



ACA Impact on Coverage in the Houston Region

Charles Begley
Assistance from Ashish Deshmukh
UT School of Public Health
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Talk About

- Five major provisions of the **Patient Protection and Affordable Care Act (ACA)** that are aimed at expanding health insurance coverage.
- Our projection of the number and characteristics of the population likely to be insured and uninsured under ACA in 2014-2020 in 13 counties in Southeast Texas that are part of the Houston-Galveston Area Council (H-GAC) region.

The Uninsurance Problem

- Health insurance coverage is a primary enabler of access to health care.
- Nationwide, 50.7 million people (16.7% of the population) lacked health insurance in 2009.
- Almost 70% of the uninsured are in households with income less than 400% of the Federal Poverty Level (FPL).
- The percentage uninsured in the 13 county region of the Houston-Galveston Area Council (H-GAC) (Harris, Austin, Brazoria, Fort Bend, Galveston, Chambers, Montgomery, Waller, Liberty, Colorado, Matagorda, San Jacinto, Waller, and Walker) was 27%.
- Almost 90% of the uninsured are in households with income less than 400% of the Federal Poverty Level (FPL).

I. Insurance Mandates and Tax Penalties

- ▶ U.S. citizens and legal residents must have qualifying health insurance coverage in 2014.
- ▶ Tax penalty \$695 per person up to \$2,085 per family or 2.5% of family income.
- ▶ Penalty phased in:
 - \$95 or 1% in 2014,
 - \$695 or 2.5% in 2016,
 - increased annually after 2016.
- ▶ Exemptions: religious objection, American Indians, those without coverage <3 months, undocumented immigrants, incarcerated, those for whom the lowest cost plan available exceeds 8% of income, those with incomes below the tax filing threshold (\$9,350 for singles and \$18,700 for couples).

