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Federal Health Care Reform: What it Means for California

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Outline

- Overview of federal health reform legislation
- State's role in implementation
- Implications for California
- Concluding comments

Provisions to expand coverage

- Medicaid expansion
- Insurance market reforms
- Insurance Exchange
- New individual responsibilities
- New employer responsibilities

Other provisions

- Test new ways to pay for and organize care
- Prevention and wellness provisions
- Workforce training and development
- Voluntary long-term care insurance program

Financing

- Reduce spending in Medicare program
- Increase Medicare payroll tax on high earners
- New taxes and fees on drug manufacturing, devices, health insurance sector
- Eliminate various tax benefits and exclusions
- Impose penalties on employers and individuals
- Reduce Medicare Disproportionate Share Hospital (DSH) payments
- Impose tax on high-cost employer health plans

The Affordable Care Act: What Californians Should Know

Signed into law in March 2010, the federal legislation known as the Affordable Care Act is designed to make it easier for millions of Americans to obtain, pay for, and keep the coverage they need. By the time the law is fully implemented in 2014, estimates are that 96 percent of all Californians will be insured, either through their employer; a new exchange market; or expansions to public benefit programs. This guide is intended to orient California consumers to the coming changes in coverage landscape, the key reforms the law contains, and what their options will be once all the pieces are in place.

Highlights of the Law

Bars insurers from:

- Denying coverage because of pre-existing medical conditions.
- Dropping the coverage of people who become sick or suffer injury.
- Charging higher premiums because of health status or gender.

Requires large employers to:

- Provide health benefits, or pay a penalty.

Encourages small employers to:

- Provide coverage in exchange for tax credits

Requires individuals to:

- Obtain health insurance or pay a penalty, unless they qualify for certain exemptions.

Allows parents to:

- Extend their health coverage to children through the age of 25.

Changes for Californians with No Insurance

Annual Income		Coverage Options	Cost
Individual 	Family of Four 		

 

The State's Role in Implementation

Short-term (2010):

- Temporary high-risk pool
- Consumer assistance/ombudsman
- Oversight of short-term insurance protections
- Optional early expansion of Medi-Cal

The State's Role in Implementation

Mid- to long-term (by 2014):

- Decisions regarding optional programs and design alternatives
- Start-up of exchange(s)
- Seamless system for eligibility and enrollment
- Implementation of Medi-Cal expansion
- Integration of insurance oversight between state and federal agencies

Short-term Impact in California

- New, temporary high-risk pool funded with \$761 million from federal government
- New consumer protections for people with private coverage
- Tax credits for small, low-wage businesses
- Reduced costs for consumers in Medicare “doughnut hole”
- Reduced payments, potential cuts to Medicare Advantage coverage

Long-term Impact in California: Coverage

- About 2 million newly enrolled in Medi-Cal
- Medi-Cal primary care provider payments rise to Medicare levels (initially 100% federally funded)
- 3 to 4 million gain private coverage through new market rules, subsidies, and mandates
- 1 to 2 million remain uninsured

Long-term Impact in California: Other Issues

- Systemwide cost trends
- State budget impact
- Availability of doctors and other health care providers
- Impact on safety net providers and county programs

Concluding comments

- Many Californians stand to benefit from federal health reform, if implemented as envisioned
- Legislature and Administration will play critical roles in implementation, over a lengthy timeline
- Along path to implementation, process will matter