

# **New report on health reform implementation: How to ensure access to coverage is maintained**

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Modifications to current policies could help ensure that health insurance coverage and subsidies provided under the Affordable Care Act remain stable even through major life changes, according to a new Commonwealth Fund report released today. At least 34 million people will gain new coverage under the law, and the report's authors say that it will be important to ensure that life changes like fluctuations in income and job transitions don't cause abrupt changes in people's health insurance coverage or financial responsibilities for their premiums or care. Uncertainty about how life changes could affect their health insurance and premium costs might lead people to delay signing up for coverage through the exchanges and Medicaid, and could cause people who have received premium subsidies to have to pay money back if their incomes are higher than expected.

"The Affordable Care Act will ensure universal access to affordable coverage and provide a single point of entry for people to qualify for help in paying for health insurance," said lead author Pamela Farley Short, a professor at Penn State University's Department of [Health Policy](#) and Administration. "To minimize gaps and churning in health insurance, however, it will be critical that federal and state policymakers implementing the law make sure that it is simple for people to sign up for, pay for, and keep their coverage when their lives change. This will also help reduce administrative costs to federal and state governments."

According to the report, *Realizing Health Reform's Potential: Maintaining Coverage, Affordability, and Shared Responsibility When Income and Employment Change*, people could experience coverage gaps or changes in financial responsibility for a number of reasons:

- **How premium subsidies are calculated:** Since premium tax credits are based on income from prior year tax returns, people with income changes might receive too much or too little in subsidy, and then face an unexpected bill or, conversely, become eligible for more subsidy. Recent legislation increased the amount that people would have to pay back if their income rose above their prior year returns.
- **Movement between Medicaid and subsidized private coverage in the exchanges:** People with incomes near the Medicaid eligibility threshold often experience changes in income that could cause them to shift between Medicaid and the subsidized private insurance obtained through state insurance exchanges. Additional complexity could be caused if Medicaid and the state exchanges assess people's eligibility for the programs over different time frames (a few months vs. a year).
- **Movement between individual and small business exchanges:** There is likely to be a lot of movement between individual and small business health insurance exchanges in states that create both, as people experience changes in their employment status. This movement could lead to gaps in coverage for families who would have to switch plans and pay different premiums when they move between the exchanges for small employers and individuals. In addition, the increased turnover caused by maintaining separate exchanges will increase enrollment and disenrollment costs.

In order to reduce the potential for gaps and churning in coverage, the authors recommend a series of policy steps that state and federal policymakers could consider to smooth the process for families and help limit administrative burdens. For example:

- Full-year coverage. Making coverage choices valid for one year, instead of requiring that people select new coverage with every life change could make a significant dent in the administrative burdens and complexity that might otherwise result from life changes.
- Internal Revenue Service (IRS) alerts. Requiring the IRS to send alerts to people whose income, and therefore their eligibility for premium credits, has changed over the course of the year could help people better plan for changing financial responsibilities.
- Decision-making support for consumers. Providing support to help people look at "what-if" scenarios could help them see how life changes would affect their premium costs and subsidies as they select their health insurance plans for the coming year.
- Coordinated eligibility determination. Coordinating the systems that determine people's eligibility for Medicaid, the Children's Health Insurance Plan, and subsidies for health insurance premiums could ease confusion and make it easier for people to move between the programs.
- Combined small business and individual exchanges. Making the exchanges as large as possible, by drawing individuals and small businesses into a unified exchange, would reduce administrative costs for insurers and for states, and make for an easier transition for people who leave jobs at small businesses and need individual

health insurance plans.

"The promise of The [Affordable Care Act](#) is that, for the first time ever, all Americans will have access to affordable, comprehensive health insurance, with far more information about their benefits and out-of-pocket costs," said Commonwealth Fund President Karen Davis.

"However, in order to reach health reform's full potential, policymakers must take care to implement the law in a way that will take the guesswork and uncertainty out of people's [health insurance](#) decisions."

**More information:** The report, co-authored by Katherine Swartz from Harvard University and Namrata Uberoi and Deborah Graefe from Penn State, is available at [www.commonwealthfund.org/Content/Articles/Insurance-Coverage.aspx](http://www.commonwealthfund.org/Content/Articles/Insurance-Coverage.aspx)

Provided by Commonwealth Fund

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