

Affordable Care Act Implementation Accomplishments: March, 2011

Since the passage of the Affordable Care Act, the Administration has worked carefully and expeditiously to implement the legislation's early insurance market reforms and strengthen the health care system for all Americans. We have made significant progress to date.

Accomplishments include:

Improving the Affordability and Accessibility of Health Insurance

- **New Protections for Health Insurance Consumers:** On September 23, new consumer protections began to take effect in the individual and group markets. The important new benefits for consumers include:
 - **A Patient's Bill of Rights:** The Patient's Bill of Rights stops insurance companies from: imposing pre-existing condition exclusions on children except in limited cases, rescinding or taking away coverage based on an unintentional mistake on an application, setting lifetime dollar limits on coverage, and restricting insurers' use of annual dollar limits on coverage. Annual dollar limits will be totally eliminated for most plans issued or renewed beginning January 1, 2014. If an insurer is granted a waiver from the annual dollar limits between now and then, they are required to notify consumers of that fact in plain language.
 - **Insuring Young Adults:** Under the new law, young adults are allowed to stay on their parent's plan until they turn 26 years old. (In the case of existing group health plans, this right does not apply if the young adult is offered insurance at work.) Some insurers began voluntarily implementing this practice early.
 - **Strengthening the Ability to Appeal Insurer Decisions:** New rules empower consumers to appeal decisions made by their health plans or insurance companies and the availability of resources to help consumers prepare their appeals will give them more control of their health care decisions. These provisions of the Affordable Care Act will help support and protect consumers and help end some of the worst insurance company abuses. Additional guidance was issued to offer model notices, transition periods, and details of the new process.
 - **Ensuring Access to Providers and Emergency Care:** The new rules will ensure that patients in plans covered by the rules can choose an available primary care doctor or pediatrician of their choice from a plan's provider network, and that most women can see an OB-GYN without needing a referral. Most insurance companies will not be able to require prior approval before you seek emergency care at a hospital outside your plan's network, and will not be able to require higher co-payments or co-insurance for such care than would be charged in network.

- **Helping Americans to Keep the Coverage They Have Now:** New rules defining grandfathered health plans help give Americans the ability to keep their current plan if they like it, while minimizing market disruption and putting us on a glide path toward the competitive, patient-centered insurance market of the future.
- **Giving Consumers Better Value for Insurance Premiums:** In November, the Administration issued regulations that require health insurers to provide enrollees with rebates if they spend less than 80 to 85 percent of consumers' premiums on direct care for patients and efforts to improve care quality. This regulation, known as the "medical loss ratio" provision of the Affordable Care Act, will make the insurance marketplace more transparent and make it easier for consumers to purchase plans that provide better value for their money.
- **Reviewing Health Insurance Rate Increases:** The Affordable Care Act includes \$250 million to support State efforts to review rates and guard against unreasonable rate increases. The Administration awarded \$46 million in grants to help States to review rate increases on August 16. In December, the Administration released proposed rules that would require insurers seeking rate increases of 10 percent or greater in 2011 in the individual and small group market to publicly disclose the proposed increases and the reasoning behind them. States would review the rate increases to determine whether they are unreasonable, or the Department of Health and Human Services would do so if the State lacks authority or resources. In February 2011, the remaining approximately \$200 million was made available to States, with amounts set aside to adjust for workload and as a performance bonus for States that have or gain disapproval authority. In March 2011, HHS published proposed consumer disclosure notices, which insurers will have to complete and post electronically when they propose significant rate increases.
- **Informing Consumers through HealthCare.Gov:** On July 1, the Administration launched www.HealthCare.gov. Healthcare.gov is a new, easy to use website that helps consumers take control of their health care and make the choices that are right for them by putting the power of information at their fingertips. The website is the first of its kind to bring information and links to health insurance plans and other coverage options into one place, to make it easy for consumers to learn about their insurance choices. And the site includes extensive, easy to understand information about patients' rights, how to navigate the current insurance market, and how the Affordable Care Act will help them. A Spanish language version was launched on September 8, and additional pricing information was added on October 1. We continue to update that information and now have pricing and quality information for more than 10,000 insurance plans. In addition, as directed by the new law, the Department of Health and Human Services published a list of authorities provided to the Secretary on its website on April 22, 2010.
- **Providing Support for State Consumer Assistance Efforts:** On October 19th, the Administration awarded nearly \$30 million in grants from the new Consumer Assistance Grants program to help States and territories put patients in charge of their health care. These grants will support States' efforts to establish or strengthen consumer assistance

programs that provide consumers with the information they need to pick from a range of health coverage options as well as to provide assistance with enrollment; educate consumers about their rights and obligations; help them appeal decisions when a plan denies coverage; and generally track consumer problems.

