AMERICAN ACADEMY OF PEDIATRICS, OHIO CHAPTER

2012 Annual Meeting
Legislative Presentation
September 28, 2012
Agenda

1. Affordable Care Act (ACA) Implementation
2. Recent and Upcoming Legislative Activity
3. FY14/15 Operating Budget
4. Political Outlook
5. Spotlight: Youth Concussion Legislation
6. Spotlight: Akron Children’s Hospital
Introduction

- **Dr. William Cotton**, Medical Director – Primary Care Network, Nationwide Children’s Hospital

- **Charlie Solley**, Director of Government Relations and External Affairs, Akron Children’s Hospital

- **Daniel Hurley**, Manager of Governmental Relations, Capitol Consulting Group
Affordable Care Act – *Key Provisions*

- Medicaid Expansion (optional)
- Insurance Exchanges
- Essential Health Benefits
- *Bright Futures*
- Medicare/Medicaid Pay Parity
ACA – Medicaid Expansion

2014 Federal Health Coverage Expansion

Private Insurance

Health Benefit Exchange

Medicaid

Optional ACA Medicaid Expansion to 138%

Disabled Ohioans in this income range “spend down” their income to qualify for Medicaid

$92,200* (family of 4)

$31,809* (family of 4)

Federal Poverty Level (FPL)

Children 0-18 without coverage
Parents
Childless Adults
Disabled Workers
Other Aged, Blind and Disabled

Current Ohio Medicaid Eligibility
Federal Exchange Eligibility
Not Covered by Ohio Medicaid or Federal Exchange

* The 2012 poverty threshold is $11,170 for an individual and $23,050 for a family of four.
ACA – Medicaid Expansion

• Under ACA, all adults up to age 65 and at or below 138% of Federal Poverty Guidelines (FPG) can enroll
• Supreme Court decision effectively made this optional
• For persons who are part of this new Medicaid population, the federal government will cover 100% of costs at the start; federal share declines to 90% by 2019
• In addition, Medicaid enrollment will grow due to ‘woodworking effect’—enrollment of persons currently eligible, but do not participate in Medicaid
• According to a Mercer Health Study, Medicaid expansion plus woodworking effect would cost Ohio nearly $370 million in 2014 bring almost 1 million persons into Medicaid
ACA – Medicaid Expansion

**Current Ohio Medicaid Coverage**

**Woodwork Effect**

As a result of the federal mandate on individuals to purchase health insurance, an estimated 320,000 Ohioans who are currently eligible for Medicaid but not enrolled are expected to enroll in January 2014, at an estimated two-year State cost of $700 million.

* The 2012 poverty threshold is $11,170 for an individual and $23,050 for a family of four.
## ACA – Medicaid Expansion

### New Enrollees

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</thead>
<tbody>
<tr>
<td>Adults (ACA)</td>
<td>597,500</td>
<td>663,000</td>
<td>699,500</td>
<td>706,500</td>
<td>714,000</td>
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<td>Adults</td>
<td>153,500</td>
<td>192,500</td>
<td>214,500</td>
<td>217,000</td>
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<td>Children</td>
<td>165,500</td>
<td>200,000</td>
<td>218,000</td>
<td>220,000</td>
<td>221,500</td>
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<td>TOTAL</td>
<td>916,500</td>
<td>1,055,500</td>
<td>1,132,000</td>
<td>1,143,500</td>
<td>1,154,500</td>
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### New Costs (in thousands)

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<tbody>
<tr>
<td>Children</td>
<td>$573,000</td>
<td>$656,500</td>
<td>$724,600</td>
<td>$760,350</td>
<td>$797,350</td>
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<td>Adults</td>
<td>$3,801,400</td>
<td>$4,463,850</td>
<td>$4,916,150</td>
<td>$5,164,750</td>
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<td>TOTAL</td>
<td>$4,374,500</td>
<td>$5,120,350</td>
<td>$5,640,750</td>
<td>$5,925,100</td>
<td>$6,223,150</td>
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<td>State Share</td>
<td>$369,220</td>
<td>$570,937</td>
<td>$612,986</td>
<td>$846,972</td>
<td>$937,459</td>
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*Source: Governor’s Office of Health Transformation*
ACA – Medicaid Expansion

- Despite few public comments, the general consensus around the statehouse is that Ohio will expand Medicaid.
- Expansion will come with new reforms and cost-savings measures that will be discussed later.
- The Ohio Hospital Association endorsed Medicaid expansion earlier this month—several other groups are considering similar announcements.
- There are some areas where Ohio’s current eligibility is above Title XIX and would be picked up in expansion; this gives the state an opportunity to get 100% federal match for persons who are currently enrolled in Medicaid.
- Ohio might also pursue Medicaid for prison population.
ACA – Medicaid Expansion

Eligibility Modernization:
New Federal Income Eligibility Levels in 2014

Private Insurance

Health Benefit Exchange Subsidies?