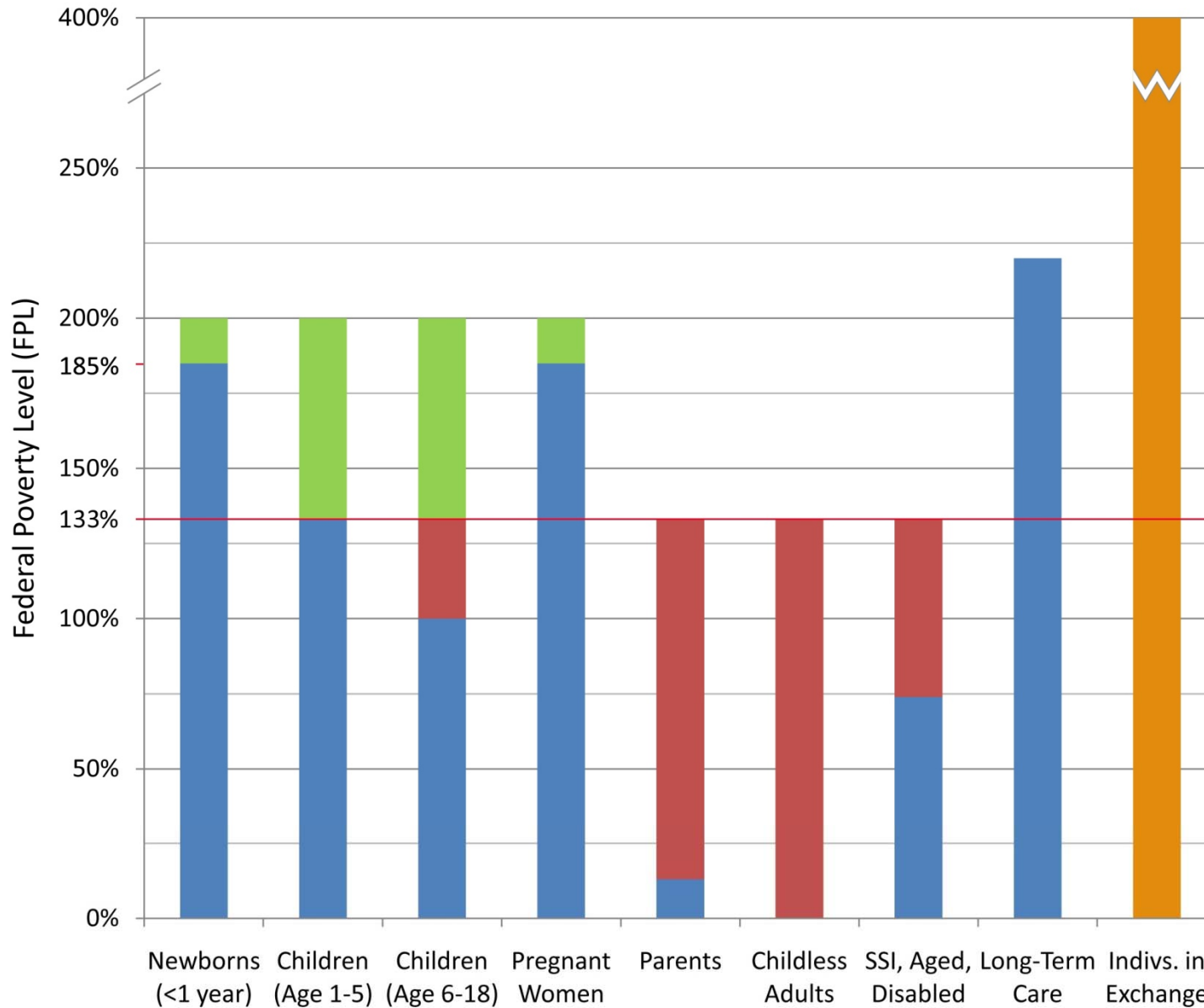
II. Medicaid Expansions

- ▶ Citizens and selected legal immigrants under age 65 with income up to 133% of the federal poverty level (FPL).
- ▶ 5% income disregard which effectively makes the Medicaid income eligibility limit 138% of FPL.
- ▶ No assets and resource tests.
- ▶ Single, streamlined eligibility form and a secure, electronic interface that allows exchange of data on eligibility .
- ▶ Grants for agencies and organizations to improve eligibility services.

FPL Guidelines 2011

Family Size	100%	133%	185%	200%	400%
1	\$10,890	\$14,484	\$20,147	\$21,780	\$43,560
2	\$14,710	\$19,564	\$27,214	\$29,420	\$58,840
3	\$18,530	\$24,645	\$34,281	\$37,060	\$74,120
4	\$22,350	\$29,726	\$41,348	\$44,700	\$89,400
5	\$26,170	\$34,806	\$48,415	\$52,340	\$104,680
6	\$29,990	\$39,887	\$55,482	\$59,980	\$119,960

Public Insurance Eligibility Levels in Texas, with ACA



Family Size and Income at 400% FPL	
1 - \$43,560	3 - \$74,120
2 - \$58,840	4 - \$89,400

Family Size and Income at 200% FPL	
1 - \$21,780	3 - \$37,060
2 - \$29,420	4 - \$44,700

Family Size and Income at 185% FPL	
1 - \$20,147	3 - \$34,281
2 - \$27,214	4 - \$41,348

Family Size and Income at 133% FPL	
1 - \$14,484	3 - \$24,281
2 - \$19,564	4 - \$29,726

Family Size and Income at 100% FPL	
1 - \$10,980	3 - \$18,530
2 - \$14,710	4 - \$22,350

- Federal Mandate ■ Current Medicaid ■ New Medicaid ■ CHIP ■ Subsidies

III. Health Insurance Exchanges

- Select, certify, and classify health plans and present the plans to individuals and employees of small businesses
 - bronze, silver, gold, platinum, catastrophic plan for individuals under 30.
- Website with information on the plans
- Conduct eligibility screening and enrollment for Medicaid and other public programs
- Premium subsidies to individuals and families with incomes between 138% and 400% of the FPL.
 - Sliding scale - families with incomes up to 100% of FPL pay up to 2% of income, those between 300-400% of FPL up to 12%.
- Screen for and grant coverage exemptions based on affordability or other criteria.
- Transfer coverage and exemption information to the government and employers.
- Establish a navigator program to conduct public education and enrollment.

IV. Private Insurance Reforms

- ▶ Prohibits lifetime or annual limits on the dollar value of essential health benefits (phased in)
- All plans must cover “essential health benefits” to include at least:
 - ambulatory services; emergency services; hospitalization; maternity and newborn care; mental health and substance abuse services; prescription drugs; rehabilitative services and devices; lab services; preventive services and chronic disease management; dental; and vision care.
- ▶ Prohibits considering pre-existing conditions in coverage or premium decisions.
- ▶ No co-pays for preventive services.
- ▶ Provide dependent coverage up to age 26.

