



Update on Health Reform Implementation in New Jersey

Accountable Care Organizations & Health Insurance Exchanges

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Outline

- The Patient Protection & Accountable Care Act (ACA) and New Jersey
- Health Insurance Exchanges
- Accountable Care Organizations (ACOs)

ACA Coverage-Related Changes

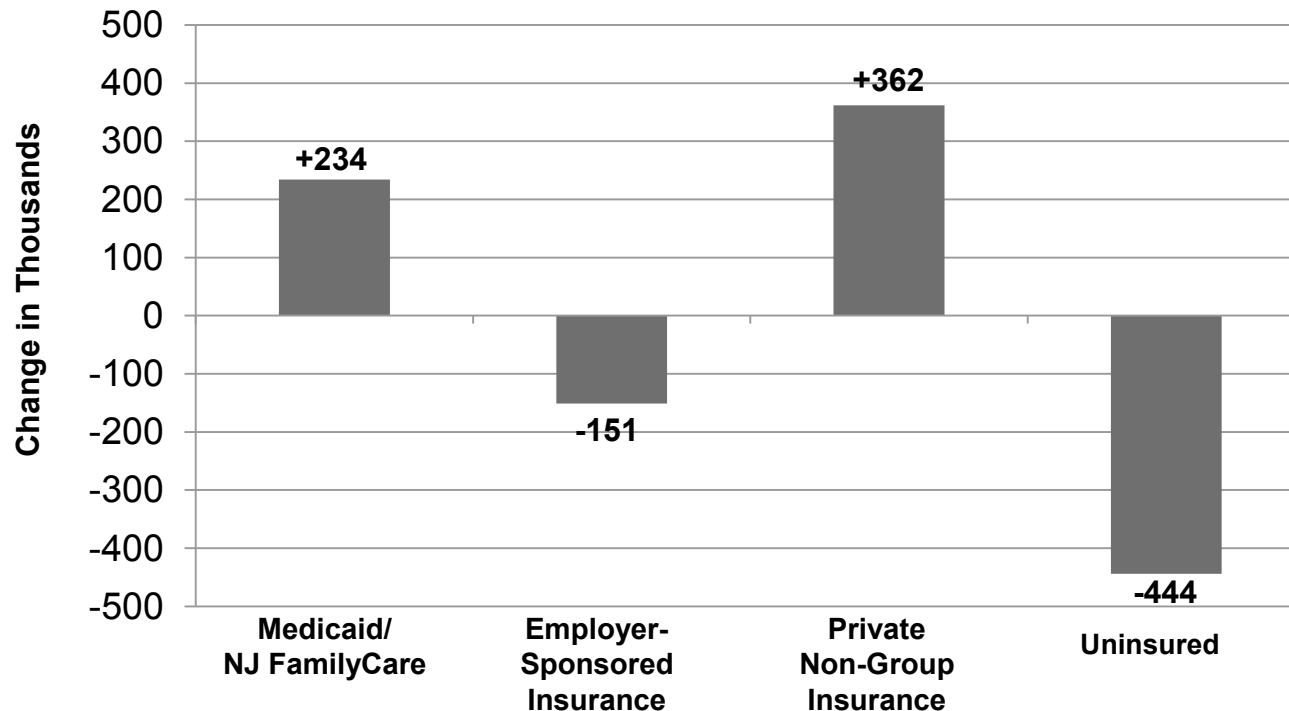
- Early Provisions
 - Young adult dependent coverage
 - Pre-existing condition insurance plans
 - Start to close Medicare Rx “doughnut hole”
 - No cost sharing for preventive care
 - Insurance reforms (e.g., no health discrimination)
 - Other (e.g., community and school health centers, delivery system reforms, patient-centered outcome research, workforce, etc.)
- Later – January 1, 2014
 - Minimum coverage requirement
 - Medicaid eligibility expansion
 - Premium and cost sharing subsidies
 - Health insurance exchanges

Selected Early ACA Impacts in New Jersey*

- 69,000 fewer uninsured young adults (6/11)
- 926 enrolled in “NJ Protect” pre-existing condition plan (3/12)
- \$95 million Medicare “doughnut hole” discounts (2011)
- \$31.4 million in grants to community health centers
- \$20.6 million in grants for prevention and public health
- >\$16 million in other grants for workforce development, school-based health centers, infant/child home visiting, etc.

*Source: US Dept. of Health and Human Services at healthcare.gov except NJ Protect enrollment from the NJ Dept. of Banking and Insurance.

