

# HEALTH REFORM 2010 & BEYOND

Joint Commission on Health Care  
Behavioral Health Subcommittee  
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## Virginia leads the nation...

- In Business:  
...“the best state for business.” (*Forbes*, 2006-2009)
- In Education:  
...the “state where a child will most likely have a successful life.” (*Education Week*, 2007)
- In Fiscal Governance:  
...one of four states effectively dealing with the national recession, “better positioned to weather bad times.” (The Pew Center, 2009)
- In Personal Income:  
#8 nationally in per capita personal income  
(Bureau of Economic Analysis)

## ...but not in healthcare.

- Is among only 10 states with more uninsured children today than 15 years ago – 167,000.
- Has experienced the 4<sup>th</sup> largest drop nationally in worker health insurance coverage over the last 15 years.
- Ranks 43rd nationally in income eligibility for children's health coverage.
- Ranks 48<sup>th</sup> nationally in Medicaid per capita expenditures.

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## Virginia's workers pay the greatest share of individual premiums in the nation.

U.S. Average: 20%		
State	Average Percent of Total Premium Paid by Worker ~ 2008	State Rank
Virginia	24% <sup>†</sup>	1
Maryland	22% <sup>^</sup>	11
Tennessee	21% <sup>*</sup>	17
West Virginia	21% <sup>*</sup>	17
Kentucky	20% <sup>*</sup>	25
North Carolina	19% <sup>*</sup>	33

\*Increase from 2006    ^Decrease from 2006    †Unchanged

Source: Medical Expenditures Panel Survey, Agency for Healthcare Research and Quality

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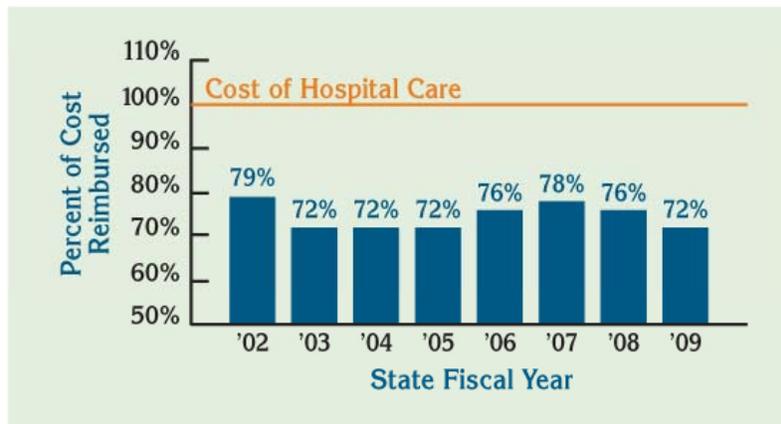
## Virginia ranks 44<sup>th</sup> on Medicaid income eligibility limits for working parents.

State	Income Eligibility Limit <i>(percent of federal poverty level)</i>	State Rank
Tennessee	134%	12
Maryland	116%	15
Kentucky	62%	29
North Carolina	51%	38
West Virginia	34%	42
<b>Virginia</b>	<b>30%</b>	<b>44</b>

Source: Kaiser Commission on Medicaid and the Uninsured, based on a national survey conducted by the Center on Budget and Policy Priorities (CBPP)

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## Medicaid payment rates fail to cover costs.



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## Inadequate Payments to other Medicaid Providers.

- Physicians: Survey shows 50% shortfall in Medicaid & FAMIS payment rates.
- Nursing Homes: Lose \$12.45 per day, per Medicaid patient.

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## Over One Million Virginians are Uninsured

**They are employed:** 80% live in households with at least one full-time (65%) or part-time (15%) worker.

**They work for small companies:** 46% live in households with a worker in a small company (100 or fewer employees) or with a self-employed worker.

**Their employers don't offer health insurance:** 72.3% live in households where the worker(s) has no offer of employer-sponsored health insurance.

**They are U.S. citizens:** The overwhelming majority of uninsured Virginians are U.S. citizens (81%).

**The majority are white, non-Hispanic:** 50% are Caucasian/non-Hispanic, 20% are African-American, 20% are Hispanic, and 10% classify as "other."

Virginia Health Care Foundation, *Profile of the Uninsured In Virginia*, 2010

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## National Health Reform Legislation

- Medicaid Expands to 133% FPL in 2014
  - (\$14,400 /individual; \$29,300/family of 4)
  - 100% federal funding for 2 years; ↓90% thereafter
  - Coverage for ≈ 270,000 - 425,000 Virginians
  - ↑ Federal payments for primary/primary care, children's coverage

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## National Health Reform Legislation

- Insurance Exchanges – for people without employer based coverage and small businesses
  - Standardized benefit packages
  - Sliding scale subsidies
  - Limits on out-of-pocket costs
  - Premiums =2%-9.5% of income

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## National Health Reform Legislation

- Insurance Reforms
  - Dependent coverage up to age 26
  - No pre-existing condition restrictions
  - No annual caps
  - No rescissions
  - Rate review
  - Medical-loss ratio requirements

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## National Health Reform Legislation

- “Increases in state spending are small compared to increases in coverage and federal revenues and relative to what states would have spent if reform had not been enacted.”
- Without considering all the offsets, KFF estimates federal gov’t will pay 92.8%-95.1% of Virginia’s new costs from 2014-2019.

*Medicaid Coverage and Spending in Health Reform: National and State-by-State Results for Adults at or Below 133% FPL, Kaiser Family Foundation, May 2010.*

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## **Opportunities Before 2014**

- Adjust FAMIS eligibility
- Improve coverage for legal immigrants
  - Medicaid eligible pregnant women – during and after the 5 year bar
  - FAMIS eligible children – during the 5 year bar
  - FAMIS eligible pregnant women – during the 5 year bar
  - Other “qualified” aliens after 5 year bar