(Music)

Mark Masselli: Welcome to Conversations on Health Care. I am Mark Masselli.

Margaret Flinter: And I am Margaret Flinter.

Mark Masselli: Well Margaret, the Obama Administration has released its anticipated final rules for operating state-run Health Insurance Exchanges as part of the Affordable Care Act. States are being given specific guidelines on forming these insurance markets for their uninsured before the January 1st, 2014 deadline.

Margaret Flinter: Well Mark, those new rules have been eagerly anticipated and the over 600 page document outlines the requirements each state has to have in place, very specific, everything from how to establish the exchange to guidelines for determining eligibility for both individuals and small businesses if they want to acquire health insurance coverage through those exchanges.

Mark Masselli: Now, a key goal of these rules is to cover upwards to 50 million people who are insured or underinsured in this country. The rules though require state-based insurance markets to be setup so that customers can apply for and purchase coverage online, little like shopping at Amazon. And the states have to have several federally approved plans to choose from as well.

Margaret Flinter: And Mark, states exchanges have to show that they will be financially self-sufficient by 2015. And also, Medicaid has to be expanded in the state to include more low income residents who fall within the federal guidelines for Medicaid assistance.

Mark Masselli: There is a red line warning to states who do not comply with the plan in place in their own state by 2014. They will be subject to the federal government running a federal exchange in their communities.

Margaret Flinter: And we have only had a short-period of time to gauge reaction to the final rules and I would say so far reaction is mixed and maybe a little bit mild. Consumer organizations, insurance groups and some business groups seem to view the rule either favorably or neutrally. But we have seen some pushback from a number of republican governors, many of whom lead states that have delayed setting up the Health Insurance Exchange and that quarter, they are (01:56 inaudible) the rules.

Mark Masselli: Well, there is no doubt that there is going to be a lot of political fire in the air very soon as the Supreme Court hears the case against the Affordable Care Act on March 26th and where the centerpiece of the Affordable

Care Act, the Individual Mandate that everyone purchase insurance will be argued.

Margaret Flinter: And speaking of these new rules for Health Care Exchanges, the Kaiser Family Foundation is committed to providing the best information to the public about health policy, reform, legislation and global health. They are also committed to the disseminating good, accurate and useful information on health care initiatives and how they affect people in communities under the Affordable Care Act.

Mark Masselli: Now, Kaiser's Senior Vice President, Larry Levitt, is joining us in a moment to talk about a series of tutorials Kaiser is producing to help state policymakers and individuals better understand how the Affordable Care Act will impact them. But no matter what the story, Google us at www.chcradio.com, we would love to hear from you.

Margaret Flinter: Now coming up, our conversation with Larry Levitt from the Kaiser Family Foundation but first, here is our producer Marianne O'Hare with this week's Headline News.

(Music)

Marianne O'Hare: I am Marianne O'Hare with this Headline News. The Obama Administration is responding to Texas Governor Rick Perry by announcing his state would no longer provide Medicaid funds earmarked for women's health to Planned Parenthood Clinics which provide well-visit health care and cancer screening to approximately 75,000 Medicaid patients in the Lone Star State. Health and Human Services Director Kathleen Sebelius says the Texas stance is illegal, and if the state refuses to fund Planned Parenthood with those federal Medicaid dollars then the funds will be cutoff to Texas. Governor Perry is saying he is committed to cutting funding for Planned Parenthood however he does it and he will find the money to pay for that Medicaid care somewhere else.

Women's health is central to a campaign move being launched by the Democratic National Committee. A million mailers targeted to women are going out in the mail explaining to them the benefits women can expect under the Affordable Care Act, the message geared at women saying most preventive health screenings are co-pay free now under the Affordable Care Act for women and that they stand to receive other health benefits as well. President Obama's popularity among women has steadily grown in the wake of his recent stand on a number of women's health issues. GOP Presidential hopeful Mitt Romney is celebrating a birthday and it's a pivotal one, at 65, he is reached the age of Medicare eligibility. He may be eligible but he is deciding not to take it. He announced he would not be enrolling in Medicare since he can afford his own health insurance.