- **Providing Small Business Tax Credits:** The Administration notified more than 4 million small employers regarding \$40 billion in tax credits offered by the Affordable Care Act to help small employers that purchase health insurance for employees. In addition, it conducted hundreds of briefings and meetings for small businesses and the accountants and practitioners who serve them. Nationwide data is not yet available, but there are early signs that insurance sales to small businesses are increasing.
- **Creating the Pre-Existing Condition Insurance Plan (PCIP) Program:** On July 1, the Administration announced the establishment of the Pre-Existing Condition Insurance Plan (PCIP) program to provide coverage for eligible Americans who have been uninsured for six months because of a pre-existing condition. Coverage started in 47 States by August, and all States are accepting applications and providing coverage. As of February, over 12,000 people had gained insurance through this program, and the number is growing every day.
- **Supporting Early Retirees:** In 1988, 66 percent of large firms provided health care coverage to their retirees. Twenty years later in 2008, the percent of firms offering coverage to retirees plummeted to 31 percent. The Early Retiree Reinsurance Program (ERRP) offers \$5 billion in reinsurance payments to employers so they can more easily give benefits to their retired workers who are not eligible for Medicare. The program's benefits became effective June 1, three weeks ahead of schedule. The first round of approvals was announced on August 31, along with a new website (www.eerp.gov) and policy guidance, and additional accepted applicants are posted on HealthCare.gov every Friday. Companies have been able to submit claims for payment since October. Over 5,000 applications have been approved, reducing premiums or cost sharing for 4.5 million early retirees, workers, and their families.
- **Protecting Student Coverage:** In February 2011, the Administration proposed rules to ensure that students who buy insurance through their college or university would be given many of the same rights and protections as other Americans under the Affordable Care Act, including the Patient's Bill of Rights.
- **Expanding Medicaid Options:** CMS made available federal funding to States that elect the statutory option to cover low-income childless adults through Medicaid in advance of the 2014 coverage requirement. The new funding will help States that are working to provide coverage to more of their residents. Two States and the District of Columbia have used this new option already.
- **Laying the Groundwork for Exchanges:** As of February 2011, the Administration awarded \$50 million dollars in grants to help 49 States and the District of Columbia plan for the establishment of these Health Insurance Exchanges. These grants of up to \$1

million each will provide States with resources to conduct the research and planning needed to build a better health insurance marketplace and determine how their Exchanges will be operated and governed.

On February 17th, the Department of Health and Human Services awarded \$241 million in competitive “Early Innovator” grants to six States and a coalition of States to design and implement the Information Technology (IT) infrastructure needed to operate Health Insurance Exchanges. This will complement the support for States to update their Medicaid IT for eligibility. On November 3, the Administration proposed that new federal funding become available to all States to streamline and upgrade their Medicaid eligibility systems in preparation for the changes resulting from the Affordable Care Act in 2014. The Administration also announced guidance to help States design and implement the information technology (IT) needed to establish exchanges.

On January 20th, Exchange establishments grant opportunities were announced, allowing States to choose from a menu and options for how it would go to the next level in terms of planning and establishing Exchanges in their States.

- **Empowering States to Innovate:** Building on the Administration’s commitment to ensuring states have the power and flexibility to innovate and implement the health care solutions that work best for them, the Departments of Health and Human Services (HHS) and Treasury proposed new rules in March of 2011, outlining the steps states may pursue in order to receive a State Innovation Waiver.

Strengthening Medicare

- **Closing the Medicare Part D “Donut Hole” for Seniors:** The new law, in 2010, provided \$250 rebate checks for eligible Medicare beneficiaries who fall into the prescription drug coverage gap known as the donut hole. Nearly 4 million beneficiaries have received checks. The checks are the first step in closing the donut hole. For 2011 and subsequent years, Congress and the Administration secured agreements with drug manufacturers of virtually all brand-name drugs covered by Medicare to provide a 50 percent discount on brand name drugs purchased in the prescription drug coverage gap known as the donut hole. In addition, the average estimated Part D drug benefit premium in 2011 will not be higher than it was in 2010.
- **Ending Excessive Payments to Insurance Companies:** The Administration started implementing payment policy changes to the Medicare Advantage program that will begin the process to reduce Medicare’s excessive payments to private plans in the Medicare Advantage program. In 2011, on average, benefits remain the same while enrollment has climbed by 6 percent and premiums have fallen by 6 percent compared to 2010. Changes to Medicare Advantage will help strengthen Medicare for all seniors and extend the life of the Medicare Trust Fund. Seniors who choose Medicare Advantage plans will continue to receive their guaranteed benefits.

