

# Sparking Solutions: Issue Profile on Health and the Affordable Care Act

By Christine Fisher

*In this issue profile to prepare readers for the Delaware Valley Grantmakers Sparking Solutions Conference, we provide an overview of the Affordable Care Act, how the greater Philadelphia region stands to benefit from the legislation and how key players are working to roll out the new healthcare policies.*

## Introduction

There are more than a million people living without health insurance in Pennsylvania, roughly the same amount in New Jersey and just under a million in Delaware. In Pennsylvania alone, 232,000 children lack insurance, and as recently as 2012, 16 percent of Philadelphia County, more than 240,000 people, were living without coverage.

For the most part, the high cost of health insurance is to blame, and healthcare providers are often left footing the bill for uncompensated care, including charity care and uncollectable patient debt. In Southeastern Pennsylvania alone, that cost of uncompensated care grew to \$368 million in fiscal year 2013, and nearly one in three of the region's hospitals had negative three-year average margins.

The Patient Protection and Affordable Care Act, commonly known as the Affordable Care Act (ACA) or Obamacare, is an effort to change these statistics by, among other things, extending affordable healthcare to the uninsured and ensuring that vulnerable populations have access to quality care.

The law requires that many uninsured individuals purchase health insurance or pay a penalty. The federal government and some states, Pennsylvania excluded, have established health insurance exchanges, or marketplaces, where individuals, families and small business can choose from a number of insurance plans. For many, the law will offer subsidies to offset health insurance costs. This year, those wishing to purchase insurance through a marketplace may apply for coverage until March 31. The insurance will be made available beginning January 1, 2014.

Another key component of the ACA is Medicaid expansion, which states may opt into. In return, the federal government will cover the additional costs for the first three years and at least 90 percent of the newly eligible populations' costs after that. Medicaid expansion will support the nation's poorest and cover nearly half of the currently uninsured by increasing eligibility levels to 138 percent of the Federal Poverty Level, \$23,550 for a family of four. In Pennsylvania, expanding Medicaid could reduce the number of uninsured by 50-55 percent, but the state has not yet decided if it will opt in.

The ACA will benefit many of the region's uninsured individuals, as well as the healthcare providers who currently subsidize the costs of caring for the uninsured, but when it comes to implementing the new ACA policies, there is a lot of work ahead.

## Opportunities & Innovation

What's next? Here we take a look at how organizations are stepping up to aid in the Affordable Care Act (ACA) roll out by addressing issues of access, outreach, enrollment and advocacy.

### *Federally funded "navigators"*

The ACA requires that the health insurance exchanges, also known as marketplaces, establish navigator programs to help consumers understand their new coverage options. Each marketplace is required to have at least two types of entities serving as navigators, and at least one of the entities must be a community and consumer-focused nonprofit. The navigators are intended to be independent of the insurance companies.

To build this program, the Center for Medicare and Medicaid Services awarded \$67 million to 105 marketplaces across the country. Philadelphia-based Resources for Human Development Inc. received \$953,000 to train navigators across the state, and Camden-based Center for Family Services received \$678,000 to serve seven South Jersey counties. The navigators are a primary resource for families, individuals and small businesses looking to purchase insurance through the health insurance exchanges.

### *Community health centers*

In addition to requiring the navigators, the federal government is making \$150 million available to community health centers that will help uninsured Americans apply to the marketplaces. In Pennsylvania, an estimated \$4.2 million will go to 38 health centers, 12 of which are located in Philadelphia and its suburbs. The funding will allow the state's health centers to hire 76 additional workers, who will help an estimated 74,886 people enroll in affordable health insurance coverage. New Jersey will receive \$3.3 million to support 20 centers, two of which are in Camden. A full list of the health centers that received this funding can be found on the U.S. Department of Health and Human Services' Health Resources and Services Administration website.

### *Resources for Human Development*

Resources for Human Development (RHD) is a nonprofit dedicated to providing a wide range of human services to society's most vulnerable. Thanks to the federal navigator grants, RHD is helping Pennsylvanians enroll in the health insurance marketplace and championing ACA coverage by training navigators. RHD and its navigators are targeting specific groups, including low-income working people and their families and others who have traditionally had poor access to health insurance. Through its existing networks, RHD hopes to reach nearly 600,000 people across the state.

### *Brandywine Health Foundation*

The Brandywine Health Foundation funds Chester County's Maternal and Child Health Consortium (MCHC) and the county's federally qualified health center ChesPenn Health Services. MCHC works with county agencies on a continual basis to assist clients in obtaining health insurance and accessing the Children's Health Insurance Program (CHIP). ChesPenn Health Services has an ACA outreach and enrollment program complete with certified application counselors. Brandywine Foundation has also partnered with Brandywine Hospital to underwrite the cost of lunch meetings so that navigators and certified enrollment specialists in central and western Chester County can share information and progress notes and coordinate educational outreach efforts.

### *PA Health Funders Collaborative*

The PA Health Funders Collaborative (PHFC) is an initiative to provide non-partisan information to policymakers and present a strong, united body of health funders working to improve vulnerable populations' access to quality, cost-effective health services. PHFC has taken a lead in educating funders and policy makers about the ACA, Medicaid expansion and, most recently, the health insurance marketplaces. Information on these topics can be found on PHFC's website, <http://www.pahealthfunders.org/>.

