

Understanding the Healthcare Landscape of 2017

Why HANYS opposes the American Health Care Act





It is complex

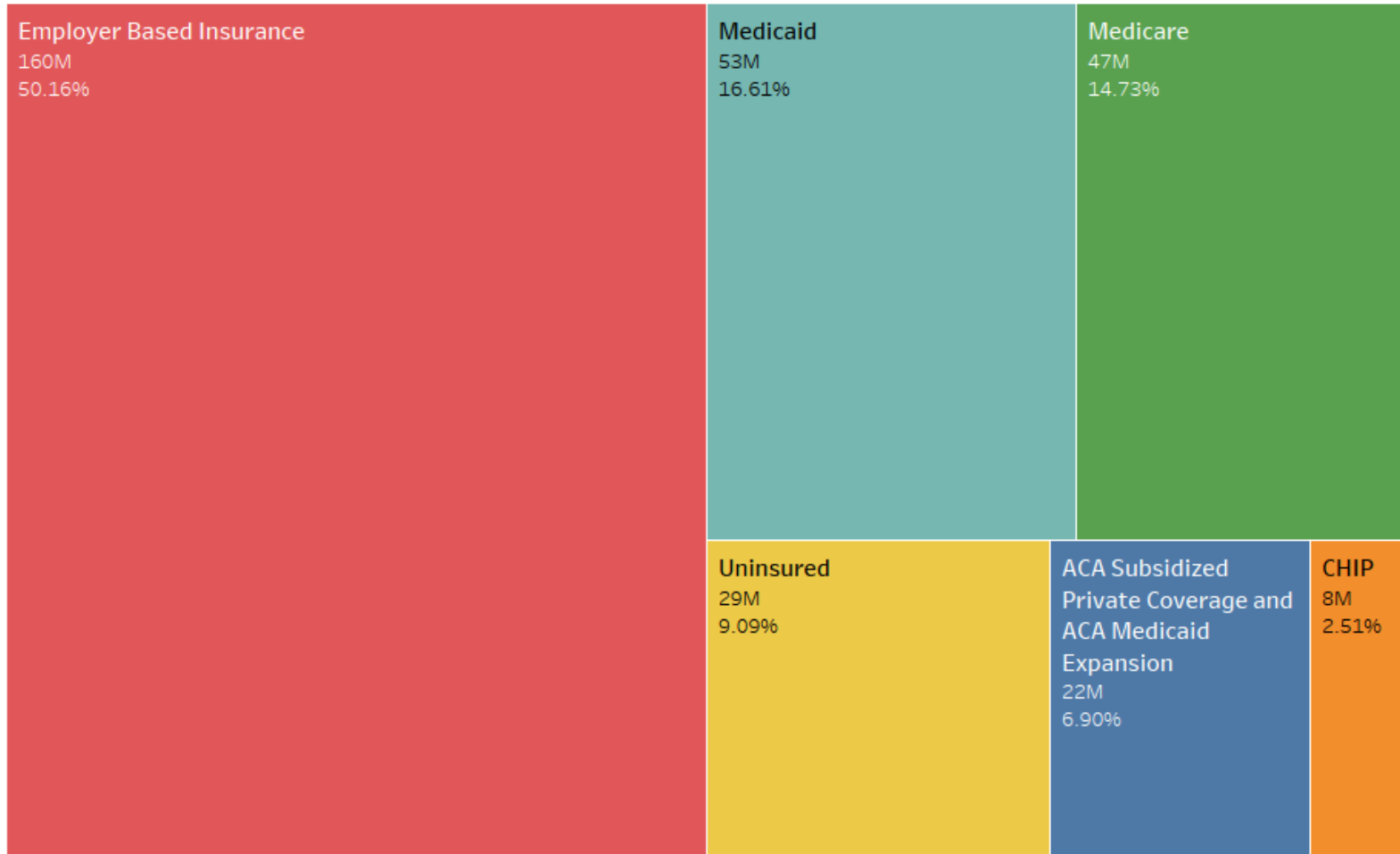


The Affordable Care Act

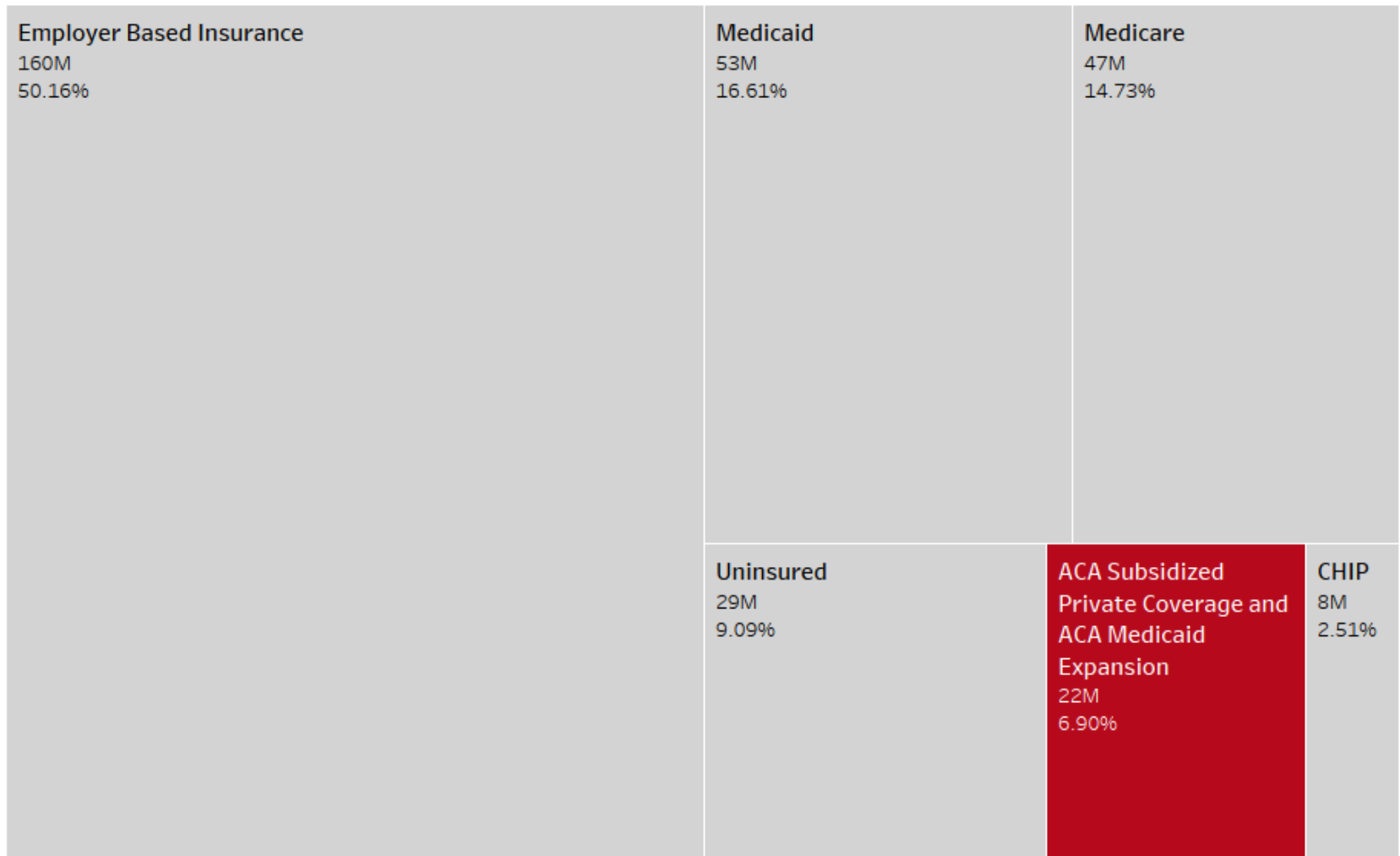
Coverage Expansion and Comprehensive Benefits