- **Fighting Fraud:** The Affordable Care Act includes significant new tools that will help fight fraud and protect taxpayer dollars. Using these new tools, Secretary Sebelius has pledged to cut Medicare's error rate (the percentage of claims paid inappropriately) in half by 2012. Attorney General Holder and Secretary Sebelius have asked the State Attorneys General to join forces in a coordinated nation-wide effort to fight and prevent health care fraud. A series of summits is planned across the country to jump-start this effort on a local level. The first summit was held in Miami on July 16, 2010 the second was in Los Angeles on August 26, the third was in New York on November 5, and the fourth was in Boston on December 16. A final regulation implementing the first round of Affordable Care Act policies to combat Medicare and Medicaid fraud including new provider screening and enforcement measures to help keep bad actors out of Medicare, Medicaid and CHIP was published on January 24, 2011. Also, in January 2011, HHS and DOJ announced that they had recovered more than \$4 billion in taxpayer dollars during FY 2010.

Promoting Prevention

- **Ensuring All New Health Insurance Plans Cover Proven Prevention:** New insurance plans purchased on or after September 23, must cover certain recommended preventive services, including mammograms, colonoscopies, immunizations, and well-baby and well-child screenings, with no deductibles, copayments, or coinsurance.
- **Ending Beneficiary Payments for Prevention:** Starting in 2011, Medicare beneficiaries can get preventive care services like colorectal cancer screening and mammograms without paying any cost sharing.
- **Adding an Annual Wellness Visit to Medicare:** Starting in 2011, Medicare pays for an annual wellness visit so that seniors can receive the free preventive benefits they need as well as advice on how to stay healthy.
- **Awarding \$1 billion in Grants for Prevention:** The Administration allocated \$250 million in funds from the 2010 Prevention and Public Health Fund to programs to support activities such as community initiatives and the development of the public health infrastructure that can help prevent disease and illness before it starts.

In 2011, building on the initial investment, \$750 million in new funds is dedicated to expanding prevention initiatives on four critical priorities:

- Community Prevention (\$298 million): These funds will be used to help promote health and wellness in local communities, including efforts to prevent and reduce tobacco use; improve nutrition and increase physical activity to prevent obesity; and coordinate and focus efforts to prevent chronic diseases like diabetes, heart disease, and cancer.
- Clinical Prevention (\$182 million): These funds will help improve access to preventive care, including increasing awareness of the new prevention benefits

provided under the new health care law. They will also help increase availability and use of immunizations, and help integrate behavioral health services into primary care settings.

- Public Health Infrastructure (\$137 million): These funds will help state and local health departments meet 21st century challenges, including investments in information technology and training for the public health workforce to enable detection and response to infectious disease outbreaks and other health threats.
- Research and Tracking (\$133 million): These funds will help collect data to monitor the impact of the Affordable Care Act on the health of Americans and identify and disseminate evidence-based recommendations on important public health challenges.
- **Supporting Medicaid Programs in Preventing Chronic Disease:** In February 2011, HHS announced a new, \$100 million program allowing states to offer incentives to Medicaid enrollees who voluntarily adopt healthy behaviors such as quitting smoking or losing weight. The program focuses on those behaviors that can cause some of the most critical chronic conditions that together affect millions of Americans, including tobacco use, obesity, heart disease, and diabetes.
- **Launching the Prevention Council and Strategy:** An executive order to create the National Prevention, Health Promotion and Public Health Council was signed on June 10. It met and produced a preliminary report on July 1, and met again on September 15 to review its plan for the coming year. On January 26, the Administration appointed 13 members to the Advisory Group on Prevention.
- **Supporting Breastfeeding for Working Moms:** The Affordable Care Act makes sure that employers provide a reasonable break time for nursing mothers so that they can express breast milk. The Department of Labor provided guidance in December of 2010 to help employers comply with this new policy.