- Federal Poverty Level (FPL)

- Medicaid

- 400%
  - $89,400 (family of 4)
  - Spend down?

- 138%
  - $30,843 (family of 4)

- Other Aged, Blind and Disabled

- Children 0-18 without coverage
- Children 0-18 with coverage
- Former Foster Kids 18-26
- Pregnant Women
- Breast & Cervical Cancer Program
- Parents
- Childless Adults
- Disabled Workers

Ohio Governor's Office of Health Transformation
ACA – Insurance Exchanges

• Lt. Governor and Insurance Commissioner Mary Taylor has insisted publically that Ohio will not create a state-based exchange—will opt into the Federal Exchange

• Official decision is due to HHS by November 16; open enrollment to begin October 1, 2013

• Medicaid Director McCarthy has been quietly tasked with developing some ‘outside the box’ ideas for an exchange

• One concept would be to move some of new Medicaid population into the exchange; fed reimbursement would be used to pay premiums and coinsurance

• Goal= Draw down more federal dollars while mitigating Medicaid enrollment increase
ACA – Essential Health Benefits

• Beginning January 1, 2014 all health insurance plans and Medicaid must cover these 10 categories:
  • Ambulatory patient services, emergency services, hospitalization, maternity and newborn care, mental health and substance abuse treatment, prescription drugs, rehabilitative/habilitative services, lab services, preventive and wellness services/chronic disease management, and pediatric services (including oral and vision)
• According to U.S. Dept. of Labor most plans already meet this standard, except for habilitative and pediatric services
• A version of Essential Health Benefits will also be adapted to Medicaid, though rules are still being drafted by HHS
• Under ACA, HHS was to develop a nationwide standard for essential health benefits, but…..
ACA – Essential Health Benefits

• ......HHS issued a bulletin in December that transferred responsibility to each state to develop their own standard

• Since coverage differs so much state to state, this way is viewed as more flexible; HHS will revisit a national standard in 2016

• Bulletin listed 10 potential plans that can serve as ‘benchmarks’—coverage must be similar to a ‘typical employer plan’ (ACA section 1302)

• Ohio must select a benchmark plan by September 30—Anthem BCBS Small Group PPO is the likely plan

• From there Ohio will have until January 1, 2014 to adjust plan coverage to meet essential health benefits mandate
### ACA – Essential Health Benefits

<table>
<thead>
<tr>
<th>Item 10: Pediatric Services, including oral and vision care</th>
<th>Fed Employee Health Plan</th>
<th>Anthem Small Group PPO</th>
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<tbody>
<tr>
<td>Preventive Care – physician services</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Immunizations</td>
<td>X</td>
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<tr>
<td>Routine Eye Exam</td>
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<td>X</td>
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<tr>
<td>Routine Hearing Exam</td>
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<tr>
<td>Dental – Diagnostic and Preventive</td>
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<td>X</td>
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<tr>
<td>Dental – Basic</td>
<td>X</td>
<td></td>
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<tr>
<td>Dental – Major</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Hearing Aids</td>
<td>X</td>
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</tr>
</tbody>
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*Under ACA and the supplemental HHS bulletin, if a benchmark plan fails to meet minimum coverage then the state must use another eligible benchmark plan to fill in the gaps—in this example pediatric oral and vision coverage under the Federal Employees Health Plan could be used to plug gaps in Anthem PPO*
ACA – Bright Futures

- Essential Health Benefits categories, for the most part, are broad and general—AAP was successful in including *Bright Futures* under pediatric care.
- AAP’s signature program of child development screenings and immunizations will be offered in all health plans and Medicaid with no
- As with provider pay increase, there is a concern that Ohio Medicaid and insurers will bundle reimbursement codes to reduce costs or set capitated rates low.
ACA – Medicare/Medicaid Pay Parity

- Under ACA, beginning in 2013 family physicians, pediatricians, and pediatric subspecialists will be paid Medicare rates for certain Medicaid services (E&M codes)
- For the first two years the feds cover the entire cost
- Concerns regarding implementation have been raised by stakeholders
  - Risk of Bundling Services so overall reimbursement remains static
  - MITS recognizing pediatric subspecialties
  - Verification of rate increase in managed care
- OhioAAP and allied groups have remained engaged with Medicaid Director John McCarthy—meeting scheduled in October, issues should be resolved before 2013
ACA – Other Key Provisions

- Ends Preexisting Conditions Exclusions
- Coverage on Parent’s Plan to Age 26
- Ends Annual Caps on Coverage
- ACO’s and Innovation Grants
Recent Legislative Activity

• Scale back of BMI Policy
  • Screenings no longer mandatory

• Pediatric Psychotropic Quality Initiative
  • Based on BEACON and PolicyLab reports and OhioAAP’s Building Mental Wellness Campaign—funded by CHIPRA grant
  • More info to be added after press conference

• Autism Initiatives
  • Autism Diagnosis Education Project (ADEP)
  • Play and Language for Autistic Youngsters (PLAY)
  • Ohio Center for Autism and Low Incidence (OCALI)
  • Increased funding of $1.325 million

