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Sustainable Funding for Early Childhood Services **- Medicaid and State ACA Implementation**

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Project LAUNCH Spring 2012 Training Institute | May
15, 2012

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Overview

- Context/environment
- Progress on state ACA implementation
- Medicaid and ACA implementation issues to watch
 - ▣ Medicaid
 - ▣ Consumer protections
 - ▣ Exchanges
 - ▣ Essential health benefits (EHB)





Context / Environment

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Context/Environment

- **Election year**
 - 86 of 99 state legislative chambers holding elections
 - 5,984 (81%) of 7,384 state legislative seats up for re-election
- **State budgets and Medicaid spending**
 - States have cut \$584 billion since FY 2009
 - Is budget picture improving?
 - Medicaid spending cuts
- **ACA state politics**
 - States moving forward with different facets of ACA implementation
 - Coinciding state opposition



What does the ACA do?

- **Seeks universal coverage through distinct pathways**
 - ▣ Expansion of public insurance coverage
 - ▣ Individual mandate + subsidies to buy insurance
 - ▣ Exchanges – new marketplaces for insurance

- **Creates minimum consumer protections and eliminates discriminatory insurance practices**

- **Seeks to address health care costs**
 - ▣ Rate review
 - ▣ Medical loss ratio
 - ▣ Harmonization of products sold



Context/Environment



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Context/Environment

- **Four issues before Supreme Court:**
 - Whether Tax Anti-Injunction Act prevents challenges now
 - Individual mandate constitutionality
 - Severability
 - Medicaid expansion constitutionality





Progress on State ACA Implementation

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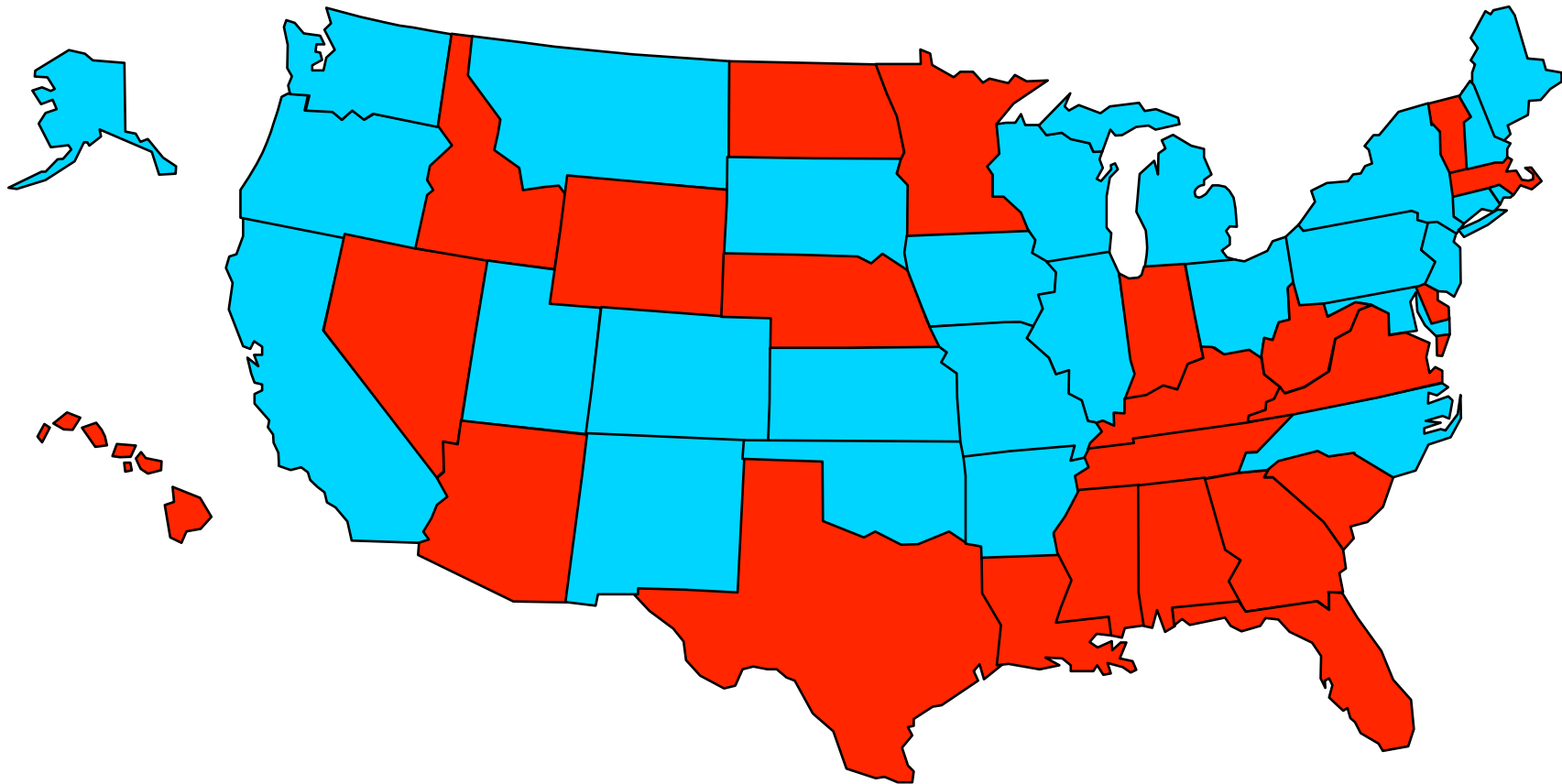


