

## 17TH ANNUAL INSTITUTE OF POLITICS ELECTED OFFICIALS RETREAT

### IMPLEMENTING THE AFFORDABLE CARE ACT: WHAT STATE AND LOCAL POLICYMAKERS NEED TO KNOW

#### PROGRAM AGENDA

THURSDAY, SEPTEMBER 19, 2013

#### WELCOME AND PRESENTATION OF COLEMAN AWARD

MARK A. NORDENBERG, Chancellor, University of Pittsburgh

#### RETREAT OVERVIEW AND INTRODUCTIONS

G. REYNOLDS CLARK, Vice Chancellor and Chancellor's  
Chief of Staff

#### IMPLEMENTATION OF ACA: THE INTERSECTION OF FEDERAL, STATE, AND LOCAL POLICY

RIMA COHEN, counselor for health policy to Secretary Kathleen  
Sebelius, U.S. Department of Health and Human Services

#### OPEN DISCUSSION

Moderated by KAREN WOLK FEINSTEIN, president and CEO,  
Jewish Healthcare Foundation

#### ECONOMIC IMPACTS OF MEDICAID EXPANSION IN PENNSYLVANIA

CARTER C. PRICE, mathematician, RAND Corporation

#### A COMMONWEALTH UPDATE ON ACA AND MEDICAID IN PENNSYLVANIA

TODD SHAMASH, deputy chief of staff, Office of the Governor,  
Tom Corbett \*

#### STATE RESPONSE PANEL

BEVERLY MACKERETH, secretary, Pennsylvania Department  
of Public Welfare

DOMINIC PILEGGI, Republican leader, Pennsylvania State Senate

JAY COSTA, Democratic leader, Pennsylvania State Senate

#### OPEN DISCUSSION

Moderated by BRADLEY D. STEIN, senior scientist,  
RAND Corporation

#### ROUNDTABLE DISCUSSION: STATE AND LOCAL IMPACTS OF HEALTH INSURANCE EXCHANGES

Presentation by PATRICK HOWARD, principal, Deloitte  
Consulting LLP

#### OPEN DISCUSSION

Moderated by DAN FRANKEL, member, Pennsylvania House  
of Representatives

#### CLOSING REMARKS

MORTON COLEMAN, director emeritus, Institute of Politics

\* Shamash is no longer with the Governor's office, as of March 2014

FRIDAY, SEPTEMBER 20, 2013

#### COVERING ACA—GETTING IT RIGHT: THE ROLE OF ELECTED OFFICIALS, THE MEDIA, AND THE COMMUNITY

#### OPENING REMARKS AND INTRODUCTIONS

DAN FRANKEL, member, Pennsylvania House of Representatives

#### SHAPING THE DISCUSSION: THE ROLE OF THE MEDIA

DAVID M. SHRIBMAN, executive editor, *Pittsburgh Post-Gazette*

#### SHAPING THE DISCUSSION: COMMUNICATING THE COMPLEXITY OF ACA

JAMES RODDEY, principal, ParenteBeard

JOSEPH SABINO MISTICK, associate professor,  
Duquesne University School of Law

#### OPEN DISCUSSION

Moderated by TONY NORMAN, columnist,  
*Pittsburgh Post-Gazette*

#### CLOSING REMARKS

CANDI CASTLEBERRY-SINGLETON, chief inclusion and diversity  
officer, UPMC Center for Inclusion

## 17TH ANNUAL INSTITUTE OF POLITICS ELECTED OFFICIALS RETREAT

More than 100 foundation and community leaders, business executives, academics, and elected officials from all levels of government attended the Institute of Politics 17th annual Elected Officials Retreat, held September 19 and 20, 2013, at the Hilton Garden Inn Pittsburgh/Southpointe.

In his opening remarks, University of Pittsburgh Chancellor **MARK A. NORDENBERG** called attention to the Institute of Politics' efforts, via the annual retreat and other events, to encourage the building of relationships needed to address the divisive and challenging issues facing our region. The Institute of Politics also has become the go-to institution for the essential, informed, civil dialogue that underpins a well-functioning political process.