Change in Health Insurance Coverage for New Jersey Population 0-64 after Implementation of the ACA



- Non-group health insurance will increase from 2.8% to 7.6% of the non-elderly.
- Medicaid/NJ FamilyCare will increase from 13.6% to 16.7% of the non-elderly.
- 65,000-75,000 would be eligible for a NJ Basic Health Plan (BHP).

Health Insurance Exchanges: Overview

- State-based health insurance market places
 - Certify plans
 - Side-by-side plan comparisons: quality, networks, premiums, benefits
 - Enrollment and eligibility functions – Medicaid and tax credits
 - Web portal, 800 number, “navigators”
- States may create or default to federal administration
- Available to legal US residents and small businesses
 - Open enrollment fall 2013

Health Insurance Exchanges

Where Does the Christie Administration Stand?

- State Interagency Working Group
- Planning and “Level 1 Establishment” grants (\$8.6 million)
 - Stakeholder input into design/policy decisions
 - Enrollment estimates
 - Policy options analysis
 - IT gap analysis and systems development
 - Financial planning
 - Options for Essential Health Benefits
 - Other operational planning
- No commitment to implement at this time

Health Insurance Exchanges

Where does the NJ Legislature Stand?

- Passed enabling legislation (S-1319/A-2171)
 - On Governor's Desk
- Selected Features
 - Independent government entity, “in but not of” model
 - Small, non-stakeholder appointed board of directors
 - Eight public members
 - Commissioners of Banking & Insurance and Human Services *ex officio*
 - Appointed advisory committee
 - Chair non-voting member of board of directors
 - Directors compensated
 - Power to reject plans
 - Basic Health Plan (BHP)

NJ Exchange issues to watch...

- How will Governor respond to the legislation?
- “Active” versus “Passive” purchaser
- Should the BHP be included?
- Stakeholder representation on the board
- Board member compensation
- Related issue: Essential Health Benefits

Accountable Care Organizations: Overview

- Centerpiece reform to health care financing and delivery
- The problem
 - High cost, poorly coordinated care
 - Piece-work financial incentives
 - Uneven quality
 - High use of avoidable and ineffective treatments
 - Under-use of effective preventive services
 - Especially important for persons with complex, chronic conditions
- The idea
 - Networks of hospitals, doctors, other providers work together
 - Incentives for better outcomes, stem cost increases
 - “Gainsharing” with payer
 - Medicare, Medicaid, Private

Medicare and Medicaid ACOs

- **Medicare**

- “Medicare Shared Savings Program” (MSSP) established in the ACA
- Extensive regulations revised after public comment
- Launch this year

- **Medicaid**

- “NJ Medicaid ACO Demonstration Program” authorized by NJ Legislation (P.L. 2011, Ch. 114)
- Inspired by Camden Coalition of Healthcare Providers
- Proposed regulations due out soon
- Some 10 other states pursuing similar programs

Key Differences the MSSP & NJ Medicaid ACOs

Program Features	Medicare Shared Savings Program	NJ Medicaid ACO Demonstration
General idea	Share savings from reducing unnecessary but often <i>profitable</i> Medicare services	Share savings from reducing costly but preventable and often <i>unprofitable</i> Medicaid services
Organization	Incorporated entity, provider initiated, must include “professionals”	Non-profit coalition, all hospitals & safety net clinics, 75%+ Medicaid PCPs in area, consumer reps
Patients	Passive assignment by plurality of primary care At least 5000 beneficiaries	All patients in designated area At least 5000 beneficiaries
Actuarial risk	Two tracks: limited and extensive risk bearing	No risk bearing

ACO issues to watch...

Medicaid

- Preliminary regulations for public comment out soon
- How will savings be calculated?
- What quality and access metrics?
- What communities will participate? What strategies will they propose?

Medicare

- Watch for start-up ACOs
- What entities will lead them, role for hospitals?

NJ State Health Reform Resources

- New Jersey health reform web site
http://www.state.nj.us/dobi/division_consumers/insurance/ppaca.html
- NJ Insurance Premium Rate Review web site (forthcoming)
- NJ Protect: Pre-existing Condition Insurance Plan
http://www.state.nj.us/dobi/division_insurance/njprotect/index.htm

CSHP Health Reform Resources

Available at www.cshp.rutgers.edu

- Health Insurance Status in NJ After Reform
- Stakeholder Views on Design of the NJ Exchange
- Governance of the NJ Health Insurance Exchange
- The Basic Health Plan Option
- Combining Individual and Small Group Risk Pools
- Defined Contribution Strategy for the SHOP Exchange
- Quality Measures for the Exchange
- More forthcoming