

# 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
- 

# 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



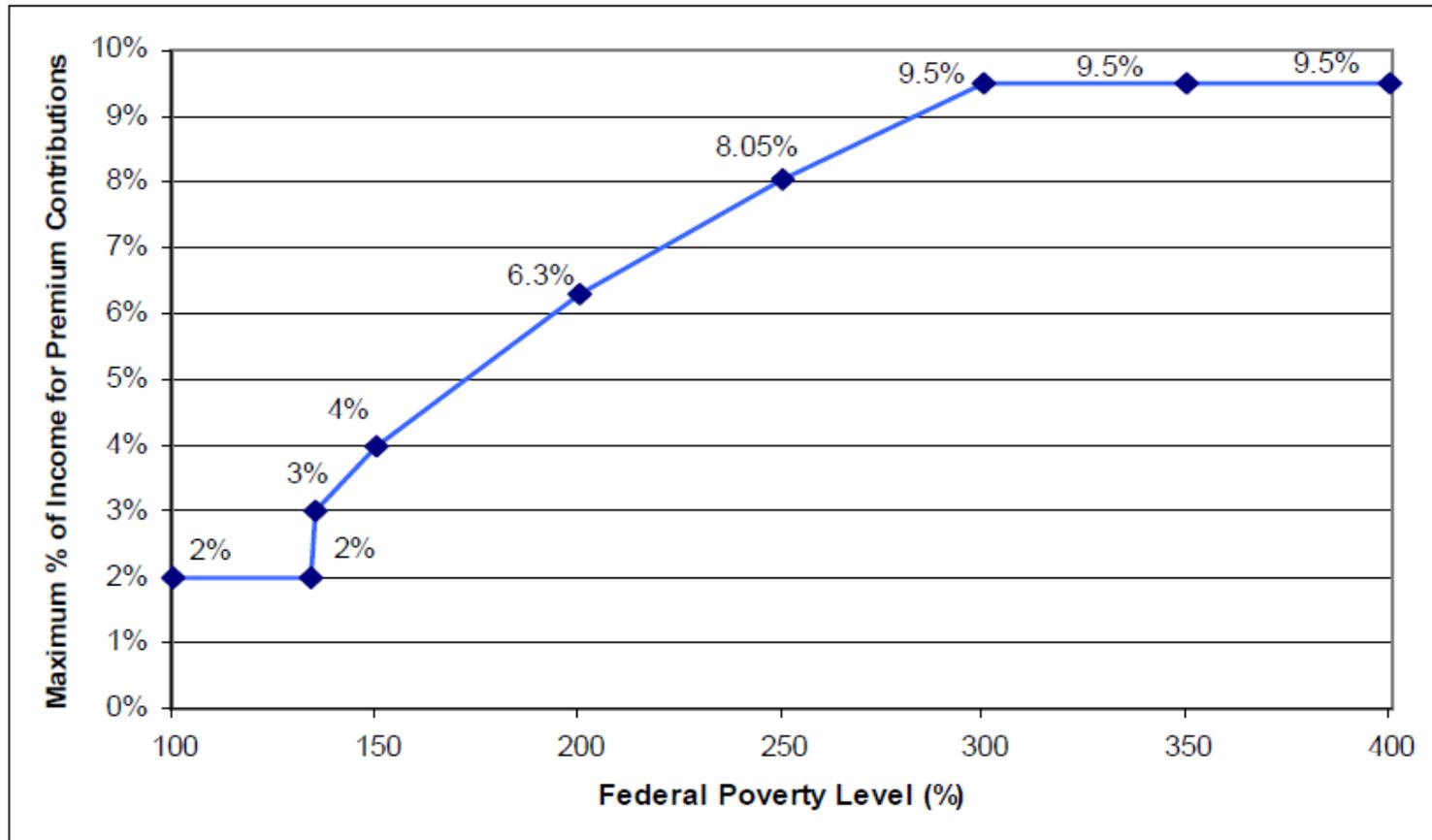
# How Are Subsidies Determined?

