Maryland Implementation of Health Care Reform

Maryland Women's Coalition for Health Care Reform

January 23, 2012

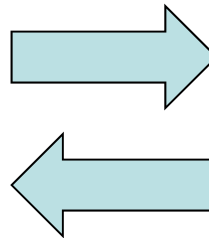
Governor's Office of Health Care Reform
Carolyn Quattrocki, Executive Director

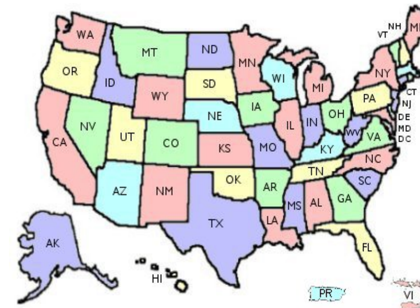
Overarching Goal of Health Care Reform

HEALTH

BETTER HEALTH THROUGH COLLABORATION

Federal and State Government





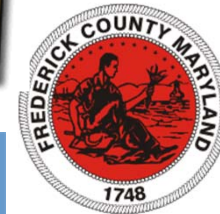
State Agencies, Local Jurisdictions and Private Sector

EMPLOYERS

"Recruiting is Marketing"

* Broadcast Your Jobs
* Build Your Brand
* Attract Quality Candidates
* Give your company a voice in the job market

click here



Health Care Reform Coordinating Council:

Established by Executive Order
March, 2010

The State of Maryland
Executive Department

EXECUTIVE ORDER
01.01.2011.10

Maryland Implementation of Federal Health Care Reform
(Rescinds Executive Order 01.01.2010.07)

WHEREAS, The Maryland Health Care Reform Coordinating Council (HCRCC) was established on March 24, 2010, under Executive Order 01.01.2010.07 to provide a comprehensive evaluation of the federal Health Care Reform legislation, to develop a blueprint for the State's implementation of the Affordable Care Act, and to identify critical decision points that must be considered;

WHEREAS, In its final report delivered on January 1, 2011, the HCRCC set forth this blueprint, which included 16 short- and long-term recommendations on how the State can implement federal reform most effectively;

WHEREAS, Recognizing that effective implementation will require continued leadership, oversight, and coordination, the HCRCC included in its recommendations the establishment of a Governor's Office of Health Care Reform; and

WHEREAS, The HCRCC recommended further that its membership be expanded to include two additional legislative members, the Chair of the new Health Benefit Exchange, and the Secretary of the Department of Labor, Licensing and Regulation because of the valuable insight these representatives will be able to provide regarding implementation of key provisions of the Affordable Care Act.

NOW, THERFORE, I, MARTIN O'MALLEY, GOVERNOR OF THE STATE OF MARYLAND, BY VIRTUE OF THE AUTHORITY VESTED IN ME BY THE CONSTITUTION AND THE LAWS OF MARYLAND, HEREBY RESCIND EXECUTI
01.01.2010.07 AND PROCLAIM THE FOLLO
EXECUTIVE ORDER, EFFECTIVE IMMEDI

A. Established. There is a Governor's Office
Reform (Office). The Office shall be managed b

01.01.2010.07 - Health Care Reform Coordinating Council

- ✓ **Composed of executive and legislative branch leaders in health care**
- ✓ **Directed to examine the Affordable Care Act and make recommendations to the Governor and General Assembly as to how the State should implement federal health care reform in ways that would work best for Maryland.**

HCRCC PROCESS AND REPORT

- ✓ 6 workgroups
- ✓ 35 public meetings
- ✓ Regional public hearings
- ✓ Hundreds of public comments

Health Care Reform Coordinating Council

Created by Executive Order 01.01.2010.07

Final Report and Recommendations

January 1, 2011

Anthony G. Brown, Lt. Governor

John M. Colmers, Secretary

Department of Health and Mental Hygiene

Four Pillars of ACA

Stronger Insurance Coverage

Expanded Access to Health Care

More Affordable Insurance Coverage

Cost Control and Quality Improvement

ACA Provisions Already in Effect
Pillar I: Stronger Insurance Coverage

- **Young adults** can stay on parents' insurance plan until age 26.
- No **children** denied coverage because of pre-existing condition.
- No **lifetime limits** on benefits and harder to rescind policies when people get sick.
- Small business **tax credits**.
- **Preventive services** like mammograms and flu shots.