V. Tax Credits and Penalties for Employers

- ▶ Small businesses - 25 or fewer employees with average annual income below \$50,000 and pay at least half the insurance premium - receive a tax credit for a portion of the premiums.
- ▶ Employers with 50 or more employees who do not offer insurance face a penalty - \$2,000 annually times the number of full-time employees minus 30. Increased each year beginning in 2014.
- ▶ Employers coverage must pay for at least 60% of premium of essential healthcare benefits and require employee to pay no more than 9.5% of family income for coverage.
- ▶ If the coverage fails to satisfy conditions and employee obtains coverage in Exchange, the employer will be penalized - \$3,000 annually for each fulltime employee covered by a subsidized plan, or \$2,000 times the number of fulltime employees minus 30, whichever is less.

Projection Methods

- 1. Determined the 2010 number and percentage of insured and uninsured by age, income, and citizenship status sub-groups that are potentially eligible for coverage under ACA.
- 2. Projected the size of each population sub-group for 2014-2020 for each county.
- 3. Estimated coverage without ACA was by applying current coverage rates.
- 4. Estimated coverage under ACA by applying best available estimates of participation rates.

Projection Methods (cont.)

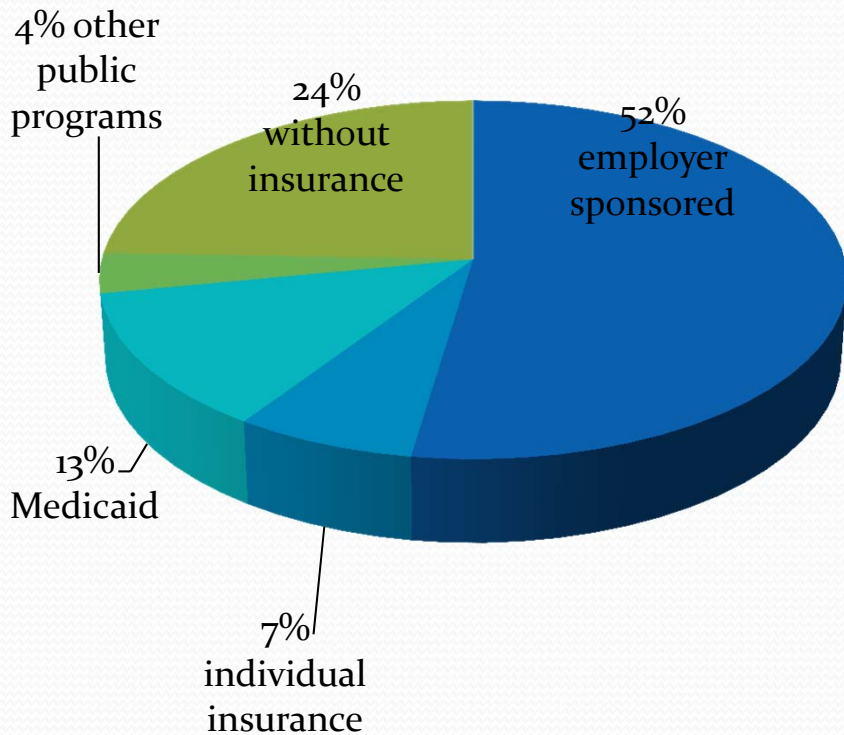
- 5. Medicaid and CHIP enrollment based on three scenarios.
 - Scenario 1 newly eligibles 57%, no change in current eligible rate (conservative enrollment from Urban Institute).
 - Scenario 2 newly eligibles 75%, no change in current eligible rate (optimistic enrollment from Urban Institute).
 - Scenario 3 overall participation rate 81% (new and existing eligibles) (adjusted THHSC).
- 6. Applied CMS national estimates of under 65 population covered under employment based and individual private insurance.
- 7. Applied CMS national estimates of under 65 population covered in Exchanges .