From the medical realms, kids are apparently not getting the message of the deadly effects of cigarette smoking. In the first report released since 1994 on tobacco use among teens, the statistics are disturbing. One in four American teens is smoking in 2012 and it's a good bet they will become adult smokers as a result. The Surgeon General is calling it a pediatric medical crisis and more needs to be done to initiate prevention programs, which is the most effective way to bring down smoking rates. She says they have an uphill battle against tobacco company advertising. I am Marianne O'Hare with this Headline News.

Mark Masselli: Today, Margaret and I are speaking with Larry Levitt, Senior Vice President for Special Incentives at the Kaiser Family Foundation. Mr. Levitt is also Co-Executive Director of the Kaiser Initiative on Health Care Reform and Private Insurance and former senior health policy advisor to the Clinton White House. Mr. Levitt, welcome to Conversations on Health Care.

Larry Levitt: Thanks, thanks for having me.

Mark Masselli: Larry, you just completed a study for the Kaiser Family Foundation that analyzes the impact the Affordable Care Act will have on getting uninsured Americans fully covered by 2014. This report is accompanied by an interactive map that clearly demonstrates where the Affordable Care Act is expected to have its most impact. And I should say by the way for our listeners, you can find a link to that map at our website at www.chcradio.com. Your map looks to be accessible and yet full of really important information. Tell us why you decided to present your data in this manner and how does the map work.

Larry Levitt: We have tried to introduce more accessible materials to explain how the health reform law works and this was really motivated by some of our polling. I mean we do monthly tracking polls about people's experiences in health system and their views on health issues including the Affordable Care Act. And people are frankly still confused about what's in the law. I mean they have been from the start. In fact, people seem to be getting a little more confused than understanding things better. So we have done a number of things. We actually did an animated cartoon as well called Health Reform Hits Main Street narrated by Cokie Roberts to try and explain some of the elements of the law. And then this map was an effort to go a little bit beyond that and look at who would really benefit from the expansions in insurance coverage in the reform law and where do those people live. And a couple things have come out of it. One is that on average across the country, about 17%, about one in six people will benefit from the expanded coverage in the law. That's expanded Medicaid and tax credits for private insurance. So a lot of people nationwide will benefit but it varies tremendously from area to area. From a low of 2% to 4% of the population in parts from Massachusetts where they have already moved ahead with reform up to 36% to 40% in parts of Texas, Louisiana, New Mexico, Florida, and California where a lot of the population is uninsured.

Margaret Flinter: Well Larry, I think you have done an incredible service of giving people a different way of understanding it. And you have another tool that you have put out there, the Interactive Calculator on the Kaiser's site which I thought was very fascinating to give people in very specific terms a sense of what they can expect to find, what kind of help there might be. You take their age and their income, tie it to federal poverty level standards, give them a high, medium, or low cost in the country and pretty much tell them what they can expect to pay and what they might get in terms of premium subsidy. Tell us a little bit more about this education and outreach message when somebody gets to the point where they say, "I am a 59 year old woman; my income is $55,000; here is the premium, oops, I am not going to get any support". What's the education outreach that's going to get that person to be motivated to go and buy health insurance? What do we tell them about what they will get?

Larry Levitt: Yeah. Well I think first of all it's important to make all of this tangible for people. The debate about the Health Reform Law from the very start has been just very political, very ideological and there really haven't been good opportunities for people to understand in very specific terms how it will actually affect me. And it's also frankly been a bit hypothetical because the big elements of the law don't go into effect until 2014 which is getting closer but it's still a ways away so it's hard for people to really kind of understand what it will mean in their everyday lives. And I think when you start to look at it, you realize that, as I mentioned, a lot of people will benefit and this is not just low income people, it obviously is important to provide coverage to low income people who are much more likely to be uninsured, but this law represents a real middle class benefit as well, people who are working in a job that may not have health insurance, they have family income up to potentially $90,000 a year for a family of four and they are still able to get some help with affording health insurance.

