

# Implications of National Health Reform

For Persons with Developmental Disabilities

Robert M. Gettings

Annual AADMD/DDNA Conference

Reno, Nevada  
May 16, 2010

1

- “Patient Protection and Affordable Care Act” signed by Pres. Obama on March 23rd; revisions bill signed on March 30th
- The legislation calls for sweeping changes in the American health care system
- PPACA mandates changes in both health and long-term disability services
- Implementation poses many challenges

## Health Reform Rollercoaster

2

- Explain the basic provisions of the reform legislation
- Review disability specific provisions
- Pinpoint health & LTC challenges facing state disability service systems
- Discuss the ramifications of the legislation for DD services & service systems

## Presentation Goals

3

### *Expanded Access to Health Care*

- Health insurance to be available to about 32 million uninsured Americans by:
  - ✓ Extending Medicaid eligibility to 16M low-income individuals and families
  - ✓ Requiring most American to be insured
  - ✓ Penalizing employers that fail to offer health coverage
  - ✓ Setting up health exchanges where the uninsured can choose among a variety of private health plans
  - ✓ Providing government subsidies to low to middle income individuals & families
  - ✓ Offering small business tax credits

## Health Reform Fundamentals

4

### *Improved Cost-Effectiveness*

- Strengthen primary & chronic care
- Realign payment incentives to promote wellness and prevention
- Ban coverage denials & terminations due to pre-existing conditions
- Promote accountability and provider collaborations
- Improve the health care infrastructure

## Health Reform Fundamentals

(cont.)

5

### *More Efficient System-wide Financing*

- Minimize fraud, waste and abuse
- Improve system-wide transparency
- Support comparative effectiveness studies
- Modernize health information technology
- Establish a benchmark health benefit package

## Health Reform Fundamentals

(cont.)

6

- Use tax incentives to promote coverage and healthy lifestyles
- Emphasize prevention & wellness
- Restructure private health coverage under the Medicare program
- Create Medicaid state plan option for beneficiaries with 2 or more chronic conditions

## Health Reform Fundamentals

(cont.)

7

## Prevention/Wellness Reforms

- Establish National Prevention, Health Promotion and Public Health Council to:
  - ✓ Develop a national health improvement strategy
  - ✓ Create a Prevention and Public Health Fund
- Eliminate Medicare & Medicaid cost sharing for prevention services
- Provide health risk assessment to Medicare beneficiaries

8

- Provide wellness grants & technical assistance to small employers
- Permit employers to offer employee rewards of up to 30% of coverage costs
- Establish evidence-based prevention & wellness grant program
- Increase Medicaid FMAP and Medicare payments for prevention services

## Prevention/Wellness Reforms

cont.

9

- Create Work Force Advisory Committee to prepare a national work force strategy
- Increase Graduate Medical Education slots, with emphasis on primary care
- Increase health care scholarships & loans; support interdisciplinary behavioral health & oral health training programs
- Support education/training programs for nurses & primary health care models

## Work Force Improvement

10

- Little attention focused on long-term services reforms
- Debate limited almost exclusively to restructuring acute health care system
- Yet, PPACA includes a few long-term services reforms that suggest likely future policy directions

## Long-Term Services Reform

11

- Establishes national voluntary insurance program for purchase of comm. living assistance services (CLASS):
  - ✓ Voluntary enrollment w/ opt out option
  - ✓ 5-year vesting period
  - ✓ Cash benefits of \$50 a day to purchase non-medical supports necessary to sustain comm. living
- Clarifies dual eligible waiver authority & creates an Office of Coordination for Dual Eligible Beneficiaries within CMS

## Long-Term Care Reforms cont.

12

- Establishes “Community First” Medicaid coverage option for attendant care services, with enhanced FMAP rate (+6%)

– Clarifies several features of 1915(i) state plan coverage of HCB services to:

- Permits states to cover multiple, specific target populations
- Permits states to cover “other services”
- Eliminates state set enrollment caps

## Long-Term Care Reforms cont.

13

- Reauthorizes ADRCs and MFP projects
- Direct Sec. of HHS to promulgate regulations governing oversight, assessment & administration of HCBS
- Establish a nationwide program of background checks for direct contact NF and ICF/MR employees
- Sets a uniform, 5 year period for waivers granted under Sec. 1115 and Sec. 1915(b), (c), and (d).

## Long-Term Care Reforms cont.

14

- Cong. Budget Offices estimates:
  - ✓ 32 million will gain health insurance by 2019
  - ✓ PPACA implementation will cost \$938 B over 10 years
  - ✓ Additional costs to be financed through reductions in Medicare and Medicaid spending + new taxes and fees
  - ✓ \$124 B in savings over 10 years and more than 1.2 trillion during year 11-20.

## CBO Cost Estimates

15

## PPACA Implementation

- 2010:
  - Establishes temporary high risk insurance pool for individuals with pre-existing conditions
  - Extends dependent coverage to adults up to age 26
  - Requires health plans to provide preventive services w/o cost-sharing
  - Provides tax credits to small businesses
  - Establishes a process for reviewing health plan premium increases
  - Improves care coordination for dual eligibles
  - Creates Medicaid state plan coverage of childless adults

16

- 2011:
  - Establishes national voluntary insurance (CLASS) program to purchase comm. living assistance
  - Eliminates preventive services cost-sharing under Medicare & Medicaid programs
  - Provides wellness grants to small businesses
  - Creates Medicaid coverage option for persons with multiple chronic disabilities
  - Creates State Balancing Incentive Program
  - Establishes Medicaid Comm. First Coverage Option

