shadac
STATE HEALTH ACCESS DATA ASSISTANCE CENTER

Federal Health Care Reform in Minnesota

Elizabeth Lukanen, MPH

State Health Access Data Assistance Center (SHADAC)

University of Minnesota

Annual Minnesota Policy Conference

October 18, 2017

Minneapolis, MN

Minnesota's Health Care System Prior to the Affordable Care Act

shadac
STATE HEALTH ACCESS DATA ASSISTANCE CENTER

Minnesota's Health Care System Before the Affordable Care Act

- Among the lowest uninsurance rates in the country — 8% in 2008
- Well functioning, but costly High-Risk Pool
  - Covered individuals without access to employer-sponsored insurance, denied coverage in the nongroup market due to a pre-existing condition
- Consistently high health care quality ranking
- Rating restrictions which limited premium variation by health status, age, etc.
- Consistent annual premium increases in the nongroup market over the last decade that ranged from 1.0% in 2005 to 11.2% in 2008
- Consistent growth in health care spending over the last decade that ranged from 1.6% in 2010 to 7.6% in 2006
- Generous eligibility thresholds for Medical Assistance (Minnesota's Medicaid program)
- MinnesotaCare, a subsidized insurance program for low-income Minnesotans who did not qualify for Medical Assistance

Drivers and Impacts of the Affordable Care Act

What Drove Federal Health Reform?

COST **ACCESS**

QUALITY

Could be better!

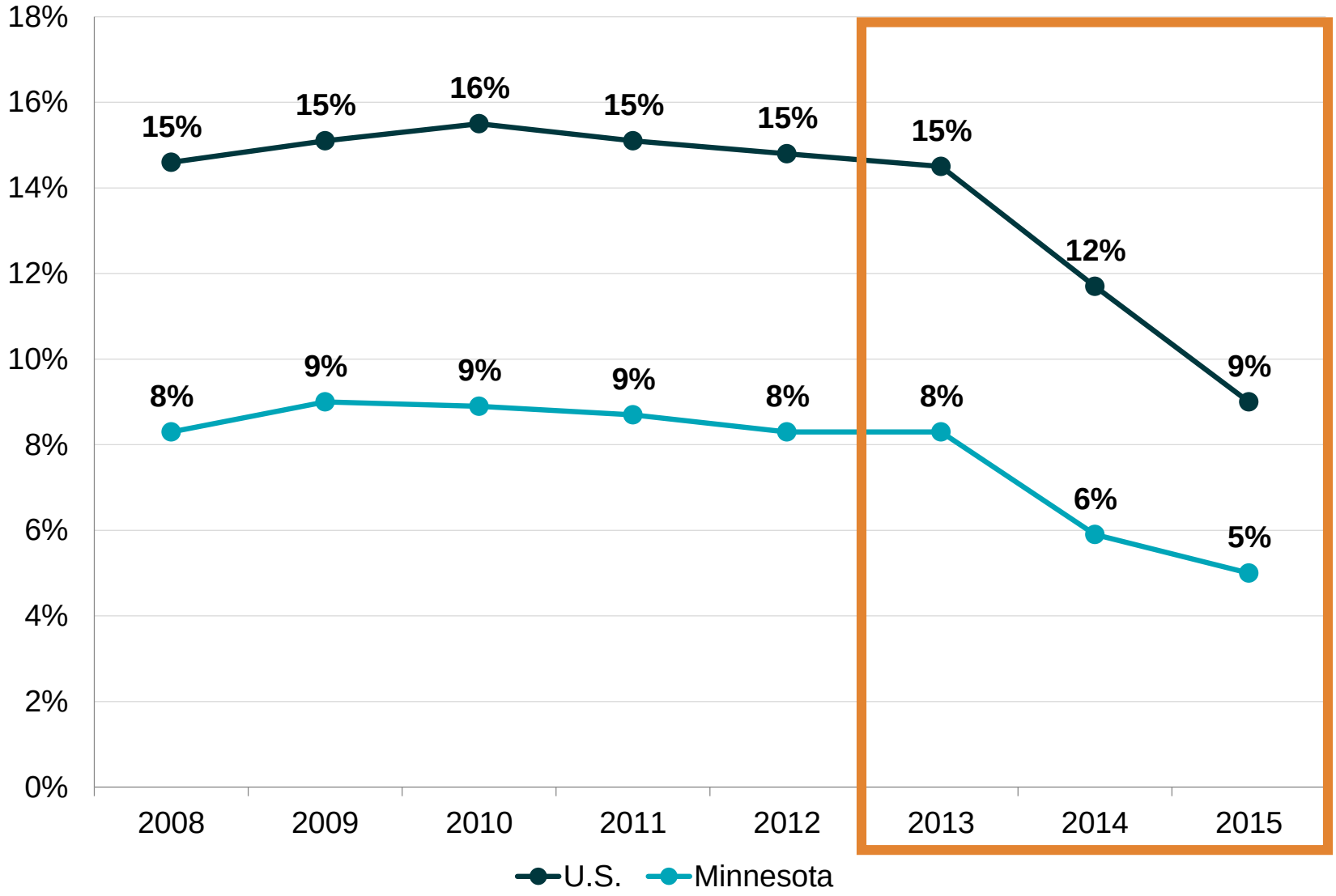
shadac
STATE HEALTH ACCESS DATA ASSISTANCE CENTER

