The Future of Health Care in Arizona: The ACA and AHCCCS Restoration and Expansion

Arizona Rural Health Conference
August 4, 2015
The AHCCCS Wars
The Howell Code
Justice William Howell
1863
President Johnson was able to push through Medicare and Medicaid as “memorials” to President Kennedy, to cover the elderly and the poor, and to President Truman, who was still alive.
Eighty-ninth Congress of the United States of America
AT THE FIRST SESSION
Begun and held at the City of Washington on Monday, the fourth day of January, one thousand nine hundred and sixty-five

An Act
To provide a hospital insurance program for the aged under the Social Security Act with a supplementary medical insurance program and an extended program of medical services, to finance benefits under the aged, survivors, and disabled persons insurance programs, and to effect these programs in cooperation with the Federal-State public assistance programs.

BE IT ENACTED BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA IN CONGRESS ASSEMBLED, That this Act, with the following table of contents, may be cited as the "Social Security Amendments of 1965."

TABLE OF CONTENTS
Title I—Health Insurance for the Aged and Medical Assistance
Sec. 401. Short title.

PART I—HEALTH INSURANCE FOR THE AGED
Sec. 402. Establishment of hospital insurance benefits.
Sec. 405. Hospital insurance benefits and supplementary medical insurance benefits.

Title XVIII—Medical Assistance for the Aged
Sec. 406. Federal assistance to States for medical assistance.
Sec. 407. Federal assistance to States for medical assistance.

PART II—HOSPITAL INSURANCE BENEFITS FOR THE AGED
Sec. 408. Scope of benefits.
Sec. 409. Hospital insurance benefits.
Sec. 410. Supplementary medical insurance benefits.
Sec. 411. Scope of benefits.
Sec. 412. Hospital insurance benefits.
Sec. 413. Supplementary medical insurance benefits.

PART III—MEDICAL ASSISTANCE FOR THE AGED
Sec. 414. Exchange of information.
Sec. 415. Appeals to Federal and State agencies.
Sec. 416. Transfers between programs.

PART IV—ADMINISTRATIVE PROVISIONS
Sec. 417. Federal-State plan for operation of medical assistance program.
Sec. 418. Authorization of appropriations.
Sec. 419. Administration of medical assistance program.

Title XIX—Medicaid
Sec. 420. Federal assistance for medical assistance programs.
Sec. 421. Title XIX of the Social Security Act is amended by adding at the end thereof (after section 1917, added by section 401 of this Act), the following new section:

"Alternative Federal Payment with Respect to Public Assistance Expenditures
"Sec. 1120. In the case of any State which has in effect a plan approved under title XIX for any one or more fiscal years, the total of the payments to which such State is entitled for such year, and for such fiscal year, under section 1903(a)(1) of the Social Security Act (as in effect for the fiscal year for which purposes of this section means the fiscal year ending with June 30, under section 1903(a)(1) of the Social Security Act), shall be determined by applying the percentage of the Federal medical assistance percentage (as defined in section 1902) to the expenditures under its State plan approved under title I, IV, X, XIV, and XVI, which would be included in determining the amount of Federal payments to which each State is entitled under such sections, but without regard to any maximum on the daily amounts per recipient which may be counted under such sections.

[Signature]
Speaker of the House of Representatives

[Signature]
Vice President of the United States and President of the Senate

Lyndon B. Johnson
July 30, 1965 5:19 White House
January 1966

Hawaii    Illinois
Minnesota North Dakota
Oklahoma  Pennsylvania

1966
Twenty six States Began Medicaid
Including our three neighbors
CA, UT, NM

Medicaid
January 1970
48 States had Medicaid

July 1972
Alaska is Number 49
The 1970’s
Laws passed
laws vetoed
laws repealed
laws unconstitutional

AHCCCS
October 1, 1982

Arizona Joins the Other States

Medicaid
The Birth of Arizona’s Medicaid: AHCCCS (We are last) 1982

Ronald Reagan
The 1980’s
1115 waivers
Kirschner vs U.S.
aids
ALTCS
Behavioral Health
Abortion

AHCCCS
The 1990’s
ADA
Explosive growth
Dual eligibles
olmstead

AHCCCS
The 2000’s
Prop 204/Andy Nichols
childless adults
kid’s care
the great recession

AHCCCS
Will We Make History?
Tuesday, March 23, 2010

Obama Signing “Patient Protection and Affordable Health Care for America Act,”
March 23, 2010
H.R. 3590 —
the Patient Protection and Affordable Care Act

Bush Signing Medicare Modernization Act,
December 8, 2003

LBJ Signing Original Medicare Act,
July 30, 1965
“This is a really big [bleeping] deal!”