Progress on State ACA Implementation

- **States moving forward despite uncertainty**
 - State health reform implementation boards/commissions
 - Preexisting Condition Insurance Plan (PCIP)
 - Many states moving forward with exchanges
 - States beginning to make decisions on essential health benefits (EHB)
 - States harmonizing ACA consumer protections with state laws
 - States beefing up rate review authority and reviewing premium increases



Progress on State ACA Implementation: PCIP



 = State-run program

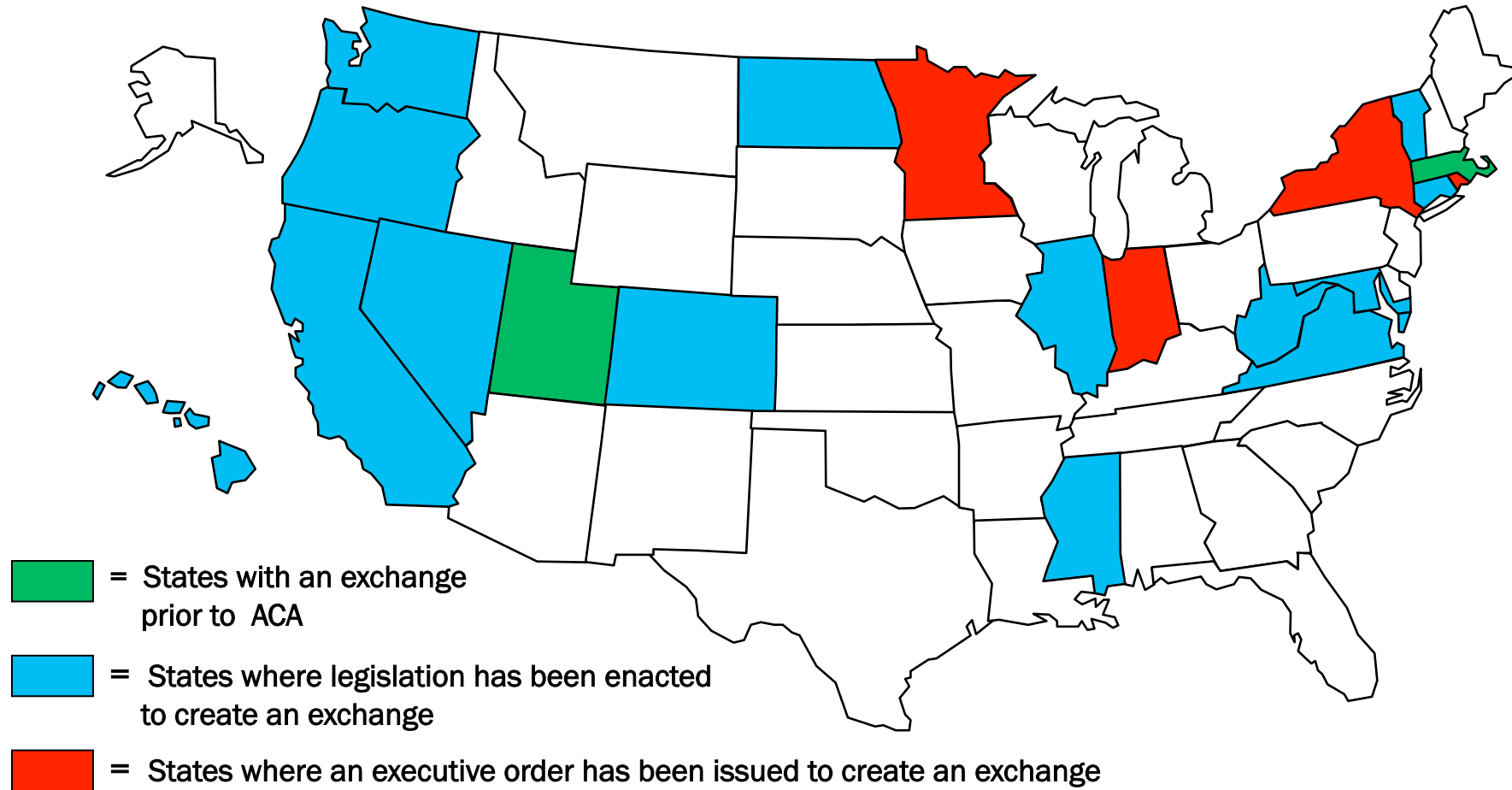
 = Federal program

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Progress on State ACA Implementation: Exchanges

