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NKF-CNSW Advocacy Series:

Affordable Care Act: What Nephrology Social Workers Need to Know

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Disclosure

- We have no financial or other conflicts of interest to declare



Objectives

- Provide an overview of the Affordable Care Act (ACA) and discuss key components
- Discuss the impact of the ACA on a state level
- Review the impact of the ACA on health care delivery



Key Provisions

- Guaranteed coverage January 2014
- Prohibits pre-existing conditions
- Eliminates lifetime and annual benefit caps
- Limits on age-based premiums
- Establishes a Health Insurance Marketplace
- Medicaid expansion (optional)



OVERVIEW



Marketplaces

Websites where individuals (and small businesses) can shop for health insurance across multiple carriers, apply for financial assistance, and purchase coverage

- **State** run or **Federally** run
- Small Business Health Options Program (SHOP) – will be considered group health plan and coordinate with Medicare
- Individual Coverage – does not have a coordination of benefits period
- Those with credible and affordable coverage (premiums less than 9% of annual income) through their employer or through a public program (i.e. Medicare) are not eligible for assistance to buy in the Marketplace
- In person and telephone enrollment assistance is available across the country



Over Half of State Marketplaces will be Run by the Federal Government

Exchange Type	States
Federally Facilitated Exchanges (FFE) (24)	Alabama, Alaska, Arizona, Florida, Georgia, Indiana, Kansas, Louisiana, Maine, Mississippi, Missouri, Montana, Nebraska, New Jersey, North Carolina, North Dakota, Oklahoma, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah*, Wisconsin, Wyoming
FFE – State Plan Management	Ohio, Virginia
HHS Approved State-Run (16 and D.C.)	California, Colorado, Connecticut, District of Columbia, Hawaii, Idaho, Kentucky, Maryland, Massachusetts, Minnesota, Nevada, New Mexico, New York, Oregon, Rhode Island, Vermont, Washington
Partnership (7)	Arkansas, Delaware, Illinois, Iowa, Michigan, New Hampshire, West Virginia



Sources: Kaiser Family Foundation, Avalere Health

* Utah will run its own Small Business Health Options Program

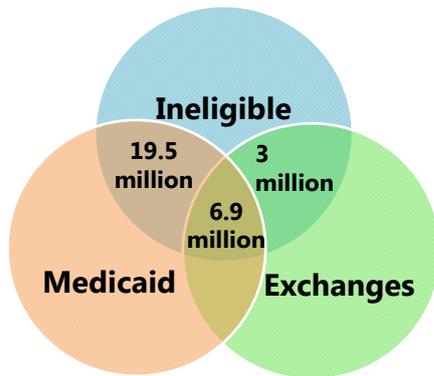
Marketplace Roles

- **Maintain** website and set processes for eligibility determinations for subsidies (**verify income?**)
- **Certify** participating qualified health plans
- **Coordinate** with Medicaid and Children's Health Insurance Programs (CHIP)
- **Enroll** the uninsured and the unaware



States Will Need to Address Individuals Who “Churn” Due to Income Fluctuation

Without measures to reduce turnover, many people will be forced switch between sources of coverage from one year to the next...



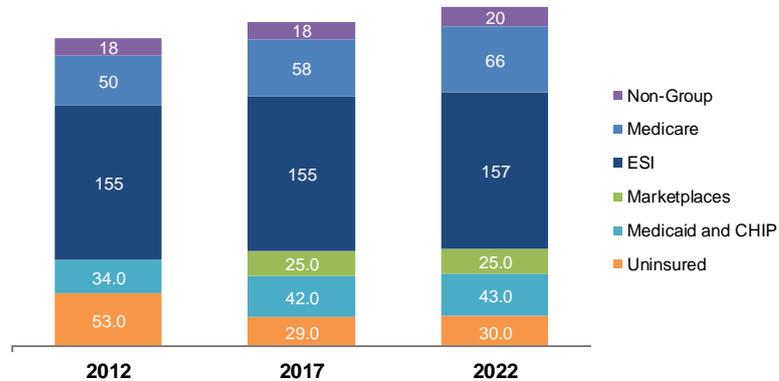
According to estimates, 29.4 million people will change coverage from year to year. This represents over 30% of the estimated 95.9 million people eligible for Medicaid or exchange subsidies in a given year.



Source: Urban Institute analysis of 2001 and 2004 Survey of Income and Program Participation, “Churning Under the ACA and State Policy Options for Mitigation,” June 2012, Matthew Buttgens, Austin Nichols, and Stan Dorn.

