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Volunteers In Medicine Hilton Head Island Position Paper:

The Impact of the Affordable Care Act on Volunteers in Medicine Clinic

Hilton Head Island

The Supreme Court's 2012 affirmation of the constitutionality of the Affordable Care Act (ACA) allowed the country to proceed with plans to implement the many provisions of this historic health care legislation. Since March 2010, when the legislation was passed, some provisions have already been implemented, resulting in previously uninsured Americans obtaining health coverage. However, major provisions of the law will not be implemented until 2014.

Despite the expected implementation of the ACA, Volunteers in Medicine Hilton Head Island (VIM HHI) Clinic will continue to be a critically important health care provider, both before and after the 2014 implementation date.

Thousands of people, including many living and working on Hilton Head and Daufuskie Islands, will continue to rely on VIM's safety-net community-supported clinic for their health care due to several factors:

- **Many of our patients will not be eligible for insurance as there is no Medicaid expansion in South Carolina.**
- **Even with subsidies, insurance premiums and out of pocket costs will be very expensive for our patients and thus, potentially out of reach.**
- **We live in an area where there are not enough physicians and dentists so VIM's retired volunteers are a crucial resource in the health care safety net.**

There will be gaps in coverage for our patients.

There is a perception that everyone will have insurance by 2014. This will simply not be the case in South Carolina, as the state has chosen not to expand Medicaid coverage under the new law and some people will not qualify for Medicaid or be able to participate in the federally operated health insurance exchanges.

Dr. Lisa N. Drakeman, Chair of the Clinic's Board of Directors said, "About two-thirds of the clinic's patients probably would have received coverage under the expansion. I think there will be a tremendous need for clinics like VIM because of coverage gaps that are created under the law."

According to a study by the Kaiser Commission on Medicaid and the Uninsured released Nov. 2012, almost a 60% reduction of the uninsured would have occurred with the expansion of Medicaid. Since South Carolina has decided not to participate in a Medicaid expansion, it is

estimated that there will be a 30% reduction in the uninsured with thousands still remaining uninsured.

Our patients may have difficulty affording insurance premiums and out of pocket costs.

According to Kathleen Sebelius, Secretary of the U.S. Department of Health and Human Services, "For many South Carolinians, better coverage choices are on the way ... Starting Oct. 1, a new Health Insurance Marketplace (Exchanges) will open for enrollment in South Carolina. The Marketplace will give individuals, families, and small business owners a simple, convenient way to find a private insurance plan that fits their budget."

But these options may very well be cost prohibitive for many people even with subsidies which will be provided at certain levels of income. The majority of VIM HHI patients are the working poor with part- time positions at small businesses. These businesses typically support the local tourism industry and quality of life services in our community from which we all benefit such as landscaping, hotel and restaurant work, housekeeping, etc. which keep our island economy strong.

"There are many people who will still need our care," Dr .Drakeman said. "And even those who receive subsidies and buy insurance may very well be underinsured, as they would still be responsible for a substantial payment for their insurance premiums and out-of-pocket costs. This suggests the likelihood that we will still see them as clinic patients."

Subsidies are expected to be available to people with family income between 100% and 400% of the federal poverty level. **Consulting the ACA Cost Subsidy Calculator**, shows that the premiums and out of pocket expenses are likely to be prohibitively expensive for many people. You can look up costs at <http://kff.org/interactive/subsidy-calculator>. According to the calculator, for 2014, people earning 200% of the Federal poverty level, around \$47,100 for a family of four, would be expected to pay an insurance premium equal to 6.3% of their income, \$2,967 after the subsidy of \$6,902 which covers 70% of the premium. A single person, with an income of \$22,980, will pay \$1,448 after a subsidy of \$1,570. Using these same income levels, those with employer sponsored plans are expected to pay up to 9.5% of their income, \$4,474.50 for a family of four, \$2,183.10 for a single person, before they would be eligible to purchase insurance through an exchange and receive subsidies. Furthermore, that same family would have an expected additional out of pocket cost (for a Silver plan not including the premium) of up to \$10,400. An individual would be responsible for an additional \$ 5,200. This equates to 22% of income.

We need more doctors and dentists in our region.

Initially, people may qualify for health insurance, but many will be unable to secure a primary care physician, leaving them insured but without access to care. Even if all VIM HHI patients became insured under the ACA, there is a serious shortage in our community of primary care physicians to absorb them into the privately insured population. Lack of physician capacity is

exactly what happened in Massachusetts when millions of people qualified for insurance, but couldn't find a provider – so they remained without access to care for some time. This will most likely be the situation in the Hilton Head area where the VIM clinic is located.

“I see a continuing role for Volunteers in Medicine, primarily due to the insufficient number of physicians and providers needed to take care of all of the newly insured,” Dr. Raymond Cox, Executive Director has said.

Our patients need preventive care.

Hospital emergency rooms as back up? According to the South Carolina Free and Charitable Clinics Association, there should be about \$35 Million in state funding available for support of healthcare treatment for the uninsured in local communities. This will be distributed directly to hospitals to support partnerships with clinics to treat chronically ill uninsured patients through a new program called “Healthy Outcomes Initiatives”. But it may not be adequate to sustain the program and there are no current discussions for future funding of this endeavor.

In addition, **emergency rooms do not provide preventive or follow up care to patients.** South Carolina Health and Human Services director Tony Keck has suggested free and community based health clinics will be important safety nets used to help treat the increasing numbers of patients who would ordinarily go to the emergency room. Persons with insurance coverage are more likely to seek appropriate treatment and engage in preventive care i.e., blood pressure screening, diabetes testing, etc. Conversely, the lack of insurance coverage contributes to the excessive disease and mortality rates within South Carolina. Clinics like VIM HHI are committed to serve patients and focus on preventive care, even in the face of inadequate government funding. **In fact, VIM HHI operates through community donations and does not depend on government funds.**

Therefore, VIM HHI will be needed for years to help mitigate factors affecting the ACA program in our community including:

- **Thousands of people for whom the ACA does not apply and who cannot obtain health insurance**
- **The high cost of insurance, even after subsidies, for our patients, who earn no more than 200% of the federal poverty level.**
- **The shortage of doctors and dentists in our region.**
- **Lack of funding to provide preventive care.**

Community-owned and sustained clinics like VIM HHI will be needed indefinitely to continue to care for those who will remain uninsured or underinsured and are unable to afford services not covered by their insurance. The community's ongoing investment in VIM HHI Clinic assures access to quality medical care for those most in need in a caring, dignified environment. In order to maintain a healthy community everyone needs access to health care. That is our goal at VIM and we can only reach it with the help and support of the entire community.

Resources and information for this paper, subject to change as the ACA program goes into effect, provided by:

South Carolina Free and Charitable Clinic Association-SCFCA

Kaiser Family Foundation

Families USA – www.familiesUSA.org

VIM National Institute Volunteersinmedicince.org

Island Packet.com

Covertheuninsured.com

South Carolina Statistical Abstract conducted by the SC Budget and Control Board, 2011.

Information from the office of Kathleen Sebelius, Secretary of the U.S. Department of Health and Human Services.

Information from the Office of Tony Keck, SC Department of Health and Human Services.

Center for Budget and Policy Priorities report, 2012 www.cbpp.org
The Subsidy Calculator is based on the Affordable Care Act (ACA) as signed into law in 2010, and subsequent regulations issued by Health and Human Services (HHS) and the Internal Revenue Service (IRS).

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