Impact by Coverage Type

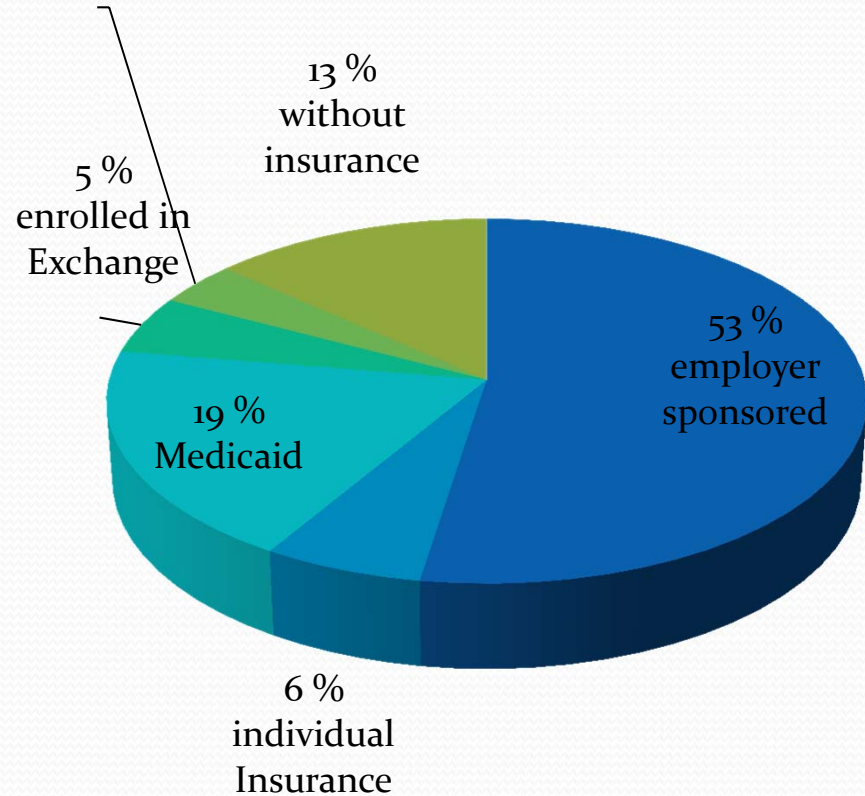
Type of Coverage	2010 #(%)	2014 Scenario 1 #(%)	2020 Scenario 1 #(%)
Employer coverage	3,106,186 (55.27%)	3,332,242 (54.39%)	3,693,054 (53.50%)
Individual Insurance	418,438 (7.44%)	379,131 (6.19%)	431,386 (6.25%)
Medicaid	743,774 (13.23%)	1,142,079 (18.64%)	1,331,860 (19.29%)
Exchanges	N/A (0.00%)	362,147 (5.91%)	362,147 (5.25%)
Other	212,828 (3.79%)	237,156 (3.87%)	272,108 (3.94%)
Non-elderly without insurance	1,449,604 (25.79%)	893,335 (14.58%)	942,754 (13.66%)
Non-elderly with insurance	4,170,862 (74.21%)	5,232,699 (85.42%)	5,959,882 (86.34%)
Total non-elderly population	5,620,466 (100.00%)	6,126,034 (100.00%)	6,902,636 (100.00%)

Impact by Coverage Type (Scenario 1)