Nordenberg also introduced the retreat's topic of Implementing the Affordable Care Act: What State and Local Policymakers Need to Know, acknowledging the importance and implications of the Affordable Care Act (ACA) in our region given the economic and social impact of our region's hospital systems, medical facilities, and universities.

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## PRESENTATION OF THE COLEMAN AWARD

In keeping with tradition, Chancellor Nordenberg was on hand at the start of the 2013 Elected Officials Retreat to present the Coleman Award to **LINDA MCKENNA BOXX**, chair of the Katherine Mabis McKenna Foundation, and **PHILIP HALLEN**, president emeritus of the Falk Foundation. The Coleman Award is named after **MORTON COLEMAN**, the founding director of the Institute, in recognition of his lifetime of service to the Pittsburgh area.

### LINDA MCKENNA BOXX

In her role as chair of the Katherine Mabis McKenna Foundation, Linda McKenna Boxx has advanced a broad range of educational initiatives, supported remediation of lands and waterways, and promoted rehabilitation of landmark buildings. Additionally, she has been a key figure in the development of the Great Allegheny Passage and the Allegheny Trail Alliance. McKenna Boxx, through her diligent efforts, has helped to create one of the region's greatest recreational facilities and contributed greatly to making Pittsburgh one of the nation's most livable cities.

In her acceptance speech, McKenna Boxx thanked Karen Wolk Feinstein, president and CEO of the Jewish Healthcare Foundation, for nominating her for the award. She also emphasized that her accomplishments were not just the result of her own efforts but those of a team of trail communities, organizations, and foundations.

### PHILIP HALLEN

Philip Hallen has had a transformative impact on our region during his 40 years as president of the Falk Foundation. Under his direction, the foundation worked to improve community mental health, education, and community development. In addition, he has worked throughout his life to ensure that all of the region's residents have an equal opportunity to succeed.

Hallen expressed delight at being placed on the distinguished list of Coleman Award recipients and emphasized that all of the qualities that the Coleman Award embodies arise out of the work of Moe Coleman, who fundamentally changed the way that Hallen and others in the foundation community engage with neighborhoods.



*Coleman Award winners Philip Hallen (far left) and Linda McKenna Boxx stand with University of Pittsburgh Chancellor Mark A. Nordenberg (second from left) and Institute founder and Coleman Award namesake Moe Coleman at the 2013 Elected Officials Retreat.*

Next, **G. REYNOLDS CLARK** outlined the goals for the retreat, which were as follows:

- Give attendees a better understanding of the Affordable Care Act (ACA) generally and how it will affect insurance markets as well as state and local governments
- Examine the costs and benefits of Medicaid expansion for Pennsylvania
- Analyze the role of the media in informing the public about ACA

Clark noted that while debate will rage over the impact and/or the efficacy of ACA in the decades to come, it was hoped that the program would shed light on some of the more confusing aspects of the law and prepare state and local officials for the rollout and full implementation of ACA in 2014 and beyond.

## IMPLEMENTATION OF ACA: THE INTERSECTION OF FEDERAL, STATE, AND LOCAL POLICY

**RIMA COHEN**, counselor for health policy to Secretary Kathleen Sebelius, U.S. Department of Health and Human Services, began her presentation by outlining the impetus for changing the U.S. health care system. She stated that the debate on the structure of the American health care system has been long and contentious. While the U.S. system of health care has been a source of pride for a century, Americans currently spend more on health care than any other country in the world without receiving noticeable increases in health outcomes. Additionally, employer-based health care benefits have been eroding, which further increases the pressure on the individual to pay for care. Small businesses are hurt by the current health care system through disproportionately heavy health care costs, while workers with jobs are being

disincentivized from creating new small businesses over fears of the loss of insurance coverage. Despite the apparent need for legislation to help solve these challenges, in its short existence, ACA has faced several challenges in the form of a U.S. Supreme Court case and repeated attempts by the U.S. House of Representatives to defund it.