The ACA will Reduce the Number of Uninsured, Primarily through Medicaid and Marketplace Enrollment

Expected Sources of Coverage (in Millions)



Source: Congressional Budget Office, Estimates for the Insurance Coverage Provisions of the Affordable Care Act Updated for the Recent Supreme Court Decision, July 2012; Congressional Budget Office, March 2012 Medicare Baseline, March 2012
 ACA = Affordable Care Act
 ESI = Employer-Sponsored Insurance

Recent Technical Glitches Could Impact Enrollment in 2014

- Federally Run or Facilitated Marketplaces experiencing the most challenges
- Marketplaces are linked supposed to link automatically with States' Medicaid, but there have been challenges in some states
- State Run Marketplaces some states more successful than others
- Some consumer distrust because Marketplaces require personal information be entered, including social security number and income, before viewing plans and costs



Impact on Kidney Patients

- CKD patients, not covered by Medicare, will have expanded access to insurance through Marketplaces or through expanded Medicaid
- Dialysis patients will continue to receive Medicare (options for new ESRD patients with individual private coverage)
- Transplant recipients (for Medicare covered transplants) under age 65 will still have Medicare for 36 months post-transplant, but now will have access to insurance when Medicare expires
- Patients receiving secondary coverage in states that offer it through the Preexisting Condition Insurance Pool (PCIP) – “High Risk Pools” may lose this secondary coverage January 1, 2014 and cannot purchase supplemental coverage through the marketplaces



INDIVIDUAL COVERAGE IN MARKETPLACE PLANS



Consumers Can Choose Among Different Levels of Coverage

Four tiers of coverage based on percentage of healthcare costs covered

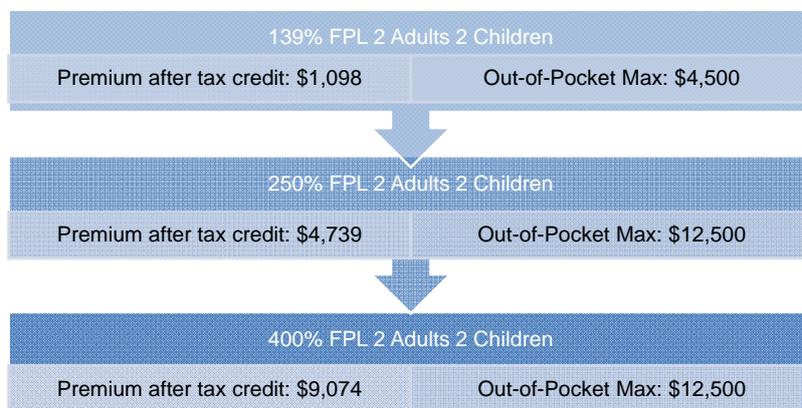


Premium and Income Levels

Income	Premiums Limited to % of Income
<133% FPL	2.0%
133 - 150% FPL	3.0 - 4.0%
150 - 200% FPL	4.0 - 6.3%
200 - 250% FPL	6.3 - 8.05%
250 - 300% FPL	8.05 - 9.5%
300 - 400% FPL	9.5 %



Affordability Could be a Barrier (maximum annual premium reflected, actual premiums vary by state)



Source: Kaiser Family Foundation <http://kff.org/interactive/subsidy-calculator/>
Assumes coverage under a Silver tier plan and all family members do not use tobacco

Average Monthly Premiums Lower than Originally Predicted

- An early look at average monthly premium for the second lowest cost Silver plan (prior to subsidy) for a 40 year old non-smoker is about \$267 and about \$215 for a 25 year old non-smoker
- Much lower than Congressional Budget Office est. (\$433)
- Current non-group enrollees (especially older patients) likely to pay less after subsidies, but the young uninsured may have sticker shock
- Family coverage could exceed the 9.5% income threshold



Benefit Packages

- Essential Health Benefits – no cost sharing for preventive care and certain screening tests (CKD screening does not qualify)
- Benefits, treatments and medications covered under the state's benchmark plan must also be offered in all Marketplace plans
- Level of benefits will be higher in many instances compared to low-end individual policies today



Penalties for Not Having Credible Coverage

- **2014:** \$95 for individuals; up to \$285 for family or 1.0% of income
- **2015:** \$325 individuals; up to \$975 for family or 2.0% of income
- **2016 – beyond** (adjusted annually): \$695 individuals; up to \$2085 for family or 2.5% of income