Non-Elderly Health Insurance Coverage 2010



Non-Elderly Health Insurance Coverage ACA 2020



Impact by Scenarios

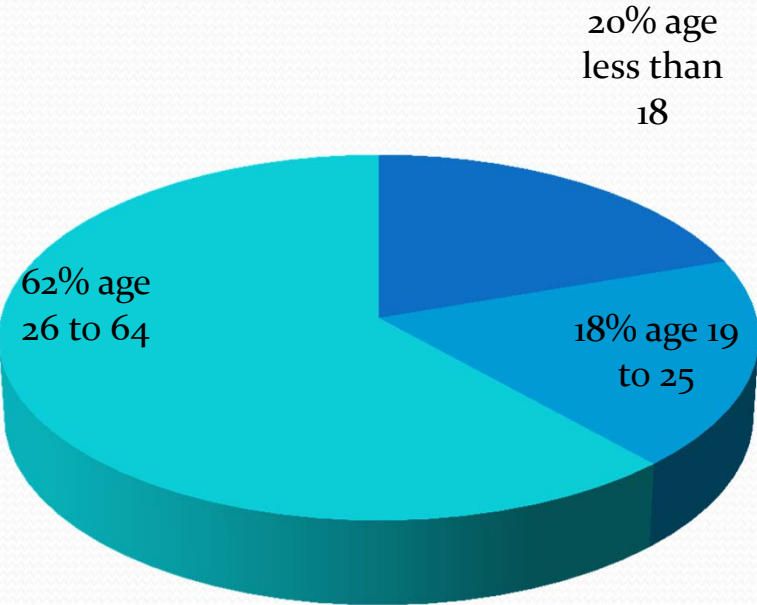
Category	2010 (No change)	2020		
		Scenario 1	Scenario 2	Scenario 3
# of Non-elderly with insurance	4,170,862	5,933,069	5,959,882	6,290,479
# of Non-elderly without insurance	1,449,604	969,567	942,754	612,157
% of Non-elderly with insurance	74.21	85.95	87.45	91.13
Total non-elderly population	5,620,466	6,902,636		

Impact on by Age (Scenario 1)

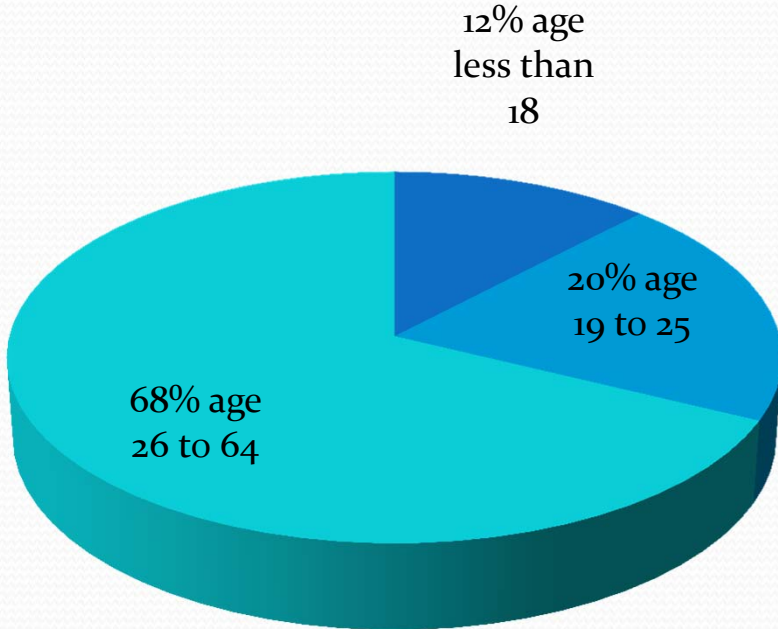
Category	2010	2020
Uninsured Non elderly	1,449,604 (100.00%)	942,754 (100.00%)
Less than 18	285,900 (19.72%)	110,203 (11.69%)
19 to 25	269,072 (18.56%)	182,389 (19.35%)
26 to 64	892,526 (61.57%)	615,553 (67.73%)

Impact by Age (Scenario 1)

Non-Elderly Uninsured by Age (2010)



Composition of Non-elderly uninsured by age ACA (2020)