Federal High Risk Pool

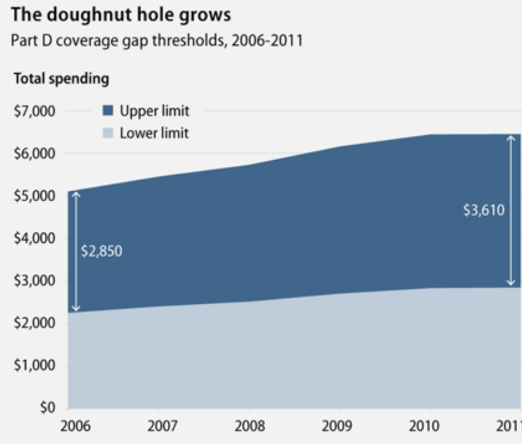
MHIP FEDERAL

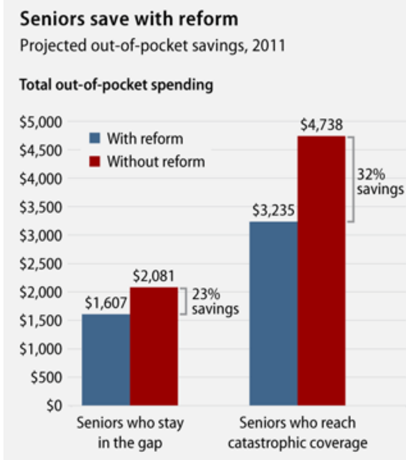
- **Launched Sept. 2010 with $85 million in federal funds**
- **MD enrollment projections up to 3,500 through 2014**
- **Many enrollees under treatment for serious illness, *e.g*. cancer and organ transplants.**

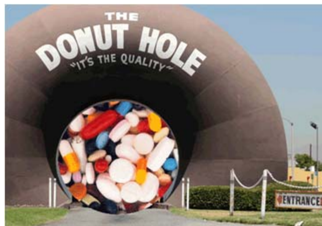
Prescription Drug Discounts: Closing the Donut Hole

- **Medicare Part D's coverage gap, or "donut hole," projected to exceed $6,000 by 2020.**

- **Affordable Care Act provides phased-in discounts for seniors in gap, closing donut hole by 2020.**







- **In 2011, seniors saved on average $553, or 23% of out-of-pocket spending.**

- **Seniors reaching catastrophic levels of spending saved on average $1,500, or 33% of out-of-pocket spending.**

Savings to Maryland Seniors

2010

32,172 Maryland seniors received **$250** rebate.

2011-2020

Drug discounts projected to save Marylanders **$400 million**.

First half of 2011:

- **7,545** seniors in donut hole;
- Discounts on 26,424 prescriptions;
- Saved individual average of **$534**;
- Saved total of **$4.03 million.**

More Affordable Coverage: Support for Maryland Families and Employers

Medicaid Expansion: More people eligible with higher federal match

Federal Subsidies in Health Benefit Exchange: Financial assistance for families up to 400% FPL

Small Business Tax Credits: 35% of premium (2010) and 50% (2014)

Cost Control and Quality Improvement: Save Money While Making People Healthier

Keeping people healthy: Investments in wellness and prevention

Higher quality and more efficient care delivery models: Pilots and demonstration project with leadership from doctors and hospitals

Health Information Technology: Support ongoing efforts to develop Health Information Exchange and meaningful use of Electronic Medical Records

HCRCC Report:
16 Recommendations in 5 Categories

Public Health
Prevent. Promote. Protect.

