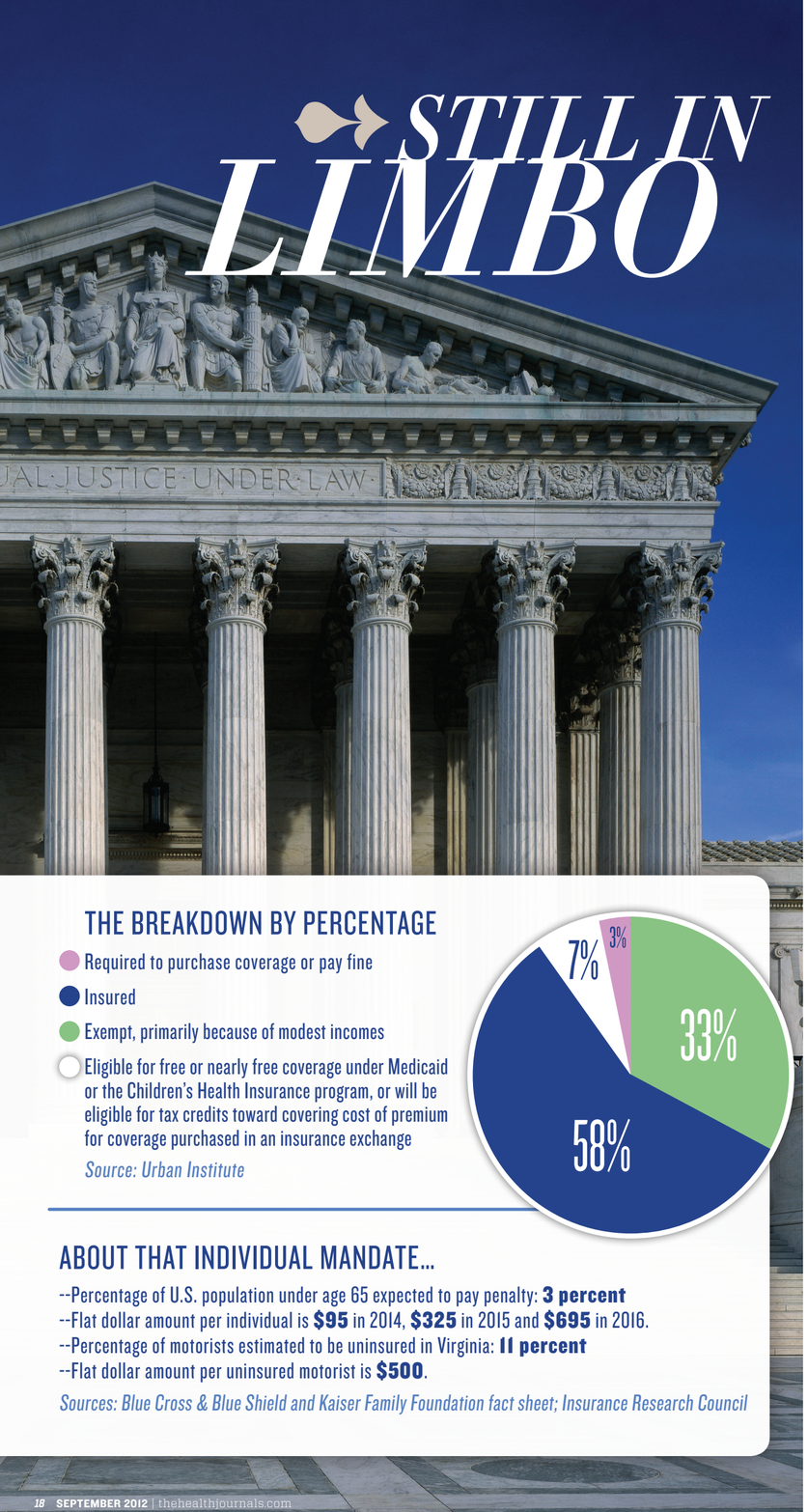

THE BREAKDOWN BY PERCENTAGE

- Required to purchase coverage or pay fine
- Insured
- Exempt, primarily because of modest incomes
- Eligible for free or nearly free coverage under Medicaid or the Children's Health Insurance program, or will be eligible for tax credits toward covering cost of premium for coverage purchased in an insurance exchange

Source: Urban Institute

ABOUT THAT INDIVIDUAL MANDATE...

--Percentage of U.S. population under age 65 expected to pay penalty: **3 percent**
--Flat dollar amount per individual is **$95** in 2014, **$325** in 2015 and **$695** in 2016.
--Percentage of motorists estimated to be uninsured in Virginia: **11 percent**
--Flat dollar amount per uninsured motorist is **$500**.