Insurance in America



The ACA Addresses a Selective Part of a Much Larger Insured Population



ACA—Coverage Expansion and Consumer Protections

- **Income-based tax credits and subsidizes** for purchase of commercial insurance
(a.k.a. Health Insurance Marketplace or Exchange) **HealthCare.gov**
- **Medicaid expansion** for adults to 138% of Federal Poverty Level (FPL)
- **Consumer protections** through comprehensive package of essential benefits and specified insurer policies

2017 FPL Standards – Medicaid Expansion

2017 Federal Poverty Level Chart – Income Brackets for 2017 Premium Tax Credits

Persons in Household	100% FPL	133% FPL (138%)*	250% FPL	400% FPL
1	\$11,880	\$15,800 (\$16,400)	\$29,700	\$47,550
2	\$16,020	\$21,300 (\$22,100)	\$40,050	\$64,100
3	\$20,160	\$26,800 (\$27,800)	\$50,400	\$84,650
4	\$24,300	\$32,300 (\$33,600)	\$60,750	\$97,200

Source: Kaiser Family Foundation



2017 FPL Standards – Eligibility for subsidies on the marketplace exchanges

2017 Federal Poverty Level Chart – Income Brackets for 2017 Premium Tax Credits

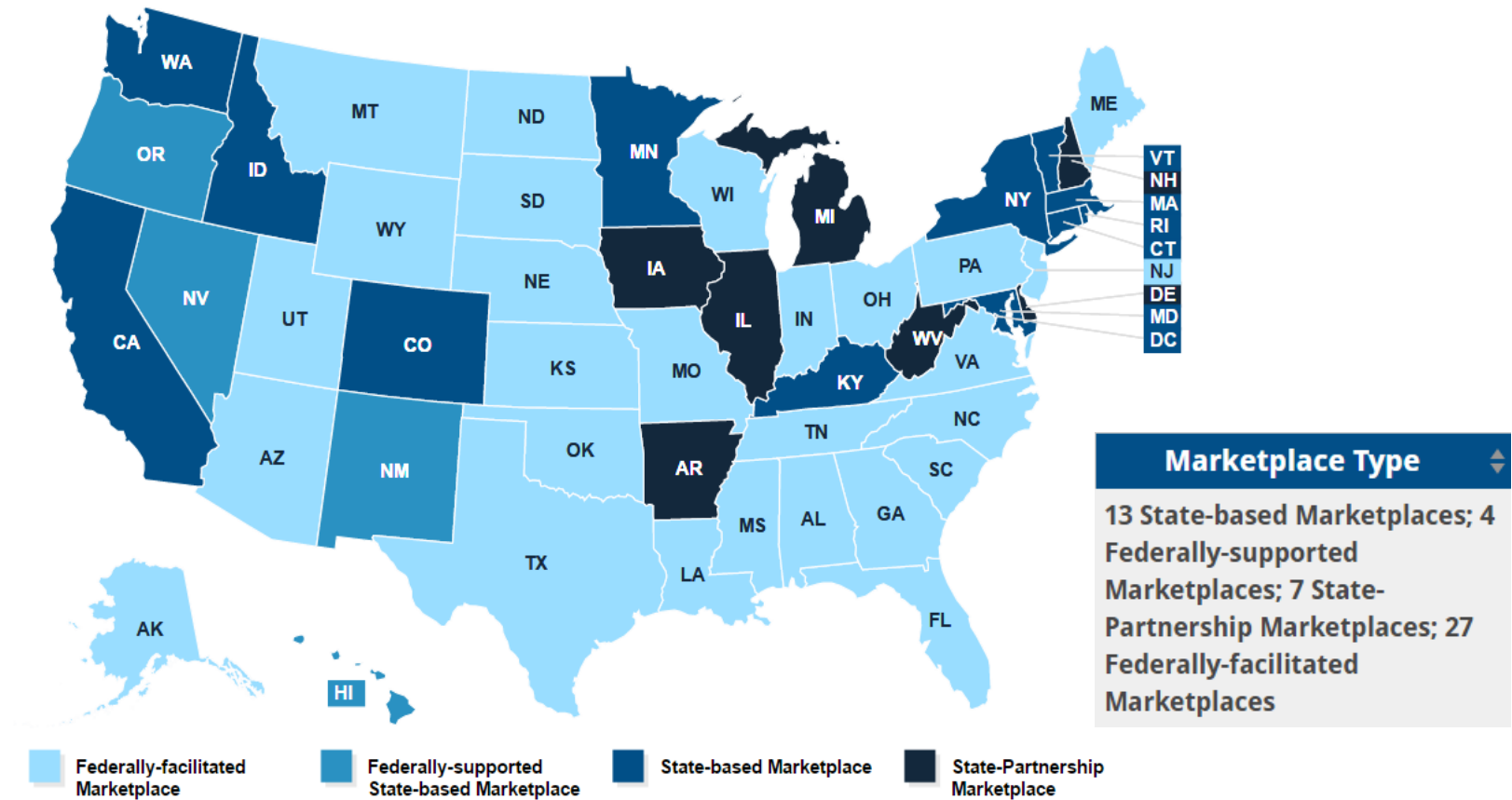
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Subsidized Coverage through Exchanges