### *Pennsylvania Health Law Project*

The Pennsylvania Health Law Project (PHLP) is a nationally recognized expert and consultant on access to healthcare for low-income consumers, the elderly and persons with disabilities. For more than two decades, PHLP has engaged in direct advocacy on behalf of consumers and worked to promote health policy changes that promise the most to Pennsylvanians in need. In 2013, PHLP published a state-specific series on the benefits of Medicaid expansion. The reports, detailed below, focus on how expanding Medicaid can improve an individual's and family's quality of life, help someone manage their medical conditions, and for many, increase their potential contribution to society.

## *Kaiser Family Foundation*

The Kaiser Family Foundation has long established itself as a trusted source of information on health issues, and with the roll out of the ACA, the foundation has been working to inform the debate and give Americans information they can use to make the best choices for themselves and their families. To this end the foundation has established a variety of informational resources.

On the Kaiser Family Foundation website, summary sheets breakdown the ACA basics, the requirement to buy coverage under the act, the health reform implementation timeline and more. A subsidy calculator estimates health insurance premiums and subsidies for people purchasing insurance through health insurance exchanges, and consumer reports cover topics ranging from how the ACA will impact women to how poor adults in states that do not expand Medicaid will be affected.

## **Further Reading**

Want to dig deeper? Check out these useful resources and reports for understanding the ACA and Medicaid expansion.

### *PA Health Funders Collaborative (PHFC) Resource List*

PHFC has put together a comprehensive list of healthcare reports and resources to help companies and organizations adjust to ACA policies. PHFC shares a guide to obtaining healthcare coverage in Pennsylvania, a quick reference sheet for marketplace enrollment activities, links to resources for planning local events, including multimedia, fact sheets and training materials, and more. Among the resources PHFC promotes is a list of health plan options in the marketplace and a Kaiser Family Foundation's tool, which can be used to calculate subsidies.

For those looking to understand the basics of the ACA or the economic impact of Medicaid expansion, PHFC's resource list has two key sections. The ACA section includes a six-minute video on the legislation, a brief on the Basic Health Plan and information about healthcare law training for corporations, organizations, conferences, community groups, physicians and others. The Medicaid expansion section lists the Pennsylvania Economy League Inc. and Econsult Solutions, Inc. report titled "The Economic and Fiscal Impact of Medicaid Expansion in Pennsylvania."

### *Report on Available Tax Credits Through ACA*

To help ensure that the healthcare provided through the marketplaces is indeed affordable, the ACA legislation includes two key components – Advance Premium Tax Credits (APTC) and Cost Sharing Reductions (CSR). APTC is a tax credit provided to qualifying individuals who purchase coverage through a marketplace. The credit can be paid in advance to insurers in order to lower a patient's out-of-pocket costs. The CSR policy also reduces individuals' out-of-pocket costs, given that an individual purchases insurance through the Marketplace, has an income below a certain threshold and chooses a health plan from the Silver category.

The State Health Reform Assistance Network (SHRNA) has put together a tool to educate navigators, certified application counselors, and other assistors, as well as marketplace staff, eligibility workers, and others that need to understand and be able to explain how APTCs and CSRs work in practice. The document includes a glossary of key terms, an overview of APTCs and CSRs and then delves into the technical components.

### *"The Economic and Fiscal Impact of Medicaid Expansion in Pennsylvania"*

The Pennsylvania Economy League, Inc. and Econsult Solutions, Inc. released a report that shows expanding Medicaid to low-income Pennsylvanians as part of the ACA would increase economic activity in the state and result in fiscal savings, despite state cost increases over time. The report estimates that over the next 10 years,

Medicaid expansion would produce: \$4.4 billion in state government savings, \$32 billion in new federal spending in the Pennsylvania economy, new economic activity that supports between 35,000 and 40,000 jobs and \$3.6 billion in new tax revenues and a positive fiscal impact of more than \$5 billion. In the same time frame, the federal government would pay a total of \$38 billion and the state government would pay \$2.8 billion.

*Pennsylvania Health Law Project: “Expanding Medicaid in PA: Consider the Savings”*

Pennsylvania stands to save \$400 million per year in fiscal savings if state lawmakers expand Medicaid to cover 613,000 uninsured adults by expanding Medicaid’s income eligibility to \$15,415 per year for an individual. This PHLP report highlights savings from several sources and finds that Medicaid expansion almost always pays for itself, at least through the first three years.

*Pennsylvania Health Law Project: “Medicaid Expansion in Pennsylvania is Good for Families”*

Expanding Medicaid would cover more than 131,000 parents, the majority of whom are working and already have a child enrolled in Medicaid or the Children’s Health Insurance Program (CHIP). Three-quarters of these parents already have incomes that fall below the poverty line, and this report states that, “If state lawmakers opt out of expanding Medicaid they will create a gap in coverage between the haves and the have-nots; a gap that will harm families.”

The report also highlights studies that show expanding Medicaid can improve birth outcomes by covering women between pregnancies and make it more likely that children receive needed preventative care and other health-care services.

*Pennsylvania Health Law Project: “Medicaid Expansion: A Benefit for Rural Pennsylvania”*

Coauthored by PHLP and the Pennsylvania Office of Rural Health, this report argues that rural workers need Medicaid because they have less access to employer-sponsored insurance. More than 400,000 rural Pennsylvanians do not have health insurance, and yet rural Pennsylvanians have higher rates of chronic diseases, such as hypertension, diabetes, heart disease, and arthritis, than those living in urban areas. The report argues that extending Medicaid coverage will not only insure hundreds of thousands of low-income Pennsylvanians, it will also ensure the survival of rural and safety-net hospitals currently providing care to many uninsured patients.