Cohen then covered a series of less-well-known provisions of ACA. Coverage for all Americans has been made stronger with several new protections, including no denial of coverage for children with preexisting conditions, no lifetime caps on coverage, key preventive services covered with no out-of-pocket costs, no Medicare cost sharing, and discounted drug coverage. An additional 3 million adults will be covered by allowing children to stay on their parents' insurance until they reach the age of 26. Insurers will be held more accountable with rate reviews; increased insurance information transparency; and the new 80/20 rule, which allows only 20 percent overhead to be added to direct insurance costs. ACA also provides a small business tax credit for those that provide insurance. Finally, ACA has enacted a series of delivery system reforms that reward providers for improving their care and outcomes.

Cohen emphasized that ACA is structured to be revenue neutral due to a variety of strategies that include the strengthening of antifraud measures. Early data has already shown that health care inflation is moderating. For the past three consecutive years, health care inflation has seen the slowest growth of the past 50 years. Similarly, small increases are being seen in premiums for Medicare, Medicaid, and employer-provided health insurance.

Additionally, Cohen argued that ACA should not negatively affect most businesses, as a majority of firms are below the ACA threshold of 50 employees and are not affected by the health insurance requirements included in the law. Furthermore, 96 percent of the employers with more than 50 employees already offer health coverage. In addition, the administration hopes that ACA will lead to increased entrepreneurship because of the increased freedom to start a small business without the fear of losing health coverage.

Next, Cohen explained ACA's provisions relating to Medicaid expansion and the marketplaces. Health care coverage will increase in two ways: through Medicaid expansion and the availability of the marketplaces. Medicaid expansion will occur at the state level by including those individuals with incomes up to 133 percent of the poverty line. Approximately 500,000 Pennsylvania residents would be eligible through this program. Cohen stated that under ACA, states have the option of participating in a Medicaid expansion. The initial cost of the expansion will be covered completely by the federal government, but in

2017, states will have to pick up 5 percent of the cost of the expansion. Starting in 2020, states will have to cover 10 percent of the Medicaid expansion costs.

Marketplaces are designed to provide consumers with health insurance options that will be presented using simple "apples to apples" comparisons. Most marketplace users (an estimated 90 percent of the current uninsured) will receive a tax credit on their insurance purchase based on family income and size. Cohen also explained the difference among the three types of marketplaces: state-based marketplaces, federally facilitated marketplaces, and state partnership marketplaces. A state-based marketplace is run solely by an individual state under general parameters set out by the federal government. In a federally facilitated marketplace, the state allows the federal government to perform all of the required marketplace functions. A state partnership marketplace is a hybrid of the two other options and allows for state control over the marketplace while the federal government runs many of the functions. The state partnership model has been the most popular model so far.

The marketplace is designed to allow for increased competition, which will drive down costs in the long run. Additionally, the marketplace should increase health care affordability by offering lower premium costs than the private insurance market. ACA also has established basic quality standards, like the inability to drop coverage for application mistakes or bar coverage of preexisting conditions, for all health care offerings.

ACA also will create marketplaces for employers with fewer than 50 employees called the Small Business Health Options Program (SHOP). Eligible employers can define their contribution to an employee's health coverage, have access to a small business tax credit, and benefit from new protections that help get real value for consumers' premium dollars.

An important part of ACA rollout will be reaching out to the public. Cohen noted that the federal government has prepared to reach out to consumers in several ways. HealthCare.gov is the home of the marketplaces and provides information on relevant health care plans. Additionally, Marketplace.CMS.Gov provides information to elected officials, policymakers, and community groups who can help to educate the public on the upcoming changes. As part of the rollout, the federal government also has developed enrollment assistance centers that provide help over the phone or through live online chats. Furthermore, the federal government has been training individuals within organizations and community groups to provide in-person help with an individual's ACA-related problems and questions.

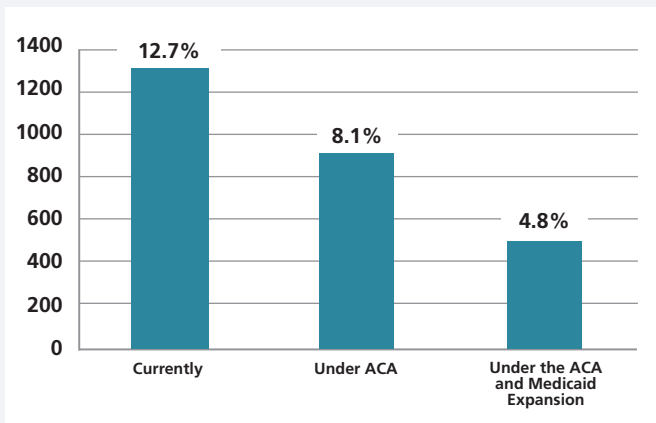
Cohen closed by providing attendees with the implementation and enrollment schedule for ACA.