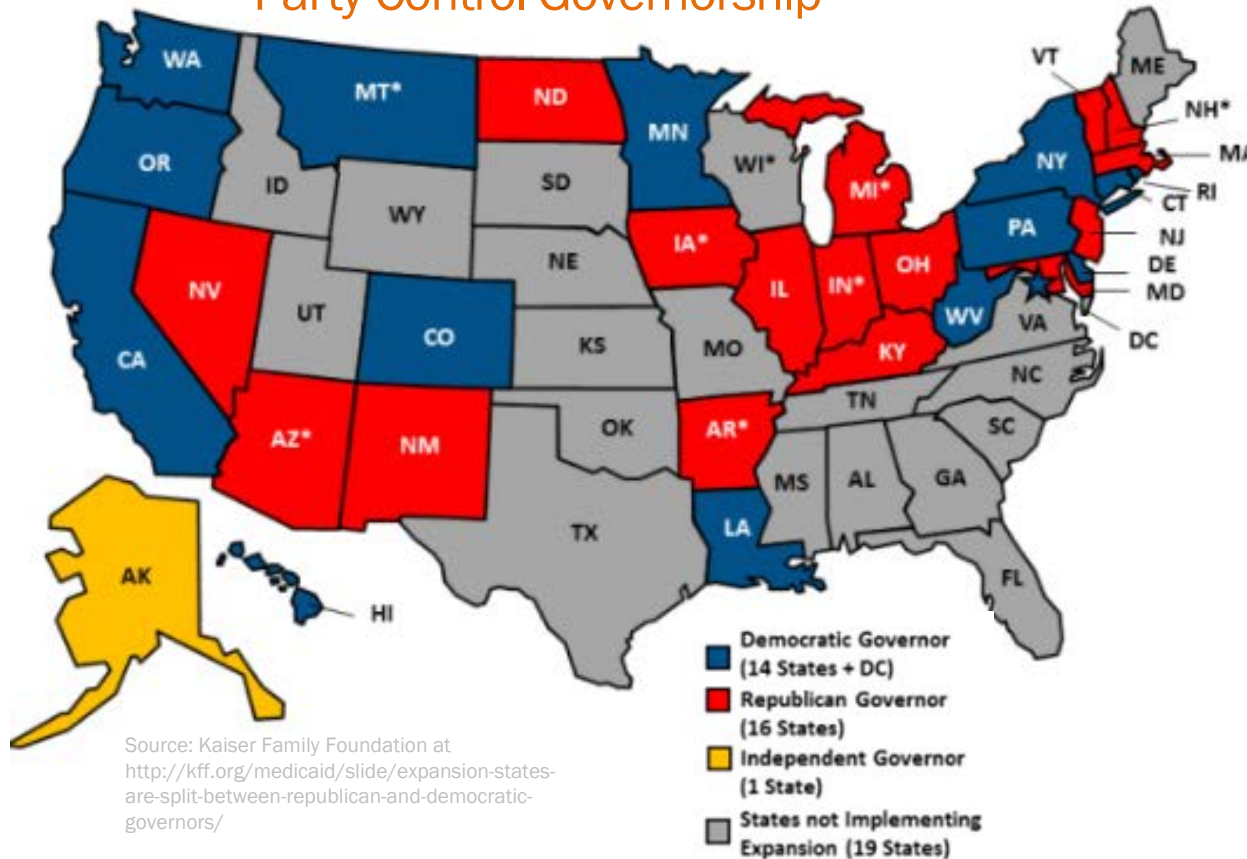
10 million people



Medicaid Expansion

12 million people

Medicaid Expansion Decisions by Party Control Governorship



Comprehensive Package of Essential Benefits and Specified Insurer Policies



Pre-existing condition

Plumber making \$53,000:
Eligible for subsidized coverage through Exchange

Mental health coverage

Covered to age 26

No annual or lifetime limits

Preventive health, maternity

ACA Repeal

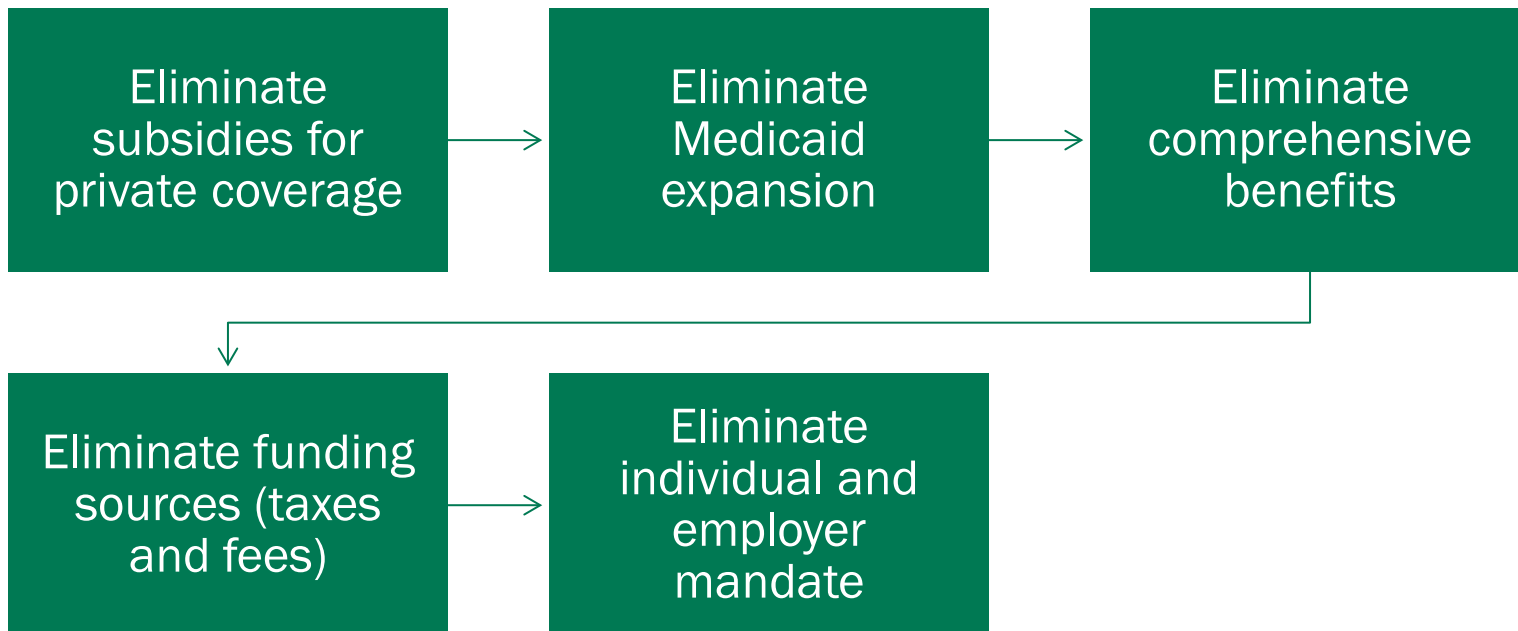
Strategies and Consequences



Replacement Premises

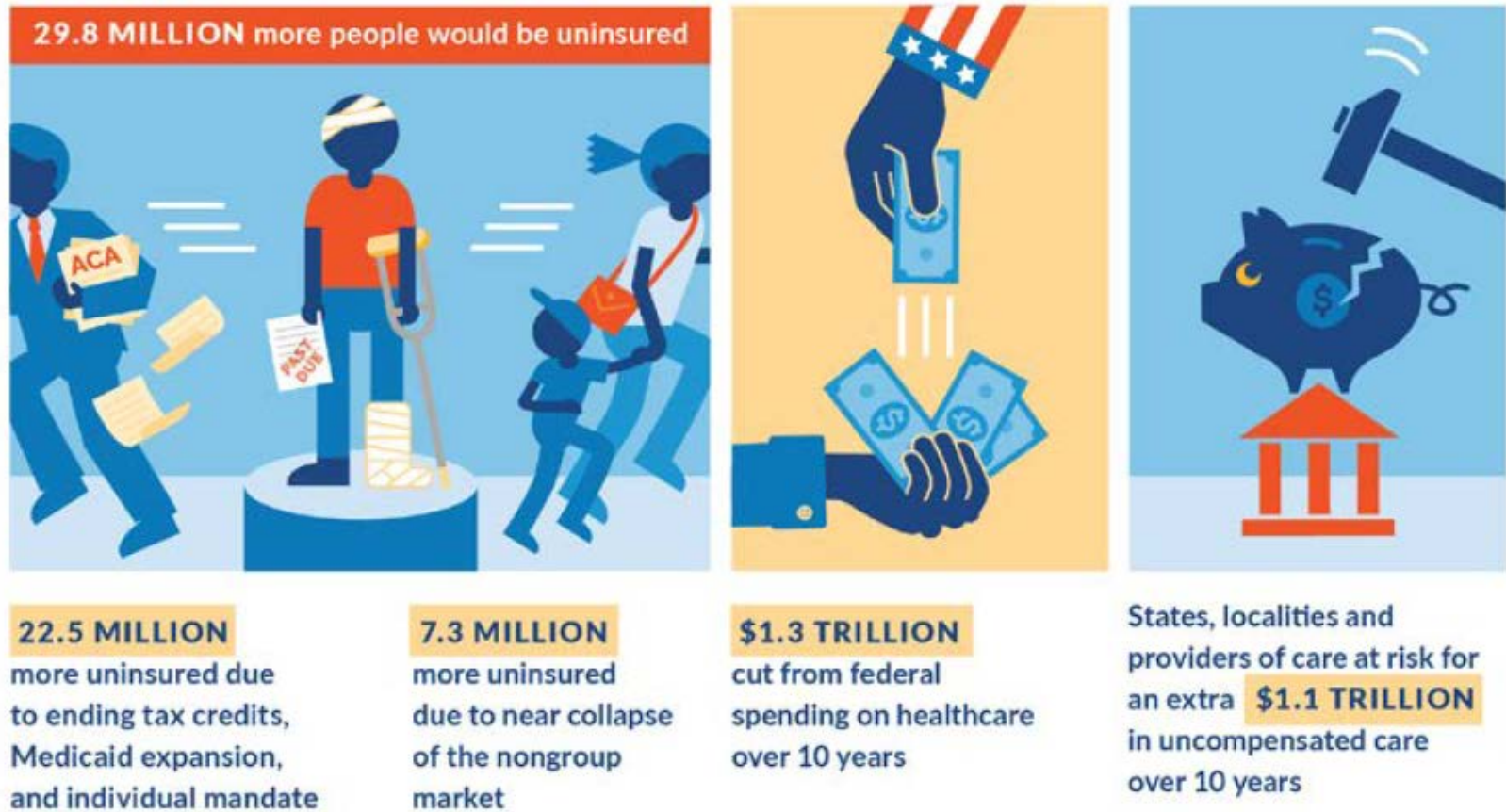
- Reduced federal spending