- Health Benefit Exchange and Insurance Market
- Health Care Delivery and Payment Reform
- Public Health, Safety Net, and Special Populations
- Workforce Development
- Communications/Outreach and Leadership/Oversight

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Leadership/Oversight

Recommendation

#16 Continued leadership and oversight of health care reform

Progress

- ✓ Health Care Reform Coordinating Council extension and expansion
- ✓ Governor's Office of Health Care Reform

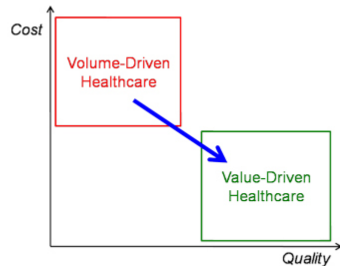
Health Benefit Exchange and Insurance Market

Recommendations

#1 Establish Exchange.
#2 Develop seamless entry into coverage.
#15 Preserve Maryland's strong base of employer-sponsored insurance.

Progress

- ✓ Health Benefit Exchange Act of 2011
- ✓ Innovator and Establishment grant awards - $34.4 million total
- ✓ IT infrastructure – RFP issued and responses received
- ✓ MIA enhanced rate review policies and $3.96 million grant
- ✓ Exchange Board's December report and recommendations
- ✓ Maryland Health Benefit Exchange Act of 2012



Health Care Delivery and Payment Reform

Recommendations

#12 **Enhance quality and reduce costs through payment reform and delivery innovations.**
#13 **Improve access to primary care.**
#14 Reduce and eliminate health disparities through financial, performance-based incentives and other strategies.

Progress

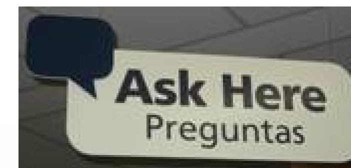
- ✓ Carrier reporting of race, ethnicity and language data
- ✓ HCRCC's new Health Care Delivery and Payment Reform Subcommittee and Website
- ✓ Maryland Patient Centered Medical Home Pilot
- ✓ HSCRC Total Patient Revenue, Quality-based Reimbursement Initiative, and Hospital Acquired Conditions Initiatives

Health Care Delivery and Payment Reform

Further Progress

- ✓ Health Quality and Cost Council Health Disparities Workgroup report
  - ✓ Maryland Health Improvement and Disparities Reduction Act of 2012
- ✓ Long-term care reform:
  - ✓ December workgroup report;
  - ✓ Continue work on initiatives, *e.g.* Money Follows the Person; Balancing Incentives Payment Program
- ✓ Chronic Health Home model under ACA

Public Health, Safety Net, and Special Populations



Recommendations

#4 Develop state and local strategic plans for improved health outcomes.
#5 Encourage active participation of safety net providers in health reform and new insurance options.
#6 Improve coordination of behavioral health and somatic services.
#7 Promote access to quality care for special populations.

Progress

- ✓ State Health Improvement Process
  - ✓ Community Health Resources Commission funding for local health improvement coalitions
- ✓ Expanded health officers' authority to contract for health care services
- ✓ CHRC plan for technical assistance for safety net providers
- ✓ ACA Community Transformation grant for chronic disease prevention;
  - ✓ MOU to establish Institute for a Healthiest Maryland

Workforce Development

Recommendations

#8 **Institute comprehensive workforce development planning.**
#9 **Promote and support education and training to expand Maryland's health care workforce pipeline.**
#10 **Explore improvements in professional licensing and administrative policies and processes.**
#11 Explore changes in Maryland's health care workforce liability policies.

Progress

✓ Governor's Workforce Investment Board's release of blueprint "Preparing for Health Reform: Health Reform 2020
✓ Governor's Office of Health Care Reform coordinating with GWIB, MHCC, and DHMH to plan for blueprint implementation

Workforce Development

Upcoming Activities in 2012

- **Health Empowerment Zones** – Maryland Health Improvement and Disparities Reduction Act of 2012 includes incentives for primary care providers for practicing in underserved areas (e.g., loan assistance and tax credits).

- **Workforce Training Workgroup** – OHCR will convene a group of educators and practitioners to explore opportunities to align training with emerging care delivery models.

- **Workforce Data** – Advisory board will be established to facilitate comprehensive workforce data collection, analysis, and reporting.

