

The following information outlines the benefits provided by the Patient Protection and Affordable Care Act (ACA) to our local community.

1. Political Context and HIP perspective

- Conservative opposition in Congress is currently attempting to eliminate budget appropriations for certain aspects of the bill (for example, the National Health Services Corps). This promises to be an on-going partisan fight. Obama has indicated he will veto any bill that attempts to unravel the ACA, though he says he is open to new ideas to improve it.
- Court battles that challenge the constitutionality of the law have already begun and it is projected that the legitimacy of the bill will ultimately be argued in the Supreme Court
- The Health Improvement Partnership (HIP) members are local health care leaders dedicated to increasing access to care, improving quality, improving health outcomes, and controlling costs. HIP's members agree that the ACA takes significant new steps to support these ends. Dismantling the bill will only set us back in our efforts to address the nation's health care crisis. Moreover, HIP sees valuable opportunities to implement aspects of the ACA right here at home – drawing down ACA grant funds to test models to improve quality and control costs that will benefit Santa Cruz County residents and providers.

2. ACA is already benefiting Santa Cruz County residents:

- Important funding for safety net clinic expansion is available to help build capacity to serve more low-income, publicly insured patients
- Children cannot be denied coverage because of a pre-existing condition
- Parents can keep college-age children on their policies until they reach age 26
- Coverage can't be cancelled when someone in the family gets sick
- Serious illnesses won't bury families in debt because of lifetime limits on payments for care.
- Prescription drugs are more affordable for seniors on Medicare
- Seniors receive free screenings for cancer and other diseases; children receive free immunizations
- You can't be charged extra for seeking urgent care at an emergency room that is not in the insurance company's provider network
- Small businesses are now eligible for tax credits to help pay for employee coverage

3. Even more benefits kick in as of 2014:

- Significant Medi-Cal expansion with an additional 17,500 local residents eligible
- New California Health Insurance Exchange offers affordable coverage options to 17,000 locals

4. ACA takes some long overdue steps to improve population health:

- Reinvests in public health and prevention to keep people healthy (instead of solely focusing on health care services to address illness or chronic conditions).
- Provides innovation grants to local communities to test how improving care quality, coordination, and efficiency can improve population health and reduce costs. HIP is poised to attract such funding through its collaborative programs.

5. ACA offers some important first steps to reining in health care costs

- Creates a competitive insurance exchange whereby insurance companies must compete for customers in a transparent marketplace. Consumers will more easily assess price and quality when making their purchasing decisions (designed to drive prices down and quality up).
- Creates an Independent Medicare Advisory Board to write reforms that bring Medicare into line with certain spending targets.
- Tests new ideas to pay providers for quality of care, not quantity of care (Patient-Centered Medical Homes, bundled payments, reducing preventable hospitalizations) with the idea that appropriate, coordinated care improves quality and reduces costs. Promising models can then be replicated to achieve the greatest impact.

6. Additional supporting detail and information are on the following pages.

ACA Benefit	Local impact or other issues
<p>1. Increases insurance coverage for millions of Americans</p> <ul style="list-style-type: none"> • Expands Medicaid to cover an additional 32 million people nationwide • Provides subsidies to low-income individuals who do not qualify for Medi-Cal, so they can purchase insurance • Establishes state health insurance exchanges so that consumers will be able to compare and shop for coverage amongst a variety of competing plans • Offers tax credits to small businesses to help pay for employees' coverage 	<p>Coverage in Santa Cruz as of 2009:¹</p> <ul style="list-style-type: none"> • 41,000 uninsured (includes 5,000 children) • 36,000 enrolled in Medi-Cal • 7,000 enrolled in Healthy Families and Healthy Kids • 21,000 purchase private insurance • 27,000 enrolled in Medicare (3,000 straight Medicare + 5,000 Medi-Medi + 19,000 Medicare with private supplemental) • 124,000 people (almost half of all residents) receive job-based coverage <p>Projected changes in 2014 per federal reform:²</p> <ul style="list-style-type: none"> • 17,500 newly eligible for Medi-Cal for a total of 58,500 on Medi-Cal • 17,000 will be in the health insurance exchanges (10,000 of whom will qualify for subsidies to help pay for coverage) • 6,500 will remain uninsured primarily due to immigration status
<p>2. Reforms insurance industry so that coverage is more secure, available and affordable:</p> <ul style="list-style-type: none"> • Bans exclusions for pre-existing conditions • Bans lifetime and annual caps on how much insurers will pay out for care • Caps consumer's annual out-of-pocket expenses • Requires full coverage for preventive care with no co-payments for these services 	<ul style="list-style-type: none"> • The individual mandate is a key financing component for the new insurance regulations, ensuring that risk and costs are shared by all for the benefit of all. • With more residents covered, more children and families can access the health services they need, particularly primary, preventive care – essential for long-term cost control. • And the insured – even the healthy – are prepared for unexpected health care needs.
<p>3. Strengthens Medicare</p> <ul style="list-style-type: none"> • Closes the “donut hole” – the current gap in Medicare prescription drug coverage that leaves many senior citizens to pay for their prescriptions on their own • No copayments or deductibles for preventive services like mammograms and colonoscopies 	<p>Current low Medicare reimbursement rates reduce access for local seniors to Santa Cruz County providers. Strategies to make Medicare more accessible and affordable will benefit local seniors.</p>

¹ 2009 California Health Interview Survey: www.chis.ucla.edu

² Lavarreda, Shana Alex and Cabezas, Livier: *Two Thirds of California's Seven Million Uninsured May Obtain Coverage Under Health Care Reform*, UCLA Health Policy Report, February 2011 (local data extrapolated from the report's statewide projections)