- Insurance as a private system
- Choice as opposed to guarantees
- State oversight as opposed to federal
- Capped Medicaid spending

Unraveling the ACA



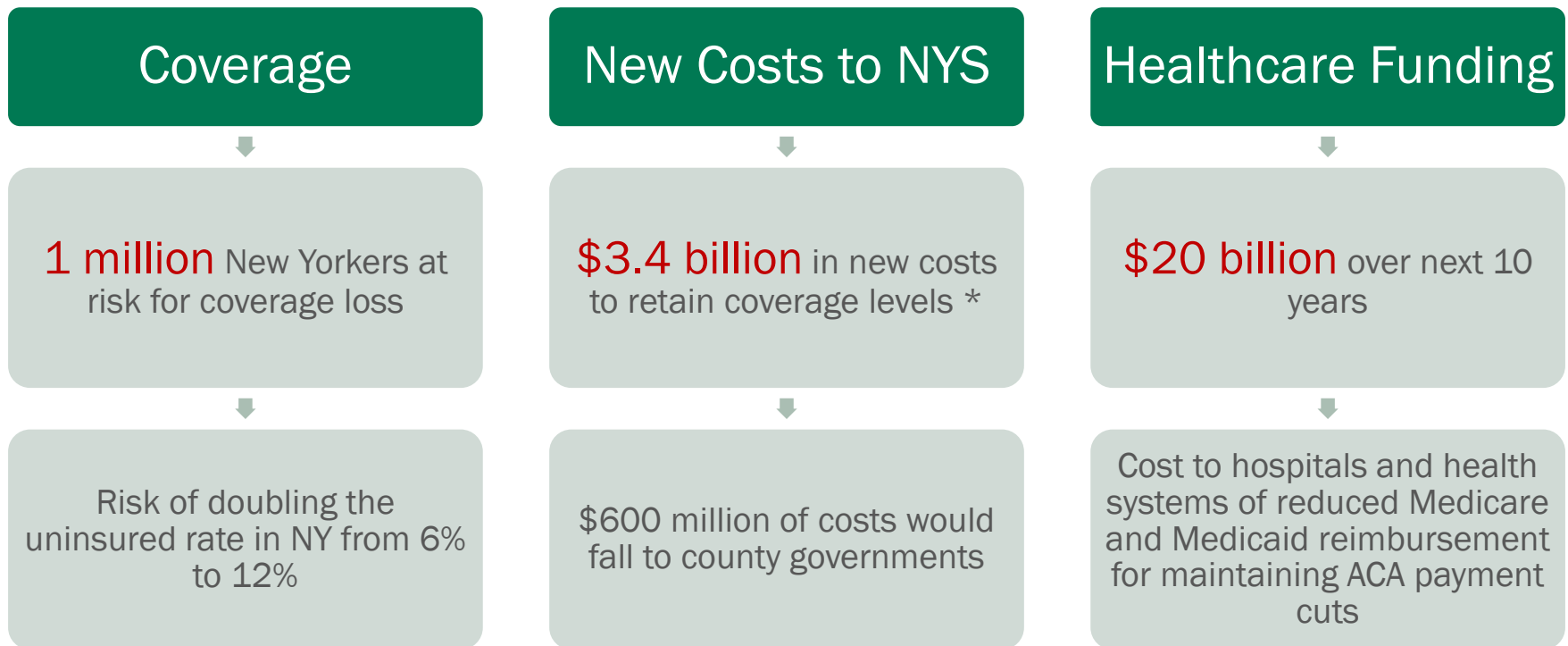
Global Impact of Repeal

Using the Budget Reconciliation Process to Repeal the Affordable Care Act



Source: Urban Institute at <http://www.urban.org/research/publication/implications-partial-repeal-aca-through-reconciliation>

Impact of ACA Repeal—NYS



* \$3.4 billion impact reflects \$4.5 billion tallied by NYS less its estimate of federal Medicaid DSH cuts to safety net providers. Those cuts are reflected in the healthcare funding box.