- **Scope of Practice Legislation** – The Health Occupations Boards—Regulations and Scope of Practice Advisory Committees Act creates a process to facilitate the resolution of scope of practice disputes.

- **Licensing and Credentialing –** review by workgroup and report to HCRCC

COMMUNICATIONS/OUTREACH

Recommendation

#3 Develop centralized education and outreach strategy.

Progress

- GOHR collaboration with Robert Wood Johnson Foundation's communications experts to develop strategic plan and revamp website

Upcoming Developments

- Launch of new consumer-centric website (Early 2012)
- Communications and Outreach Public/Private Advisory Committee established and to begin regular meetings January 27, 2012
- Complete development of strategic plan

Health Care Reform

Dear Maryland Resident:

Like many people, you probably have lots of questions about what health care reform means for you.
So we are creating a website that will provide straightforward answers for individuals, families, seniors, and small businesses. We will launch the website in early 2012, so if you'd like to be kept in the loop when it's up and running, submit your email address in the form provided below and we will let you know.

Thank you,
Maryland Office of Health Care Reform

Yes, please keep me in the loop on health care reform.

Your Email Address | Zip Code

Choose a category: ☐ *I am an individual or family.* ☐ *I am a senior.* ☐ *I am a small business owner.*

Submit

ESSENTIAL HEALTH BENEFITS

HHS December 16, 2011 Bulletin

- Benchmark approach allowing states to choose from among 10 eligible plans;
- Applicable to small group and individual markets inside and outside Exchange;
- State must either designate benchmark by September 30, 2012 or default to State's largest small group plan;
- Benchmark will remain in effect for 2014-2015

BENCHMARK OPTIONS

By enrollment as of 1st quarter 2012, any of 3 largest:

- State employee health plans
- National federal employee plans

By enrollment as of 1st quarter 2012, the largest:

- Plan in any of 3 largest small group products
- Insured commercial non-Medicaid HMO

BENCHMARK PLAN REQUIREMENTS

Must cover 10 categories of ACA-mandated essential health benefits

- Ambulatory patient services;
- Emergency services;
- Hospitalization;
- Maternity and newborn care;
- Mental health and substance use disorder services;
- Prescription drugs;
- Rehabilitative and habilitative services;
- Laboratory services;
- Preventive and wellness services and chronic disease management; and
- Pediatric services, including oral and vision care

MARYLAND

GUIDELINES

Flexibility: Plans can modify coverage within benefit category if actuarial value remains constant.

State mandates: May be included in essential health benefits if part of benchmark plan.

Supplement for ACA compliance: If benchmark does not cover all 10 categories, State required to supplement from other benchmark-eligible plans.

Future modification: Federal government will update benchmark approach after two years, potentially to exclude mandates and reflect most up-to-date medical and market practices.

QUESTIONS AWAITING CLARIFICATION FROM HHS

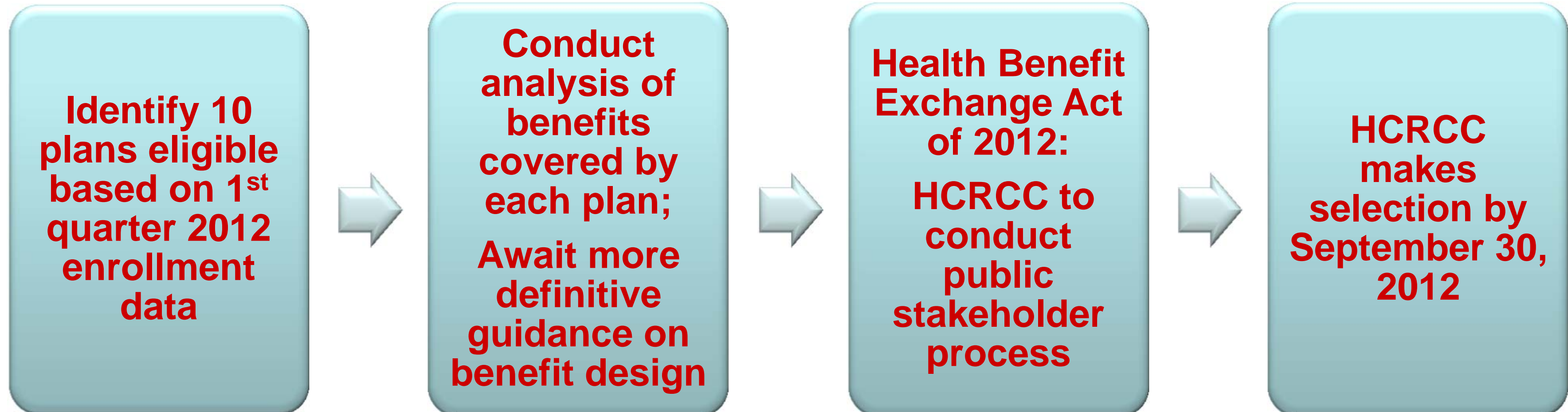
Benefit Design: Are EHBs defined only by benefits covered or also by benefit design, *e.g.* are number of doctor/hospital visits in plan selected as benchmark included in definition of EHB?

