

The Affordable Care Act and People with Developmental Disabilities

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The **Affordable Care Act** and People with **Developmental Disabilities**



The Patient Protection and Affordable Care Act (ACA) makes major improvements in how we provide and pay for health care. While the new system isn't perfect, it does include numerous changes that will benefit West Virginians with developmental disabilities, their families and paid caregivers.

The most important reforms include:

- **Virtually everyone will have health coverage.** While Medicaid covers the health care costs of many people with developmental disabilities, the people they rely on – parents, personal assistants, job coaches and others – may have no insurance at all. The ACA changes that by providing a health plan for all uninsured Americans through an expanded Medicaid program and subsidized private insurance plans.
- **Discrimination against people with pre-existing conditions will end.** Insurance companies can no longer refuse to issue policies to these individuals, exclude coverage of their pre-existing condition, or charge them higher premiums.
- **There will be no more caps on benefits.** People with expensive, ongoing health conditions will no longer have to worry about reaching an annual or lifetime limit on benefits and losing health insurance coverage when they reach these limits.
- **Young adults can stay on their parents' policies until age 26.** This new rule applies to all young adults, whether in school or not, married or single.
- **Health plans will cover habilitation, as well as rehabilitation services.** In the past, most insurance plans covered only those services to help people regain abilities after an illness or injury. The new rules require coverage of services that enable people with developmental and other disabilities to gain abilities for the first time.

Additionally, the ACA provides states with options to make improvements in home and community-based services. If adopted, these options will strengthen the ability of people with developmental disabilities to stay in their homes or community settings rather than in a nursing home. While West Virginia is participating in Money Follows the Person, a program that helps people already in nursing homes to relocate to community settings, it is unclear whether West Virginia will adopt other home and community-based reform measures offered in the ACA.

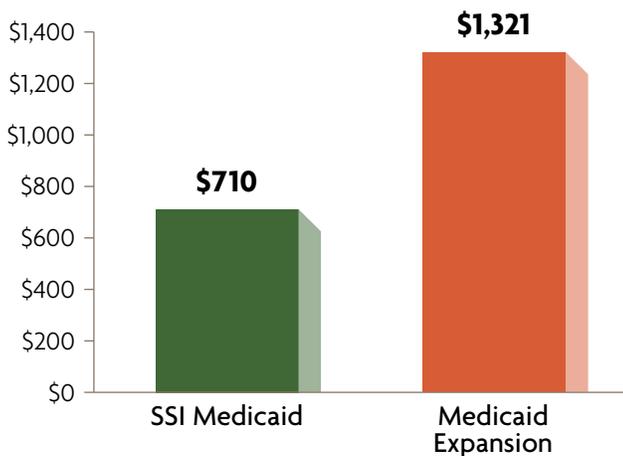
Expanding Health Insurance Coverage

Under the ACA, virtually every West Virginian will qualify for either the expanded Medicaid program or subsidized private insurance policies in the new Health Insurance Marketplace. The Offices of the Insurance Commissioner project that the number of uninsured West Virginians will drop from 246,000 to 76,000 by 2016. That is almost a 70 percent reduction with an additional 170,000 low- and moderate-income West Virginians gaining coverage under the ACA.

Prior to reform, people with developmental disabilities generally had to qualify for Supplemental Security Income (SSI) benefits in order to receive health insurance coverage through Medicaid. People who had assets above \$2,000 (excluding a home or one car) were not eligible for Medicaid benefits under SSI.

Under health care reform, everyone who is a United States citizen, a state resident, under age 65, and who has income below 138 percent of the federal poverty level will qualify for Medicaid regardless of their assets.

Monthly Income Eligibility for an Individual for Medicaid Benefits Under SSI and Expanded Medicaid



State officials can decide to continue to impose an asset test for people with disabilities and those receiving long-term care services, but they cannot impose an asset test for the Medicaid expansion population.

This expansion of Medicaid will make an estimated 133,500 low-income West Virginians eligible for Medicaid beginning as early as January 1, 2014. This is the greatest expansion of Medicaid in its more than 45-year history. The chart to the left shows the income eligibility for Medicaid benefits under SSI and the income eligibility under the expanded Medicaid program.

In order to qualify for Medicaid under SSI, an individual has to be disabled and have income below \$710 a month (or \$1,066 for a family of two). Under the expanded Medicaid program, an individual who has income below \$1,321 a month (or \$1,784 for a family of two) and meets only three other eligibility criteria (is a US citizen, lives in West Virginia, and is under age 65) will be eligible. Many people with developmental disabilities who do not qualify under SSI will qualify under the new Medicaid expansion program.

The second way that the ACA expands health insurance coverage is by creating the Health Insurance Marketplace where private insurance policies will be offered. The Marketplace will allow consumers to pick and choose a product that best fits their needs. In general, in order to be eligible for assistance in the Marketplace, an individual or family must be uninsured and not be eligible for Medicaid or Medicare or have access to employer-sponsored insurance.



