

How will Health Care Reform Impact Baltimore City and the State of Maryland?



Senate Bill - Patient Protection and Affordable Care Act (H.R. 3590) and Reconciliation Bill (H.R. 4872)

Summary: The Senate Bill will require most U.S. citizens and legal residents to have health insurance. The bill creates state-based American Health Benefit Exchanges through which individuals can purchase coverage, with premium and cost-sharing credits available to individuals/families with income between 100-400% of the federal poverty level. Further the bill expands Medicaid to 133% of the federal poverty level. It also creates Exchanges where individuals and small businesses can purchase coverage. Patient protections will begin to go in effect as early as this year with some provisions phased in over the next several years. These include providing coverage to those with pre-existing conditions, expanding dependent coverage to age 26, and disallowing lifetime and annual limits.

The Reconciliation Bill (H.R. 4872) would make important changes to the Senate Bill including those that impact affordability and consumer protections. The grid in this document has incorporated those changes.

Please note that this grid does not substantially address some parts of the bill most notably the changes to Medicare. The focus rather is on the Medicaid expansion, the Exchanges, employer provisions, and consumer protections.

The Uninsured in Maryland and Baltimore

	Maryland	Baltimore City
Non-Elderly	704,500 ¹	96,920 ²
Children (under 18)	123,700	11,888
With incomes under 100% FPL	247,700	33,922
With incomes 100%-133% FPL	61,700	8,723
With incomes 134%-300% FPL	250,100	34,891
With incomes 300%-400% FPL	65,200	8,917

Baltimore City numbers by poverty level extrapolated from state numbers

How do FPL Percentages Translate into Family Income?

Percent of Federal Poverty Level/Maximum Initial Out of Pocket for Premium Costs

Family Size	100%	133%/3%	200%/6.3%	300%/9.5%	400%/9.5%
1	\$10,830	\$14,404/\$432	\$21,660/\$1365	\$32,490/\$3087	\$43,320/\$4115
2	\$14,570	\$19,378/\$581	\$29,140/\$1836	\$43,710/\$2754	\$58,280/\$5537
3	\$18,310	\$24,352/\$730	\$36,620/\$2307	\$54,930/\$5218	\$73,240/\$6958

¹ Kaiser Family Foundation – Maryland Data - 2008

² American Community Survey - US Census Bureau - Baltimore City - 2008 - updated 3/26/10

Provision Type	Provision Summary	Timeline for Implementation	Maryland Impact	Baltimore City Impact
Expansion of public programs	Expand Medicaid to all individuals under age 65 with incomes up to 133% Federal Poverty Level. There will be a guaranteed benchmark benefit package. H.R. 4872 allows a 5% income disregard for those at the top of the income limit for Medicaid eligibility.	January 1, 2014 for eligibility expansion States have the option to expand coverage beginning in April, 2010 with the enhanced ARRA match then get the 100% coverage in 2014 for any newly eligible individuals after enactment. H.R.4872 extends federal assistance to the states in decreasing amounts but no less than 90% after 2019.	309,400 non-elderly uninsured Marylanders will be able to get health coverage through the Medicaid expansion <i>Please note that some of these individuals already qualify but are not enrolled in Medicaid</i>	42,516 uninsured Baltimoreans will be able to get health coverage through the Medicaid expansion <i>Please note that some of these individuals already qualify but are not enrolled in Medicaid</i>
Create Health Insurance Exchanges with subsidies for low to moderate income families	Provide premium credits to individuals and families (citizens and legal immigrants) with incomes between 100-400% FPL to allow purchase health insurance through the Exchanges. Federal premium or cost-sharing subsidies may not be used to purchase coverage for abortion if coverage extends beyond saving the life of the woman or in cases of rape or incest.	January 1, 2014 States are permitted to create a Basic Health Plan for the uninsured with incomes up to 200% of FPL that are not eligible for subsidies. (January 1, 2014)	315,300 more uninsured Marylanders whose income is between 134%- 400% of FPL will be able to get subsidized health coverage through the Exchanges 100-150% FPL - 94% cost covered 150-200% - 87% cost covered 200-250% - 73% cost covered 250%-400% - 70% cost covered Premium contributions are limited depending on income to between 3.0% (134%) to 9.5% for 400% FPL initially with some increases in cost sharing occurring annually. Reduce out-of-pocket (OOP) limits for those with low to moderate incomes.	43,808 more uninsured Baltimoreans whose income is between 134%- 400% of FPL will be able to get subsidized health coverage through the Exchanges See subsidy information in the column to the left