State mandates: May a state add mandated benefits prior to September 30, 2012 without absorbing cost of additional mandates? May state swap new mandate for an existing one?

Identification of eligible plans: Does "product" mean set of covered services or delivery system (*e.g.* HMO, PPO?). For largest HMO, should state include total enrollment across all markets (individual, small and large group)?

Timing: When will federal government issue definitive rule and issue guidance on cost-sharing? When will it make clarifications in response to comments submitted by January 30?

SELECTING MARYLAND'S BENCHMARK PLAN



MARYLAND

MARYLAND HEALTH BENEFIT EXCHANGE ACT OF 2012 - OUTLINE

INSURANCE ARTICLE

TITLE 31 – MARYLAND HEALTH BENEFIT EXCHANGE

Preamble – value of Exchange; advisory committee process and Board recommendations; need for certain policies for successful function of Exchange

Section 102 – Clarify limit on scope of Exchange's authority

- Exchange may sell only qualified health and dental plans

Section 109 (new) - **Multi-state contracting**

- Exchange may enter into interstate agreements to develop reciprocal certification, consistency of qualified health plans offered across state lines, and coordination of administrative processes;
- Agreements must advance and be consistent with purposes and policies of Exchange

Section 110 (new) – Operating Model

- Exchange has authority in 2014 to establish minimum standards beyond ACA while allowing all plans to participate;
- After 2014, Exchange has authority to use alternative forms of contracting, *e.g.* competitive bidding, negotiation, and partnering with plans to promote key objectives like promoting quality and reducing costs

OUTLINE

Section 111 (new) – Small Business Options Program (SHOP) Exchange

Separate market: SHOP Exchange shall be separate from individual Exchange

Goals: SHOP Exchange viability, increasing access to coverage, predictability for employers, employee choice

Employer options: Employer designates metal level from which employees choose any plan at that level, or employer designates menu of plans issued by single carrier and employees choose from menu

Exchange authority to modify employer and employee choice: May reassess and modify manner in which employers may offer and employees may choose plans to promote SHOP Exchange objectives

Section 112 (new) – SHOP Exchange Navigator Program

Purpose: To focus outreach on employers not offering insurance; to rely substantially on existing producer community to achieve goal of reaching all market segments

SHOP Exchange navigators:

- Must hold special navigator license issued and regulated by Insurance Commissioner; functions limited to consumer assistance with respect to qualified health and dental plans sold in SHOP Exchange; compensated by SHOP Exchange and not by carriers

OUTLINE

Section 112 (new) – SHOP Exchange Navigator Program (cont.)

Insurance producers:

- May obtain training and authorization from SHOP Exchange to sell qualified health and dental plans;
- Compensation from carriers only

Enforcement:

- Commissioner may impose sanctions, including license revocation, on navigators
- SHOP Exchange may impose sanctions, including revocation, on producer authorization

Section 113 (new) – Individual Exchange Navigator Program

Purpose: To focus outreach on individuals who do not have insurance; utilize CBOs and other entities familiar with vulnerable and hard-to-reach populations; provide seamless entry into all insurance plans and programs

ACA required functions: Public education, information distribution, *etc.*

Individual Exchange Navigators:

- Must be trained and hold navigator certification issued by the Individual Exchange
- Must be engaged by entity engaged by Individual Exchange

OUTLINE

Section 113 (new) – Individual Exchange Navigator Program (cont.)

