# Healthcare Reform: Implications for Latinos and the Safety Net

Jane Garcia
Chief Executive Officer
La Clínica de La Raza, Inc.
December 10, 2010

# Affordable Care Act Overview

- Mandated coverage
- Employer requirements and tax credits
- Investment in Electronic Health Records
- Insurance Reforms
  - Limits on administrative overhead
  - No exclusion for preexisting conditions
  - Coverage of prevention without copays/deductible
  - Children on parents’ plan to age 26
- Massive expansion in coverage in 2014
  - 2-3 million additional insured via Medicaid in CA
  - 2-3 million additional through Insurance exchanges in CA

# Community Health Centers

- Provide comprehensive, high quality, cost efficient care, regardless of ability to pay
- in California in 2008
  - Over 100 community health centers
  - Over 1000 total sites
  - 2.5 million patients
  - 10.5 million visits
  - 61% CHC patients are Latino (compared to 37% of CA residents)
  - Care for the most at risk – 95% under 2005 of poverty level, 88% uninsured or public insurance only
- Community health centers are expected to nearly double in capacity in order to care for newly insured patients under health reform
- CHCs are considered “Most Favored-Nations” under health reform

# Why Now?

- Financial Concerns
  - Federal deficit growing – Medicaid and Medicare major contributors in the future – implementation of health reform means a reduction in the deficit of $1.5 trillion by 2029
  - Rising costs of health care
  - US spends much more on health care than any other developed country, 17.3% of total GDP
  - Without changes in federal law, health care spending predicted to exceed 25% in 2025
- Limited Access & Poor Outcomes
  - 50 million uninsured nationally
  - Significant health disparities in both outcomes and access
  - 45,000 preventable deaths each year for the  uninsured

# Immediate Changes

- Young adults up to age 26 can be enrolled in their parents' plans, regardless of student status
- Tax incentives to small business
- Health Coverage Initiative First Phase (next slide for CA details)
- Closing of pharmaceutical "donut hole" for seniors
- Expanded coverage for early retirees
- Pre-existing condition insurance plan
- Free preventive care
- Insurance regulation
  - No rescinding coverage
  - No lifetime limits
  - Regulating annual limits
  - No preexisting condition exceptions for children
- Grants for prevention, workforce, community health centers, rural health centers, training, etc.

# Selected Future Innovations

- 2011
  - Prescription Drug Discounts
  - Delivery research and redesign to improve quality and decrease costs
  - Insurance company reimbursement reforms
  - Meaningful use of EHR
- 2012
  - Encouragement of Accountable Care Organizations (ACOs)
  - Linking payment to quality outcomes
- 2013
  - Improved prevention coverage
  - Increased Medicaid payments to doctors
  - Expanding CHIP (Healthy Families)
- 2014
  - Health Insurance Exchanges
  - Increased Access to Medicaid
  - Tax credits to individuals and small business to purchase insurance
  - Eliminating annual limits on coverage, discrimination by gender or by pre-existing condition

# Potential Impact of 2011 Congress

- Most fundamentals of health care reform are a “done deal”
- Some aspects are considered at risk, given congressional discretion
  - Additional SBHC funding
  - Nurse-managed Clinics
  - Many workforce programs, including
    - Pediatric specialist loan repayment
    - Teaching health centers grant program
    - Rural physician training grants
    - Alternative dental care programs
    - Family nurse practitioner demonstration program
    - Support for nursing programs, e.g. diversity and advanced training
    - Advanced Health Education Centers
  - Patient-Centered Medical Home Programs
    - Global Payment System Demonstration Program
    - Pediatric ACO Demonstration Program
    - Community health team grants
    - Medication Therapy Management Grants
    - Community-based Collaborative Care Grants

# California Bridge to Reform – Health Coverage Initiative

- Demonstration project  (formerly known as Health Coverage Initiative)
- Opportunity for additional federal funding through:
  - Inter-Governmental Transfers (IGTs)
    - Counties are providing funds to California
    - California draws down federal funds
    - State returns funds to Counties
    - Counties offer expanded access to care
- Alameda, Contra Costa, San Francisco and San Mateo, among other counties, are involved in the first phase of this Health Coverage Initiative
- Proposed expansion will extend coverage to uninsured parents and childless adults up to 200% FPL, to the extent that county funding is available
- Other counties have options to participate in future years

# The 1115 Waiver

- Waivers are granted to states by the federal government to expand Medicaid offerings
- California will work to expand coverage to the “newly eligible” before required in 2014
- This will help California be ready for full implementation in 2014

# Impact on Latinos

- More access to preventive and primary care
- Chronic disease efforts
  - Latinos disproportionately affected by diabetes, overweight, cardiovascular disease
  - For example, Latinos are twice as likely as Whites to be diagnosed with diabetes, and 1.6 times as likely to die from diabetes
  - Latinos with chronic diseases avoid health care due to costs or access, and are less likely to get the help and support they need
  - Addresses through quality improvement and medical home
- Specific efforts to fight health disparities
- Money saving for many families – insurance industry reform, tax credits, competition, etc.
- Insurance security

# Impact on Undocumented Immigrants

- Estimated 3 million undocumented immigrants in California (8% of population)
- Drawing down federal funds also means drawing down federal regulations – Defecit Reduction Act – this includes:
  - A requirement for legal status
  - 5 year waiting period, even for documented immigrants
  - Undocumented immigrants will be further isolated
  - Will qualify for very few programs
  - Experiences different by County
    - E.g. Alameda County is projecting and setting aside funds to provide care for the undocumented

# How do ACOs fit in with Health Care Reform?

- The Accountable Care Organization (ACO)- is the focus of the newly created Innovation Center within the Center for Medicaid and Medicare Service (CMS)
- It is emerging as a centerpiece of federal strategy to implement vast coverage expansions while also assuring and promoting quality of care
- The federal emphasis on the development will need to be tailored differently for the Safety Net

# Accountable Care Organizations

- Triple aim: Accountability, Incentives, Capabilities (EHR, Practice Redesign)

ACO Operating Model

# ACOs – Key to Delivery System Redesign

- Continuum of care to patients and populations in a vertically integrated fashion
- Principles are based on lessons learned in Medicare populations served by highly integrated health systems
- Care must be provided to a distinct population, driven by providers, focused on primary care medical homes, care management, and health IT
- New financial model to align provider incentives to meet quality, health status and cost objectives, rather than basing payment on service volume
- Goal is to provide better value for health system dollars, in terms of quality of care

# Conclusions

- Biggest questions:
  - How will the safety net respond to health reform?
  - In particular, how will we assure care to undocumented immigrants?
  - How can we best utilize health reform to improve access to care and health outcomes for Latinos?
  - How will the safety net be involved in Accountable Care Organizations, and what impact will that have on Latinos?