- ▶ 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<br><br>("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 |
| <b>\$35,000</b>  |             |                |         |             |                 |                         |
| 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             |                         |
| <b>\$50,000</b>  |             |                |         |             |                 |                         |
| 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             |                         |
| <b>\$75,000</b>  |             |                |         |             |                 |                         |
| 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             |                         |
| <b>Premiums and subsidies were calculated using the Kaiser Family Foundation subsidy calculator available at <a href="http://kff.org/interactive/subsidy-calculator/">http://kff.org/interactive/subsidy-calculator/</a>. Calculations are based on non-smokers with no employer coverage in Monongalia County, West Virginia.</b> |             |                |         |             |                 |                         |

# 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

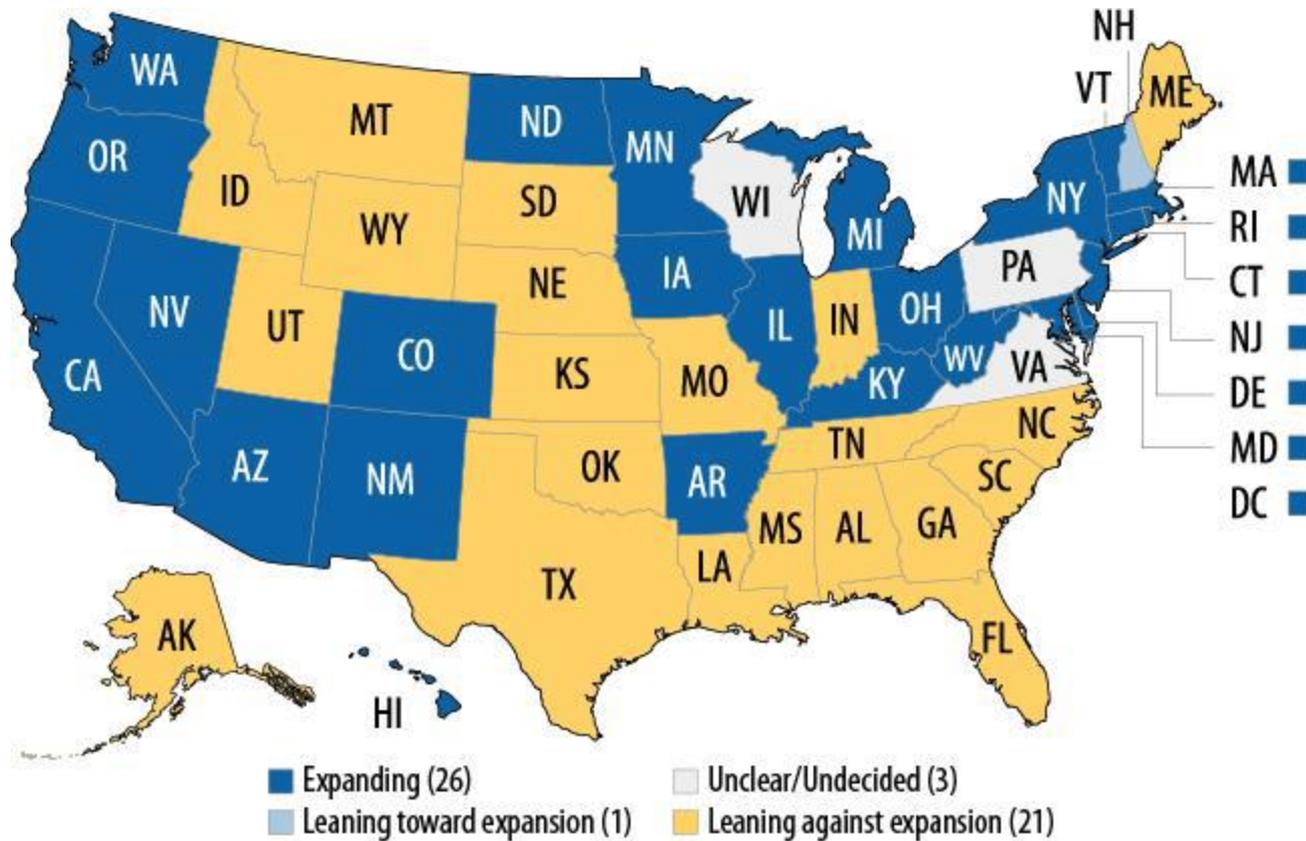
## BCBS of Kansas City

- ▶ 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

# Medicaid Expansion Status

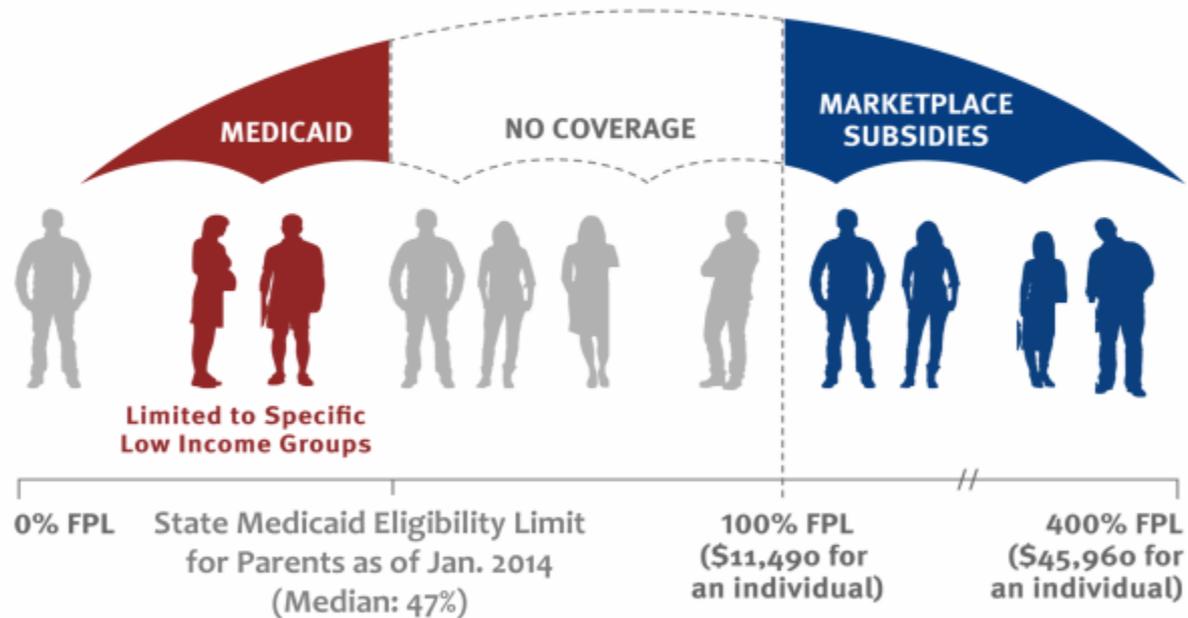


From Center on Budget and Policy Priorities, October 22, 2013

# The Coverage Gap

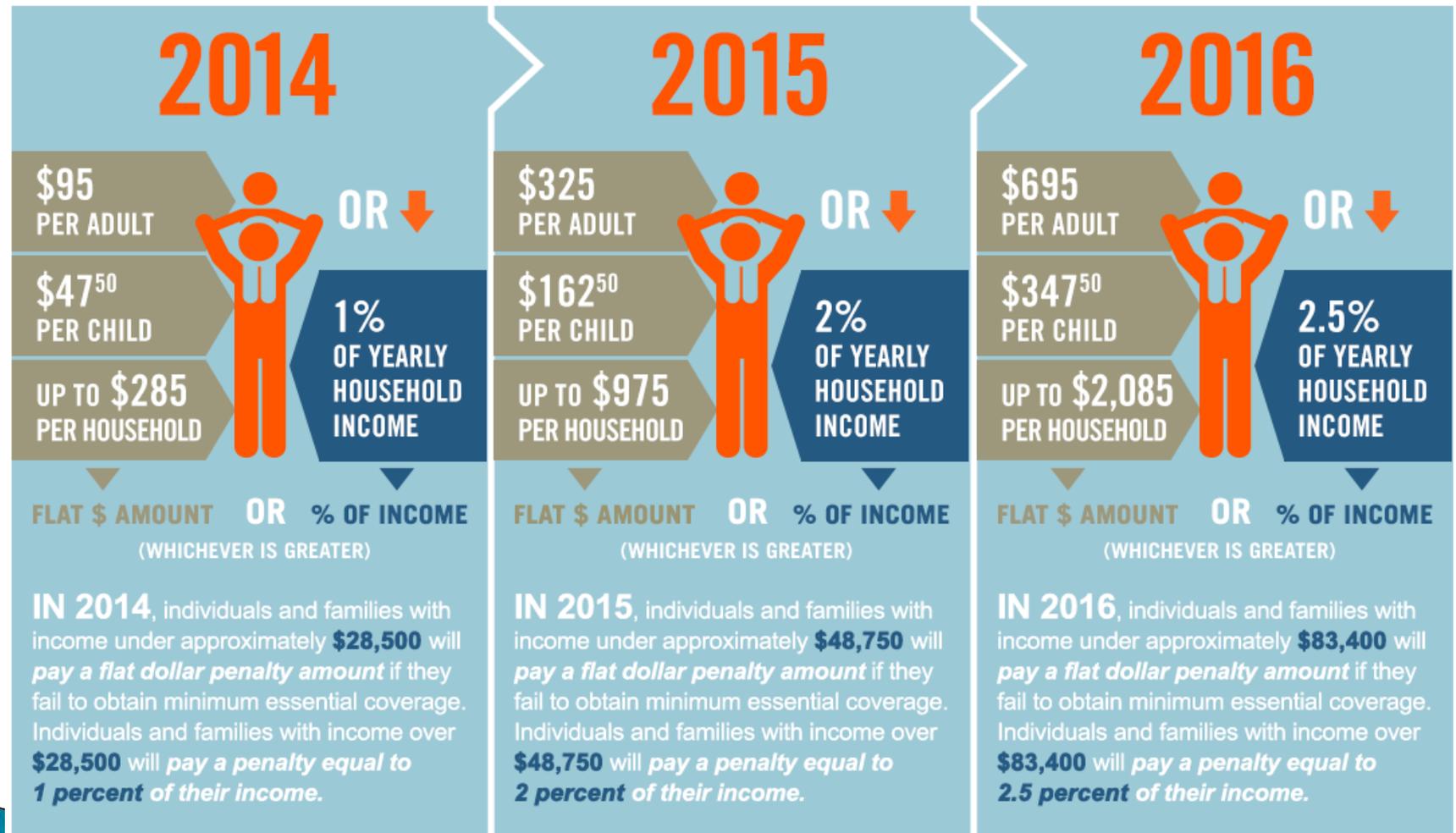
Figure 3

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

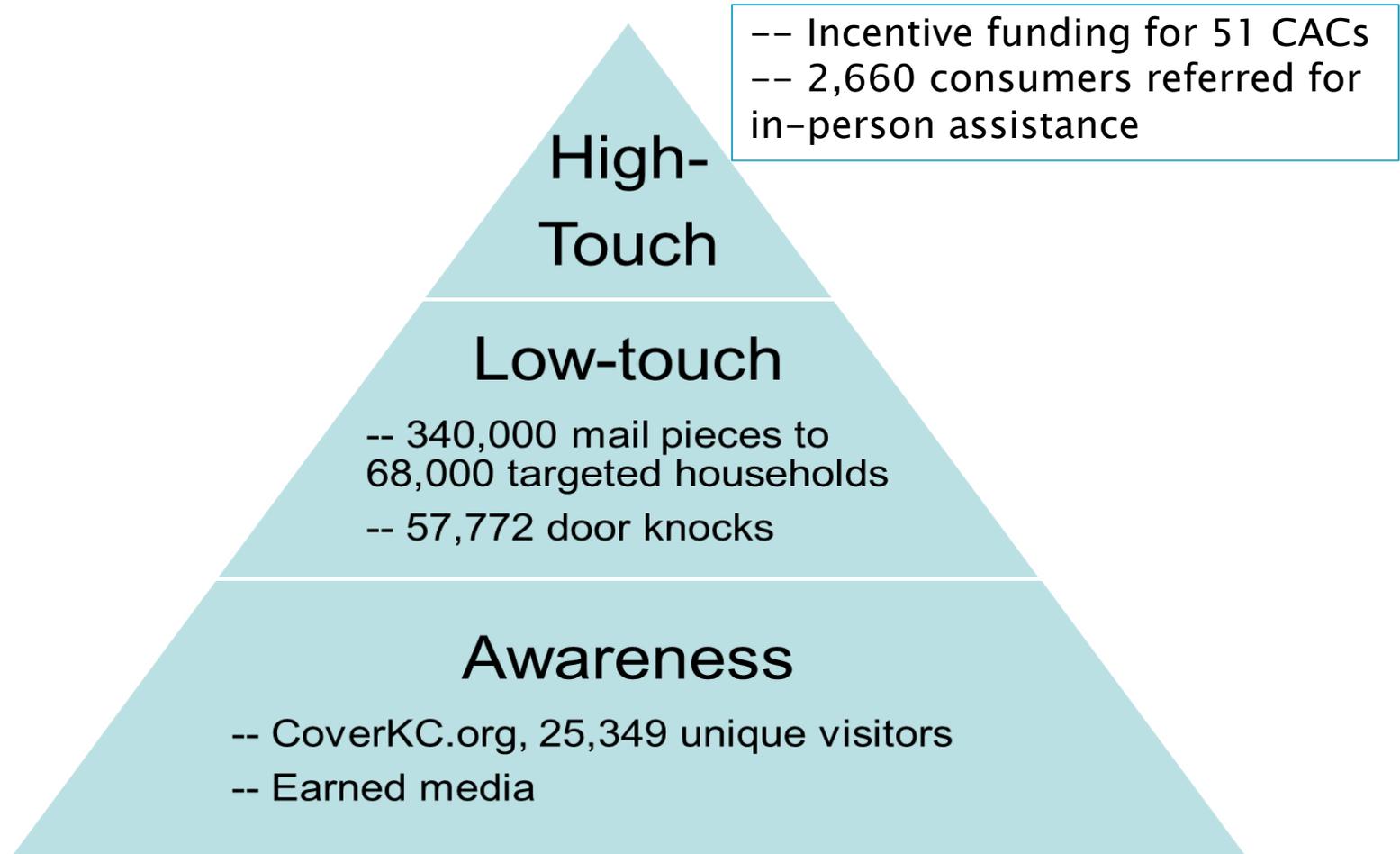


NOTE: Applies to states that do not expand Medicaid. In most states not moving forward with the expansion, adults without children are ineligible for Medicaid.