Insurance producers:
- May obtain training and authorization from Individual Exchange to sell qualified health and dental plans
- Compensation from carriers only

Enforcement:
- Commissioner may impose sanctions, including certification revocation, on navigators
- Individual Exchange may impose sanctions, including revocation, on producer authorization

Section 114 (new) – Financing Agreements between Exchange and Medicaid

Financing arrangements between Exchange and Medicaid governed by MOU
- MOU shall govern Medicaid's financial support for services provided by Individual Exchange navigators

Section 115 (formerly Section 109) – Certification of Health Benefit Plans

Qualified dental plans to be offered in Exchange
- Stand-alone or bundled
- Exchange to determine standards in conjunction with determination of qualified health plan standards

Standards developed by Exchange for qualified health plans:
- Transition of care and cross-border enrollment provided as examples

OUTLINE

Section 116 (new) – Essential Health Benefits

Selection of State's benchmark plan
- Health Care Reform Coordinating Council to conduct public stakeholder process
- Council will make selection by September 30, 2012

Section 117 (new) – Risk Adjustment and Reinsurance Programs

Transitional Reinsurance Program: Exchange shall operate in consultation with Maryland Health Care Commission and with approval of Insurance Commissioner, in accordance with federal regulations

Risk Adjustment Program:
- Exchange shall operate, with approval of Commissioner, to protect carriers against excessive health care expenses incurred by high-cost individuals
- Exchange shall strongly consider using federal model to operate program in 2014

Section 118 (formerly 111) - Administration of Exchange

Fraud, waste and abuse program: Exchange shall establish a full-scale detection and prevention program
- Develop plan for internal controls, risk assessments, and processes
- Submit to legislative committees for review and comment
- Include information on program in its annual report

OUTLINE

TITLE 15 – HEALTH INSURANCE

Section 1204 – Requirements and Limitations for Carriers

Required participation in SHOP Exchange: Carriers and subsidiaries offering in small group market must also offer in SHOP Exchange

- Exceptions for carriers with less than $20 million annual premium revenues:
- Must provide evidence of qualification for exemption
- Commissioner's authority to reassess and modify exemption

Amend Section 1503 – Requirements for Carriers

Required participation in Individual Exchange: Carrier and subsidiaries offering in non-group market must also offer in Individual Exchange

- Exceptions for carriers with less than $10 million annual premium revenues:
- Must provide evidence of qualification for exemption
- No exemption if carrier offers catastrophic plan outside Exchange even with less than $20 million in premiums
- Commissioner's authority to reassess and modify exemption

OUTLINE

Section 2: Risk Adjustment Study

Maryland Insurance Administration study

- Whether a Maryland-specific risk adjustment program would be more effective than federal model
- Report and recommendations due December 1, 2012

Section 3: Exchange Financing

Study by joint legislative-executive branch task force

- To further develop and refine Exchange recommendations
- Report by December 1, 2012 with legislative framework

Section 4: Transformation of Exchange into Non-Profit Entity

Exchange study, with report and recommendations due December 1, 2015

Section 5: Merging of SHOP and Individual Exchange Markets

Exchange study, with report and recommendations due December 1, 2016

Section 6: Renumbering

Section 7: Effective Date June 1, 2012

NEXT STEPS

Stakeholder Process

- Under leadership of Lieutenant Governor
- Guided by collective goal of establishing policies necessary for successful Exchange
- Initial meeting for overview of bill January 27
- Stakeholder comments and proposed amendments, with subsequent meetings for feedback and discussion of amendments
- Consensus amendment package

Committee Process

Enactment

Conclusion:
Better Health Through Collaboration

Through collaborative implementation, Maryland seeks to realize the promise of reform to shape a healthier Maryland for the next generation.