

North Carolina's Preparation for Gaining the Benefits and Meeting the Requirements of National Health Care Reform

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Passage and signing of the Affordable Care Act (ACA) have not ended the debate about the best way to guarantee access to affordable health care. While the debate continues, the responsibilities of US states to implement the provisions of the ACA remain a reality, pending congressional action or court decisions to the contrary.

Health care issues have been part of the national political debate since the presidential campaign of 1912, when President Theodore Roosevelt's Bull Moose Party included universal health insurance as part of its campaign platform. Presidents Franklin Roosevelt, Truman, Eisenhower, Kennedy, Johnson, Nixon, Carter, and Clinton have all preceded President Obama as participants in the national health care debate, examining options to assure access to affordable health care. It was on March 23, 2010, that President Obama signed the Affordable Care Act (ACA) into law. However, it is clear that the passage and signing of the ACA have not ended the debate about the best way to guarantee access to affordable health care. While the debate continues, the responsibilities of US states to implement the provisions of the ACA remain a reality, pending congressional action or court decisions to the contrary.

While the reach and the complexity of the ACA's more than 2,000 pages may make it difficult to fully understand, it is clear that much of the work to implement what many consider a transformative law will be the responsibility of the states and occur at the state level. North Carolina's ability to successfully implement the ACA—by taking advantage of the law's benefits by meeting the law's mandates—will require significant planning and effort. Most of the ACA's impact falls within 5 basic categories, each requiring planning and implementation efforts on the part of the state. The time frame for implementing the provisions of the ACA provides no opportunity to wait and see what might happen in Congress or the courts. North Carolina, along with most other states, has begun efforts to comply with the law.

The 5 basic categories of the ACA may be described as (1) health insurance reforms; (2) expansion of private insurance coverage via a high-risk pool or insurance exchanges;

(3) expansion of Medicaid coverage; (4) expansion of efforts and investment in prevention, wellness, safety net, and public health programs; and (5) longer-term opportunities for improvements in health care delivery and financing systems.

Health Insurance Reforms

Most of the health insurance reforms were legislated to become effective within the first 6-9 months after the ACA's passage. The North Carolina Department of Insurance has done an outstanding job of enforcing these early reforms and, in doing so, has assured that North Carolina citizens are protected by, and benefit from, these changes.

Expansion of Private Insurance Coverage

Expansion of private insurance coverage includes the immediate availability of guaranteed coverage for "previously uninsurable" individuals through the high-risk pool. The ACA calls for the establishment of health insurance exchanges by 2014 to offer private insurance products, coupled with premium subsidies, through tax credits, for individuals with incomes less than 400% of the federal poverty level. Also, a new payroll deduction option will be available for individuals who desire new low-cost limited coverage for long-term residential or in-home care services.

With the support of the governor and the commissioner of insurance, Inclusive Health, a preexisting, quasi-private entity authorized by the North Carolina General Assembly in 2005, successfully applied for federal funding to institute a new program of subsidized premiums for individuals who were previously considered uninsurable.

The federal law requires the establishment of a health insurance exchange in each state but provides states the option to develop the exchange themselves or allow the federal government to do so. The North Carolina Department

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of Health and Human Services (DHHS) has worked closely with the North Carolina Department of Insurance and the North Carolina Institute of Medicine to apply for and receive federal grants to fund planning for the state's health insurance exchange. These early planning funds are being used to study options and prepare proposed authorizing legislation for the creation of an exchange in North Carolina, as well as to undertake initial developmental activities to ensure that the exchange is operational by the 2014 deadline. It is projected that the insurance products offered through the exchange, coupled with the premium subsidy for individuals with incomes less than 400% of the federal poverty level, will result in access to more-affordable health insurance for as many as 750,000 previously uninsured North Carolinians.

The DHHS Division of Aging and its constituent partners are eagerly awaiting federal guidance, expected this year, on the Community Living Assistance Services and Supports program, which will allow individuals to voluntarily set aside money from their paychecks for the costs of long-term-care coverage.

Expansion of Medicaid Coverage

It is estimated that expansion of public coverage through the Medicaid program will provide health care coverage to an additional 530,000 North Carolinians, increasing the number covered under North Carolina Medicaid to more than 2 million individuals, or approximately 20% of the state's population. Beginning in 2014, all legal residents younger than 65 years whose income falls at or below 138% of the federal poverty level will be eligible for Medicaid coverage. Individuals who have incomes of more than 138% of the federal poverty level and are currently receiving Medicaid because of existing categorical eligibility will continue to have Medicaid coverage.

One key provision of the ACA is the requirement that states establish a "no wrong door" approach for individuals seeking to learn whether they are eligible or want to apply for a health insurance exchange product, NC Health Choice (North Carolina's Children's Health Insurance Program), or Medicaid. When this provision becomes operational, in 2014, individuals seeking to determine their eligibility and/or apply for coverage, as well as those who want to know their eligibility for a premium subsidy, will be able to do so at multiple locations, including the exchange, the DHHS, local departments of social service or public health offices, online, offices of many providers, and, hopefully, local libraries or the office of an insurance agent. This will be accomplished through technology that is being developed by the DHHS. Although the project began months ago, the DHHS has accelerated developmental work on North Carolina Families Accessing Services through Technology, a Web-based eligibility simplification and electronic eligibility determination system for 13 different income-related programs and services available through the department, including Medicaid, NC Health Choice, and now the health insurance exchange.