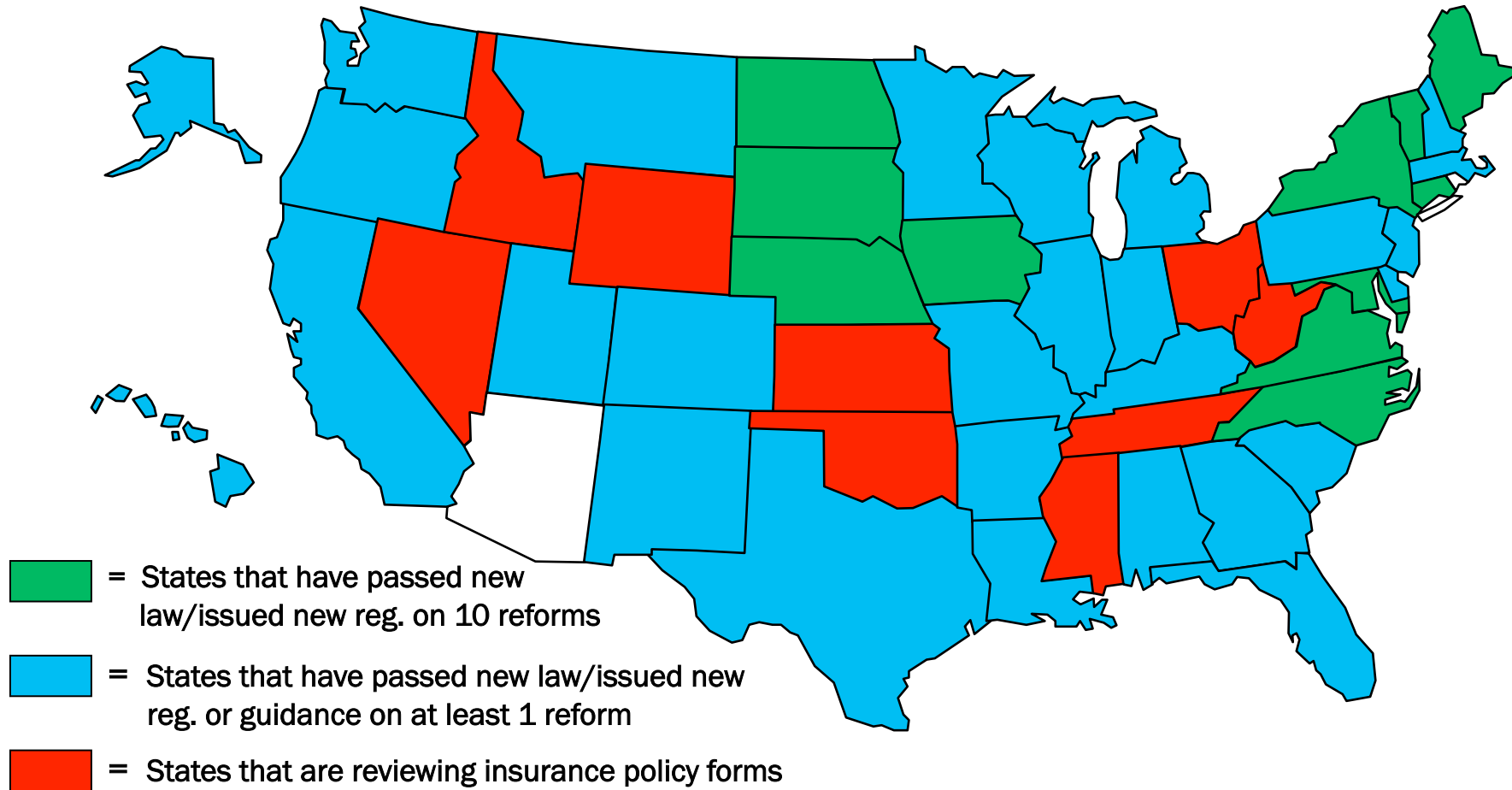


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Progress on State ACA Implementation: Consumer Protections



