

# Special Focus Area: The Affordable Care Act - Implications for Bellevue

In early 2010, Congress passed and the President signed the Patient Protection and Affordable Care Act. Commonly known as the Affordable Care Act (or ACA), this law brought sweeping changes to the way Americans receive health care and, moreover, the methods by which health care costs are paid.

The ACA's effects will be seen not only nationwide, but in Washington, in King County, across the Eastside, and here in Bellevue.

## Selected Components of the ACA

A handful of the ACA's components affect the most vulnerable in our community.

- "Individual Mandate" – The ACA requires most citizens and legal permanent residents to have health coverage as defined by the federal government. While the ACA identifies certain exceptions for financial difficulties, religious concerns and undocumented immigrants (among other exceptions), this requirement is intended to ensure that most people in the US have health care. Those who are required to have coverage but who do not obtain it (and who are not exempt) are subject to financial penalties that increase over time.
  - o Some states may choose to have their Exchanges run by the State, the federal government, or as a federal-state partnership. Washington State has decided to run its own Exchange. This is an entity which is run by the government or by a non-profit organization, from which individuals may purchase health coverage. Health Care Exchanges offer affordable insurance options to most individuals. Private health insurance plans are available for purchase for individuals with incomes above 138% of the Federal Poverty Level (FPL). Individuals with incomes below 138% of the FPL can also find out if they qualify for free or low-cost coverage through Medicaid and apply through the same system.

- Beginning in 2015, employers must offer coverage – Employers with 50 or more workers (at least one of whom is full-time) which do not provide health care coverage must pay a fee of \$2,000 per full-time employee.
  - o The federal government is delaying the requirement to 2015 to "provide time to adapt health coverage and reporting systems while employers are moving toward making health coverage affordable and accessible for their employees."<sup>1</sup>
- Medicaid expansion – In Washington State, Medicaid will be expanded to cover all people under age 65 (who are not eligible for Medicare) and who have incomes up to 138% of the federal poverty level (FPL). Medicaid is a state-operated and federally-funded program. As such, the federal government will support a state's Medicaid expansion 100% in 2014, gradually decreasing that support to 90% of newly eligible individuals in 2020. Not all states have chosen to expand Medicaid.<sup>2</sup>

## The Uninsured Population

As noted in the 2011-12 Bellevue Human Services Needs Update, about 15% of Washington state adults age 19-64 (about one million people) were uninsured in 2011.<sup>3</sup> According to Communities Count, about 16% of King County adults (over 210,000 people) under age 65 were uninsured. In Bellevue, about 14% of adults under age 65, or 11,500 people, do not have health insurance.<sup>4</sup>

HealthPoint, a community health center, has a clinic in Redmond. More than half of patients seen at that clinic are on the sliding scale (not using insurance or other coverage). The number of uninsured people seen at the Redmond clinic has increased by 45% over the last two years.<sup>5</sup>

## Impact of the Individual Mandate

The individual mandate will impact many of

the uninsured. About 100,000 currently uninsured King County residents have incomes between 138-400% of the FPL making them eligible for subsidies if they purchase coverage through the Exchange. These individuals do not have to purchase coverage through the Exchange—they could purchase coverage on their own outside of the Exchange—but they would not be eligible for subsidies.<sup>6</sup>

Tax penalties for not having coverage begin in 2014 and gradually increase to a level of \$695 or 2.5% of income (whatever is greater). For some, this tax penalty may act as an incentive for seeking out the best health care coverage option available for or of interest to them.

### Essential Health Benefits

The ACA establishes an essential health benefits package for purchased coverage, and these essentials must also be a part of state Medicaid plans. The essential health benefits<sup>7</sup> include:

- ambulatory patient services;
- emergency services;
- hospitalization;
- maternity and newborn care;
- mental health and substance use disorder services, including behavioral health treatment;
- prescription drugs; rehabilitative services;
- labs;
- wellness care;
- chronic disease management; and
- pediatric services.

When purchasing from the Exchange, the requirement limits the annual out-of-pocket cost to the patient. That limit is at \$5,950 for an individual and \$11,900 for a family. These limits are subject to change, and the federal guidelines for essential health benefits will be outlined and updated by the US Department of Health and Human Services each year.<sup>8</sup>

States also have work to do in defining the services that will be offered as part of each of these benefit categories.