The cost of monthly premiums will be subsidized on a sliding scale for individuals and families earning between 100 percent and 400 percent of the federal poverty level (FPL). There are additional subsidies to help with the cost of deductibles and copayments for individuals and families earning less than 250 percent of the federal poverty level. The chart below shows the annual income for individuals and various family sizes at 100 percent, 250 percent and 400 percent of the federal poverty level.

Family Size	100% of FPL	250% of FPL	400% of FPL
1	\$11,490	\$28,725	\$45,960
2	\$15,510	\$38,775	\$62,040
3	\$19,530	\$48,825	\$78,120
4	\$23,550	\$58,875	\$94,200

Premiums in the Marketplace will be determined on a sliding scale based on a percentage of a person's or family's income. Individuals and families earning 150 percent of the FPL, for example, will pay four percent of their income for premiums, while individuals and families earning more than 300 percent of the FPL will pay 9.5 percent of their income for premiums.

The Offices of the Insurance Commissioner estimates that 99,000 West Virginians will qualify for premium subsidies in the Health Insurance Marketplace.

Up to four different levels of benefits will be offered to consumers in the Health Insurance Marketplace: platinum, gold, silver and bronze. As shown in the chart below, the higher the monthly premium, the lower the deductible and co-payments paid by the consumer.

Plan Level	Average % of claim paid by health plan	Average % of claim paid by consumer in deductibles and co-pays	Cost of monthly premium
Bronze	60%	40%	Lowest
Silver	70%	30%	
Gold	80%	20%	
Platinum	90%	10%	

In 2014, West Virginia’s Marketplace will have only one insurance company that provides insurance policies. Highmark Blue Cross Blue Shield West Virginia will offer eleven different insurance policies. In the future, it is anticipated that additional insurance companies will enter West Virginia’s Marketplace to compete for this business.

The uninsured can determine whether they qualify for Medicaid or the subsidized private insurance plans in the Health Insurance Marketplace in three ways:

- Online at www.healthcare.gov
- Toll-free call center at 1-800-318-2596
- Personal assistance: To see what personal assistance is available in your county, you can visit the West Virginia Offices of the Insurance Commissioner web site at bewv.wvinsurance.gov. Other personal assistance can be found at the West Virginians for Affordable Health Care web site at www.wvahc.org.



Ending Pre-Existing Condition Limitations

Prior to reform, people with pre-existing health conditions who did not qualify for Medicaid, Medicare or an employer health plan had a hard time finding private health coverage. Insurance companies would refuse to issue a policy or issue a policy that covered everything except what the person needed coverage for the most – their existing medical condition - or charge a higher monthly premium for a pre-existing condition, including premiums that were prohibitively expensive.

The ACA prohibits insurance companies from using any of these three forms of discrimination against people with pre-existing conditions. After January 1, 2014, insurance companies can no longer deny a person a policy, issue a policy with a rider that excludes coverage for a pre-existing condition, or charge a person a higher monthly premium based on a pre-existing condition.

This is a fundamental change in how the insurance industry operates. Rather than competing for business based on their ability to insure healthier people, insurance companies will now be required to take everyone, and compete for business by offering better value, including providing more wellness programs, effective chronic disease management programs, and health promotion activities.

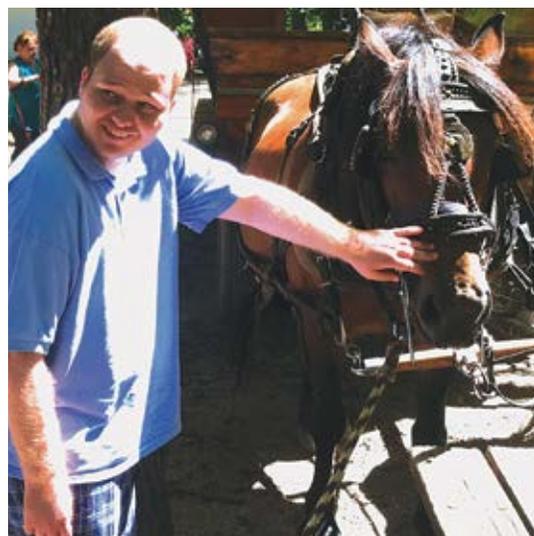
End to Annual and Lifetime Limits on Benefits



Prior to the ACA, most insurance policies had caps on the benefits they would pay. Generally, there was a \$1 million lifetime limit on benefits, and some policies even carried an annual limit on benefits. Once these limits were reached, the person would lose his or her coverage. People with ongoing health conditions and high medical expenses would lose coverage and have a difficult or impossible time finding other insurance coverage. The ACA ended lifetime limits on benefits in 2011 and will phase out annual limits by January 1, 2014. After this date, insurance companies will no longer be able to apply either an annual or lifetime limit on benefits. People with developmental disabilities will no longer face losing health insurance coverage because they had high health care expenses in one year or over a lifetime.