New Challenges for Consumers

- If income changes during the year, beneficiary could be liable to return part or all of the subsidy
- Employers are retaining coverage for employees and dependents but some are dropping spousal coverage
- Family members with access to employer-based affordable coverage are not eligible for subsidies
- Premiums may increase dramatically if the young invincibles do not enroll, resulting in Marketplaces that consist overwhelmingly of older, sicker patients who are more costly



IMPACT ON KIDNEY PATIENTS



Affect on Current Medicare Patients

- **Primary coverage remains the same**
 - Those who qualify for Medicare still qualify due to same eligibility and entitlements
- **Patients 65+ years**
 - Will retain Medigap or Medicaid coverage
- **Patients under 65**
 - Will qualify for Medicaid under the same QMB SLMB income requirements (ACA does not change these)
 - Obtaining secondary coverage faces the same barriers as today – Medicare beneficiaries cannot purchase secondary coverage through the Marketplace



Affect on ESRD Patients with Commercial Insurance

- ***Patient with current insurance through GHP***
 - Keep MSP 30 months COB
 - HHS clarified that MSP will apply to **GHP** plans in the Marketplaces established for small businesses to purchase coverage (SHOP)
 - MSP **does not** apply to individual plans in the Marketplace



Affect on Transplant Eligible Patients

- Patients more likely to be interested if insurance options are available (including after Medicare ends 36 months post transplant for ESRD beneficiaries)
- Referral for transplant listing more likely
- Could create greater demand for organs and longer wait time



Affect on Post Transplant Patients

Less likely to lose graft due to inability to afford transplant meds

- Coverage no longer tied to Medicare or employment
- Subsidies and premium assistance available when Medicare ends
- Cannot be excluded from coverage
- Essential Health Benefits in Marketplaces include good kidney immuno drug coverage



Affect on Medicare Covered Transplants and Immunosuppressive Drugs for Kidney Recipients



More Dialysis and Transplant Patients Entering ESRD with Individual Coverage

- An increased, but still small, number of patients will reach ESRD and become eligible for Medicare, but have individual coverage through the Marketplaces
 - Not GHP so Medicare Secondary Payer won't apply and some plans may not coordinate with Medicare and pay secondary
 - In states where patients don't have access to Medigap or can't afford it they may be left without any secondary coverage or limits on out-of-pocket costs if they enroll in Medicare
- When these individuals reach ESRD they **WILL** have a choice:
 - Enroll in Medicare and lose any tax credits and subsidies for their Marketplace plan
 - Forgo Medicare enrollment and maintain their Marketplace plan and keep any tax credits and subsidies they may be receiving



What the Law Says About Eligibility for Medicare and Marketplace Plans

- In August, the Internal Revenue Service (IRS) issued Notice 2013-41, further guidance that clarifies that patients who are disease eligible for Medicare can continue to receive tax credits and subsidies as long as they do not enroll in Medicare
- However, if an ESRD patient is approved for SSDI they are automatically enrolled in Part A after 24 months of receiving SSDI payments and become ineligible for the tax credits and subsidies
- What is still unknown is if late enrollment and penalties apply

Patients will rely heavily on Social Workers to help them understand whether they are better off enrolling in Medicare or keeping their Individual Plan – the answer will vary by patient.



Scenario Marketplace

Max is 40 years old and lives in Mesa, Arizona. He is single and does not have any children. Max makes 25,000 a year which is 218% of FPL. He enrolled in an individual plan through the Marketplace. After a visit to his doctor he learned he had advanced CKD and will likely need dialysis in a few months.

Max receives a tax credit towards his premiums so he pays \$144.08 per month for his Silver level individual health plan. Max's annual out-of-pocket maximum is \$5,200. His annual deductible, which he has not yet reached, is \$2,000.

When he reaches ESRD should Max enroll in Medicare?



Max's Cost Comparison Chart

Cost Categories	Marketplace Plan	Medicare A	Medicare B	Medicare D	Medigap
Monthly Premiums	\$144.08	n/a	\$104.90	\$31	N/A
Deductibles	\$2,000	n/a	\$147	\$325	N/A
Out-of-Pocket-Max	\$5,200	n/a	No Max	N/A	N/A
Coinsurance for Dialysis	20%	n/a	20%	N/A	N/A
Total annual cost	\$6,928.96	n/a	\$8174.64	47.5% of drug costs in 2014	N/A

Examples only; real premium, deductibles, coinsurance, copayment amounts, and provider reimbursements will vary.

