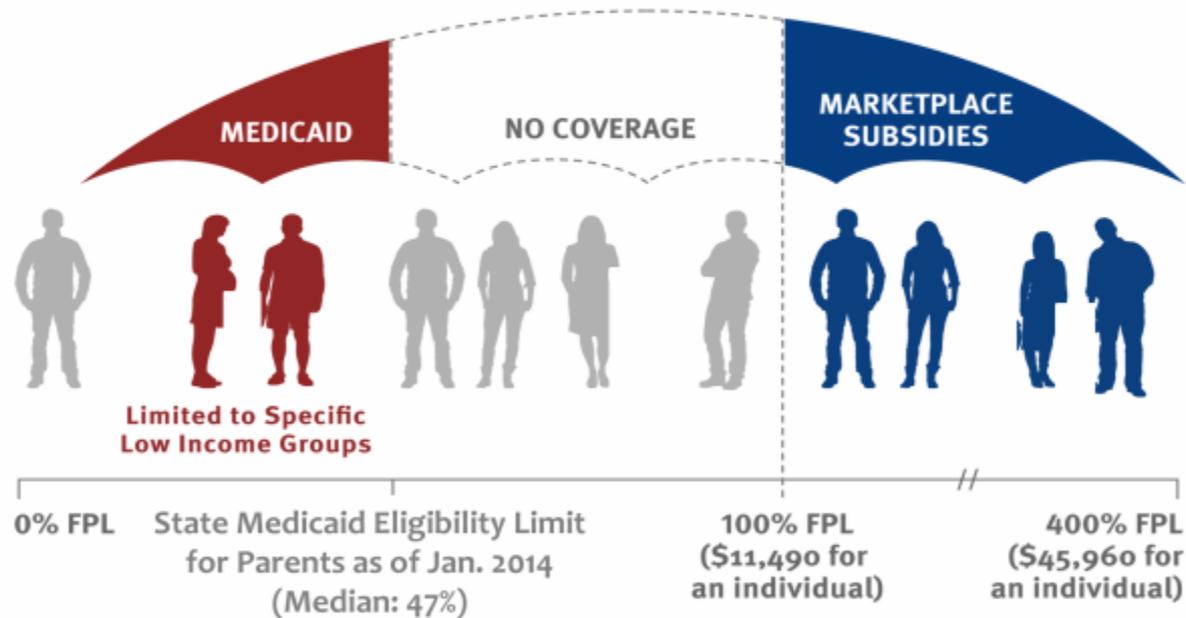
Reconciliation through the IRS

- ▶ Subsidies can be received in advance of tax filing
- ▶ Timing lag
 - 2014 open enrollment
 - Ended March 31, 2014
 - Tax form due April 15, 2015
 - 2015 open enrollment
 - Ends in February 2015
 - Tax form due April 15, 2016
 - Two choices before first reconciliation/learning
 - Repayment of excess subsidies
 - Tax penalties increase substantially over the early years

