



Health Care Reform

Key Initiatives: 2010 and Beyond

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www.michigan.gov/mdch



The Need for Reform

- Increasing numbers of uninsured
- Rising health care costs for individuals, businesses, and government
- Wide variations in quality of care, inefficient use of resources (paying for quantity)
- 14,000 people a day are losing their health insurance
- Families with health insurance pay \$1,000 to subsidize care for the uninsured



Major Initiatives

○ **As of September 23:**

- Dependent coverage for children up to age 26
- No lifetime limits on dollar value of coverage
- Annual dollar limits as permitted by HHS
- No rescinding coverage absent fraud
- No cost sharing for preventive health services and immunizations
- Ban pre-existing condition exclusions for children
- Ban on excluding children

3



Major Initiatives

○ **As of January 1, 2014:**

- Market reforms
- Health Insurance Exchange operational
- Medicaid expansion to 133% of FPL implemented

4

Market Reforms

○ **Effective January 1, 2014:**

- Guaranteed issue, renewability
- No pre-existing condition exclusion; rates prohibited from varying by health status
- Individual and employer mandates



5

Anatomy of the Exchange

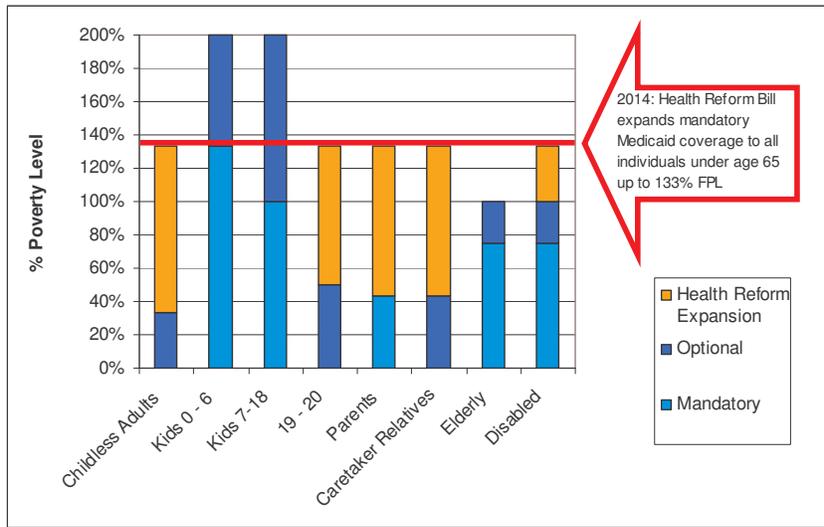
- State level or federally operated
- 133-400% of FPL
- Individual and small business together or separate
- One entry portal for health coverage
 - Exchange and Medicaid

6

Current MI Medicaid & CHIP Eligibility

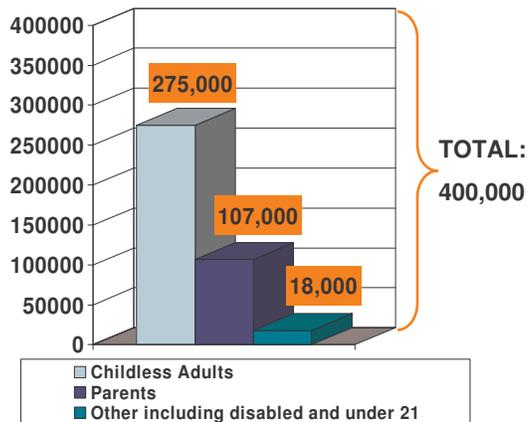
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Health Care Reform Expansion



Estimated Enrollment of Newly Eligible Beneficiaries

Health Care Reform Bill expands mandatory Medicaid coverage to all individuals under age 65 up to 133% of the FPL (\$29,327 for a family of four).





Medicaid Expansion

- Issues to be decided:
 - Benefit Package (Medicaid vs. benchmark)
 - How to integrate with insurance exchanges
 - What will eligibility process look like?
 - Different eligibility standards for expansion group (modified adjusted gross income vs. categorical)
 - Payment rates for providers, particularly physicians

9



Changing Landscape 2010-2014

- Medicaid primary care physician rate increase in 2013
- DSH payments begin to diminish in 2014
- More FQHCs?
- Greater investment in population based prevention
- Insurance coverage for clinical preventive services
- Accountable Care Organization development
- Payment reform demonstrations
- Quality demonstrations

10



Quality & Health System Initiatives

- Establishes a national quality strategy
 - Patient-Centered Outcomes Research Institute
 - Health Delivery System Research Center
 - Creation of a Medicare and Medicaid Innovation Center
 - CMS will develop, test payment and care delivery models
 - Quality improvement in private health plans
 - Medicare and Medicaid quality initiatives

11



Planning the Health Insurance Exchange

- Michigan was awarded a nearly \$1 million Exchange State Planning and Establishment Grant
- We will use the Exchange planning period to:
 - Determine key issues that need to be resolved in order to create the Exchange
 - Ensure that planning decisions are made in the best interests of Michigan citizens

12



Planning the Health Insurance Exchange

- During the 12-month planning period, the state will:
 - Identify those potentially eligible
 - Determine how the Exchange will impact Medicaid, other public programs, and other state health plans
 - Decide how best to establish the American Health Benefits Exchange and Small Business Health Options Program
 - Implement a plan for stakeholder involvement in planning process

13



Planning the Health Insurance Exchange

- During the 12-month planning period, the state will:
 - Develop an initial plan for integration of applicable state and federal programs and current state projects
 - Identify resources and capabilities to support implementation of the Exchange
 - Develop a plan for governance model, structure
 - Decide on the establishment of a state-run or private nonprofit run Exchange

14