### Requirements for Employers

The Urban Institute suggests that small businesses with fewer than 50 employees could

benefit from the ACA. Previously, small businesses were at a disadvantage, largely due to their smaller employee pool which concentrated administrative costs and employer contributions. Because ACA establishes the Exchange and essential benefits, smaller businesses may have more, affordable coverage options for their employees. In addition, “these employers face no requirements to contribute to the health care costs of their workers under the ACA.”<sup>9</sup>

The ACA will not be without impact on employers. The Washington State Office of Financial Management projects a positive impact of 15,667 jobs created or saved as a result of increased economic activity around the ACA. However, they note that the negative impact from ACA taxes, fees, and penalties on the state’s businesses and households is -7,998, resulting in a net impact of 7,669 jobs created or saved.<sup>10</sup>

The Urban Institute also says, “The law leaves large businesses’ costs per person insured largely untouched and reduces them for small businesses.” However, it notes that impacts will be seen among mid-sized businesses, which have between 100 and 1,000 employees. This is because many of these employers might not currently offer coverage. Because the ACA has coverage requirements for employers, some employers will be required to pay tax penalties or begin offering coverage.<sup>11</sup> In both cases, this will be a new cost to such employers beginning in 2015.

**Small Businesses:** Because Washington state only has the SHOP (Small business Health Options Program) in two counties (Clark and Cowlitz), the U.S. Treasury Department announced that it will be extending the existing Small Business Health Care Tax Credit in those counties with no SHOP option. Businesses may be eligible to get a tax credit of up to 50 percent on the health insurance premiums they pay for employee coverage if they:

- have fewer than 25 full-time equivalent employees,
- pay an average wage of less than \$50,000 a year, and
- pay at least half of employee health insurance premiums

## Medicaid Expansion

In 2012, the State had over 1 million people enrolled in Medicaid. There are about 545,000 people who are eligible but not currently enrolled in Medicaid. In addition, there will be over 490,000 people who will become eligible under Medicaid expansion. However, perhaps fewer than 330,000 people will choose to enroll. Another half million will be eligible for subsidies in the Exchange.<sup>12</sup> King County estimates that 80,000 currently uninsured residents will be eligible for the Medicaid expansion.<sup>13</sup>

The essential health benefits apply to plans sold to individuals and small businesses both inside and outside of the Exchange. Also, because the Medicaid reimbursement rates will increase, this may provide more incentive for providers to accept Medicaid patients.<sup>14</sup>

## Outreach

Open enrollment in the new health care system in Washington began October 1, 2013 and goes through March 31, 2014. Navigating the requirements and options brought on by the ACA may be challenging, especially for people with limited English proficiency or without computer skills. Applying for coverage through the Washington Health Benefit Exchange however, is accessible online at [wahealthplanfinder.org](http://wahealthplanfinder.org), through a telephone hotline, by mail, or an In-Person Assister.

As noted earlier, tens of thousands of people will be eligible for coverage under aspects of the ACA. However, not all will take advantage of coverage. In addition, many uninsured people will not be eligible despite being under- or uninsured, or having low incomes. For example, undocumented immigrants cannot participate, and with Medicaid expansion, legal immigrants will be restricted until after five years in the country although they will be able to purchase insurance through the health care exchanges.

Attempting to anticipate these challenges, the U.S. Department of Health and Human Services announced \$150 million to fund "In-Person Assisters," as they are called. These are individ-

uals who will assist people in navigating their health care options under ACA.<sup>15</sup> "In-Person Assisters will help reach the most vulnerable uninsured people who require individualized assistance to successfully access the expanded health care options made available under the ACA," according to the State.<sup>16</sup>

**Lead Organizations.** In Washington, lead organizations applied to the State and assume responsibility over county service areas. In King County, the lead organization is Public Health-Seattle and King County (PHSKC). PHSKC is partnering with community health centers and other local organizations to constitute the frontline in providing In-Person Assisters. Community health centers serve the most vulnerable members of our community by providing medical and dental services for those who are under- or uninsured. The population which they serve will be some of the individuals most affected by ACA.

**Local Outreach.** To address the concerns of the over 80,000 residents who may become eligible for the Medicaid expansion, or the 100,000 or so residents who might use the Health Benefit Exchange, who are between 138%-400% of the Federal Poverty Level and therefore ineligible for the subsidies through the Exchange, community health centers such as HealthPoint, International Community Health Services (ICHS), and SeaMar Community Health Centers have brought on staff as In-Person Assisters.