Sources: NYS DOH at https://www.health.ny.gov/press/releases/2017/docs/aca_repeal_analysis.pdf; Kaiser Family Foundation at <http://kff.org/other/state-indicator/total-population>; and HANYS analysis of Medicare and Medicaid payment cuts to providers.

Economic Impact of ACA Repeal—NYS

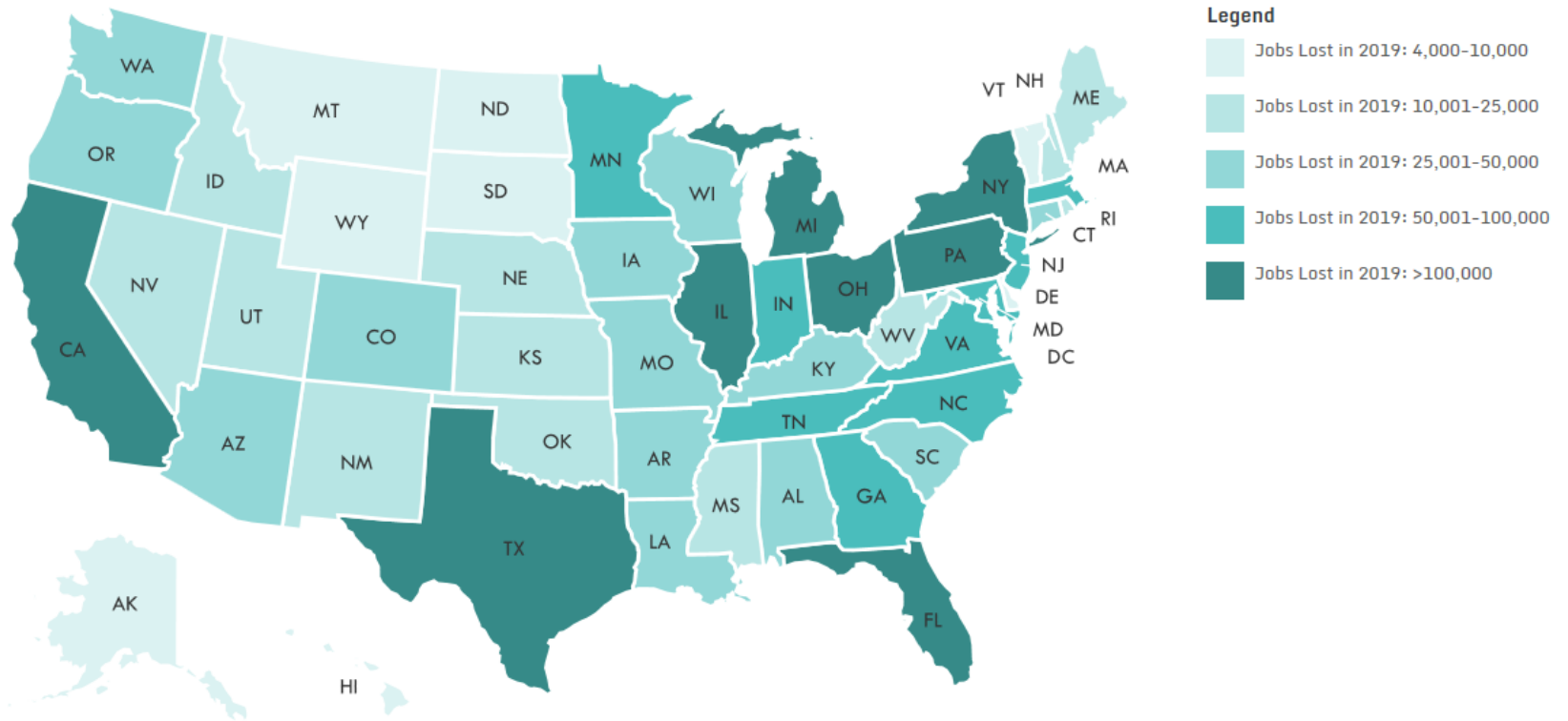
- The effects of ACA repeal will ripple through the economy

In New York, repeal of premium tax credits and Medicaid expansion would result in:

Revenue & Taxes Lost (2019-2023)	
Gross State Product	\$89.7 billion lost
Business Output	\$154.1 billion lost
State and Local Taxes	\$3.5 billion lost

Source: The Commonwealth Fund at <http://www.commonwealthfund.org/publications/issue-briefs/2017/jan/repealing-federal-health-reform>

Job Impact of Repeal—U.S.



Source: L. Ku, E. Steinmetz, E. Brantley et al., *Repealing Federal Health Reform: Economic and Employment Consequences for States*, The Commonwealth Fund, January 2017.

Job Impact of Repeal—NYS

In New York, repeal of premium tax credits and Medicaid expansion would result in:

Jobs Lost in 2019	
Private & Public Sector	131,000 jobs lost

Jobs Lost by Sector in 2019		
	Number	Percent
Health Care	47,700	37%
Construction & Real Estate	11,800	9%
Retail Trade	9,300	7%
Finance & Insurance	11,100	9%
Other	47,800	37%
Public	3,000	2%

Source: The Commonwealth Fund at <http://www.commonwealthfund.org/publications/issue-briefs/2017/jan/repealing-federal-health-reform>

Impact of Maintaining ACA Hospital and Health System Cuts—NYS

NYS Region	10-Year Impact (budget timeframe assessed by Congress)
Western NY	\$1.3 B
Rochester Area	\$1.2 B
Central NY	\$1.1 B
Northeastern NY	\$980 M
Northern Metropolitan Area	\$1.5 B
New York City	\$12.1 B
Long Island	\$2.0 B
Total	\$20 B

Cuts analyzed include:

- Medicare update factor
- Medicare DSH
- Federal Medicaid DSH

Source: HANYS. Ten-year estimates do not sum to total and differ slightly from previous releases due to rounding.