Provision Type	Provision Summary	Timeline for Implementation	Maryland Impact	Baltimore City Impact
Benefit Design and Preventive Care	<p>Create an essential benefit plan that Exchanges must offer that provides comprehensive services and limits OOP expenses</p> <p>Require all new policies - private and Exchange - (except stand-alone dental, vision, and long-term care insurance plans) to comply with one of the four benefit categories. See details at www.kff.org</p>	<p>January 1, 2014</p> <p>January 1, 2014</p>	<p>Benefits all Marylanders by reducing disparities between available health coverage plans and limiting OOP expenses.</p> <p>Standard benefits reduce confusion among enrollees.</p>	
	<p>Eliminate cost sharing in Medicare and Medicaid for cost preventive service</p> <p>Require qualified health plans to provide at a minimum coverage without cost-sharing for many preventive services including recommended immunizations, preventive care for infants, children, and adolescents, and additional preventive care and screenings for women.</p>	<p>January 1, 2011</p> <p>Effective six months following enactment</p>	<p>Low-income and elderly Marylanders will save money and be more likely to get needed preventive care.</p> <p>Improves the health of all Marylanders by requiring coverage for essential preventive services.</p>	

Provision Type	Provision Summary	Timeline for Implementation	Maryland Impact	Baltimore City Impact
Private Insurance Provisions	<p>Establish a temporary national high-risk pool to provide health coverage to individuals with pre-existing medical conditions.</p> <p>Health plans may not exclude coverage based on a pre-existing condition.</p> <p>Provide dependent coverage for children up to age 26 for all individual and group policies.</p> <p>States must establish an office of health insurance consumer assistance or an ombudsman program to serve as an advocate for consumers.</p>	<p>Effective within 90 days of enactment until January 1, 2014</p> <p>Effective January 1, 2014</p> <p>Effective within 6 months of enactment until January 1, 2014</p> <p>Federal grant dollars available in fiscal year 2010</p>	<p>U.S. citizens and legal immigrants who have a pre-existing medical condition and who have been uninsured for at least six months will be eligible to enroll and receive subsidized premiums.</p> <p>Young adults age 19-34 comprise 41% of the nonelderly uninsured nationally. Maryland passed a law in 2008 extending the age of dependent coverage to 25 but this did not apply to self-insured private plans (about 1/2 of Maryland plans) so there will be a gain in the # of insured young adults.</p> <p>Maryland has a consumer ombudsman office and may be able to draw down federal grants beginning in fiscal year 2010</p>	
	Guaranteed issue and renewability of health coverage and allow rating variation based only on age, premium rating area, family composition, and tobacco use in the small group market & Exchanges.	Effective 6 months from enactment for existing health plans otherwise January 1, 2014	Consumer protection guaranteeing issue and renewability of health coverage	
Individual Mandate	Require U.S. citizens and legal residents to have qualifying health coverage. Those with incomes below 100% FPL are exempt from penalties	Penalty phased in beginning in 2014 - full penalty 2016 but not exceeding 2.5% of household income. Flat rate penalties for 2015 and 2016.		

Provision Type	Provision Summary	Timeline for Implementation	Maryland Impact	Baltimore City Impact
Employer Provisions	Employers with more than 50 employees that do not offer coverage will be assessed \$750 per full-time employee. If at least one full-time employee receives a premium tax credit the penalty could be up to \$2,000.	January 1, 2014	There are 141,332 businesses in Maryland. Most - 133,295 - are exempt from this provision as they employ less than 50 workers 8,037 Maryland businesses could be assessed if they do not offer coverage to their workers	There are 12,702 businesses in Baltimore. Most - 11,848 - are exempt from this provision as they employ less than 50 workers 854 Baltimore businesses could be assessed if they do not offer coverage to their workers
	Employers that impose a waiting period before employees can enroll in coverage may not extend any waiting period beyond 90 days. No fines will be assessed under H.R. 4872.	January 1, 2014	Companies will have the number of employees that may be assessed reduced by 30 for the purposes of penalty payments under H.R. 4872.	
	Employers with 50 or fewer employees are exempt from any of the above penalties.	Upon enactment	See above for information on impact on Maryland businesses.	See above for information on impact on Baltimore businesses.
	Require employers that offer coverage to their employees to provide a free choice voucher to employees with incomes less than 400% FPL whose share of the premium exceeds 8% but is less than 9.8% of their income and who choose to enroll in an Exchange plan.	January 1, 2014	FYI: 44% of Maryland businesses with fewer than 50 employees offer health coverage 98% of Maryland businesses with over 50 employees offer health coverage ³	