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## ECONOMIC IMPACTS OF MEDICAID EXPANSION IN PENNSYLVANIA

CARTER PRICE, associate mathematician at RAND Corporation, provided an overview of the Medicaid expansion that is possible in Pennsylvania as a result of funding and changes to the law included in ACA. Using RAND's Comprehensive Assessment of Reform Efforts (COMPARE) model for his study, Price examined how people in Pennsylvania are currently covered, the current costs of health care, and how new options will affect people's decision making. Price covered many of the anticipated economic benefits that increased federal spending through ACA and Medicaid expansion would be expected to provide.

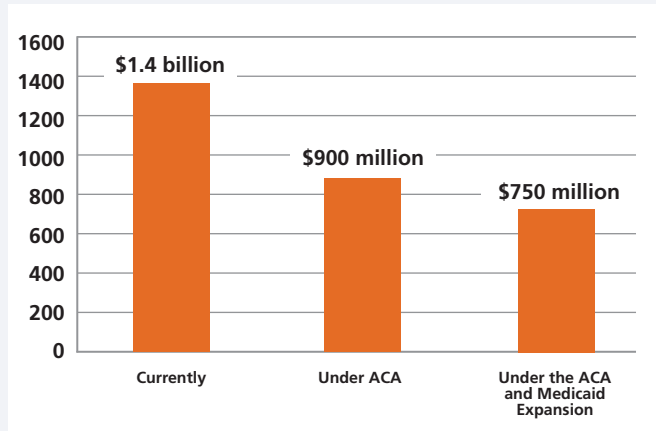
### ACA IN PENNSYLVANIA: POTENTIAL IMPACTS Current and Anticipated Uninsured Pennsylvanians (in Thousands)



In Pennsylvania alone, increased federal spending under ACA is predicted to generate the following:

- Per-year spending increase: \$2–2.5 billion
- Positive economic impact: \$3 billion
- New jobs: 35,000

### ANTICIPATED UNCOMPENSATED CARE FOR PENNSYLVANIA HOSPITALS, 2016 (in Millions of Dollars)



## A COMMONWEALTH UPDATE ON ACA AND MEDICAID IN PENNSYLVANIA

TODD SHAMASH, then deputy chief of staff to Pennsylvania Governor Tom Corbett, introduced the governor's newly developed Healthy Pennsylvania initiative. Shamash remarked at the outset that Pennsylvania has a strong baseline from which to build a better health care system, with strong medical schools and a relatively low uninsured rate.

Healthy Pennsylvania is designed to both increase health care coverage and create a more efficient health care system within Pennsylvania through the following initiatives:

- Improve access and use of the Children's Health Insurance Program (CHIP) (Currently, nearly 95 percent of children in Pennsylvania are covered by some form of insurance.)
- Set up a commission to identify health care improvements that can better support older and disabled Pennsylvanians
- Increase access to health care providers through:
  - The recently enacted Act 10 of 2013 (formerly Senate Bill 5), which creates primary care clinics and expands existing clinics throughout the state. The purpose of this bill is to lower the number of emergency room visits by providing increased access to lower-cost health services as an alternative.
  - The retention of doctors produced by the commonwealth's medical schools through reduced loan burdens in exchange for students staying in Pennsylvania upon graduation
  - Enhanced care delivery through technology with telemedical consultations
  - Incentivized use of e-health by doctors and hospitals.
- Additional tort reform; the governor would like to institute an "apology rule," which would make a health care provider's apology or expression of sympathy to a patient inadmissible in malpractice lawsuits brought against the health care provider.