ACA Focus on Expanding Coverage

- Marketplaces as a place to shop for coverage and sign up for coverage
- Financial assistance for middle-income families
- Expanded access to Medicaid for lower-income families
- Changed the way insurance companies must operate (e.g., guaranteed issue, prohibited lifetime limits)
- Employer provisions — incentives and penalties
- Required individuals to have health insurance with minimum essential benefits

shadac
STATE HEALTH ACCESS DATA ASSISTANCE CENTER

Uninsurance Rate Over Time, 2008–2015

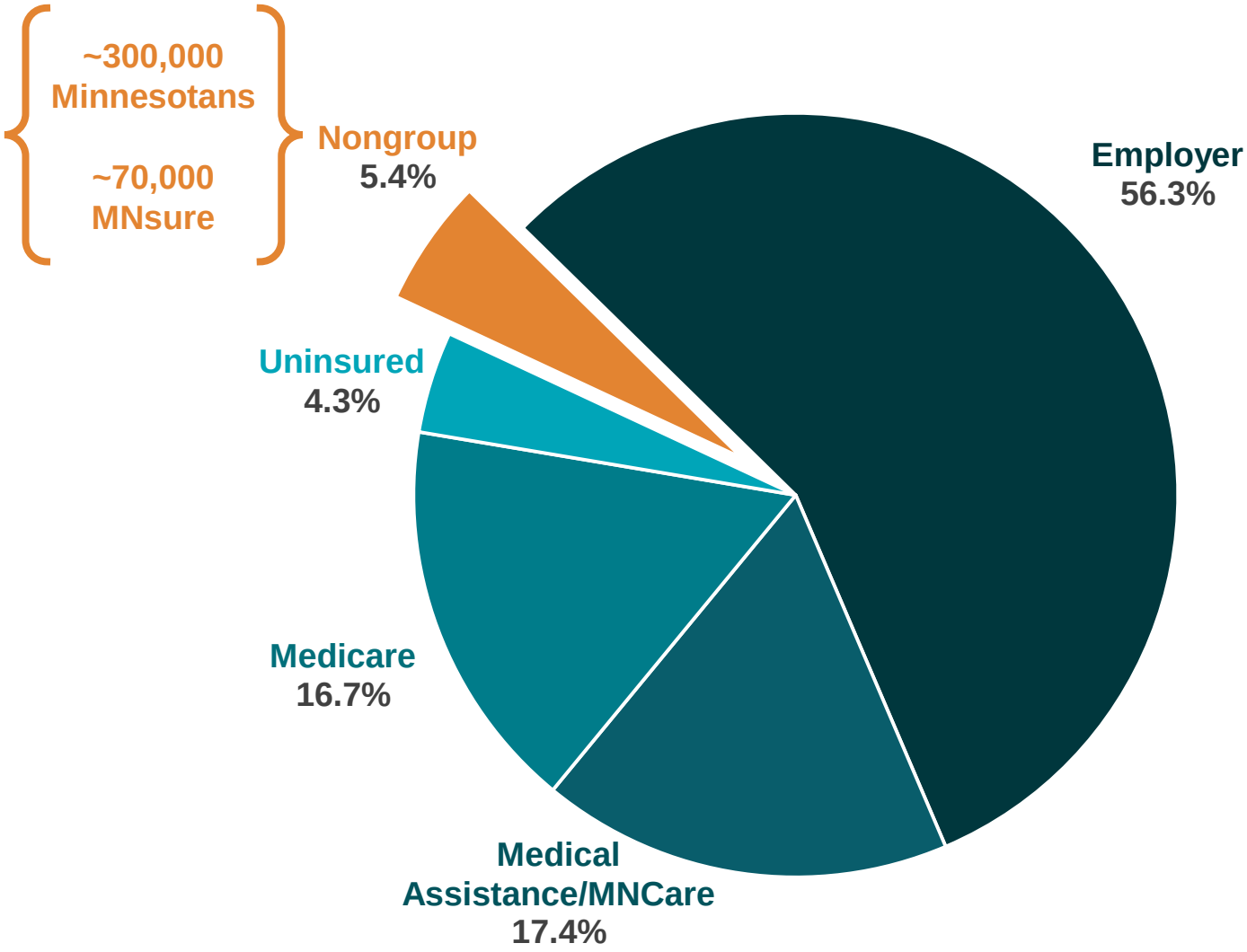


Source: SHADAC Analysis of the ACS.

ACA Impacts and Policy Action in Minnesota

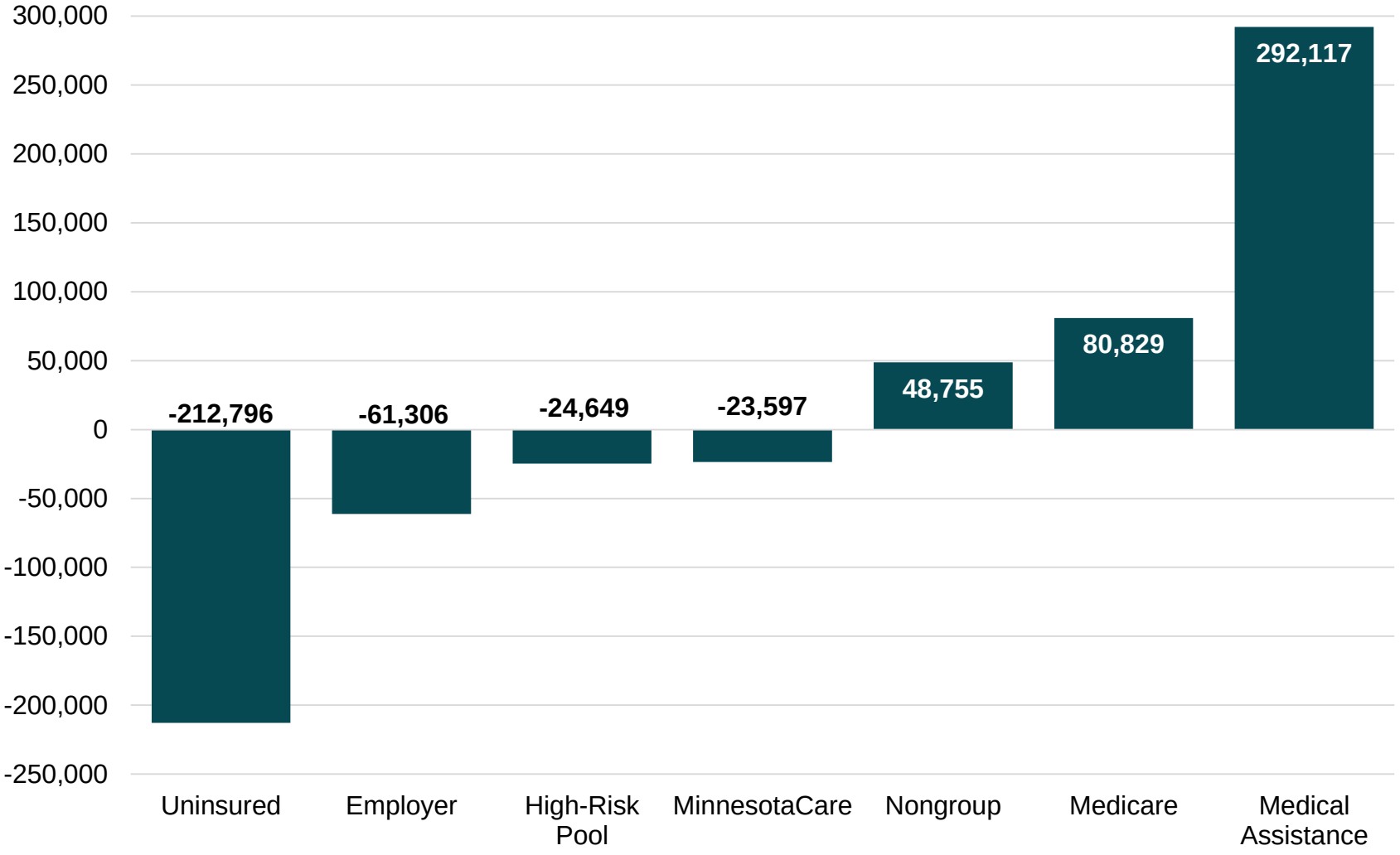
shadac
STATE HEALTH ACCESS DATA ASSISTANCE CENTER