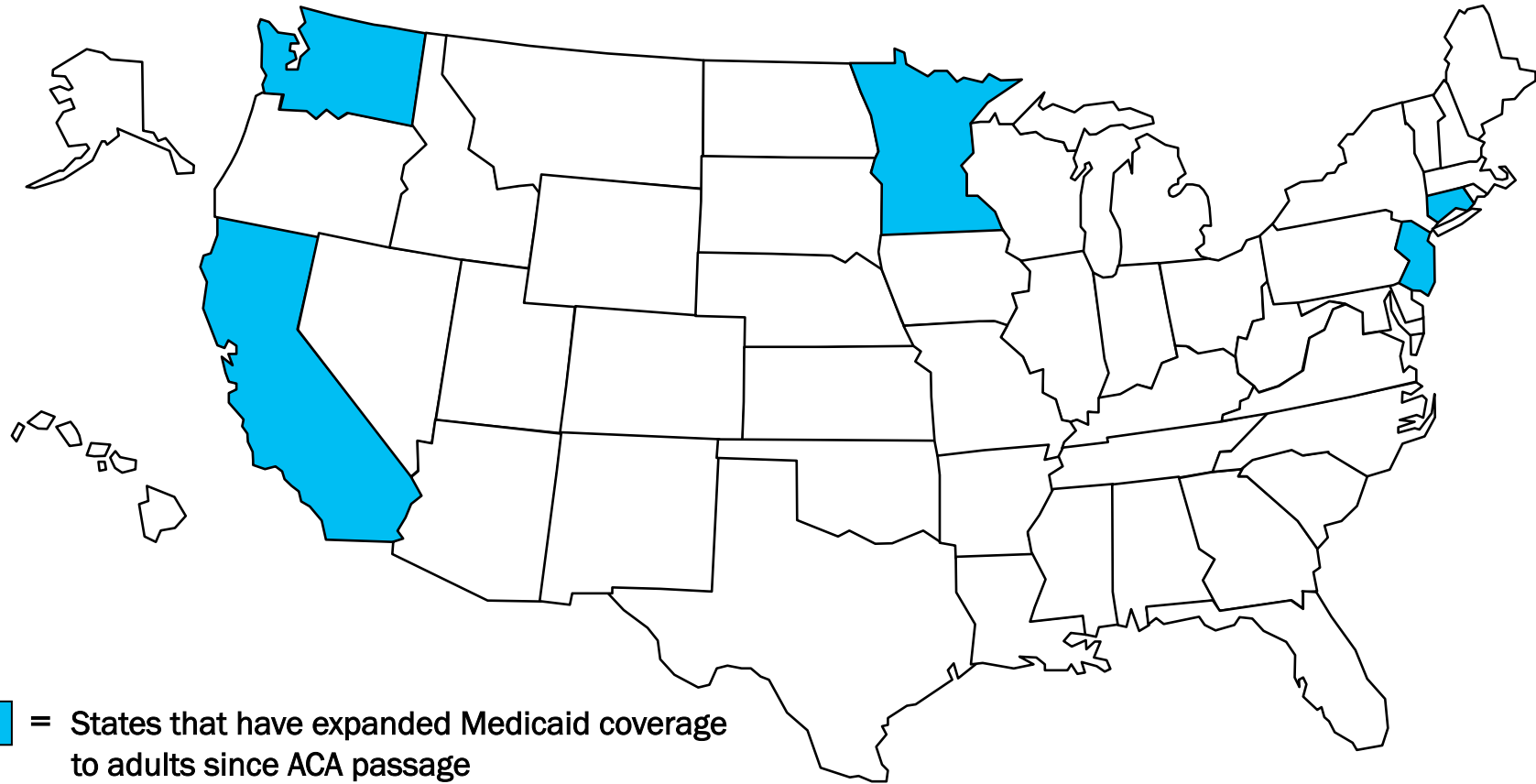
Source: Commonwealth Fund, "Implementing the Affordable Care Act, State Action on Early Market Reforms." March 2012.