While the ACA requires the Medicaid and NC Health Choice electronic eligibility and enrollment system to be operational and integrated with the exchange programs by 2014, North Carolinians who apply for these programs will also be aware of and able to enroll in other income-related assistance programs offered through the DHHS. This system, which will include a statewide case management system for tracking all consumers and services, will result in improved access and service delivery for North Carolinians, while reducing administrative costs by an estimated hundreds of millions of dollars, at the state and local levels.

Expansion of Efforts and Investment in Prevention, Wellness, Safety Net, and Public Health Programs

The ACA has provided funding for expansion of select public health, health promotion, and prevention programs. Led by its Division of Public Health, and working with traditional partners, the DHHS has pursued more than 2 dozen federal grants, resulting in \$14 million of new federal funds to support North Carolina programs in these areas.

Longer-Term Opportunities for Improvements in North Carolina's Health Care Delivery and Financing Systems

It is in the area of health care financing and delivery system reform that North Carolina faces its greatest challenges, as well as its greatest opportunities. Simply put, the increasing trend in costs for public and private health care coverage in North Carolina cannot be sustained. As North Carolina's population grows (North Carolina is projected to be the seventh-most-populous state by 2030) and becomes older as the baby boomer generation ages, the cost of sustaining the Medicaid program will exceed the state's ability to pay for the program and meet other important obligations for education and public safety. The rate of increase in private premium costs is putting insurance coverage out of the reach of many North Carolinians, eroding employers' ability to assist in providing coverage, and contributing to increasing labor costs that make North Carolina businesses less competitive in a world market.

The ACA was not very prescriptive about what states should do in this area. It did set forth some planned changes for Medicare and suggested some promising areas that states or the private sector might explore. To this end, the DHHS is busy exploring new funding opportunities, new benefit designs, new approaches to health care provider reimbursement, improvements in care coordination, and new and more-cost-effective approaches to care delivery, which the ACA and the accompanying promise of more flexibility and a new spirit of collaboration by the Centers for Medicare and Medicaid Services provide.

To mention a few improvements, the DHHS and its Division of Medical Assistance will evaluate the option of establishing a "basic health plan" to assist persons likely to otherwise switch back and forth between the exchange

and Medicaid coverage. We will be examining new benefit designs for the individuals who will be newly eligible for Medicaid in 2014. We are working with Community Care of North Carolina to establish medical homes for Medicaid and NC Health Choice consumers, focusing not only on developing enhanced care management for individuals with chronic disease, but also on fully integrated care management that includes wellness, prevention, and mental health care services. This should not only lead to better care and health outcomes for covered individuals, it should also make the state's health care delivery system more cost-efficient and cost-effective, while potentially earning the state access to additional federal funding.

We are examining the opportunities, as well as the cost-associated benefits, of rebalancing and/or expanding coverage for home- and community-based services and preventive and diagnostic services for adults in the Medicaid program. We have undertaken an effort to improve intake processes at state psychiatric hospitals to capture other reimbursement opportunities and thereby save state tax dollars. The expansion of coverage inherent in the ACA should improve access to coverage and funding throughout the state's mental health services community.

In concert with the North Carolina Institute of Medicine and innovative providers, the DHHS will be exploring a variety of new delivery and financing mechanisms suggested in the ACA, including accountable care organizations, global payments, bundled payouts, and shared risks.

The ACA underscored and provided additional opportunity for 2 existing efforts at the DHHS. The first is Medicaid's movement away from payments for "never events," such as hospital-acquired infections, and its movement toward limiting reimbursement for avoidable hospital readmissions.

The second is a new and intensified effort to identify fraud and abuse in the delivery and consumption of health care services in North Carolina. Under Governor Bev Perdue's leadership, the DHHS has collaborated with 2 nationally recognized high-tech information technology and analytic companies to use sophisticated profiling and artificial intelligence to identify inappropriate reimbursements, such as those associated with fraudulent and suspicious claims, billing practices, billing patterns, and ownership patterns. Although this has already resulted in the identification of tens of millions of dollars in inappropriate Medicaid reimbursement expenditures, the technology is in its infancy, with substantial enhancements to be implemented in coming months that will further advance Medicaid's program integrity capabilities.

The ACA is expected to expand health care coverage to almost 1.3 million North Carolinians through either Medicaid or the health insurance exchange. The ACA has provided significant new dollars to expand public health and prevention programs. Without a doubt, the ACA is, and will be, visiting significant changes and challenges on nearly every sector of our health care delivery system. It certainly is imposing a lot of added work on the DHHS, its care partners, and our colleagues at the North Carolina Department of Insurance. Much has already been done, and a lot remains to be done in a very short time, to successfully implement health care reform in North Carolina. **NCMJ**

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