ACA Benefit	Local impact or other issues
<p>4. Strengthens the safety net system of care for low-income children and families by authorizing the following (though important to note that Congress has not directly appropriated complete funding for the following at this time):</p> <ul style="list-style-type: none"> • \$11 billion in new funding for health centers (\$9.5 billion to expand existing and launch new Federally Qualified Health Centers and \$1.5 billion in capital funding for new/improved clinic facilities) • \$1.5 billion over 5 years to build primary care workforce in provider-shortage communities serving low-income (via the National Health Service Corps (NHSC)) • Additional funding to expand school-based health center operations 	<p>Already an integral part of our local health care delivery system, 8 local safety net clinics collectively provided 250,000 patient visits to low-income residents in 2009. ACA provides new investments to help increase clinic capacity to serve more patients:</p> <ul style="list-style-type: none"> • Local clinics stand to access new grant funding for capital improvements and clinic expansion (New Access Point funding); • NHCS helps area clinics recruit needed providers to practice (through NHCS, Salud employs 6 physicians the County employs 2, and Dientes recruited 2 dentists) • Coverage expansions (described above) offer new sources of reimbursement to cover the cost of care provided by local clinics.
<p>5. Funds and tests the development of new, innovative models to improve care coordination, quality, and health outcomes – all necessary to controlling costs, and improving efficiency. Long-term, health care costs must be contained because they threaten to dominate the national budget, reducing our ability to invest in education, infrastructure, technology, and economic innovation. Health reform is the key to economic recovery.</p>	<p>HIP members are already testing models similar to those that the Center for Medicare and Medicaid Services (CMS) wants to test (e.g., patient centered medical homes and a new health navigator – both of which improve coordination of care, efficiency, and quality). Through HIP and its many partners, Santa Cruz County is well-positioned to access innovation funding that could positively impact local health care delivery and costs.</p>
<p>6. Increases investment in public health and prevention (from \$500 million in 2010 to \$2 billion by 2019).</p>	<p>Develops a national prevention strategy to shift health care focus from clinical care for those who are sick to prevention, wellness programs that target where people live, work, and play.</p> <p>Funds new programs for child obesity prevention, teen pregnancy prevention, etc.</p> <ul style="list-style-type: none"> • \$126m – Community and Clinical Prevention • \$70m – Public Health Infrastructure • \$31m – Research and Tracking • \$23m – Public Health Training

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<p>7. Takes first steps to control costs</p> <p>In January 2011, The Congressional Budget Office (CBO) and the Joint Committee on Taxation (JCT) estimated that repealing the Affordable Care Act (ACA) would cause increase federal budget deficits by \$210 billion between 2012 and 2021. By comparison, a March 2010 CBO and JCT estimate projected that enacting ACA and the health-related provisions of the Reconciliation Act would reduce federal deficits by \$124 billion over the 2010-2019 period.³</p>	<p>First steps include:</p> <ul style="list-style-type: none"> • A competitive insurance exchange whereby insurance companies must compete for customers in a transparent marketplace. Consumers will more easily assess price and quality when making their purchasing decisions (designed to drive prices down and quality up). • A new Independent Medicare Advisory Board to write reforms that bring Medicare into line with certain spending targets. • Taxes “Cadillac plans” (expensive employer-based plans that cost over \$27,500 annually) so as to disincentivize the purchase of such costly plans, and incentivize the purchase of plans that hold down costs. • Tests new ideas to pay providers for quality of care, not quantity of care (Accountable Care Organizations, Patient-Centered Medical Homes, Bundled Payments - paying providers for a continuum of care as opposed to piece meal services that are uncoordinated and costly.) • Fight waste, fraud, and abuse
<p>8. Why implement ACA now? Shouldn’t we wait, given all the economic pressures our country faces?</p>	<p>The Affordable Care Act provides key first steps to reining in skyrocketing health care costs. In particular, cost control is integral to ensuring the solvency and sustainability of Medicare, so that all Americans are assured access to care when they reach age 65 (receiving the benefits they are entitled to, based on their years of contributions). Per CMS & the Medicare Trustees:</p> <ul style="list-style-type: none"> • Changes put in place by the new health reform law will help extend the life of the Medicare’s trust fund by 12 years – from 2017 to 2029.⁴ <p style="text-align: right;">(continued next page)</p>

³ Kaiser Family Foundation, “Health Reform Source,” February 2011

⁴ Kaiser Health News, 2010 Medicare Trustees Report, August 2010

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	<ul style="list-style-type: none"> <li data-bbox="878 212 1451 506">• Without reform, Medicare spending was projected to grow at an average annual rate of 6.8 percent, reaching an annual cost of roughly \$978 billion by 2019⁵. As a result of ACA, projected annual growth in Medicare spending has been reduced to 5.3 percent, reaching \$852 billion by 2019—a 10-year savings of \$575 billion.⁶ <p data-bbox="857 548 1468 789">Our nation can't afford continued skyrocketing health care costs: 16% of GDP in 2009.⁷ In 2009, the Congressional Budget Office projected that health care spending would be 31 percent of GDP by 2035 and 46% by 2080.⁸ Addressing our nation's health care crisis is fundamental to ensuring our nation's long-term economic viability.</p>

⁵ CMS: National Health Expenditures Data, October 2010

⁶ Richard S Foster, Chief Actuary CMS, memo data April 2010

⁷ Congressional Budget Office, "The Long Term Budget Outlook," June 2009

⁸ Ibid