• Mid-Biennium Review
Upcoming Legislative Activity

• Lame Duck Watch
  • House Bill 62—Health Worker Assault
  • **House Bill 143—Youth Sports Concussions**
  • House Bill 259—Alternative Medicine
  • House Bill 284—Physician’s Assistants
  • House Bill 367—Licensure of Pediatric Respite Care
  • House Bill 417—Physician Termination
  • House Bill 421—Physician Immunity
  • House Bill 485 / Senate Bill 228—Nurse Anesthetists
  • House Bill 543—Youth Suicide Prevention
  • Senate Bill 286—Physician Professional Development
  • Senate Bill 291—Surgical Technology
  • Senate Bill 301—Prescription Drugs
FY14/15 Operating Budget

- Governor Kasich’s ‘reelection budget’

- “Everything is on the table” – Kasich on Medicaid

- 30 cents of every tax dollar collected goes to Medicaid

- 50 cents of every tax dollar collected goes to Education

- There is a lot at stake for Pediatricians
FY14/15 Operating Budget

• Status of the General Revenue Fund (GRF)
  • Ohio finished FY12 in a strong position; despite a delay in the transfer of $500 million from JobsOhio nearly $240 million was deposited into the state’s rainy day fund, taking its balance to over $400 million—the fund was under $1 when Kasich took office

• School Funding Formula
  • Next year’s budget will feature Governor Kasich’s long-awaited school funding model; last year’s budget scrapped the Strickland-era evidence-based model (EBM). Details are scarce, and this issue will consume much of the public’s attention next year

• Income Tax Cut
  • Governor Kasich has publically said he would like to include an income tax cut in his budget proposal (along with other tax reforms). After school/workforce funding this item should consume any surplus of GRF funds.
FY14/15 Operating Budget

- Status of Medicaid Spending
  - Ohio’s Medicaid expenditures for FY12 came in more than $500 million under estimate, leaving a sizeable surplus in the program. This trend has continued into FY13, where we are more than $20 under estimate, despite delays in managed care contracting.

- Expected Medicaid Provisions
  - Medicaid Expansion (ACA)
  - Primary Care and Pediatric Rate Increase (ACA)
  - Optional Services under scrutiny
  - Provider Rate Cuts / Bundling of Services

- **Bottom Line:** Even with a projected surplus of nearly $1 billion, more than enough to cover expansion and normal program growth, the Kasich administration will look to squeeze every penny out of Medicaid to cover the cost of other priorities.
Political Outlook - Federal

• President Obama
  • The Obama for America Campaign team are practically Ohio residents this cycle—its working, Obama consistently leads in polls

• Romney/Ryan
  • The challenger and his running mate have spent loads of time in Ohio, as have surrogates like Marco Rubio and Rob Portman

• Brown vs. Mandel
  • Already the most expensive (and nasty) Senate race in history
  • This seat is key to republicans winning the Senate, and to democrats hoping to keep the Senate; Mandel closing in the polls

• Congressional Outlook
  • Ohio loses 2 seats this cycle—Republicans expected to win 11 seats, democrats 4, one toss-up seat (16th: Renacci vs. Sutton)
Political Outlook - State

Ohio House of Representatives
- Republicans hold 59 to 40 advantage; democrats have targeted roughly a dozen seats as vulnerable while republicans have identified a handful of democrat seats to win
- Republicans have a cash advantage and will likely see a net gain of one or two seats, democrats could win big but likely won’t win enough to take back the majority they lost in 2010

Ohio Senate
- Republicans dominate the Senate 23 to 10 and could see that advantage increase to 24-9 this cycle; Senate democrats simply do not have the money or organization to win big this cycle

Ohio Supreme Court
- 3 incumbent justices are up; republicans Cupp and O’Donnell and lone democrat Yvette McGee-Brown are up this cycle
Political Outlook – Other Issues

• VotersFirst vs. Protect Your Vote
  • A coalition of voter advocates and democrats have placed an initiative on the ballot to change the way Ohio’s congressional and statehouse districts are drawn
  • A group of republican organizations and legal advocates have organized to oppose this proposal
  • The proposal would remove legislators from the process and replace them with an independent commission of Ohio voters
  • Supporters argue this would restore fairness and remove politics while opponents argue this would create an unaccountable commission that could easily be corrupted

• Elections Lawsuits
  • Lawsuits have been filed over early voting, the removal of county BOE officials, ballot language, and voter registration
Spotlight: House Bill 143
Spotlight: Akron Children’s Hospital

- CMMI Grant
- *Partners for Kids*
- Expansion
Conclusion and Q&A

• “Children are our most valuable resource” – Herbert Hoover, 31st President of the United States

• “There are two things a child will share willingly: communicable diseases and his mother’s age” – Dr. Benjamin Spock, author of Baby and Child Care

• “The soul is healed by being with children” – Old English Proverb