Source of Health Insurance Coverage, 2015



Source: Adapted from "Minnesota's Health Care Ecosystem: An Overview." Presentation to the Committee on Health Care Consumer Access and Affordability by Stefan Gildemeister. July 12, 2017

Change in Source of Insurance Coverage, 2013–2015

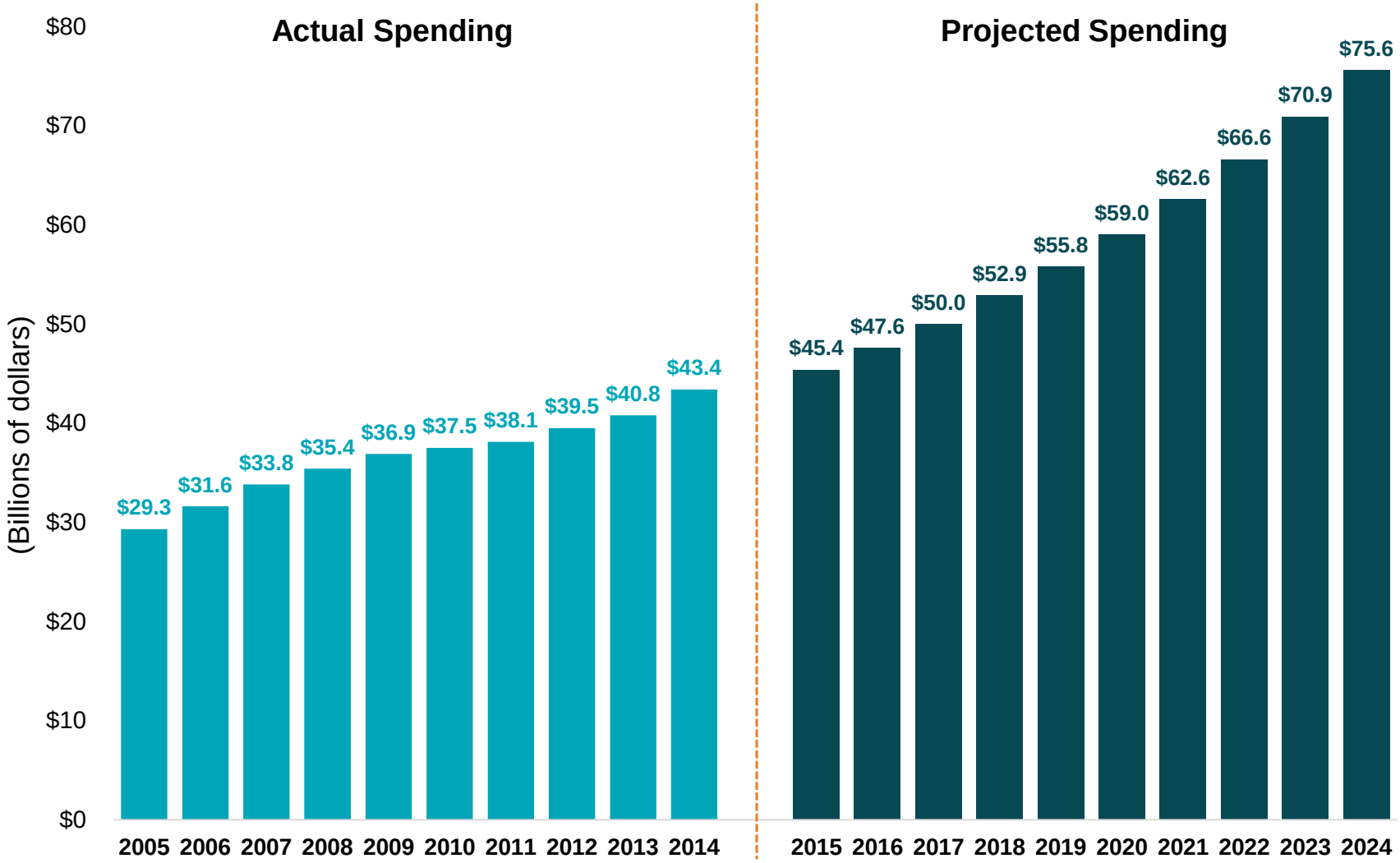


Note: There was a 1.3% population growth over this time period.
Source: Adapted from "Minnesota's Health Care Ecosystem: An Overview." Presentation to the Committee on Health Care Consumer Access and Affordability by Stefan Gildemeister. July 12, 2017

ACA Impact in Minnesota

- Reduction in uninsured rate
- Increased enrollment in the nongroup market, with many getting subsides and cost sharing
- Increased enrollment in Medical Assistance
