



DATE	June 23, 2010
TO	Executive Officers, Healing Arts Boards
FROM	Brian J. Stiger, Director
SUBJECT	Federal Healthcare Reform – Impact on DCA

Introduction

The federal government recently enacted the Patient Protection and Affordable Care Act (PPACA), which will dramatically change many aspects of healthcare coverage for many Americans. As the scope and impact of this complicated legislation becomes more clearly understood, we must proactively anticipate how healthcare delivery in California will change and plan for the inevitable impact upon the healing arts boards. The purpose of this memorandum is to reinforce the importance of healthcare reform as a critical planning item and to begin a discussion on its potential impact to our boards. With this in mind, I am providing a broad outline of the scope of the PPACA and a brief discussion of how we may be impacted.

PPACA

The federal healthcare reform act is an extremely broad and sweeping reform of how health insurance will be provided and delivered in the United States. Some of the key provisions of the PPACA, and those that will likely be the most visible and impactful to the general public are as follows:

- **Individual Insurance Mandate:** Beginning in 2014, most U.S. citizens and legal residents will be required to carry a minimum level of health insurance or face a monetary penalty.
- **Health Insurance Exchanges:** States will be required to establish a health insurance exchange by 2014. The purpose of the exchange is to provide a simplified system through which individuals and small businesses may shop for and purchase health insurance from participating providers. There is flexibility for states in how they wish to establish and manage the exchanges and there is the option for states to rely on a federally managed exchange.
- **Subsidies to Low-Income Persons for Coverage:** The PPACA provides for subsidies that persons meeting certain low-income criteria may receive to apply toward the cost of health insurance.
- **Employer Requirements:** Employers will not be directly required to provide health coverage to employees, but will be strongly incentivized to do so in the form of penalties for failing to provide affordable (as defined) coverage.

- **Private Health Insurance Practices:** Beginning this year and phasing in over the next few years, there will be a variety of new restrictions and requirements placed upon private health insurance companies. These include, for example, no refusals based on preexisting conditions, no lifetime limits of coverage, mandatory full coverage of preventative care services (immunizations, routine exams, etc.), and an extension of dependent coverage for dependents under age 26.
- **Expansion of Medicaid:** PPACA significantly expands the Medicaid program (Medi-Cal in California) by mandating coverage of certain populations not currently covered. By 2014, the law will require essentially all individuals under age 65 at or below 133% of the federal poverty level to be covered under Medicaid.
- **Basic Health Plan:** States have the option of implementing a “Basic Health Plan” that would provide options for certain low-income level persons that do not qualify for Medicaid but do not have access to employer coverage or resources to afford plans available through the Health Insurance Exchanges.
- **Opportunities to Improve Health Care:** The PPACA contains a variety of grants, incentives and programs designed to improve access, quality, delivery and outcomes in health care.

Impact on the Department of Consumer Affairs

The primary and most direct impact on California government resulting from the PPACA will be on the health insurance-related agencies such as the Department of Health Care Services, the Department of Insurance and the Department of Managed Health Care. These agencies will bear the brunt of reorganizing and implementing the changes in coverage mandated by the federal law.

A big increase in coverage, however, will translate to a big increase in the number of patients. Additionally, with incentives created for all patients to obtain more routine and preventative care, there will very likely be a surge in the number of patients seeking these types of services. This surge will, in turn, create a demand for more healthcare personnel, particularly in areas of primary care. This ripple effect will eventually hit our healing arts boards, which will feel the pressure to license a greater number of licensees. The increase in the workload of and demand for more medical-related licensees could adversely impact the boards' licensing and enforcement activities. The healing arts boards should prepare for increased licensing activity over the next several years. Further, a surge in need for personnel could lead to a rapid increase in private for-profit and nonprofit training programs, creating an increase in the workload of not only the healing arts boards, but also the Bureau for Private Postsecondary Education.

All healing arts boards should immediately begin to consider the following key areas with respect to accommodating the impending surge in the number of patients with health insurance:

- Handling a larger licensing/registration volume for healthcare personnel.
- Accreditation/approval of new private and public training programs.
- How to respond to proposals that would affect scope of practice, particularly in areas of preventive and primary care.
- Testing, educational and interstate-reciprocity prerequisites for licensure.

As a part of this consideration, boards should evaluate current regulations and practices to identify areas in which the status quo may unnecessarily hinder the efficient expansion of the licensed healthcare workforce.

Encouraging and Facilitating a Better Healthcare Workforce

The PPACA includes a variety of measures designed to create opportunities for improvements in health care generally. A detailed list of all of these grants and programs is beyond the scope of this memorandum, but the following are a few representative examples:

- Increases in the amounts available for nursing program student loans.
- Grant program to support new or expanded residency programs in primary care at teaching health facilities.
- Pediatric Specialty Loan Repayment Program through which pediatric specialists providing specified services in underserved areas may receive funds for loan repayment.
- Grants for the operation of school-based health centers.

The Department and boards may benefit from investigating those newly created programs and grants affecting the individual practice areas and proactively informing current and prospective licensees about those that might benefit them. We should ensure that, whenever possible, California licensees, both current and prospective, can qualify for federal programs. Further, boards may also benefit from identifying other state and local programs that encourage the expansion of the primary care workforce.

Boards should also continue to examine and reexamine current practices in an effort to identify areas that could unreasonably or unnecessarily restrict the expansion of California's healthcare workforce. For instance, boards may wish to look at license reciprocity issues. On the administrative end, boards should consider issues such as inefficient or backlogged licensing processes, frequency of licensing exam administration and adequacy of staff resources, all with an eye toward accommodating the need for a larger workforce.

Conclusion

The eventual impact of healthcare reform is uncertain. The changes to the health insurance industry made by the PPACA are unprecedented and there is no way to truly predict exactly how California's healthcare system will be affected. There is no doubt, however, that we need to be proactive in its handling of reform. California's newest patients should not find themselves in a system ill-equipped to provide them with the healthcare staff they need to make their health coverage meaningful.

In the weeks and months ahead, I look forward to working with all of you to assess the potential impact that healthcare reform will have on your programs and share innovative and creative ideas for helping all of us address and manage the change.