³ Kaiser Family Foundation – Maryland Data

Provision Type	Provision Summary	Timeline for Implementation	Maryland Impact	Baltimore City Impact
	<p>Require employers with more than 200 employees to automatically enroll employees into health insurance plans offered by the employer.</p> <p>Employer Premium Subsidies Provide small employers that purchase health insurance for employees who have no more than 25 employees and average annual wages of less than \$50,000 with a tax credit ranging from 35-50% phased in between 2010 and 2014.</p> <p>Create a temporary reinsurance program for employers providing health insurance coverage to retirees over age 55 who are not eligible for Medicare. Program will reimburse employers or insurers for 80% of retiree claims between \$15K and \$90K.</p> <p>Provide grants for up to five years to small employers that establish wellness programs.</p>	<p>Upon enactment</p> <p>Begins tax year 2010 Effective 90 days following enactment through January 1, 2014</p> <p>Fiscal year 2011</p>	<p>Data not available in this increment but would effect no more than 3,489 Maryland businesses (100-1000+ employees increment).</p> <p>Data not available in this increment - 121,461+ Maryland businesses could receive the subsidy (1-19 employees increment).</p>	<p>Data not available in this increment but would effect no more than 421 Baltimore businesses (100-1000+ employees increment).</p> <p>Data not available in this increment - 10,580+ Baltimore businesses could receive the subsidy (1-19 employees increment).</p>
Other - Cost Containment	Several provisions are included for cost containment including implementing industry standards that will allow for streamlined operation and interface between health plans, consumers and providers.			

Provision Type	Provision Summary	Timeline for Implementation	Maryland Impact	Baltimore City Impact
Other - Workforce Training	Please see the Kaiser Family Foundation website at www.kff.org for bill provisions designed to improve workforce training and development.			
Other - Community Health Centers	Improve access to care by increasing funding for community health centers and the National Health Service Corps (effective fiscal year 2011); establishing new programs to support school-based health centers (effective fiscal year 2010) and nurse-managed health clinics (effective fiscal year 2010).			
Other - Medicare	There are many changes to Medicare that will reduce expenditures by eliminating waste and fraud and implementing best practices. The bills also address affordability by closing the donut hole and other measures. Please see the Kaiser Family Foundation website at www.kff.org for more detailed information.			
Other - Insurance Pooling	Create state-based American Health Benefit Exchanges and Small Business Health Options Program (SHOP) Exchanges, administered by a governmental agency or non-profit organization, through which individuals and small businesses with up to 100 employees can purchase qualified coverage.	Businesses may begin purchasing insurance in 2017	State can draw down Federal dollars to establish SHOPS within one year of enactment until 2015	No direct impact
Other - Reducing Health Disparities	The bill calls for several new provisions that are designed to reduce health disparities. Please see the Kaiser Family Foundation website at www.kff.org for more detailed information.			
Other - Long Term Care	Please see the Kaiser Family Foundation website at www.kff.org for more detailed information.			
Other – Implementation Funding	H.R 4872 establishes a Health Care Reform Implementation Fund of 1,000,000,000			
Other – Payments to Primary Care Physicians	H.R 4872 adds language that would increase Medicaid FFS and managed care physician payments rates to a rate not less than the Medicare rate for 2013 and 2014. Increases would be paid for by the Federal government. This could result in increased physician participation in the Medicaid program.			
Other – Disproportionate Share Hospital, Revenue, and Education Provisions	Please see H.R. 3590 and H.R 4872 for more information on these provisions.			

Sources:

Kaiser Family Foundation website at www.kff.org - 2008 Maryland data

Families USA - Marylanders with Health Insurance - March 2009

Centers for Medicare and Medicaid Services - 2010 FPL

Census.gov

Small Area Health Insurance Estimates - US Census Bureau - Baltimore City - 2005

Profile of Selected Economic Characteristics - Baltimore City - 2000

2007 County Business Patterns (NAICS) Baltimore City and Maryland

American Community Survey - US Census Bureau - Baltimore City - 2008

Maryland Health Care Commission - Health Insurance Coverage - 2005-2006

Fedstats.gov - Baltimore City MapStats 2008

Committee on Rules Full Text H.R. 4872 and summary at http://www.rules.house.gov/111_hr4872_secbysec.html

Maryland Insurance Administration <http://www.mdinsurance.state.md.us/sa/documents/MDCoveredLivesReport-12-22-09.pdf>

* Extrapolated from Maryland data based on percentages and poverty levels