Building the Foundation of an Affordable, High-Quality Health System

- **Spurring Innovation in Therapeutic Discovery:** The Administration has awarded \$1 billion through the therapeutic discovery program, which provides tax credits and grant to small businesses to encourage the development of new and cost-saving therapies, support good jobs, and increase U.S. competitiveness.
- **Launching the Center for Medicare and Medicaid Innovation:** On November 16, CMS formally established the new Center for Medicare and Medicaid Innovation (Innovation Center). Created by the Affordable Care Act, the Innovation Center will examine new ways of delivering health care and paying health care providers that can save money for Medicare and Medicaid while improving the quality of care. CMS also announced the launch of new demonstration projects that will support efforts to better coordinate care and improve health outcomes for patients.

- **Proposing a National Health Care Quality Strategy:** In March 2011, the Administration will publish a National Health Care Quality Strategy. The Strategy focused on our work to ensure that Americans have access to health care that is of the highest clinical quality, is patient-centered, and assures the affordability of that care for America's families, taxpayers, and employers
- **Protecting Patient Safety, Reducing Medical Liability:** In September, 2009, President Obama called on the Department of Health and Human Services to make grants available for projects that have the potential to improve patient safety and reduce medical liability. Grants for these projects were awarded in June, 2010.
- **Strengthening the Health Care Workforce:** In 2010, the Administration dedicated \$250 million to fund high-priority health care workforce programs that, along with other funding in the Affordable Care Act and the American Recovery and Reinvestment Act, will train up to 16,000 primary care physicians, physician assistants and nurse practitioners over the next 5 years. In January of 2011, HHS announced the designation of 11 new Teaching Health Centers to support community-based training for primary care providers. HHS continues to invest in the public health workforce, investing \$7.5 million from the Prevention Fund in 2010, and an addition \$25 million in 2011 to support critical public health workers.
- **Expanding Community Health Centers:** On October 8, the Administration awarded \$727 million to 143 community health centers across the country to address pressing construction and renovation needs and expand access to quality health care. The funds are the first in a series of awards that will be made available to community health centers under the Affordable Care Act. Another \$335 million is available for existing community health centers under the Expanded Services (ES) initiative.

In addition, on November 19, the Health Resources and Services Administration (HRSA) announced the awarding of nearly \$8 million in Affordable Care Act funds for existing Community Health Center Cooperative Agreements to provide additional training and technical assistance to community-based organizations that support community health centers.

On November 22, HRSA announced that this year's investment in the National Health Service Corps (NHSC) includes \$290 million from the Affordable Care Act to help primary care clinicians repay student loans while serving communities. The NHSC offers primary care medical, nursing, dental and mental health clinicians up to \$60,000 to repay student loans in exchange for two years of service at health care facilities in medically underserved areas.

- **Strengthening the Long-Term Care System:** A joint Administration on Aging and CMS initiative has awarded \$68 million in grants to States and communities to help individuals and their caregivers better understand and navigate their health and long-term care options. In addition, letters to State Medicaid Directors outlined new options for

home- and community-based care on June 22, August 6, and September 9. In February 2011, HHS announced that 13 States would receive grants to support “Money Follows the Person” demonstration projects, and HHS proposed rules that would allow all states to receive enhanced Federal funding for the Community First Choice Option program.

- **Implementing Health Care Assessments:** The Treasury Department implemented the policies that were effective in 2011, and provided guidance on those that are effective in 2012, such as industry fees and changes to flexible savings accounts.
- **Supporting Programs to Help Families:** On July 21, the Administration announced the award of \$88 million in grants, provided under the Affordable Care Act, to support evidence-based home visiting programs focused on improving the wellbeing of families with young children. Grant opportunities for Family to Family Health Information Centers were announced on October 26. The Administration also awarded \$155 million in teen pregnancy prevention grants on September 30, and \$27 million in grants to help pregnant and parenting teens on September 29.
- **Appointing Boards and Commissions:** In addition, steps have been taken to establish commissions that address a series of issues including:
 - Interagency Access to Health Care in Alaska Task Force: Completed its work and its final report was issued on September 17.
 - CO-OP Advisory Board: Appointed on June 23 by the Governmental Accountability Office.
 - Personal Care Attendants Workforce Advisory Panel: Established on June 16.
 - Breast Cancer in Young Women Advisory Committee: Appointed on October 15.
 - Board of Governors of the Patient Centered Outcomes Research Institute: Appointed on September 23 by the Government Accountability Office.
 - National Health Care Workforce Commission: Appointed on September 30 by the Government Accountability Office.
 - National Prevention, Health Promotion and Public Health Council Advisory Group: Appointed on January 26
 - Home Visitation Advisory Council: Established on March 9, 2011

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