The Coverage Gap

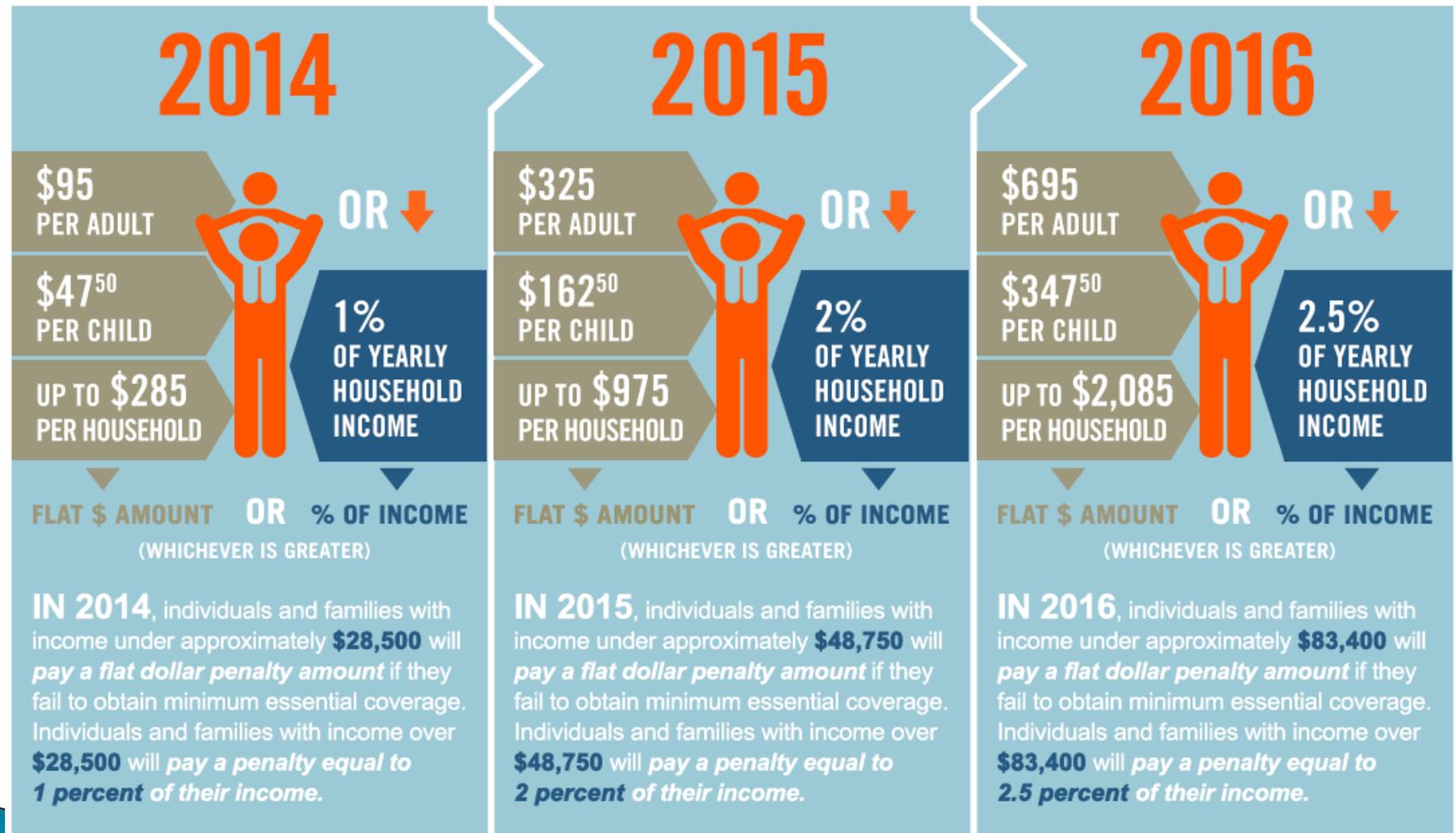
Figure 3

In states that do not expand Medicaid under the ACA, there will be large gaps in coverage available for adults.

