

# Health Law and Policy Update:

## June 12, 2013

*Look no further for an opportunity to sink your teeth into some deep health policy analysis in the middle of your work week. Now look for the CCLP Health Law and Policy Update on Wednesdays!*

This week's updates:

- [Connect for Health Colorado awards assistance network grants](#)
- [Affordable Care Act saves consumers billions](#)
- [Study shows 30 million will remain uninsured after ACA implementation, most U.S. citizens](#)
- [Study: Medicaid expansion saves states money](#)

What's New

### **Connect for Health Colorado awards assistance network grants**

Connect for Health Colorado, Colorado's health insurance exchange, [announced](#) on June 10 that 58 organizations across the state have been selected to provide in-person outreach and enrollment assistance--56 of these organizations will receive grant funding. These assistance network sites will employ "health coverage guides" to provide in-person assistance for individuals, families and small businesses searching for and enrolling in health insurance. When Connect for Health goes live in October 2013, hundreds of thousands of Coloradans will be eligible for new coverage options, and research shows that most will need or want assistance.

Connect for Health Colorado will grant approximately \$17 million to these organizations to fund their activities from July 1 2013 through December 31, 2014. According to Connect for Health Colorado, the grantees include 19 community/non-profit and faith-based organizations, 18 hospitals and clinics, 13 public health or public services organizations, 2 trade organizations, and 6 regional hubs. [A list](#) of the organizations receiving grant funding is available on Connect for Health Colorado's website.

See also: a [story](#) by Eric Whitney, Colorado Public Radio on Kaiser Health News

### **Affordable Care Act saves consumers billions**

Kaiser Family Foundation released a [report](#) last week estimating that health care consumers in the U.S. saved \$2.1 billion in 2012 because of the Affordable Care Act. The report estimates the savings resulting from the ACA's Medical Loss Ratio (MLR)

requirement. The MLR requires health plans to spend at least 80 or 85 percent of each premium dollar collected on actual medical claims, which has the effect of limiting administrative expenses, including profits, to between 15 and 20 percent.

The Kaiser study estimates that individual premiums would have been \$1.9 billion higher in 2012 without the ACA. In addition, according to the report, individual policyholders should receive \$241 million in rebates this summer. Based on this estimate, the ACA's MLR requirement appears to be having the desired effect of reducing costs, particularly in the Individual Market, which prior to the ACA was burdened with high administrative expenses. The report concludes that when averaged across all individual market enrollees, the average amount saved amounts to \$204 per person in 2012. Overall, this means that "people purchasing insurance on their own in 2012 spent 7.5% less on average on insurance than they might otherwise have in the absence of the law."

For more, see a recent [article](#) from the Los Angeles Times.

### **Study shows 30 million will remain uninsured after ACA implementation, most U.S. citizens**

The Affordable Care Act (ACA) is expected to decrease the number of uninsured - currently 48.6 million - through the expansion of Medicaid and the development of health insurance exchanges. However, according to a new [study](#) from the journal Health Affairs, approximately 30 million Americans will remain uninsured after full implementation of the ACA. The study projects that approximately 400,000 of Colorado's currently 788,000 uninsured will continue to lack coverage after the ACA's full implementation.

An unexpected finding from the study is that the demographic makeup of the uninsured will remain principally the same as it is today. In fact, 80 percent of the uninsured after the ACA's implementation will be U.S. citizens. Nearly 60 percent of the uninsured will be employed and 87 percent will have annual incomes under 400 percent of the federal poverty level (approximately \$78,000 for a family of three).

The fact that most uninsured will be eligible for Medicaid or tax credits through the exchange underscores the importance of effective outreach, education and enrollment assistance in Colorado. According to a recent [article](#) from CNN, nearly 40 percent of Americans do not know that the ACA provides tax credits to help individuals afford insurance. The Connect for Health Colorado [Assistance Network](#), which will provide state-wide, in-person outreach and enrollment assistance, will be one of the most important tools for ensuring that Coloradans understand their coverage options.

### **Study: Medicaid expansion saves states money**

Expanding Medicaid is a good deal for states, according to a [study](#) released last week. The study confirms that states that do not expand Medicaid will insure fewer people, spend more money on uncompensated care, and turn away billions of dollars in federal aid. If all states were to expand Medicaid, 27.4 million people would gain access to coverage under the expansion. Additionally, state and local spending on uncompensated care would decrease \$18.1 billion.

But the governors of at least 14 states oppose expanding Medicaid and a half dozen more governors are still weighing the options. The Kaiser Family Foundation [reports](#) twenty states are not moving forward with expansion currently while debate is still ongoing in eight others.

In the 14 states that have declined to expand Medicaid, spending on uncompensated care will increase by \$1 billion and payments from the federal government will fall by \$8.4 billion. Most importantly, 3.6 million fewer people will be insured. The study concludes, "In terms of coverage, cost, and federal payments, states would do best to expand Medicaid."

[Read more](#) about this study from the journal Health Affairs.