Sources: Blue Cross & Blue Shield and Kaiser Family Foundation fact sheet; Insurance Research Council

SUPREME COURT RULING ON HEALTH REFORM OFFERS RELIEF, NEW WORRIES

Written by A.J. Plunkett

Area health care officials hoping the Supreme Court would settle a lot of the uncertainty surrounding the Affordable Care Act (ACA) were left, for the most part, where they were before the ruling: still in limbo.

While many praised the idea that health care would be accessible to more people, they were also quick to point out the downsides to the federal health reform law, not the least of which is uncertainty in what will happen with Medicaid.

In a close vote in June, the Supreme Court upheld the much-debated individual mandate that everyone must sign up for health insurance or face a financial penalty. The law provides for subsidies to help those who cannot afford insurance.

But the court struck down a provision of the law that cut federal monies to states who did not want to participate in the expansion of Medicaid, the state-run programs that provide medical care to the nation's poorest residents.

"We're still looking for a lot of clarity," says Megan Padden, vice president of Optima Health, the insurance provider operated by Sentara Healthcare.

Like other health insurers across the nation, Optima Health supported the idea of requiring people to buy health insurance for a simple reason: math.

Under one of the more popular parts of the law, insurers are required to cover anyone with a pre-existing medical condition. That will cost more money. More people will need to contribute to the insurance money pool so that premiums don't skyrocket out of everyone's reach.

Bon Secours Health System praised the Supreme Court ruling, saying in a statement that the health system "has long supported health reform that expands access and coverage to everyone."

Understandably, no area health care organizations find fault with the goal of providing quality care to everyone. The specifics of how to achieve that are a little more problematic, particularly in finding a way to pay for that care.

Every hospital system in Virginia is required under state law to provide necessary medical care, regardless of a patient's ability to pay. And every hospital system in Virginia pays millions of dollars each year for uncompensated care.

According to the Virginia Health Information office's 2011 industry report, charity care for hospitals in Hampton Roads and Williamsburg accounted for between 10 and 21 percent of each facility's total expenses. In the Richmond area, charity care accounted for between almost 7 and 28 percent of expenses.

Uncompensated care at Chesapeake Regional Medical Center jumped almost $4 million in the last fiscal year, a figure that got the attention of the independent non-profit's board of directors, says Wynn L. Dixon Jr., Chesapeake's president and chief executive officer.

The expansion of Medicaid, which called for states to open the program to thousands more residents, would have helped cover uncompensated care, say Dixon, Padden and others.

With the court ruling, "it's dumped it back in the laps of the state," says Dixon, who called the ruling in general "a shocker."

After the ruling, many state governors said they may wait to see the outcome of November's election to decide whether to expand their programs.

Virginia Gov. Bob McDonnell has said he is undecided. Virginia is also among several states who have been slow to move forward on setting up health care insurance exchanges, preferring instead to wait on the Supreme Court ruling. The exchanges are supposed to help individuals have simpler access to affordable insurance.

Among the chief concerns with the Medicaid expansion, the health care exchanges and several other provisions of the ACA has been the slow trickle of guidance from President Obama's administration in how to set up the programs and how they will be funded.

Many health care organizations say they have been implementing tenets of the health reform act for a while, including upgrading health information systems and improving health care accountability.

While those goals are desirable, there are shortfalls in the act, officials say.

Riverside Health System, for instance, said in a statement that the government needed to provide clearer standards on requirements to improve ways to share patient data among providers. The act provides limited funding to implement the requirement.

Both Riverside and VCU Health System officials express concerns that while the act calls for tying reimbursement for health care providers to quality of care, it doesn't address what they fear will soon be a serious shortage of primary care physicians and advanced care providers to supply the improved treatment.

Children's Hospital of The King's Daughters, meanwhile, is worried about the ACA's future plan to cut back on payments to hospitals who bear a disproportionate share of costs for low-income patients. The idea was that as more people can access health insurance or qualify for Medicaid, the payments would not be as necessary.

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>
> —WYNN L. DIXON JR.

Not the case, say CHKD officials, if Medicaid isn't expanded everywhere. Because they serve only children, already more than half of CHKD's patient population is covered by Medicaid. Even with $18.6 million in DSH payments last year, CHKD said, the facility had an $11.5 million shortfall in costs not covered by DSH or Medicaid.

Despite concerns, area health care organizations acknowledged that health care reform needs to continue, whatever forms it might take in the future.

"We all know what's coming, because we were in a very, very bad situation with health care," says Chesapeake Regional's Dixon. "There's just not enough money."

"This is forcing hospitals to collaborate with our customers," says Dixon. And not just patients, but medical personnel. "As a hospital administrator, I can't do what I need to do without the medical staff."

"ACA is forcing hospitals to work with medical groups and competitors," he says, to meet the shared goal of both the reform and the providers, to cut health care costs while providing quality care to more people.

"We need to peacefully co-exist."