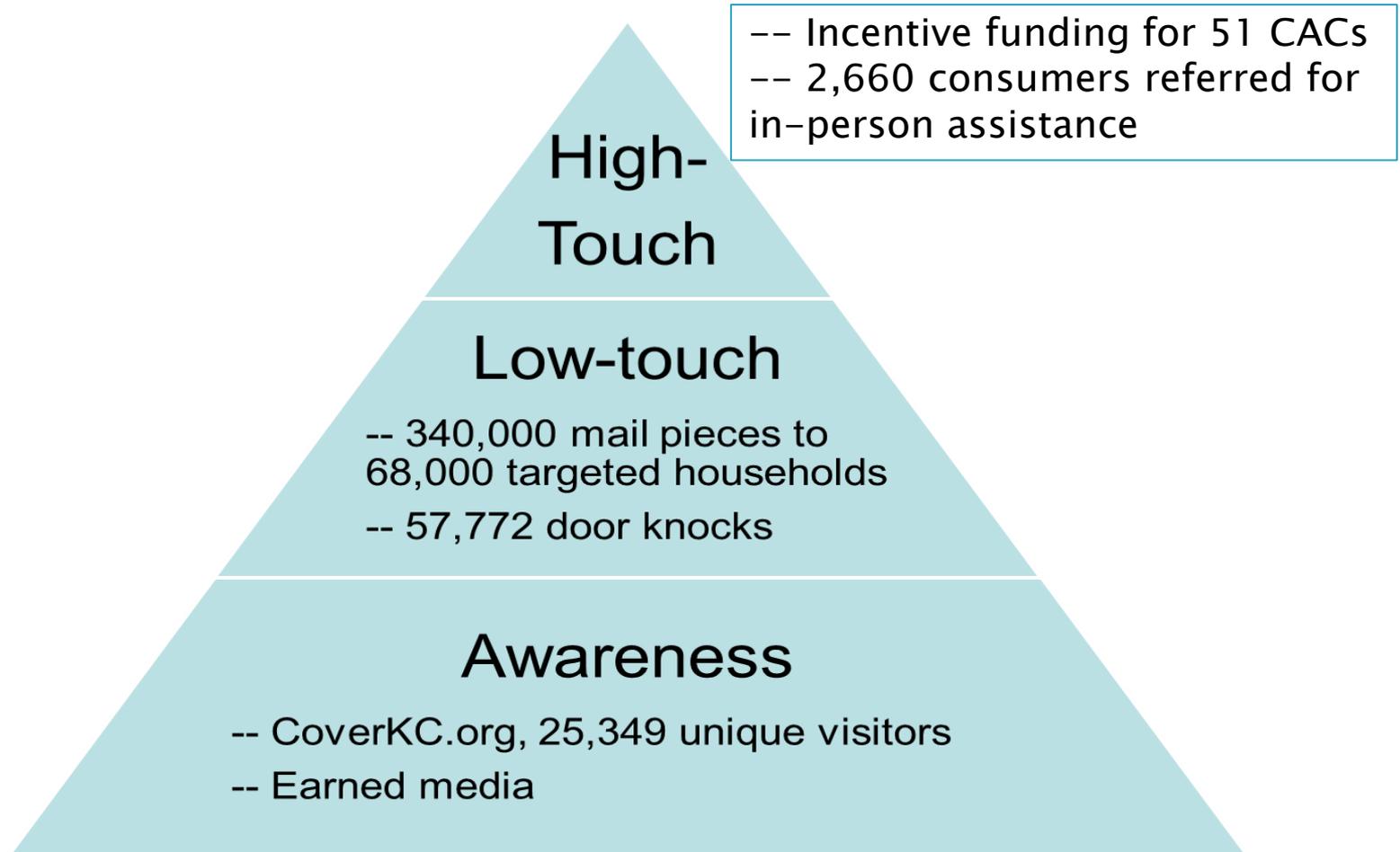


NOTE: Applies to states that do not expand Medicaid. In most states not moving forward with the expansion, adults without children are ineligible for Medicaid.

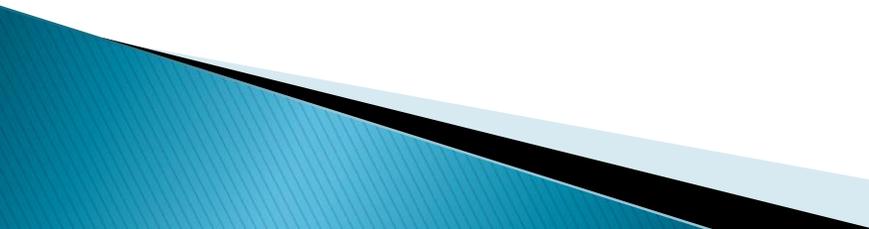
Penalties for No Coverage



Example: Outreach Efforts



Lessons: Consumer Needs

- ▶ **Low levels of policy, insurance knowledge**
 - TV, radio, print are not usual sources of information
 - Transportation barriers
 - Health literacy
 - On-going enrollment, payments
 - ▶ **People want help – 30% referral rate**
 - ▶ **Sense of resignation over Medicaid gap**
 - ▶ **Basic need for information 23% of referrals just wanted more information**
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Focus group results:

1. Lack of general knowledge and understanding of health insurance

- *“What if you have life insurance? That doesn’t have anything to do with health insurance does it?...So, for this healthcare do you still have to pay a premium on it?” [another participant breaks in:] Kind of like a student loan, right? Like, the government pays for it but then you have to pay it back?”*

2. Marketplace information unclear, inaccurate and politically biased

Focus group results:

3. Many barriers discouraged completion of marketplace enrollment

- *“My mom and me tried to get on the website and that’s when it was having like too many people and everything on it, you couldn’t get in and so I just didn’t do it because I didn’t know when I could get on it. It was just too busy.”*

4. Fear and distrust of process

Suggestions from Focus Groups

Rely on trusted community organizations

Help facilitate more one on one help, available for longer periods of time

Lessons: Certified Application Counselors (CACs)

- ▶ Training
 - Focused on privacy
 - Needs to be targeted at assisting in complex decision making
- ▶ Coordination is key
 - Referrals
 - Maximizing capacity
- ▶ Need to 'close the loop'
- ▶ CAC capacity not sufficient for last-minute enrollment surge

Learning As We Go

- ▶ What do people believe “insurance coverage” means (e.g. Medicaid has negligible co-insurance and copayment requirements, most large employer plans have low deductibles)
- ▶ Will people continue to value the insurance “product” enough to purchase in future years?
 - NY Times article suggests remaining access problems
- ▶ How will premiums evolve with the potential for adverse selection?

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