Methodology: Assumes Medicare reimbursement rate of \$216.95 per dialysis treatment (2014 proposed unadjusted base rate), Marketplace reimbursement rate of \$542.38 per dialysis treatment (2.5 times the Medicare rate). Assumes 13 treatments per month. Calculates only dialysis costs no other medical costs.

Sources: Kaiser Family Foundation Subsidy Calculator. Assumes a \$2,000 deductible (some plan deductibles may be higher or lower). Assumes Max chose a Silver plan (other tier plans have different premium costs and actuarial values).



Scenario Medicare

Sylvia is 45 years old lives in New Orleans, Louisiana. She is single and her children are all grown. She purchased an individual health plan in the Marketplace and 6 months later found out her kidneys were failing. Sylvia makes 45,000 per year which is 392% of FPL.

Sylvia pays \$356.25 a month for her silver level individual marketplace plan she has a \$2500 deductible and a \$6350 out-of-pocket maximum, which she has not yet reached.

Should Sylvia enroll in Medicare?



Sylvia's Cost Comparison Chart

Cost Categories	Marketplace Plan	Medicare A	Medicare B	Medicare D	Medigap
Premiums	356.23	n/a	104.90	31	183
Deductibles	2500	n/a	147	325	0
Out-of Pocket-Max	6350	n/a	No Max	N/A	N/A
Coinsurance for Dialysis	20%	n/a	20%, but covered by Medigap	N/A	N/A
Total annual cost	\$10,774.76	n/a	\$1405.80	47.5% of drug costs in 2014	\$2,196

Examples only: real premium, deductibles, coinsurance, copayment amounts, and provider reimbursements will vary.

Methodology: Assumes Medicare reimbursement rate of \$216.95 per dialysis treatment (2014 proposed unadjusted base rate), Marketplace reimbursement rate of \$325.43 per dialysis treatment (1.5 times the Medicare rate). Assumes 13 treatments per month. Calculates only dialysis costs no other medical costs.

Sources: Kaiser Family Foundation Subsidy Calculator. Assumes a \$2,500 deductible (some plan deductibles may be higher or lower). Assumes Sylvia chose a Silver plan (other tier plans have different premium costs and actuarial values).



Transplant Considerations

Cara is 28 years old and lives in Wichita, KS. She is married and has a 3 year old daughter. She is not on dialysis, but will receive a kidney transplant from her mother. Betty is a stay at home mom and her husband is self employed. Their household income is \$35,000 so they are 226% above FPL.

They purchased health insurance through the Marketplace and receive a tax credit to help with the premiums. They pay \$210 per month. They don't get any subsidies so their combined out-of-pocket max is 12,700 and their combined deductible is \$5,000.

Should Cara enroll in Medicare?



Cara's Cost Comparison Chart

Cost Categories	Marketplace Plan	Medicare A	Medicare B	Medicare D	Medigap
Monthly Premiums	210.00	n/a	104.90	?	?
Annual Deductibles	5000	\$1184	147	325	?
Annual Out-of-Pocket-Max	12,700	n/a	No max	N/A	N/A
Copay/Coinsurance for Hospital Stay	?	0	20% - presumably some or all would be covered by Medigap	N/A	N/A
Copay/Coinsurance for Surgery	?	0	20% - presumably some or all would be covered by Medigap	N/A	N/A
Copay/Coinsurance for Specialist	?	n/a	20% - presumably some or all would be covered by Medigap	N/A	N/A
Copay/Coinsurance for Imaging (i.e. ultrasound)					
Total annual cost	\$10,774.76	n/a	\$?	47.5% of drug costs in 2014	\$?



Examples only: real premium, deductibles, coinsurance, copayment amounts, and provider reimbursements will vary.

Sources: Kaiser Family Foundation Subsidy Calculator.

