Election 2012: Effects on California Schools, Health Care Organizations and Public Agencies

Wednesday, November 14, 2012

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Healthcare Reform Update
Moving Forward in the New Political Landscape

Mary Rosado
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Agenda

- Review of 2012 election results
- Likely impact to healthcare industry
- Lame Duck Session
- Points of emphasis and focus going into 2013
- Questions & Answers
So, What Does $6 Billion Get You?

A Status Quo Election

Obama Wins Re-election

Congress Remains Divided
The Senate

<table>
<thead>
<tr>
<th></th>
<th>Pre-Election</th>
<th>2013 Make-up</th>
<th>Difference</th>
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<tbody>
<tr>
<td>Democrats/Independents</td>
<td>53</td>
<td>55</td>
<td>+2</td>
</tr>
<tr>
<td>Republicans</td>
<td>47</td>
<td>45</td>
<td>-2</td>
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Congressional Balance of Power

The House

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<th>Pre-Election*</th>
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<tbody>
<tr>
<td>Democrats</td>
<td>190</td>
<td>200</td>
<td>+10</td>
</tr>
<tr>
<td>Republicans</td>
<td>240</td>
<td>235</td>
<td>-5</td>
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*5 vacancies
Eleven races this week

GOP picked up 1 Governorship in North Carolina

Graph showing the distribution of victories in Governor races: Dem, Ind, GOP.
State Legislative Elections

- 6,015 of 7,383 seats were up for election on Nov. 6 across 44 states
- Several legislatures changed party control

GOP gains:
- AR House and Senate

Dem gains:
- ME House and Senate
- MN House and Senate
- NY Senate
Healthcare Reform remains intact
  – Implementing regulations will proceed
  – Battle will move to states
  – Lawsuits will continue

Medicare cuts will be implemented
  – No palatable off sets

Impending “fiscal cliff” puts health care programs on the reform agenda
HCR Implementation: Pedal-to-the-Metal

- EHB regulations
- November 16th state notification---*delayed*
- Full-time/part-time (dependent coverage, transition coverage)
- Reinsurance fee
- March notice of coverage to employees
More than half a trillion dollars at play (2/3 expiring tax cuts)

Sources: Congressional Budget Office; Bipartisan Policy Center; Eurasia Group.
Fiscal Cliff Options

❖ **A Grand Bargain** – Congress extends some, but not all, of the Bush-era tax cuts, some immediate entitlement reforms and other spending reductions, replaces automatic sequestration cuts with an alternative plan.

❖ **A Mini Bargain** - Republicans agree to some tax increase in exchange for “down payment” entitlement reforms and savings and spending reductions.

❖ **Kick the Can** – forestall until early 2013

❖ **Thelma & Louise**
What Is On the Table in a Grand Bargain?

- Delay of HCR tax credits
- Require manufacturer rebates for duals in Part D
- Raise Medicare eligibility age
- Reduce premium subsidies for higher income seniors
- Change Medigap first-dollar-coverage
- Change Medicaid FMAP
What will States Do?

- Time for a final decision from States waiting it out
- States must formalize plans for:
  - Exchanges
  - Medicaid Expansion
State Decision Making on Medicaid
Points of Emphasis and Focus Going Forward

- Health Care Reform will change/evolve
- Regulations will come quickly
- Be Agile
Effects of the Election on California ACA Implementation – Where Do We Go From Here?

Henry Loubet
Chief Strategy Officer
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Sources of Health Insurance Coverage in CA

- **Employment-Based**: 50%
- **Self-Insured**: 9%
- **Large Group**: 32%
- **Small Group**: 9%
- **Uninsured**: 14%
- **Medicare**: 12%
- **Public (non-Medicare)**: 19%
- **Public**: 30%
- **Small Group**: 9%
- **Individual**: 6%