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Progress on State ACA Implementation: Medicaid Expansion



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Medicaid /ACA Implementation Issues to Watch

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Issues to Watch: Medicaid

- **State budgets**
 - Expansion of managed care
 - Maintenance of effort (MOE)
 - Payment cuts
- **Expansion of Medicaid to 133% federal poverty level (FPL)**
- **ACA 2013-2014 Medicaid payment increase**
- **Access Rule**
- **Expansion of Medicaid to foster care alumni in 2014**
- **Health Homes option**
 - AAP and medical homes



Issues to Watch: Medicaid

- As of January 1, 2014 ACA expands Medicaid to include individuals younger than 65 who are:
 - ▣ Not pregnant
 - ▣ Not eligible for Medicare
 - ▣ Have family incomes up to 138% (with 5% income disregard) of the federal poverty level (FPL)
- Financing of expansion covered 100% (tapering to 90%) by the federal government



Issues to Watch: Medicaid

- States with separate CHIP programs have to transition children below 138% FPL (with 5% income disregard) to Medicaid in 2014
- States have option to expand Medicaid prior to 2014 and receive the current year FMAP
- Foster care alumni coverage in 2014



Issues to Watch: Medicaid

- Payment for primary care services increased to the Medicare rate for 2013 – 2014
 - ▣ Increased payment applied to evaluation and management services recognized for payment by Medicare (also vaccine administration codes)
 - ▣ Services provided by a physician with a “primary specialty designation of family medicine, general internal medicine, or pediatric medicine...”



Issues to Watch: Medicaid

- **Access Rule – Proposed May 2011**
 - Establishes a state Medicaid access review process
 - Requires an access review when a state seeks federal approval of a Medicaid state plan amendment (SPA) that includes a payment reduction
 - Requires the creation of an ongoing mechanism to allow for beneficiary feedback on access to care
 - Requires public and stakeholder involvement



Issues to Watch: Medicaid

The screenshot shows a web browser window displaying the website for the National Center for Medical Home Implementation, part of the American Academy of Pediatrics. The browser's address bar shows the URL www.medicalhomeinfo.org. The website header includes the AAP logo and the text "DEDICATED TO THE HEALTH OF ALL CHILDREN". The main navigation menu includes links for "ABOUT US", "HOW TO IMPLEMENT", "TRAINING", "STATE PAGES", "NATIONAL INITIATIVES", and "FOR FAMILIES". The page content features a "WELCOME" message, a section titled "WHAT IS A FAMILY-CENTERED MEDICAL HOME?" with an icon of a family, and a photograph of two young girls. Below the photo is a quote: "Every child and youth deserves a medical home." The page also includes sections for "QUICK LINKS" and "E-NEWSLETTER".

National Center for Medical Home Implementation
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> Home
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Site Search GO

ABOUT US | HOW TO IMPLEMENT | TRAINING | STATE PAGES | NATIONAL INITIATIVES | FOR FAMILIES

WELCOME to the National Center for Medical Home Implementation. This resource is for health professionals, families, and anyone interested in creating a medical home for all children and youth.

WHAT IS A FAMILY-CENTERED MEDICAL HOME?

A family-centered medical home is **not** a building, house, hospital, or home healthcare service, but rather an approach to providing comprehensive primary care.

In a family-centered medical home the pediatric care team works in partnership with a child and a child's family to assure that all of the medical and non-medical needs of the patient are met.

Through this partnership the pediatric care team can help the family/patient access, coordinate, and understand specialty care, educational services, out-of-home care, family support, and other public and private community services that are important for the overall health of the child and family.

The American Academy of Pediatrics (AAP) developed the medical home model for delivering primary care that is accessible, continuous, comprehensive, family-centered, coordinated, compassionate, and culturally effective to all children and youth, including children and youth with special health care needs.

Every child and youth deserves a medical home.

Share |

QUICK LINKS

- Building Your Medical Home Toolkit
- Children & Youth With Special Health Needs
- Marketing Your Medical Home
- Medical Home Literature
- Medical Homes @ Work e-Newsletter
- Spotlight on Child Health

E-NEWSLETTER

Click here to receive the Medical Homes @ Work e-Newsletter via e-mail.