Renton-based HealthPoint, which can serve Bellevue and Eastside residents through its Redmond location, has examined the impact ACA may have on its target population. About 17,000 patients whose incomes are below 400% of the federal poverty level have accessed medical services at one of their clinics from 2012 to mid-2013.<sup>17</sup> HealthPoint staff noted, "All of our patients in our sliding fee A and B categories, and about 61% (1,026) of our sliding fee C patients will become eligible for Medicaid."<sup>18</sup>

Seattle-based ICHS is serving Eastside residents through their Bellevue location. The organization expects that about 6,000 patients to be impacted by changes in the ACA.<sup>19</sup> Similarly, Seattle-based SeaMar expects to see about

3,000 patients signing up for health coverage brought about by ACA, at their Bellevue clinic and other sites.<sup>20</sup>

Other In-Person Assisters serving Bellevue include Friends of Youth, Solid Ground, and Washington Community Action Networks (CAN).

As of December 23, 2013 in King County there were 75,508 enrolled, 74,401 applications completed but not yet paid, and 44,801 in process applicants for a total of 137,711. Statewide the total was 550,841.<sup>21</sup>

## Bellevue/East King County Response

Staff from the City of Bellevue have been working with staff from PHSKC since April 2013 to partner in providing free space at Bellevue City Hall and community centers throughout the city for the In-Person Assisters to meet with people who wish to enroll in either Medicaid or one of the plans offered through Washington Health Benefits Exchange beginning October 1, 2013.

On October 19, 2013, Crossroads Shopping Center and the City of Bellevue co-sponsored a “kick off” event to encourage residents to learn if they were eligible for expanded Medicaid or enroll in another state-approved health care plan. In all, there were over ten sites that were made available in 2013 including libraries, community centers and non-profit agencies. Crossroads Mini City Hall provides multi-lingual In-Person Assisters by appointment to anyone who wants to enroll.

City staff have also coordinated with other East King County cities to hold enrollment events at intervals which provides residents with more options to enroll in healthcare. There was also been communication with local hospitals and medical centers to share information about the dates of the events again, to increase options and make it more convenient for residents to enroll.

## Barriers

There are a number of potential barriers that may prevent individuals from enrolling in coverage options newly available under the ACA. Beyond spreading awareness about available coverage, these barriers include immigration status, personal choice, and the administrative burden on individuals.

*Awareness.* The primary barrier may be a lack of awareness of the available options under the ACA. Among the general public, many may not know about coverage requirements, the Washington Health Benefits Exchange, or other results of the ACA. The challenge here is at least two-fold: marketing to spread awareness of coverage options and guidance to assist eligible people in exploring those options.

PHSKC, HealthPoint, ICHS, SeaMar and other organizations are using the aforementioned In-Person Assisters who speak 34 different languages to help interested people navigate their options under the ACA. The law requires that Assisters be unbiased, not steering prospective consumers to one plan/option over another, all things being equal.

Together, these organizations project that they will enroll thousands of King County residents. They are training existing staff to fill the In-Person Assister roles, are bringing on new staff to assume assister duties, and in some cases are requiring that all staffers have at least a basic understanding of the impacts and options brought on by the ACA.

Beyond marketing about aspects of coverage under the ACA, these organizations must attempt to build will among prospective patients to seek coverage in the first place. The need for health care coverage may not cross a person’s mind until they encounter some catastrophic need. Decision-making during a crisis may make situations more difficult for these patients.

*Other Barriers.* As mentioned earlier, immigration issues will affect whether one seeks coverage. Undocumented immigrants cannot take advantage of the coverage expansions under

the ACA. For others, it may be a personal choice to refuse to seek coverage made available by the ACA.

Still others who are eligible will take steps to explore options newly available under the ACA, but will find the administrative process to be an ominous challenge. ICHS and SeaMar staff estimate that the application process could take between 45 minutes and one hour to complete. Some have estimated the process to take about 20 to 30 minutes, but this may not factor in the additional challenge for those who have limited English proficiency. This can account for the additional time needed for translation and interpretation.

Add to this the fact that each individual must go through the enrollment process. As such, families do not register in one enrollment altogether. For those with limited English skills, the enrollment process will prove to be a slower and more intense endeavor. Limited English proficient patients make up much of the target populations of both ICHS and SeaMar.