As part of his health care overhaul, the governor plans to pursue Medicaid reform to address inefficiencies within Pennsylvania's Medicaid system, which covers one in six Pennsylvanians (about 2.2 million residents). Under the governor's program, coverage would be based on individual needs, reducing the insurance costs related to payment of unneeded services. Additionally, under the reform plan, some cost sharing would occur as individuals and families reach certain income thresholds. Furthermore, the reforms would require unemployed but able-bodied Medicaid recipients to actively seek employment. The governor's plan would reinvest the resulting cost savings into the Pennsylvania health care system to increase health care access. The proposed plan would manage Medicaid expansion

by utilizing the newly established marketplaces for recipients. Shamash explained that by using the marketplaces, individuals will have a better idea of their coverage and health care costs, and market forces will help to drive down health care costs.

More information on the governor's Healthy Pennsylvania and Medicaid reform proposals can be found at [www.dpw.state.pa.us/healthypa](http://www.dpw.state.pa.us/healthypa).

## STATE RESPONSE PANEL

**BEVERLY MACKERETH**, secretary, Pennsylvania Department of Public Welfare, opened the response panel by stating that she is pleased that the governor's plan goes beyond Medicaid expansion and attempts to change the entire health care landscape in Pennsylvania. Also, she noted that the governor is looking for help from the public and stakeholders in defining what health care in Pennsylvania will look like going forward.

**JAY COSTA**, Democratic leader, Pennsylvania State Senate, presented the position that health care has always been an important issue for state Democrats because of the desire to provide coverage to all Pennsylvanians and the belief that job creation will occur as more people are covered. Costa stated that the best option for achieving this will be to expand Medicaid coverage. While expressing concern about the lack of details contained in the governor's plan, Costa presented two key questions: What work requirements will be there for beneficiaries, and what effect will the plan have on premiums and benefits? Costa expressed the need to decide what the program will look like sooner rather than later and stated that he looks forward to working with the administration, secretary, and legislative colleagues on this important issue.

**DOMINIC PILEGGI**, Republican leader, Pennsylvania State Senate, supports using federal Medicaid dollars to cover the uninsured in Pennsylvania. In the summer of 2013, he worked with the Democratic caucus in the State Senate to develop a framework for the Medicaid expansion to occur. While he applauded the governor's desire to move forward on this issue, he acknowledged that the state will have questions to address and details to negotiate with the federal government. Pileggi echoed Costa's enthusiasm for working with others to accomplish Medicaid expansion.

## ROUNDTABLE DISCUSSION: STATE AND LOCAL IMPACTS OF HEALTH INSURANCE EXCHANGES

**PATRICK HOWARD**, principal, Deloitte Consulting LLP, opened by explaining Deloitte's involvement in the creation and design of the marketplaces, with the goal of providing consumers

with access to clearly explained choices for plans. As Cohen explained earlier in the day, ACA gives states the option of designing and operating their own exchange, designing one in partnership with the federal government, or allowing the federal government to design and operate the exchange for their residents. Almost half of the states have developed or are developing either a state-based exchange or an exchange in partnership with the federal government.

In 2012, Deloitte conducted a series of surveys of American health care consumers to study their attitudes to the changes that will be brought about by ACA. Forty-four percent of consumers expressed an interest in seeking cost or value alternatives to their current health care insurance. Although many consumers expressed that they were satisfied with their primary care physician, more than 60 percent believed that there is substantial waste in health care, and nearly 80 percent were not satisfied with the performance of the health care system as a whole. Consumers believe that improvements to the health care system could result from the increased use of self-monitoring devices, telemedicine, and increased information related to costs and quality of care. Additionally, younger consumers expressed more interest in being able to design their own benefits plans.

In his discussion on employer reaction to the exchanges, Howard cited surveys that show that 59 percent of employers believe that ACA is a step in the wrong direction and that smaller employers felt less prepared to implement ACA than larger employers. However, Deloitte also found that employers of all sizes liked having a choice of plans at the targeted benefit level and that 81 percent of employers were not planning to drop health insurance coverage as a result of ACA.

Deloitte's research indicated that there should be healthy competition within the state marketplaces for insurance coverage and noted that Pennsylvania is anticipated to have eight medical carriers within its marketplace.