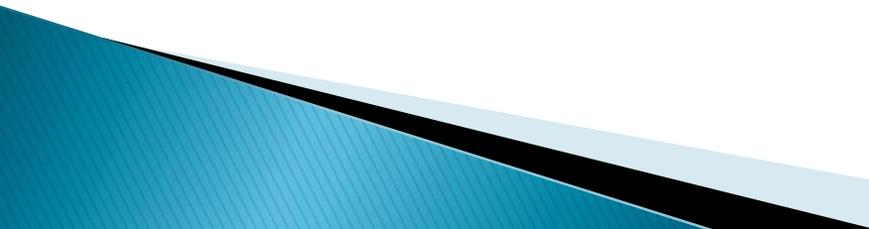
# Penalties for No Coverage



# 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**
- 

## 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.”*

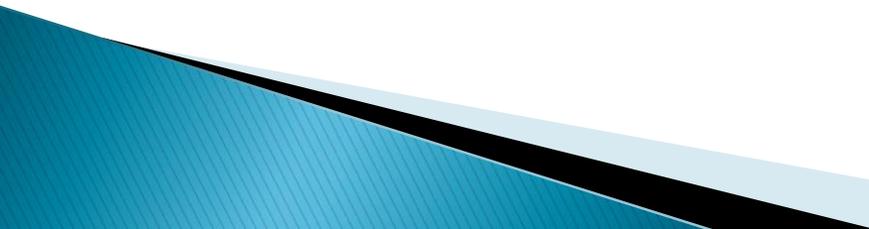
### 4. Fear and distrust of process

# 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
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# 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?

# Contact Information

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