Since the signing of the ACA in 2010, there has been an ever-increasing amount of information going out to the public, from government agencies, businesses, non-profit organizations, and the media. The challenge comes to the individual to attempt to understand the ACA, its impacts on their lives, and how to make informed decisions. Ideally, the assisters will add the personal touch that individuals will need to navigate through the volumes of information out there regarding the ACA, so that people can make the best decision for themselves.

## Resources on the ACA

For information about available health care options in our community, residents can tap into the following resources.

- Washington Health Benefits Exchange: [www.wahbexchange.org](http://www.wahbexchange.org)
- Washington Health Plan Finder: [www.wahealthplanfinder.org](http://www.wahealthplanfinder.org)
- King County Enrollment Website [www.kingcounty.gov/coverage](http://www.kingcounty.gov/coverage)
- Office of the Insurance Commissioner: Washington small businesses to get health

insurance tax credits (<http://www.insurance.wa.gov/about-oic/news-media/news-releases/2013/12-17-13.html>)

## ENDNOTES

1. Mazzur, M. (2013). Continuing to Implement the ACA in a Careful, Thoughtful Manner. Retrieved from <http://www.treasury.gov/connect/blog/Pages/Continuing-to-Implement-the-ACA-in-a-Careful-Thoughtful-Manner.aspx>.
2. Kaiser Family Foundation (2013). Summary of the Affordable Care Act. Retrieved from <http://kff.org/health-reform/fact-sheet/summary-of-new-health-reform-law/>
3. Bellevue Human Services Needs Update (2011). Retrieved from [http://bellevuewa.gov/pdf/Parks/hs\\_needs\\_2011\\_Goal-4.pdf](http://bellevuewa.gov/pdf/Parks/hs_needs_2011_Goal-4.pdf)
4. Communities Count (2013). Health Insurance: Summary & Data Highlights. Retrieved from <http://www.communities-count.org/index.php?page=health-insurance>
5. HealthPoint. (2013). Personal Communication, 7/24/13.
6. L. Podell. Public Health, Seattle and King County. (2013). Personal Communication, 12/23/13.
7. Centers for Medicare and Medicaid Services (2013). Essential Health Benefits. Retrieved from <https://www.healthcare.gov/glossary/essential-health-benefits/>
8. Kaiser Family Foundation (2013). Summary of the Affordable Care Act. Retrieved from <http://kff.org/health-reform/fact-sheet/summary-of-new-health-reform-law/>
9. Urban Institute (2011). The Effects of Health Reform on Small Businesses and their Workers. Retrieved from <http://www.urban.org/uploadedpdf/412349-Effects-of-Health-Reform-on-Small-Businesses.pdf>
10. Washington State Office of Financial Management (2012). Estimated Direct and Indirect Economic Impact of the Affordable Care Act (ACA) in Terms of Washington Employment. Retrieved from [http://www.ofm.wa.gov/economy/ACA/ACA\\_impact.pdf](http://www.ofm.wa.gov/economy/ACA/ACA_impact.pdf)
11. Urban Institute (2012). Implications of the Affordable Care Act for American Business. Retrieved from <http://www.urban.org>.

- org/UploadedPDF/412675-Implications-of-the-Affordable-Care-Act-for-American-Business.pdf
12. Washington Health Care Authority (2012). Washington State: Health Care Reform Update. Retrieved from <http://www.hca.wa.gov/hcr/documents/WAStateHealthCareReformManattSolutions2012-09.pdf>
  13. King County (2013). Health reform in Washington state and its impact on King County. Retrieved from <http://www.king-county.gov/healthservices/health/partnerships/HealthReform/impact.aspx?print=1>
  14. HealthPoint. (2013). Personal Communication, 7/24/13.
  15. Families USA (2013). Navigators and Assistants Resource Center: Funding Opportunity. Retrieved from <http://familiesusa.org/navigators-and-assisters-resource-center/funding.html>
  16. Washington Health Benefits Exchange (2013). Request for Proposal Number HBE 13-001. Retrieved from <http://www.wahbexchange.org/wp-content/uploads/HBE-RFP-13-001-In-Person-Asst-Lead-Org-Services-RFP.pdf>
  17. HealthPoint. (2013). Personal Communication, 7/24/13.
  18. HealthPoint. (2013). Provider Survey.
  19. ICHS. (2013). Personal Communication, 7/24/13.
  20. SeaMar. (2013). Personal Communication, 7/17/13.
  21. L. Podell. Public Health, Seattle and King County. (2013). Personal Communication, 12/23/13.