Impact on Commercial Insurance Products

Before Repeal

- Growth in high deductible products
- Growth in deregulated products (ASO and ASO-like products)
- Growth in closed panel, narrow network options
- Continued pressure on premium growth and efforts to contain cost

After Repeal (in addition to above)

- Lower subsidies (tax credits) and less coverage
- No federal requirement to have insurance
- Less regulatory oversight
- Less transparency

Result: increased bad debt and collection concerns, battles over coverage, payment, and resources devoted to them

ACA Replacement

Insured Population Will Decrease; More Variability in Insurance Market

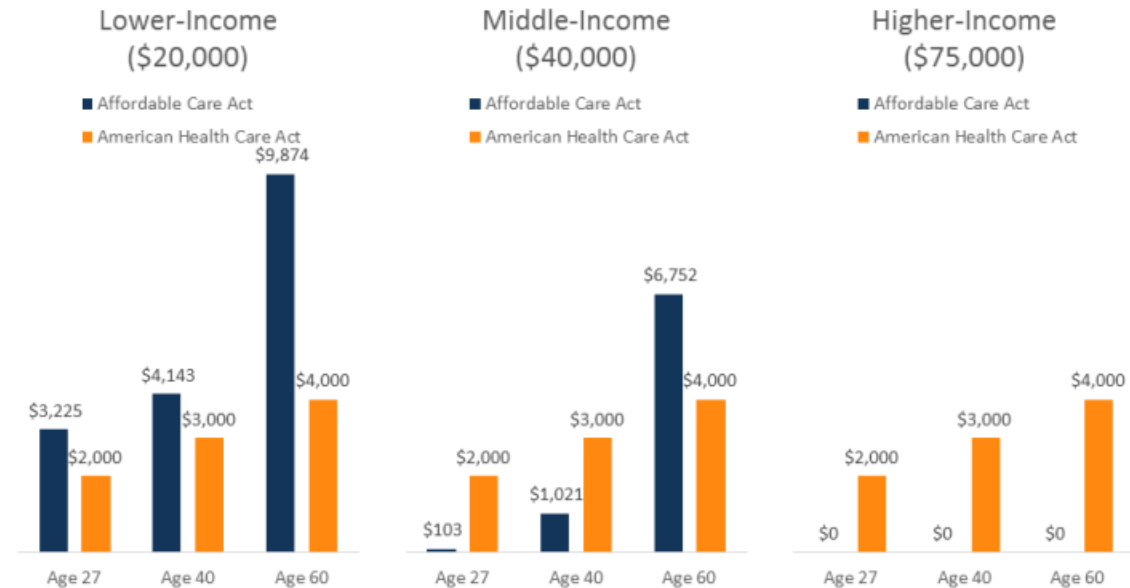
Republican Replacement Strategies

- **Age-related tax credits**—Would replace subsidies based on income, geographic costs of care
- **High risk pools**—Strong history of lack of success in 35 states prior to ACA
- **Health Savings Accounts**—Requires ability to fund such accounts
- **State choice for benefit package design**—Would create wider variance in coverage across states

AHCA Provides Less Funding to Lower Income and Elderly

Figure 1

How House Republicans' health reform plan might shift average health insurance tax credits, based on income and age, in 2020



Source: Kaiser Family Foundation analysis. Note: Data for Affordable Care Act represent the average tax credit available across all counties in the United States, at a given age.



Figure 1: How House Republicans' health reform plan might shift average health insurance tax credits, based on income and age, in 2020

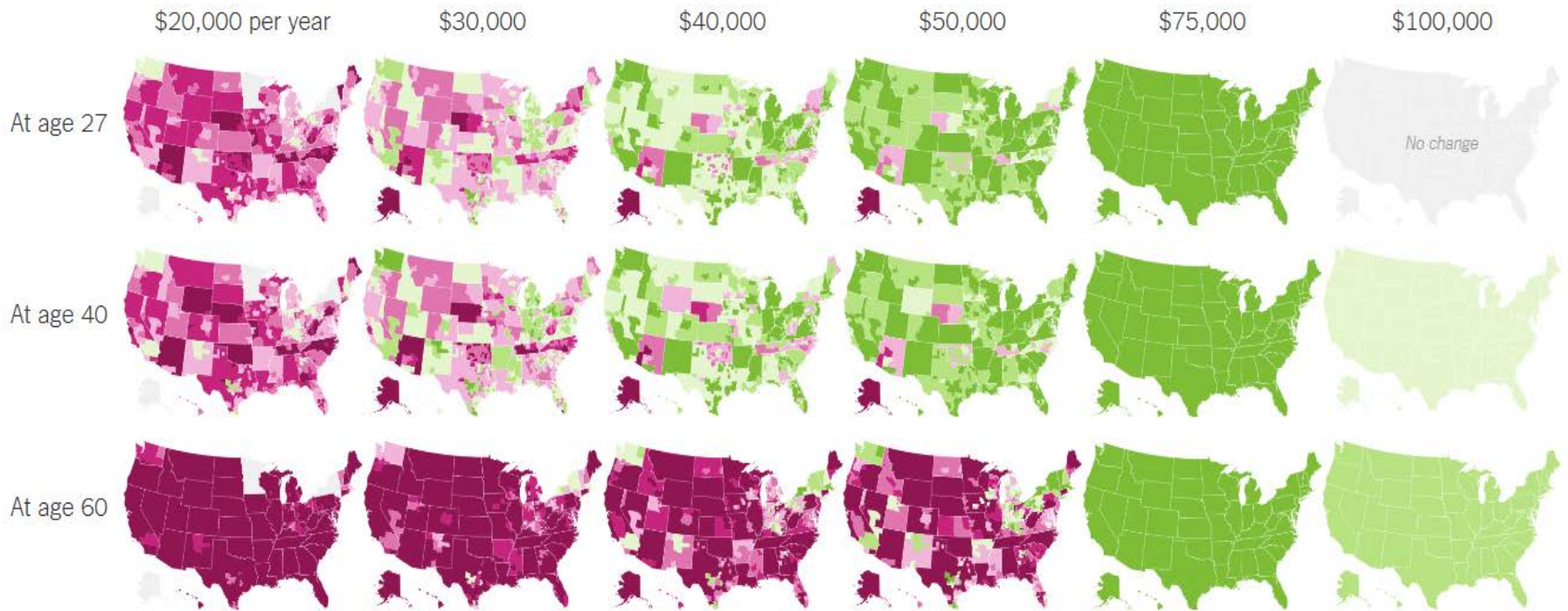
AHCA Not a Comparable Replacement

- AHCA would provide lower subsidies to purchase coverage and would be more costly for people who have lower incomes, are older or live in areas where premiums are higher.
- Plan would provide tax credits for those with incomes over 400% of FPL up to income of \$75,000.
- Tax credits for elderly may be offset by increase in premium costs as subsidies are not tied to premium increases.

Source: Kaiser Family Foundation at <http://kff.org/health-reform/issue-brief/how-affordable-care-act-repeal-and-replace-plans-might-shift-health-insurance-tax-credits/>

ACA versus AHCA

Tax credits in the Republican plan compared with Obamacare




Note: At \$20,000 income in 2020, residents of Alaska would be eligible for Medicaid, and residents of Minnesota and New York would be eligible for the Basic Health Program.