Mark Masselli: Larry, the Kaiser Initiative on Health Care Reform and Private Insurance was formed to help examine the implications of change in the insurance market due to the Affordable Care Act. And your intent is to help inform state and federal policy makers to better understand the new requirements for everything from creating state-based insurance purchase exchange to what constitutes the minimal level of coverage an individual must carry. Last week, a group of GOP governors stated that they were adopting a sort of wait-and-see attitude on creating insurance exchanges. What portion of the ACA looks to be most challenging to implement based on your data and experience?

Larry Levitt: Well I would say, I mean the exchanges are certainly difficult and these are kind of online marketplaces for health insurance. One of the things that changes dramatically in 2014 is that insurance companies can no longer do what's called medical underwriting. This is where an insurance company will look at someone's health care status whether they are sick or even have some modest health conditions. And in most states now, they can exclude them from

coverage entirely or charge them more. That's prohibited starting in 2014. So it gives people an opportunity to really shop around for insurance for the first time because that's very difficult to do now and these exchanges can facilitate that. So you could go to a website similar to Travelocity if you are taking a trip somewhere or Amazon and be able to compare different insurance plans, what benefits they provide, what the deductible is, what the premium is, and then be able to enroll in any plan you want to in your state. And then there is the difficult process of getting people enrolled in the right plan and letting people apply for these tax credits or for Medicaid that will make coverage more affordable. So the mere logistics of making all that work is frankly challenging and some states are starting to fall a bit behind.

Margaret Flinter: Larry, I think it was noted perhaps on your website that really mandating a different kind of coverage particularly around preventive services but also some of the other expenses. How do you describe to people the difference in what insurance had to look like pre-Affordable Care Act and what it's going to look like afterwards as a way of explaining some of those premium differences?

Larry Levitt: Yeah. I mean one of the ways in which insurance varies now is the cost sharing. In fact, that's the biggest way insurance varies. It's the deductible, the co-insurance you pay, the co-pay you pay when you go to the pharmacy. And there will still be quite a bit of variation that people will have a lot of choice of whether they want a high-deductible plan or more comprehensive low-deductible plan. What won't vary so much are the actual benefits or the services that that plan provides. Now it's something of a black hole. It's actually hard to find out information about what an insurance policy covers before you buy it and even after you buy it. Here, you look at this massive policy document and figuring it out for most people, even people who are experts in this field is pretty tough. And there are holes in those policies that you don't know in advance may be there until you are sick. And that really changes. I mean the benefits will be largely standardized across plans. You will know that when you get sick, those benefits will be there, and that's a good thing. It also costs money. I mean none of this is free. So that's going to raise premiums a bit but people will get a real benefit in exchange for those higher premiums.

Mark Masselli: We are speaking today with Larry Levitt, Senior Vice President for the Kaiser Family Foundation. His team is responsible for a series of tutorials you can find on the Kaiser website that help explain the Affordable Care Act to help all Americans gain health insurance. You have been working with states, businesses and individuals to figure out what their insurance liability is going to be by I guess 2014. But the fact remains there will be a lot more money spent on insurance premiums across the board because there will be millions of new citizens who will be added to the insurance **roles**. The CBO though estimates that the cost of these tax credits will be about $75 billion by 2016. On the other hand you have all the states who are complaining and are trying to cut their

budgets to meet sort of growing deficits. So where is the money coming from for the financing?

Larry Levitt: I think it's one of the most poorly understood parts of this law is that that certainly does spend money in some areas to expand Medicaid coverage to provide these tax credits but money unfortunately still doesn't grow on trees so it has to come from somewhere. And it comes from a few places. There are efforts to reduce costs in the Medicare program in particular and then there are some revenues as well. I mean there are some modest taxes on drugs and medical devices and health insurers and when you add it all up, the Congressional Budget Office, you mentioned their number, I find that overtime the law is expected to reduce the deficit modestly, not add to the federal budget.