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*Chancellor Nordenberg gives remarks at the Institute's 17th annual Elected Officials Retreat.*

FRIDAY SEPTEMBER 20, 2013

## OPENING REMARKS AND INTRODUCTIONS

**DAN FRANKEL**, member of the Pennsylvania House of Representatives, opened the Friday session by acknowledging that the media has a very difficult task of figuring out the correct story around health care reform to portray in these contentious times. At the same time, the media's role in explaining ACA and chronicling its impacts on Americans and our communities will be critical. He then introduced the morning's speakers: **DAVID M. SHRIBMAN**, executive editor of the *Pittsburgh Post-Gazette*; **JOSEPH SABINO MISTICK**, associate professor, Duquesne University School of Law; and **JAMES RODDEY**, principal at ParenteBeard.

## SHAPING THE DISCUSSION: THE ROLE OF THE MEDIA

Shribman discussed the role the media has played in the debate and early implementation of ACA and what role he perceives the media will have as implementation progresses. He noted that he believes that policy and political debate often is confusing and that it has been especially so as it relates to ACA. The partisan rancor has made the issues surrounding ACA incomprehensible and toxic, which has contributed to a lack of public understanding of the bill.

For Shribman, there are two fundamental problems for the media that have been illustrated by its coverage of the ACA debate and implementation: lack of balance and incomplete details. When the media covers an issue, there is typically a strong attempt to be objective. In this quest for objectivity, the media can feel that both sides deserve equal consideration. This balance often can lure the media into a false sense of fairness when in fact the conflicting sides to an issue should not be given equal weight. Shribman believes that objectivity is an impossible ideal to achieve and that, instead, the media should work toward fairness with respect to the subject of the coverage and the consumers at home. The other concern with the ACA coverage is the media's poor ability to cover granular details, as the media often can only scratch the surface of an issue.

## SHAPING THE DISCUSSION: COMMUNICATING THE COMPLEXITY OF ACA

Mistick opened the panel discussion and stated that the negative speech around ACA has crowded out any room for real debate and explanation of ACA. Throughout the debate so far, supporters, knowing that there will be pitfalls and stumbles, have avoided overcommitting and have applied qualifiers to their statements when discussing ACA. These qualifiers have been seized upon by the opposition and used to attack the act. However, Mistick believes that once ACA goes into effect,

journalists, who no longer have to deal in hypotheticals, will be in a better position to explain ACA to the American people.

Roddey believes that much of the conflicting information around ACA has been caused by the way that information is created and disseminated on the Internet. By its very nature, the Internet allows for bad information to flow freely.

Additionally, although there are legitimately troubling aspects of ACA, the media has instead focused on misinformation, like the creation of "death panels." By focusing on misinformation and personal attacks, the media has failed in its duty to inform the public about even basic aspects of ACA. Roddey remarked that if the public had the opportunity to listen to a debate among experts, similar to the Institute of Politics retreat, people would begin to have a better level of understanding.

Next, Roddey pointed to some troubling aspects of ACA that require the media's attention. There is a fear that young, healthy people will not sign up for coverage and instead opt to pay the penalty until medical coverage is needed. This would significantly damage the insurance pool without healthy young people to drive down rates. Additionally, some ask if the 50-employee threshold will dissuade small businesses from expanding. Finally, are employers restructuring to avoid employees working more than 30 hours a week and therefore requiring insurance coverage? These issues and others will need to be examined by policymakers and the media alike in the coming months and years.

Finally, Roddey urged elected representatives to stop talking about repealing ACA and instead work to reform ACA to make for a more efficient system with better outcomes. More reform is needed in the areas of cost containment and reducing the rate of hospital-acquired infections through measures such as a reduction in reimbursement for hospitals with high infection rates.

Roddey believes that ACA will not be repealed but noted that it can be improved. The media, along with elected officials, nonprofits, and foundations, have a responsibility to inform people about ACA and additional needed health care reforms.

## CLOSING REMARKS

**CANDI CASTLEBERRY-SINGLETON**, chief inclusion and diversity officer, UPMC Center for Inclusion, gave closing remarks and reminded attendees that as regional leaders and members of the media, they have a responsibility to engage the public, especially the most vulnerable populations in our community, to help them better navigate the new health care system under ACA, because it is through engagement that we can have an even greater impact in reducing health care costs and increasing positive health outcomes. ■