Divided House passes health bill
Where No Legislation Has Gone Before
Nos. 11-393 & 11-400

IN THE
Supreme Court of the United States

FLORIDA, et al.,

Petitioners,

v.

DEPARTMENT OF HEALTH AND HUMAN SERVICES, et al.,

Respondents.

On Writ of Certiorari to the
United States Court of Appeals
for the Eleventh Circuit

BRIEF FOR THE AMERICAN HOSPITAL
ASSOCIATION ET AL. AS AMICI CURIAE IN
SUPPORT OF NEITHER PARTY ON SEVERABILITY

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(additional amicus representatives listed on inside cover)
STATE DECISIONS FOR CREATING EXCHANGES, AS OF MARCH 21, 2013

Source: Kaiser Family Foundation
Current Status of State Medicaid Expansion Decisions

NOTES: Current status for each state is based on KCMU tracking and analysis of state executive activity. **MT has passed legislation adopting the expansion; it requires federal waiver approval. *AR, IA, IN, MI, PA and NH have approved Section 1115 waivers. Coverage under the PA waiver went into effect 1/1/15, but it is transitioning coverage to a state plan amendment. WI covers adults up to 100% FPL in Medicaid, but did not adopt the ACA expansion.

NOTES: *NM, NV, and OR are federally-supported state-based Marketplaces in 2015. **MT legislature passed legislation adopting the expansion; it requires federal waiver approval.

NOTE: The federal poverty level (FPL) for a family of three in 2015 is $20,090. Thresholds include an income disregard equal to five percentage points of the FPL.
SOURCE: Based on results from a national survey conducted by the Kaiser Commission on Medicaid and the Uninsured and the Georgetown University Center for Children and Families, 2015.
Medicaid and Medicare Together Provide Health Insurance Coverage for More than 3 in 10 Americans

Health Insurance Coverage, 2013

- Employer: 48%
- Medicaid: 16%
- Medicare: 15%
- Uninsured: 13%
- Other Private: 6%
- Other Public: 2%

NOTE: FY is fiscal year. \(^1\) Amount for Medicare is mandatory spending minus income from premiums and other offsetting receipts such as state contribution (clawback) payments to Medicare Part D. \(^2\) “Other” category includes other mandatory outlays (such as CHIP and Health Insurance Marketplace premium subsidies) minus income from offsetting receipts.

NOTE: FPL-- Federal Poverty Level. The FPL was $19,530 for a family of three in 2013.
NOTE: Includes neither spending on CHIP nor administrative spending. Definition of nursing facility care was revised from previous years and no longer includes residential care facilities for mental retardation, mental health or substance abuse. The nursing facility category includes continuing care retirement communities.

The Increasing Role of Managed Care in Medicaid

Share of Medicaid Enrollment in comprehensive MCOs:

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>38%</td>
</tr>
<tr>
<td>2003</td>
<td>38%</td>
</tr>
<tr>
<td>2004</td>
<td>39%</td>
</tr>
<tr>
<td>2005</td>
<td>40%</td>
</tr>
<tr>
<td>2006</td>
<td>41%</td>
</tr>
<tr>
<td>2007</td>
<td>43%</td>
</tr>
<tr>
<td>2008</td>
<td>44%</td>
</tr>
<tr>
<td>2009</td>
<td>46%</td>
</tr>
<tr>
<td>2010</td>
<td>47%</td>
</tr>
<tr>
<td>2011</td>
<td>49%</td>
</tr>
</tbody>
</table>

SOURCE: Medicaid Managed Care Enrollment Reports, 2000-2011, CMS.
Meeting the Varied Needs of Populations Covered in Medicaid

Per Enrollee Spending, FFY 2011

<table>
<thead>
<tr>
<th>Category</th>
<th>Acute Care</th>
<th>Long-Term Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$5,790</td>
<td>$1,805</td>
</tr>
<tr>
<td>Children</td>
<td>$2,463</td>
<td>$64</td>
</tr>
<tr>
<td>Adults</td>
<td>$3,247</td>
<td>$13</td>
</tr>
<tr>
<td>Individuals with Disabilities</td>
<td>$10,505</td>
<td>$6,137</td>
</tr>
<tr>
<td>Elderly</td>
<td>$4,091</td>
<td>$9,158</td>
</tr>
</tbody>
</table>

