



How The Patient Protection and Affordable Care Act Will Help States

Keeping What Works and Fixing What's Broken

✓ States Will Lead

- Under the Patient Protection and Affordable Care Act, States will maintain their essential role in protecting consumers and will be able to pursue their own reform agendas, including running Exchanges.
- States will have the ability to form interstate health care choice compacts to facilitate the purchase of health plans in more than one state.
- States will also be able to opt-out of the Community Health Insurance Option if they determine it is best for their citizens.

Improving Medicaid

✓ Focus on Efficiencies

- Dual eligible beneficiaries (those in Medicare and Medicaid) are the highest-cost population for States, accounting for 46 percent of Medicaid expenditures and costing \$57 billion in spending across States in 2005. The Patient Protection and Affordable Care Act will create a new office to coordinate care and improve access to and quality of care for dual eligible beneficiaries.

✓ Reduce Drug Prices

- States spent \$15 billion providing prescription drugs to Medicaid beneficiaries in 2007. The Patient Protection and Affordable Care Act will increase the Medicaid drug rebate, benefiting States and the federal government. Additional revenue generated by these increases will be remitted to the Federal government.

Helping State Budgets

✓ Reduce Health Care Fraud

- Recently, the Department of Justice announced the largest health care fraud settlement in its history, and States will receive \$331 million through their Medicaid programs. The Patient Protection and Affordable Care Act will increase funding for programs like this that fight Medicaid fraud and abuse, increase penalties for those who commit fraud, and imposing tougher screening of providers to prevent program abusers from providing care to beneficiaries in the first place.

✓ Reduce State Uncompensated Care

- By 2019, an estimated \$141 billion will be spent on uncompensated care, which States partially subsidize. By covering the uninsured, the Patient Protection and Affordable Care Act will reduce this State spending.

✓ Provide State Employee Health Benefit Cost Relief

- States spend an estimated \$95 billion on employee health benefits. By streamlining the health care system, including eliminating the “hidden tax” of uncompensated care costs onto those with coverage, the Patient Protection and Affordable Care Act will reduce the burden of rising premiums for State and local governments.

✓ Eliminate the Need for Most State Funded Coverage Programs

- Many States provide some coverage or direct medical care to their uninsured residents. The Patient Protection and Affordable Care Act will include new coverage options to eliminate much of the need for these State costs.

✓ Job Creation to Spur the Local Economy and Generate State Tax Revenues

- Investments in primary care clinics and community health centers included in the Patient Protection and Affordable Care Act will create jobs for health care providers and ancillary staff, generating local economic activity.