## PPACA Implementation cont.

17

## PPACA Implementation cont.

- 2012-13:
  - Creates Medicare Independence at Home program
  - Equalizes Medicare Part D cost-sharing for comm.-based & institutionalized beneficiaries
  - Adopts a single set of rules for insurance eligibility determination
- 2014:
  - Requires all citizens to have health insurance
  - Penalizes employers w/ 50+ employees that fail to offer health insurance plans

18

## PPACA Implementation cont.

- 2014 (cont.)
  - Creates state-based Health Benefit Exchanges
  - Provides tax credits/subsidies to families with incomes of 133%-400% of FPL
  - Establishes Independent Payment Advisory Board to help control Medicare spending
  - Expands Medicaid to all non-Medicare-eligible adults under age 65

19

## Impact on I/DD Services

### New Features

- CLASS insurance benefits to supplement Medicaid
- New Medicaid Comm. First coverage option
- State Rebalancing Incentive program

### Limitations

- Only workers eligible, not dependents
- Persons w/ physical disabilities likely to be main beneficiaries
- State option; limited FMAP add-on

20

## Impact on I/DD Services cont.

### New Features

- Improved Medicaid HCBS coverage option
- Uniform federal waiver regulation
- National background checks for NF & ICF/MR workers

### Limitations

- Few states will elect Sec. 1915(i) option w/o utilization cap
- Contents will determine impact
- Contents will determine impact

21

## Implementation Challenges

- Can health care costs be reined in?
- Who will treat 32 million new patients?
- How will states measure up?
- Will federal rules permit local latitude?
- Can Medicare and Medicaid be reshaped to meet the law's expectations?

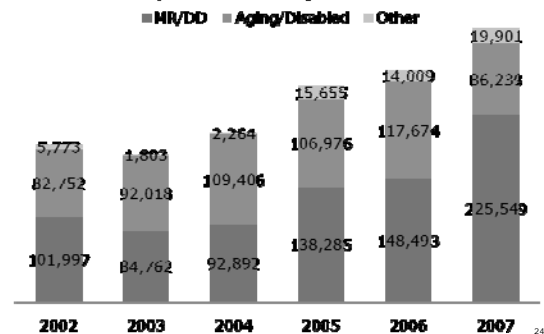
22

## I/DD System Challenges

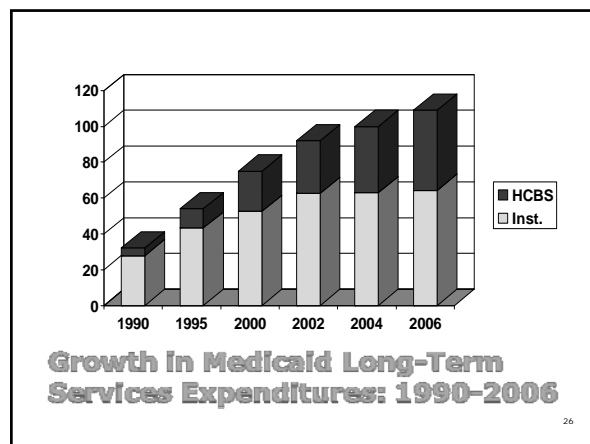
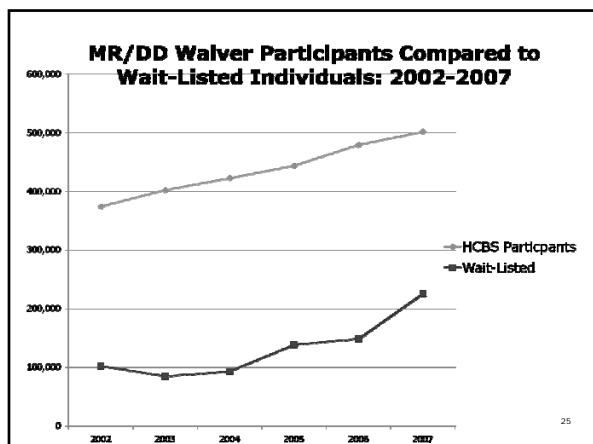
- Reduce long waiting lists for comm. services
- Expand & realign service capacity
- Improve early intervention incentives
- Distribute resources more equitably
- Strengthen comm. services workforce
- Develop better service intervention & treatment strategies

23

### Medicaid HCBS Waiver Waiting Lists by Enrollment Group, 2002-2007



24



- Thrust toward integrated LTS management:
    - ✓ Administrative consolidation of elder & DD services at the state level (e.g., TX, WI & VT)
    - ✓ Federal policy initiatives (e.g., ADRCs; waiver consolidation)
    - ✓ LTC reform proposals (dual eligibles, CLASS and Comm. Choice Act)
  - The specific needs of DD population may receive short shrift in an integrated system
- ### Cross-Cutting Issues
- 27

- ### Cross-Cutting Issues (cont.)
- Balancing state flexibility and equity in a federal-state LTS system
    - ✓ To achieve equitable access to services you need uniform national requirements and comparable financial resources state-to-state
    - ✗ But those goals are illusive when states co-finance and manage the delivery of services
    - ✓ Local flexibility & national uniformity are polar opposites
  - Intergovernmental collaboration remains critical to building effective LTS systems
- 28

- ### Concluding Thoughts
- Battle over health reform is not over; implementation will highly contentious
  - But, there is no going back; future leg. will fill gaps are address inconsistencies
  - Success will hinge on:
    - ✓ Implementation efforts at the state & local levels
    - ✓ Capacity of health providers to adapt
    - ✓ Ability to curb growth in health care costs
  - Future of I/DD services is linked to the success of health reform
- 29

Kaiser Family Foundation website  
<http://healthreform.kff.org/>

“Policy Insights” bulletins on Health Reform:

- June, 2009
- July, 2009

National Leadership Consortium on Developmental Disabilities, with support from Liberty Health Corp.

<http://www.nlccd.org/insights/>

### Additional Information

30