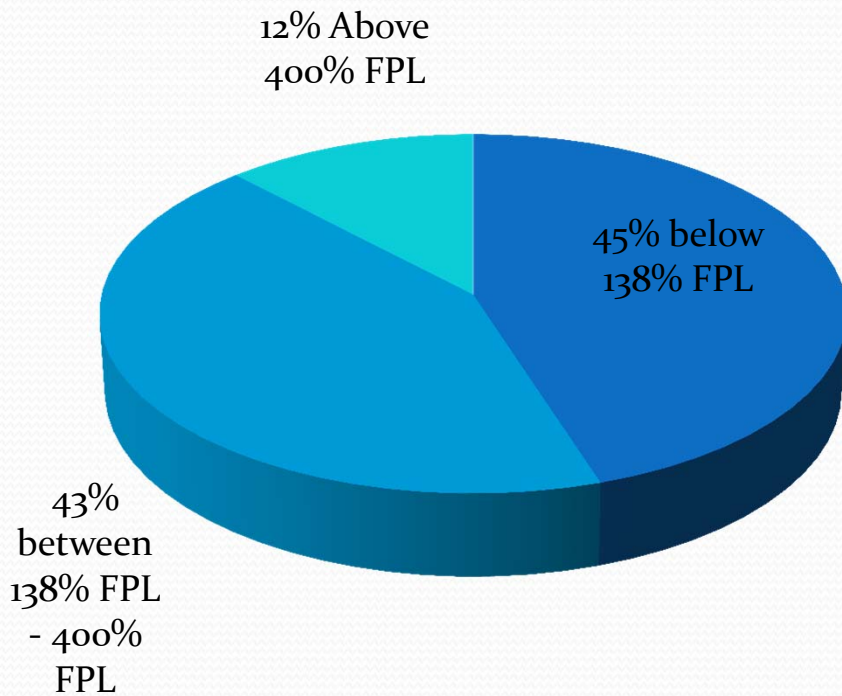


Impact by Income (Scenario 1)

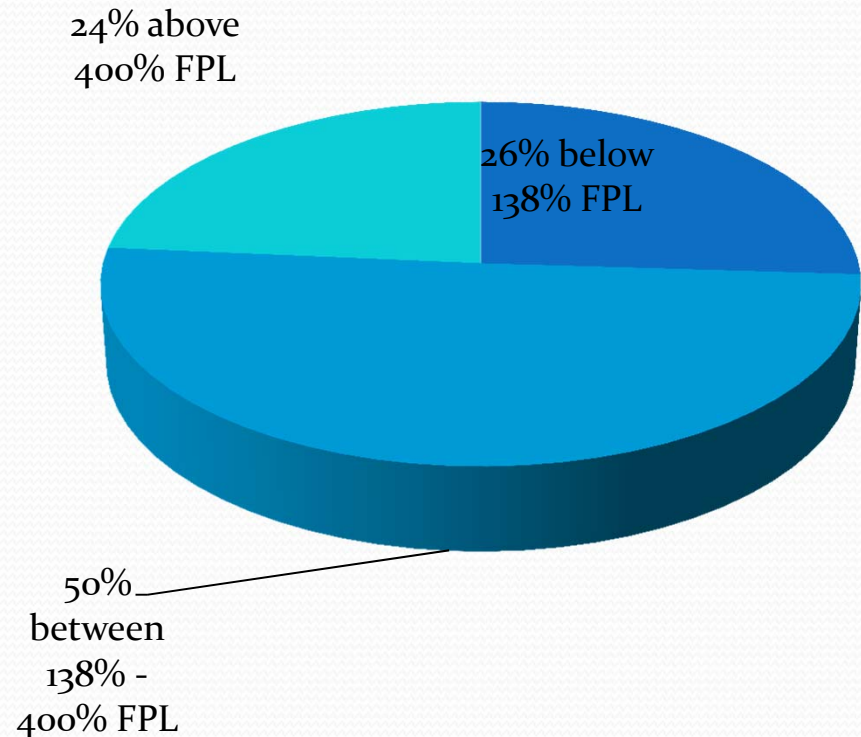
Category	2010	2020
Uninsured Non elderly	1,449,604 (100.00%)	942,754 (100.00%)
< 138% FPL	652,612 (45.02%)	244,739 (25.96%)
200% - 400% FPL	621,880 (42.90%)	475,337 (50.42%)
> 400% FPL	175,257 (12.09%)	222,584 (23.61%)

Impact by Income (Scenario 1)

Composition of Non-elderly uninsured by Poverty Level (2010)



Composition of Non-elderly uninsured by Poverty Level ACA (2020)



Summary

- The number of insured in the region could increase by 2 million over the next 10 years.
- Enrollment in Medicaid could increase by 40-50% relative to what it is now. Most of the new enrollees are newly eligible adults.
- By 2020, the uninsured population in the region below 138% of FPL could decrease from 700,000 to 254,000, a 66% reduction.
- By 2020, only 5% of children in the region may remain uninsured compared to the current rate of 16.96%.
- Under ACA, 45% additional non elderly adults age 26-64 years could receive coverage through the Exchange or Medicaid expansion, bringing the uninsurance rate in that age group down to 15% from 27%.
- The uninsurance rate in the 19-25 age group, currently almost 45%, could also decrease to 29% in the region.