ACA Repeal **with** Replacement by AHCA Will Have Predictable Outcomes


More will become uninsured



Insurance plans will be less standardized;
coverage guarantees will be less



Cost burden shifted back to those that can least afford it



Fewer people will be able to pay healthcare bills



Increased pressures on providers to retain access
and services that may not be affordable

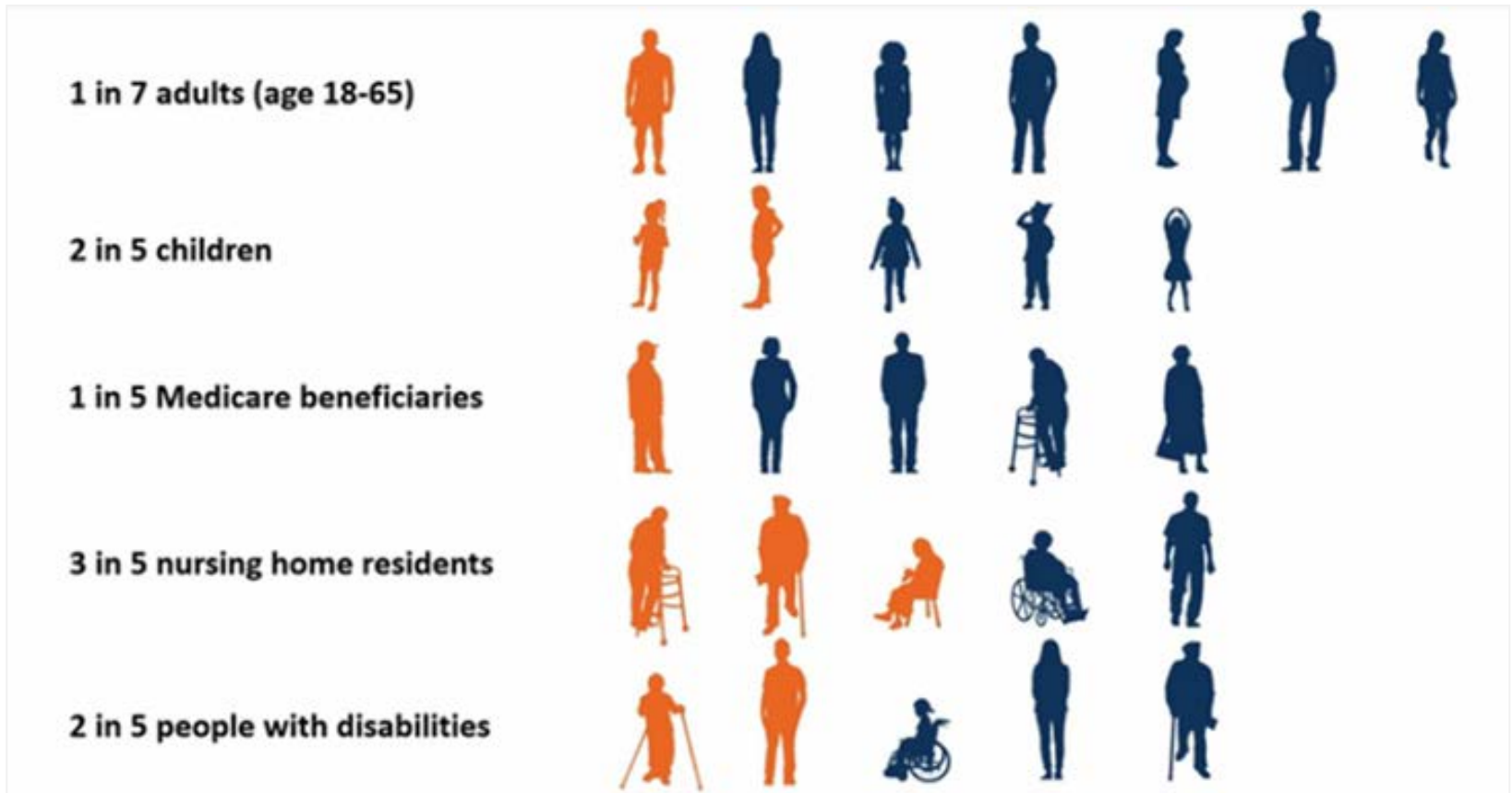
Repeal Has Merged Into a Broader Consideration of Medicaid as a Social Program

Much More Than Healthcare as a Target

Sorting This Out—Medicaid Program Basics

- An entitlement—if you qualify you are guaranteed coverage
- 17% of U.S. healthcare spending
- Funded by federal and state government based on states' average income—flexes up or down
- 73 million covered—1 in 4 Americans (including CHIP)
- Health coverage expanded by ACA—increased the number of children and adults eligible for health insurance
- **Majority of money (63%) spent on elderly and disabled**

Medicaid is More than Health Insurance



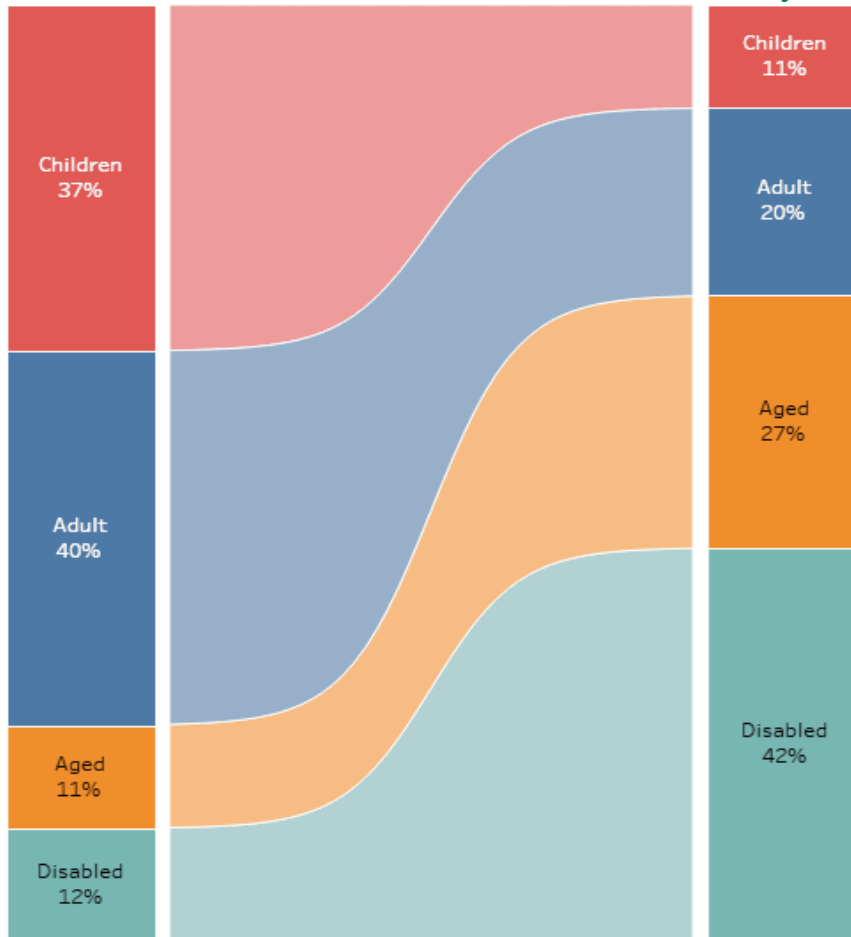
Source: Kaiser Family Foundation

Medicaid Enrollment vs. Spending

Enrollment by
Beneficiary Category

NYS

Spend by
Beneficiary Category



70% of NYS
Medicaid spend is
for elderly and
disabled

Source: 2011 data from Kaiser Family Foundation at <http://kff.org/medicaid/state-indicator/medicaid-spending-by-enrollment-group/?currentTimeframe=0> and <http://kff.org/medicaid/state-indicator/distribution-of-medicare-enrollees-by-enrollment-group/?currentTimeframe=0>