Margaret Flinter: Larry, I want to talk about one of your past experiences and that was the role you played in helping the State of Massachusetts adopt their health care reform package that has led to Near Universal Coverage in the state and we are looking forward to having Governor Deval Patrick join us on the show soon to talk about that experience. But we will be curious in hearing your thoughts having witnessed the transition and Massachusetts certainly had some speed bumps so ran into some issues around primary care access. And I would imagine that people like yourself in the institute are looking back, learning from that experience and thinking about how as a nation we can smoothly transition poseful implementation. What are your thoughts on that?

Larry Levitt: Yeah. I mean we are fortunate in some ways to have a state like Massachusetts that's gone ahead with many of the reforms that are very similar to what led to the Affordable Care Act. And one thing you find is that any law like that is going to be controversial, it was little less controversial in Massachusetts than it has been nationally. But once you get beyond the controversy, once people actually start getting help from the law, then the focus turns to okay, so how is this working, what can we do to tweak it and improve it. So I think there are a couple lessons out of Massachusetts, one is that this can work. I mean insurance coverage has increased dramatically in Massachusetts. But Massachusetts is struggling with issues of health care cost increases and I think we are going to struggle with that nationally as well. I mean even if the Supreme Court lets the law go ahead, even if it's not repealed by a future Congress or President, health reform is not over. We are going to keep returning to these issues, particularly health care costs because we certainly haven't liked that.

Mark Masselli: Larry, I want to turn the clock back one more time because not only were you involved in Massachusetts but you were part of the Clinton Administration's attempted passing Universal Health Coverage in the '90s. On one hand, what's changed in terms of the structure of the plan from that time when you were senior health policy advisor at the Whitehouse, Massachusetts has gone relatively well but the opposition to the ACA seems to be running pretty deep and clearly along party lines on a national level with the GOP largely

opposed to the act. And you have done quite a bit of political analysis over the years and you recently wrote about red state, blue state health care reform divide in politico. So how do you see this playing out?

Larry Levitt: I mean it's remarkable if you look back a couple of decades to the first really big health reform debate we had during the Clinton Presidency where frankly the proposal that President Clinton put forward was in many ways much more far reaching than what was passed in the Affordable Care Act. For example, these exchanges, which have proved so controversial now, they were called health alliances back then and they were much more expansive. I mean most of the population was actually going to be required to join these health alliances and in the current Affordable Care Act, they are voluntary and much more modest. In the Clinton plan there was what were called premium caps so it was caps on the amount that health insurers could raise their premiums from year to year; in the current law, there is review of premium increases and the government will 17:20 _____ if they don't think the premiums are justified, but insurers are free to go ahead with premium increases. And so one thing that both plans have in common is they both move towards universal coverage. But I think what we find is when -- I mean health care is so important to people it's now a substantial share of the economy, one in every $6 we spend in this country is spent on health care. So it's difficult to do anything in health care without it being controversial and in many ways very partisan.

Margaret Flinter: What's your best guess on what is most vulnerable to being taken out? We hear a lot about the individual mandate but what are the pieces that are most vulnerable to being extracted and from an economist's point of view can the Affordable Care Act accomplish its objective and its mission if we remove pieces like the individual mandate?

Larry Levitt: Now I think the so-called individual mandate, the requirement that most people have coverage does seem like the most vulnerable part of the law. And there is a key question as to whether the Supreme Court decides, they do decide to validate the individual mandate, which by no means is certain, and I think frankly unlikely. I mean there are definitely some other ways to do it not quite as straightforward as the individual mandate but there are ways to make it work.

Mark Masselli: As you look at the act, there are a lot of gems that are sort of hidden in there. What excites you that's buried below a couple of levels of the discussion that might play itself out over the next decade?

Larry Levitt: Yeah I mean there have been some surprises. I mean for example, the provision I mentioned, letting kids stay on their parents' policies up to age 26, I mean that's the thing I hear about the most from people at dinner parties and on the street. We got a very big debate recently about contraceptive coverage and the requirement that health insurers provide that with no patient cost sharing and

I don't think that's a benefit that people really anticipated. But I mean the Health Insurance Exchanges that we talked about are important but I think even more important are these changes in the insurance market, the idea that insurers will have to sell coverage to anyone regardless of their health status, it really has the potential to transform how health insurance is bought and really for the first time introduces competition into the health insurance system. I mean now the fact that you have to go through medical underwriting, fill out a questionnaire, in some cases take a physical in order to apply for health insurance makes it really difficult to shop around. Once you can just go to a website, compare plans, pick any plan you want to enroll in, puts a lot more pressure on insurers to offer competitive premiums.