Source: Kaiser Commission on Medicaid and the Uninsured and Urban Institute estimates based on data from FY 2011 MSIS and CMS-64 reports. Because 2011 data were unavailable, 2010 data was used for Florida, Kansas, Maine, Maryland, Montana, New Mexico, New Jersey, Oklahoma, Texas, and Utah. Data for these 10 states were adjusted to 2010 spending levels.
Jan Brewer announced on November 28th 2012, that AZ “will not create a State Based Exchange”

Brewer sights the burdensome cost saying:

“there simply remains too much we don’t know about how a State-based Exchange would function and its ultimate cost to taxpayers. Without clear federal guidance and instruction, I cannot in good conscience commit the taxpayers of my state to this costly endeavor “

Along with 35 other states this decision defaults to a Federal Exchange
January 14, 2013
“Brewer drops AHCCCS bombshell in State of the State”

March 20
House Approps
“Jesus had Judas. Republicans have Governor Brewer.”

A.J. LaFaro

AHCCCS 2013
March 28
“Abortion enters debate on AHCCCS”
AZ Republic

April 23
Senate President Andy Biggs
Keep the vote from happening.
May 14
Speaker Andy Tobin proposes sending the issue to the people.

May 16
Five Republican Senators join forces with the Democrats.

AHCCCS 2013
June 11
Governor Brewer unexpectedly calls the Legislature into Special Session

June 13
AHCCCS Restoration and Expansion
House: 33-27
Senate: 18-11

AHCCCS 2013
June 17
HB2010 signed by the Governor
United Republican Alliance of Principled Conservatives (URAPC)

What will the Goldwater Institute do?

AHCCCS 2013
The 2014 Republican Primary
The Great RINO Hunt

“Heads Shaved!”
Tom Husband
Maricopa County Republican

AHCCCS 2014
The 2014 Election
Governor   Secretary of State
AG
Corporation Commission
Congress
Legislature

AHCCCS 2014
“Appeals court breathes new life into Medicaid challenge”

April 28, 2014

AHCCCS 2014
The Legislature
vs
Betlach
Continues

AHCCCS 2015
AHCCCS Today

- Largest Insurer in State
- $9.0 billion Program and growing
- Covers over 50% of all births
- Covers two-thirds of nursing facility days
- Historically provided broader coverage then most States – childless adults – parents
- Relatively good payer compared with other state Medicaid programs

“Reaching across Arizona to provide comprehensive quality health care for those in need”
AHCCCS Funds Flow – for Each $1 of Arizona General Fund ...

Arizona Legislature $1.00

Federal Matching Funds $1.93

$2.93

AHCCCS Administration

$.08

Administrative Expenses

$.02

Profits $0.04

$.04

AHCCCS & ALTCS HEALTH PLANS

$.95

Hospitals

$.54

Doctors

$.72

Other Acute & LTC Care

$.41

Mental Health
“Reaching across Arizona to provide comprehensive quality health care for those in need”
“The moral test of government is how it treats those who are in the dawn of life, the children; those who are in the twilight of life, the aged; and those who are in the shadows of life, the sick, the needy and the handicapped.”

Hubert Humphrey
1 November 1977
“You can count on Americans to do the right thing after first attempting all other possible alternatives.”

Winston Churchill

21st Century Health Care
*Chaotic   *Costly   *Confusing
*Inefficient *Inequitable
*Superb

A Paradox

The U.S. sick Care non-System
The Road Ahead
"The definition of insanity is continuing to do the same thing over and over again and expecting a different result."

—Albert Einstein
The Impact of the ACA on U.S. Health Coverage, 2013 – 2022: Medicaid Expands by 30%

 Millions of Americans

- **2013**
  - Uninsured: 168
  - Medicaid: 62
  - Other Private: 20
  - Medicare: 51

- **2017**
  - Uninsured: 173
  - Medicaid: 80
  - Other Private: 29
  - Medicare: 58

- **2022**
  - Uninsured: 178
  - Medicaid: 81
  - Other Private: 32
  - Medicare: 66


Health Management Associates
Bush VS Clinton
The Sequel
Part Dieux

Predictions
It’s Complicated

Answers

TBD
National Association of Bewitched, Bothered and Bewildered Beneficiaries