Disabled: 42% of Medicaid Spending in NYS



Springbrook
@springbrookny

Elderly: 27% of Medicaid Spending in NYS



Capped Medicaid Spending

Risks of Entitlement Reform



Current Medicaid Funding vs. Capped Model



- Entitlement model:
 - Feds provide matching funds for state-specific Medicaid spending for coverage, service, and price growth (i.e., 55% in match NY; 80% in KY)
- Capped appropriation model (Block Grants or Per Capita Caps):
 - Feds provide capped allotment based on some form of state-specific historical Medicaid spend for coverage and service decisions
 - Fixes federal spending level and slows the rate of program growth to guarantee federal savings

NYS's Medicaid "Global Spending Cap" vs. Capped Federal Spending Model

- Since 2011, NYS Medicaid has slowed the rate of NY's Medicaid spending through a "Global Spending Cap"
- Initiative has capped Medicaid spending increases at about 3% per year
- How NYS's Global Cap differs from federal capped spending models:

Voluntarily self-imposed/negotiated with stakeholders

Flexible
(minimum wage; distressed hospital funding; DSRIP equity pool; etc.)

Yielded greater federal investment via DSRIP

Carves out 20% of state's Medicaid spend

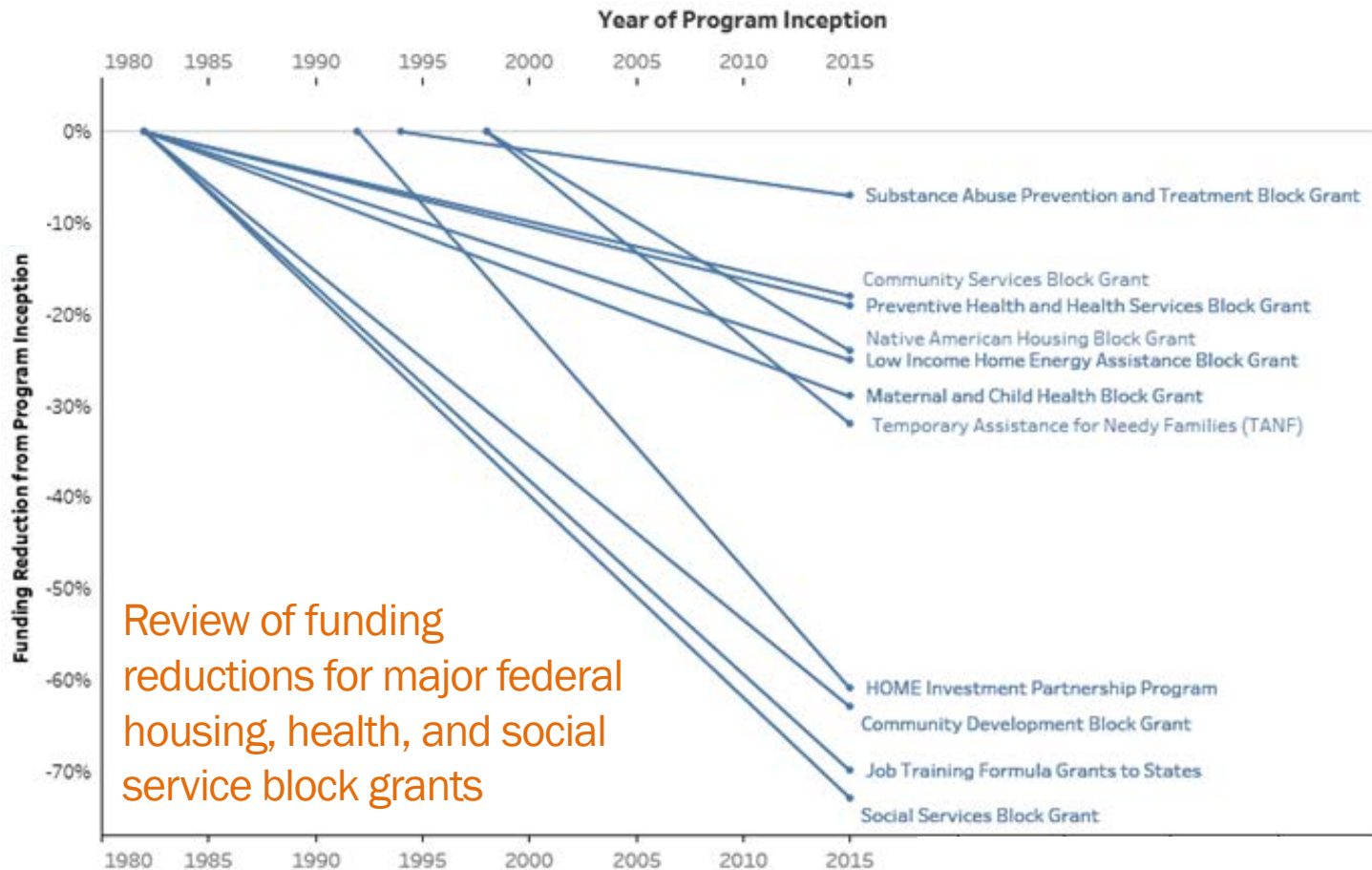
Total Medicaid Disbursement Estimates
(in millions of dollars)

	2015-16	2016-17	2017-18	2018-19	2019-20
Department of Health	17,610	17,954	18,402	19,013	19,595
Mental Hygiene	4,816	4,421	4,808	5,054	5,248
Foster Care	89	90	92	92	94
Education	50	50	50	50	50
Essential Plan	130	377	384	395	406
State Share Total	22,695	22,892	23,736	24,604	25,393
Federal Share	32,332	32,400	33,778	34,546	35,372
Local Share	8,759	8,393	8,667	8,722	8,769
Total Medicaid Spending	63,786	63,685	66,181	67,872	69,534

Source: Division of the Budget

Capped Model Funding Risk:

Models Have Clear History of Decreasing Funding



Source: HANYS review of the Center on Budget and Policy Priorities analysis of funding declines in major housing, health, and social service block grant models at <http://www.cbpp.org/blog/block-grant-funding-falls-significantly-over-time-data-show>

In Summary. . .



HANYS Opposes the AHCA

- Millions would lose health insurance coverage.
- Medicaid as an entitlement program would be abandoned and long term funding reduced in a capped model, which will affect not only health care but the elderly and disabled who receive 70% of Medicaid funds in the state.
- The plan would create a fiscal crisis for New York State.
- Hospitals and health systems will suffer financial losses in serving underinsured and uninsured patients.
- In sum, the AHCA would be disastrous for patients, providers and the New York State Medicaid program.