- Individuals with employer coverage no longer had lifetime limits
- Required minimum essential benefits = more comprehensive coverage for many, but less choice
- Costly MNsure had early glitches
- Closure of Minnesota's High-Risk Pool
  - Discontinuation of broad base of funding for Minnesotans with pre-existing conditions
- Large insurers have exited the nongroup market
- Premium increases in the nongroup market (average of 50% in 2017)
- Nongroup enrollees without subsidies pay a lot

Health Care Spending Continues to Rise



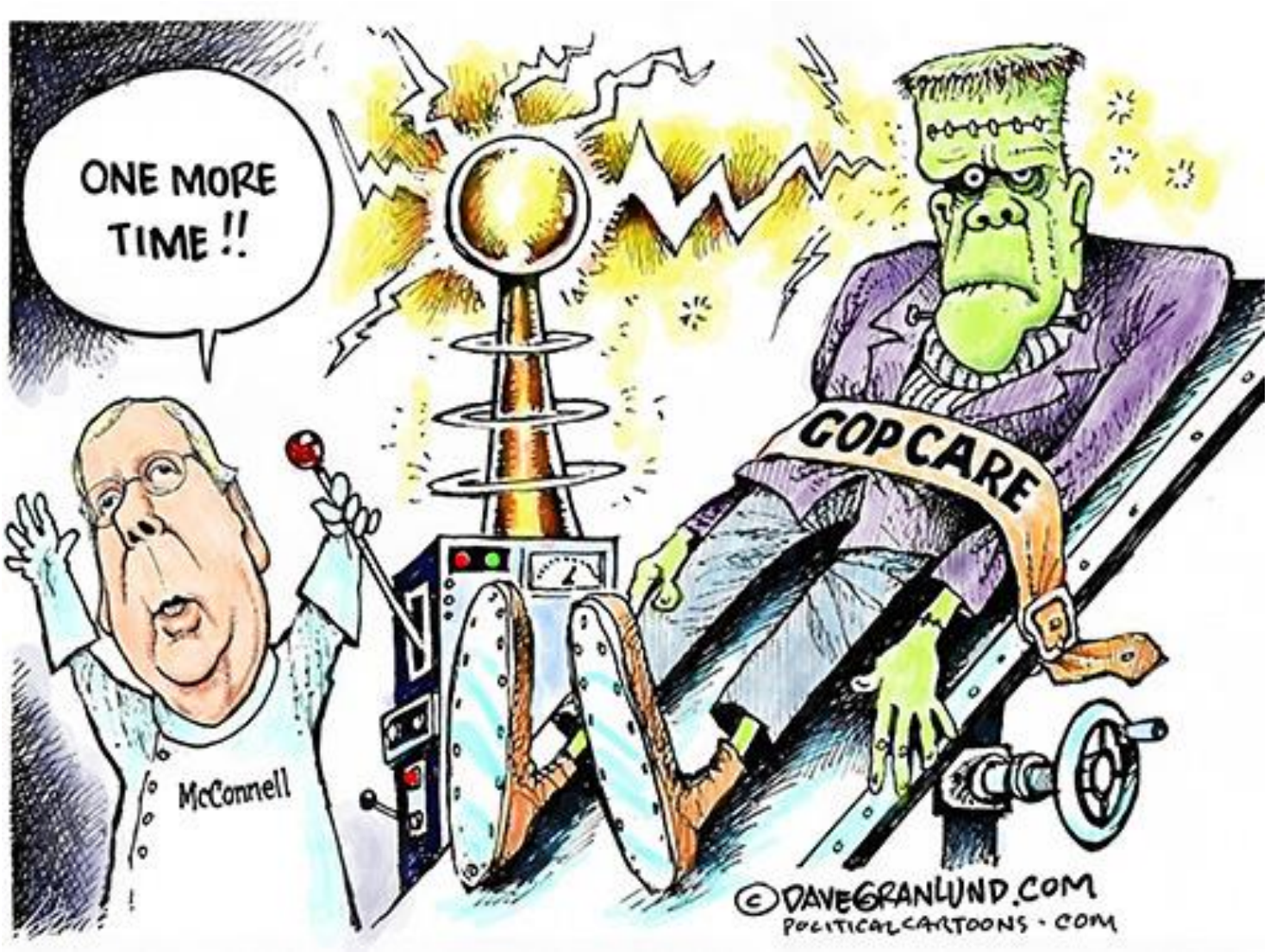
Source: "Minnesota's Health Care Ecosystem: An Overview." Presentation to the Committee on Health Care Consumer Access and Affordability by Stefan Gildemeister. July 12, 2017. Data for 2014 remains preliminary.