**TOTAL POPULATION**: 37.9 million

Source: California HealthCare Foundation. SNAPSHOT California’s Individual and Small Group Markets on the Eve of Reform, 2011.
Goal is significant enrollment on Day One—January 1, 2014. The imperative: Getting Californians coverage and care; Maximizing federal dollars for our health system and economy; Preventing adverse selection with a bigger and broader pool, not smaller and sicker. (AB1602 and SB900)

Source: Health Access
Other Trends Attributable to ACA

- Continued Movement Toward Self-Funding Due to New Taxes and Fees under the ACA
- Wellness and Health Management Programs Increase
- Private Exchanges Emerging
- Accountable Care Organizations (ACOs), Narrow Provider Network Options, Bundle Payments and Value-Based Purchasing Expand
- Expansion of Medi-Cal (AB43 & SB677)
Covered California

- Has divided California into geographic regions and sub-regions, 19 in total.
- A health plan can bid up to three plans for each geographic location.
  - RFPs issued at end of September
  - Plans selected early 2013
  - Open Enrollment, October 1, 2013
- 90% Individual, 10% Small Group (SHOP) is goal.
- Covered California Enrollment Goal – 4.4 million members by December 31, 2016
Covered California to 2014

<table>
<thead>
<tr>
<th>2012</th>
<th>2013</th>
<th>2014</th>
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<tr>
<td><strong>August</strong>: Receives $200 Million Federal grant to finish implementation</td>
<td><strong>January</strong>: Heavy mass marketing campaign begins</td>
<td><strong>January</strong>: Exchange financial system “goes live”</td>
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<td><strong>September</strong>: Marketing Plan approved</td>
<td><strong>January</strong>: Health insurance carriers bids are due</td>
<td><strong>April</strong>: Retention marketing begins (“now that you have it, keep it”)</td>
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<tr>
<td>– Branding</td>
<td><strong>March</strong>: Building of web portal completed</td>
<td><strong>July</strong>: Reenrollment marketing begins for 2015</td>
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<tr>
<td>– Media strategy</td>
<td><strong>May</strong>: Building of enrollment system completed</td>
<td></td>
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<tr>
<td>– Outreach strategy</td>
<td><strong>May</strong>: Building of financial system completed</td>
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<tr>
<td>– Budgeting</td>
<td><strong>June</strong>: Exchange web portal “goes live”</td>
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<tr>
<td><strong>October</strong>: Notice of Intent to Bid to Insurance Carriers</td>
<td><strong>October</strong>: Prototype systems completed</td>
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<td><strong>October</strong>: Prototype systems completed</td>
<td><strong>November</strong>: Design of web portal completed</td>
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<td><strong>November</strong>: Design of web portal completed</td>
<td><strong>December</strong>: Design of enrollment system completed</td>
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California Election Results and Analysis

Dennis Loper
President
Results—Legislative Seats

- **Assembly**— 54 Democrats, 26 Republicans
- **Senate**— 28 Democrats, 12 Republicans
  - Potential ups and downs in coming months
- **Congressional Delegation**— 34 Democrats, 19 Republicans
Results—Ballot Measures

- Prop. 30 passes by wider margin than expected
  - Temporary increases in sales and income tax
- Prop. 31 fails
- Prop. 32 fails
- Prop. 38 fails
- Prop. 39 passes, increasing taxes on out-of-state multistate businesses
- Prop. 40 passes—ratifying new State Senate districts
Reasons for Results

- Impact of “top two” primary system—28 same-party seats
- Impact of districts drawn by Citizens Redistricting Commission
- 1,000,000 new voters
What to Expect from New Legislature

→ 37-39 new members
→ Supermajority in both houses?
  – Fees and taxes require 2/3 vote + Governor
→ Democratic priorities
→ Governor’s early signals
→ Passage of Prop. 28 in June– 12 year max term for new members
What to Expect from New Legislature

Specific Issues

→ 2013-2014 Budget
  • Positive Impact of Prop. 30 and 39; small deficit remains

→ Health Care Reform Special Session
  • Wide-ranging wish list or targeted?

→ Workforce Legislation
Thank you for your participation!

We look forward to seeing you on our next webinar.