WHAT'S NEW

- Medical Home Interview Video Series
- National Center for Medical Home Implementation Video

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Issues to Watch:

Consumer Protections

- Prohibition of preexisting condition exclusions for children
- Prohibition of lifetime coverage limits
- Internal appeals and external review
- Rescissions ban
- Restricted annual limits
- *Bright Futures* with no cost sharing
- Extension of dependent care coverage to age 26
- Choice of pediatrician



Issues to Watch: Consumer Protections

- Implementation
 - Child-only market issues
 - Ensuring *Bright Futures* coverage, including payment for services
 - Grandfathered health plan issues
 - Monitoring/enforcement



Issues to Watch:

Consumer Protections

- 14 million children receiving *Bright Futures* preventive services without cost sharing

(source: <http://aspe.hhs.gov/health/reports/2012/PreventiveServices/ib.shtml>)

- 105 million no longer have lifetime coverage limits

(source: <http://www.hhs.gov/news/press/2012pres/03/20120305a.html>)

- 2.5 million young adults to age 26 now new coverage

(source: <http://aspe.hhs.gov/health/reports/2011/YoungAdultsACA/ib.shtml>)



Issues to Watch: Exchanges

- Implementation issues
 - Federal or state or hybrid?
 - Timing/vendors
 - State agency/quasi-public authority/other
 - Governance board/structure
 - Functionality/consumer friendliness
 - Active purchaser ↔ Open marketplace
 - Medicaid screening or enrollment?
 - Relationship to private market



Issues to Watch: Exchanges

- Relationship with Medicaid
 - Medicaid expansion 2014
 - Outreach in 2013 to newly eligible
 - Can systems work?
 - Churning



Issues to Watch:

Essential Health Benefits (EHB)

- ACA directs the Secretary of HHS to define essential health benefits
- Institute of Medicine proposed a set of criteria and methods to decide benefits
- Department of Labor provided a report on the scope of benefits offered under employer-sponsored insurance



Issues to Watch: Essential Health Benefits (EHB)

- HHS issued bulletin in December 2011 proposing EHB be defined by a benchmark plan selected by each state
- The benchmark plan would reflect the scope of services and any limits offered by a “typical employer plan”
- Benchmark plans must include all 10 benefit categories as required by ACA

ESSENTIAL HEALTH BENEFITS BULLETIN
Center for Consumer Information and Insurance Oversight
December 16, 2011



Issues to Watch: Essential Health Benefits (EHB)

1. Ambulatory patient services
2. Emergency services
3. Hospitalization
4. Maternity and newborn care
5. Mental health and substance abuse disorder services
6. Prescription drugs
7. Rehabilitative and habilitative services and devices
8. Laboratory services
9. Preventive and wellness services and chronic disease management
10. Pediatric services, including oral and vision care



Issues to Watch:

Essential Health Benefits (EHB)

- HHS suggests 4 benchmark plans meet the statutory standards under ACA:
 - ▣ Largest plan by enrollment in any of the 3 largest small group insurance products
 - ▣ Any of the largest 3 state employee health benefit plans by enrollment
 - ▣ Any of the largest 3 national FEHBP plan options by enrollment
 - ▣ Largest insured commercial non-Medicaid health maintenance organization operating in the state



Issues to Watch: Essential Health Benefits (EHB)

- How could the benchmark options impact children's access to care?
- How will HHS/states ensure benchmark plan include the 10 benefit categories outlined in ACA?
- How do we ensure children receive all the care they need?
- How do Children with Special Health Care Needs access medically necessary services?



Issues to Watch: Essential Health Benefits (EHB)

□ AAP recommendations:

- EPSDT-like standard of medically necessary care
- Robust definition of medical necessity
- No substitution of benefits
- No inappropriate limitation of benefits
- Habilitation, oral and vision

□ AAP Resources:

- Policy Statement: Scope of Health Care Benefits for Children from Birth Through Age 26
- Policy Statement: Model Contractual Language for Medical Necessity for Children

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Conclusion

- ❑ States making critical decisions that will profoundly impact health care system in each state
- ❑ Many disparate and moving pieces
- ❑ States have enormous amount of work to do and can use expertise
- ❑ Exchange and EHB decisions in particular will impact children
- ❑ AAP state chapters are a resource



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