Young Adults Can Stay on Their Parents' Policies

Prior to the ACA, unless they were attending school, young adults would generally lose coverage under their parents' insurance policy at age 19. College students could keep coverage under their parents' policies until age 23. Under the ACA, all young adults can stay on their parents' policies until their 26th birthday. It does not matter if the young adult is in school or not, whether they are married or single, live with their parents or live separate from their parents, or if they are claimed as a dependent on their parents' IRS tax return or file their own IRS tax return. Under any of these circumstances, the young adult may still be enrolled through their parents' health insurance policy until age 26.



An estimated 18,000 young adults in West Virginia gained coverage under this ACA reform in 2012.

In the past, people with developmental disabilities who were totally disabled have been able to stay on their parents' health insurance policy regardless of age, and this should not change under the ACA.



Rehabilitative and Habilitative Services

An example of rehabilitative services is when a person has a stroke and loses their ability to speak. This person then goes to a speech therapist to *regain* their speech. Most insurance policies would cover this benefit. An example of a habilitative service is a child who is developmentally delayed and receives speech therapy to gain his or her speech. Prior to reform, few insurance policies covered this service, and parents were required to pay for habilitative services or have their child go without these services. The ACA requires that both rehabilitative and habilitative services be covered by all individual and small group policies including all policies sold in the Marketplace.

With one exception, Medicaid, all small group policies and all individual policies sold after January 1, 2014 are required to cover “essential health benefits,” including habilitative services.¹ Since habilitative services were generally not covered by insurance companies, the West Virginia Offices of the Insurance Commissioner had to develop a definition for habilitative services. They determined that habilitative services would include those services that “gain, keep or improve skills of daily living.” This includes services to acquire speech or some other skill of daily living. Importantly, this policy allows a person with developmental disabilities to not only gain a skill of daily living, but also to keep or improve that skill of daily living. This is a significant change in insurance coverage and should improve the lives of many people with developmental disabilities.

¹ Grandfathered insurance policies are exempt from the requirement to cover habilitative services. Grandfathered plans are insurance plans that were in effect on March 23, 2010 when the ACA was signed into law and have not made significant changes in coverage since then. According to the Kaiser Family Foundation and Health Research and Educational Trust report, *Employer Health Benefits: 2013 Annual Survey*, only “36% of covered workers are enrolled in a grandfathered health plan in 2013.”

Enhanced Home and Community-Based Services

The ACA creates two new programs and expands an additional program that allows states to expand home and community-based services, allowing more people to either remain in their homes or community settings or to move from a nursing home to a home or community setting. The two new programs under the ACA are:



- **State Balancing Incentive Payments Program:** West Virginia could receive up to \$58 million in federal funds to increase the percentage of money spent on home and community-based services versus the total amount of money spent on long-term care including nursing homes. West Virginia already spends approximately 47 percent of all long-term care monies on home and community-based services. If West Virginia applied for and received funds from the Balancing Incentive Payments Program, the state would be required to spend a majority of the long-term care money on home and community-based services by 2015.
- **Community First Choice Option program:** Under this option, West Virginia could receive substantial federal financial support—up to \$174 million—and would be required to provide people with developmental disabilities and other qualified individuals home and community-based services and support.² Under the Community First Choice Option, states cannot establish waiting list for these services, but are required to provide these alternatives to nursing homes. States would be required to fund individual care plans and allow the individual to hire anyone, including family members, to provide the identified services.

As of September 2013, West Virginia had not applied for or received funding under either of these two options to increase the availability of home and community-based services.

The ACA does extend the Money Follows the Person (MFP) program, which is designed to help people who are already in nursing homes and providing them with resources to be able to return to the community. West Virginia is participating in this program and has received more than \$20 million in federal grant monies for MFP. Under this program people in nursing homes can receive assistance to move to a home or community setting, including moving expenses, the first month's rent, assistance with utility and security deposits, and necessary changes to their home or apartment to ensure safety and independent living.

² The Community First Choice Option would make home and community-based services an entitlement as opposed to the existing waiver program that can be cut or capped.

Conclusion

The ACA makes significant changes in the availability of health insurance coverage and additional services that are important to people with developmental disabilities. Expanding Medicaid, establishing the new Health Insurance Marketplace, and allowing young adults who are not students to stay on their parents' health insurance policies will ensure many more people with developmental disabilities will have health insurance coverage with financial and health care security. Ending pre-existing condition limitations, ending annual and lifetime cap on benefits, and requiring many insurance policies to cover services in order to gain, keep or improve daily life skills will make insurance policies fit the needs of many more people with developmental disabilities.



The journey to make health insurance work for people with developmental disabilities is not over. West Virginia needs to ensure that people with developmental disabilities have a full range of home and community-based services available to them, and that there is no bias towards nursing homes and other institutions. There are, however, significant changes under the ACA that will help people with developmental disabilities achieve greater independence, productivity, integration and inclusion in their communities.

It is important for people with developmental disabilities to understand the changes that are occurring with health reform. The DD Council has funded this publication and a video showing how people with developmental disabilities will be impacted by the ACA. The video can be found at the web site, www.ddc.wv.gov.

Acknowledgments

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