Keep Marketplace Coverage or Enroll in Medicare

Cost Considerations

- Total Medicare Premiums vs. Marketplace premium
- Out-of-pocket costs
 - Marketplace subsidies
 - Medigap availability/cost
 - Qualification for Medicare Savings Program
 - Availability of a Medicare Special Needs Plan
 - Coinsurance/Copays for medical appointments, labs, specialist visits, hospital stays, surgeries, medications
- Premium costs for family coverage + Medicare vs. Marketplace coverage for all family members
- Medicare late enrollment penalty
- Approval for disability income
- Annual Marketplace plan changes and potential premium increases



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Benefit Design

- Marketplace plan's policy on paying secondary to Medicare
- Access to medications
- Transplant waiting period in Marketplace plans (WA, OR)
- Provider networks
- Coverage when traveling
- Number of dialysis treatments covered per week
- Coverage of home dialysis

IMPACT ON HEALTHCARE DELIVERY



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Increased Number of Consumers Seeking Medical Care

- Healthcare providers will see an increase in patients
 - Additional money allocated for Federally Qualified Health Centers for primary care
 - Specialists also will see an uptick in patients
 - Higher patient case loads will likely increase wait times for patients and delays in getting appointments



Redesigned Healthcare Delivery

- Payment systems will move from volume-based to outcomes driven and quality emphasis
- Greater use of bundled payment
- Accountable Care Organizations, Comprehensive ESRD Care Initiative
- Accelerated industry consolidation



Medicare Part D

ACA gradually reduces the amount Medicare Part D enrollees are required to pay for prescriptions when they reach the coverage gap

- To help pay for closing the gap manufacturers have to provide a discount of 50% on brand-name drugs and health plans will incrementally pick up a greater percentage of brand and generic drugs filled in the coverage gap
- The donut hole began closing in 2011 and in 2014 patients will pay 50% out-of-pocket for brand drugs in the donut hole and 79% of generic drug costs

When coverage gap is closed in 2020

- beneficiaries will pay 25 percent of the cost of brand and generic prescriptions



KEY TAKE AWAYS



Impact on Consumers

ACA will provide uninsured patient:

- Access to care without pre-existing wait times
- Access to preventative services

ACA will have little impact on:

- existing Medicare or Medicare Advantage Patients
- helping dialysis patients and recently transplanted patients obtain secondary coverage



Impact on Kidney Patients

ACA results in more CKD patients with Individual Health Plans when they reach ESRD

- If they enroll in Medicare will lose tax credits and subsidies
- No Medicare COB period for individual Marketplace plans. Each Marketplace plan will have different policies on whether or not it will pay secondary to Medicare
- Social Workers will need to help patients assess whether Medicare enrollment is beneficial or detrimental

ACA will impact the transplant recipient:

- Better access to coverage when Medicare ends
- Cannot be excluded from coverage
- Immunosuppressive prescription coverage



Healthcare Delivery Effects:

- Provider shortages likely
- Payment based on type, intensity, and volume replaced by outcomes
- Separate payments at each site of care replaced by bundled payment
- Closure of the donut hole for Medicare Part D Plans



Resources

- www.healthcare.gov
- www.Marketplace.cms.gov
- <http://kff.org/health-reform/>
- <http://kff.org/interactive/subsidy-calculator>



Sources

- Kaiser Family Foundation: Focus on Health Reform May 2011; **Affordable Health Care Act Provisions Relating to the Care of Dually Eligible Medicare and Medicaid Beneficiaries.**
- Kaiser Family Foundation: healthreform.kff.org
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- **The Impact of Health Care Reform Legislation on Medicare, Medicaid, and CHIP:** Dennis M. Barry, Charles A. Luband, Holley Thames Lutz



Q & A

will begin in a moment... but first...

How Can You Join NKF-CNSW?

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- or -

Call 888.JOIN.NKF

Ask your employer to fund part or all of your membership fee!

What's in it for them?

Improved Outcomes and Survey Readiness!



Thank You for Your Participation!

Upcoming Topics and Speakers in the NKF-CNSW Advocacy Series

Legislative Advocacy *Available to anyone who wants to participate!*

Tom Lepetich, MSW, LCSW, discusses how social workers can advocate to improve regulations protecting their profession and impacting patient care.

Nephrology Social Work: Maintaining a Clinical Framework *Available to NKF-CNSW members only.*

Stephanie Johnstone, MSW, LCSW, addresses how nephrology social workers can define the importance of their nephrology social work services on the interdisciplinary team; identify the tools available to help patients overcome the psychosocial barriers to survival, hospitalization and quality of life; and learn how to guard their clinical time in order to remain patient-centered and survey-ready.

Staying Alive: Self Care for the Nephrology Social Worker *Available to NKF-CNSW members only.*

Gary Petingola, MSW, RSW, speaks to the unique challenges of nephrology social workers and presents strategies for self-care.