shadac
STATE HEALTH ACCESS DATA ASSISTANCE CENTER

Minnesota Policy Efforts to Stabilize the Nongroup Market

- After the exit of major insurers, the Insurance Commissioner negotiated enrollment caps with the remaining insurers to incent them to them to stay in the nongroup market
- Health Insurance Premium Relief in 2017
  - Health plan rebates designed to reduce quoted premiums by 25%
  - Financed by $312 million from the state budget reserve
- State-funded reinsurance in nongroup market in 2018–2019
  - Minnesota's Premium Security Plan funds 80% of health plan claims between $50,000 and $250,000
  - Projected to reduce 2018 premiums by 20%
  - Financed by Health Care Access fund, general fund, and federal contribution
  - Contingent upon approval of state's federal 1332 waiver
- Submission of 1332 federal waiver to secure federal funding for reinsurance and continued federal funding for MinnesotaCare
- All of the above are short-term fixes without ongoing funding

Federal Action Under President Trump



Early Indications

- Trump campaigned on repealing and replacing ACA
- Early on, there were at least 7 GOP plans for replacing the ACA
- GOP plans had mixed and sometimes conflicting provisions
  - Complete repeal
  - Roll back Medicaid expansion over time
  - Cap federal spending on Medicaid (e.g., fixed per capita cap or block grant)
  - Allow insurers to provide lower-cost, stripped-down insurance plans
  - Reduce or eliminate subsidies in the nongroup market
  - “Universal Access” vs “Universal Coverage”
  - Eliminate the individual mandate
  - Make the uninsured wait 6 months to get coverage
  - Soften regulations on insurers (e.g., reimpose lifetime limits)
  - Give states flexibility related to mandated coverage (e.g., contraceptives) and insurance regulation

shadac
STATE HEALTH ACCESS DATA ASSISTANCE CENTER

Federal Action To Date

- Bills to repeal/replace the Affordable Care Act have all have failed to pass the Senate
- Focus in Congress seems to have shifted to other policy priorities
- The Administration can do a lot without legislation
  - Non-enforcement of coverage mandate
  - Reduce funding for outreach and enrollment into marketplace
  - Delay or fail to approve state flexibility under 1332 waivers
  - Issue new rules/Executive orders (e.g., draft rule to roll back contraception requirement, elimination of cost sharing reduction payments)
- The administration approved Minnesota's 1332 waiver
  - Approval for $139 million in reinsurance funding
  - Discontinuation of funding for MinnesotaCare
- Uncertainty regarding the nongroup market, and subsidies in these markets may be impacting insurers' rate-setting and willingness to offer plans in this market

Looking Ahead

"It says our health insurance is being replaced by a series of tweets calling us losers."

Elizabeth Lukanen, MPH

Deputy Director

State Health Access Data Assistance Center

University of Minnesota, School of Public Health

elukanen@umn.edu

612.626.1537

Check out our website at **www.shadac.org** and follow us on twitter: **@SHADAC**

shadac

STATE HEALTH ACCESS DATA ASSISTANCE CENTER