Margaret Flinter: Of course, the removal of preexisting conditions is such an enormous, enormous benefit. But I have to say when I was on that, I am going to go back to that interactive tool that you have on your website, I had to conclude after playing around a little bit, the age might be the last remaining pre-existing condition that drove you into higher premiums and certainly if you plug in 39 or 49 or 59, you get some pretty big sticker shocks there at how much more expensive care is as people move up in age. Is that something we can expect to see any change on down the road or is that just so fundamental to insurance that it's going to be there for people?

Larry Levitt: I mean what the law allows is for premiums to vary by a factor of three to one. So people who are older up to 65 can be charged three times an adult who is in their late teens or 20s. And that's really frankly a political balance between how much you want to help older people who may face very high premiums versus how much you want to disrupt and raise the cost of coverage for younger people. And assuming the law goes into effect smoothly and the individual mandate stays into effect and works, it really becomes a kind of value judgment and it's a question that states can take up individually. For example, in New York, there is no age rating, people do pay the same premium regardless of how old or young they are and different states could choose to implement that as well. But it's absolutely true when you start looking at what people in their 50s and early 60s would face, the cost is really high.

Mark Masselli: Larry, we like to ask all of our guests this final question. When you look around the country and the world, what else do you see in terms of innovations and who should our listeners at Conversations be keeping an eye on?

Larry Levitt: There is a lot of interest now in how providers are organizing themselves to deliver care, I mean things like accountable care organizations. And I don't think there is anyone who disagrees that that's the right way to go, that we should make health care organization responsible and accountable for keeping people healthy and doing so at a reasonable cost. But getting from where we are now, where for the most part the health care delivery system is not

very organized at all to a place where doctors and hospitals and other providers are working together and are health accountable, we have a long way to go. But I think that's probably one of the more interesting things to watch over the next few years.

Margaret Flinter: Today, we have been speaking with Larry Levitt, Senior Vice President for Special Incentives at the Kaiser Family Foundation. Larry, thank you so much for joining us today on Conversations.

Larry Levitt: Thank you, it was a pleasure.

Margaret Flinter: Each week Conversations highlight a bright idea about how to make wellness a part of our communities and everyday lives.

Mark Masselli: The West Wireless Institute which explores ways telemedicine is being used to improve public health is undergoing a joint campaign with Carlos Slim Health Institute of Mexico to bring extra services to women in underserved communities. In an effort to improve maternal health, they are launching a new telemedicine platform for caregivers and expected mothers in the State of Yucatan. Clinicians working in clinics in remote areas will be equipped with wireless pregnancy remote monitoring kits, which include 3G phones, glucometers, blood pressure meters, urine strips and wireless laptops. All of the data will be collected from high risk expectant mothers for better monitoring of any change in their condition. The information will be sent to community-based providers. The expectant mothers will also be given Sense4Babies, a handheld portable cellular monitoring device for tracking expectant mothers in the home. Typically, women in these populations experience higher infant mortality and other maternal complications. They require expense of hospitalizations, often with significant hardship for them and their families. The West Wireless Institute is hoping to rollout similar programs in rural parts of the United States. A relatively simple technology could cheaply and effectively keep clinicians aware of patient's health while yielding better outcomes for high risk pregnancies in underserved communities. Now that's a bright idea.

(Music)

Margaret Flinter: This is Conversations on Health Care. I am Margaret Flinter.

Mark Masselli: And I am Mark Masselli, peace and health.

Conversations on Health Care, broadcast from the campus of Wesleyan University at WESU, streaming live at www.wesufm.org and brought to you by the Community Health Center.