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## Calendar notes

**Tues., Dec. 10** – Alabama Public Service Commission’s annual rate-setting meeting, Montgomery.

## Welcome, Carol!



**ACPP’s new analyst on tax and budget issues is a familiar face to many longtime**

**supporters.** Carol Gundlach joined ACPP’s policy team this month. Carol previously served as executive director of the Alabama Coalition Against Domestic Violence and as state coordinator of the Alabama Coalition Against Hunger, one of the founding members of Alabama Arise.

**Carol has served on the ACPP board of directors** and the boards of the National Network to End Domestic Violence, the Central Alabama Fair Housing Center and the Southeast Alabama Self Help Association. She is an ordained elder and a member of Immanuel Presbyterian Church. Carol holds a Master of Social Work degree and has taught social work policy and community organization at Auburn University and the University of Alabama.

# Report

Vol. 16, No. 8

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## ACA Marketplace signup underway

# Alabamians eager for coverage

By M.J. Ellington, health policy analyst

### **Interest in getting health insurance remains high for many of the 640,000 Alabamians who still lack coverage.**

That’s the message ACPP organizers have heard repeatedly in recent weeks when they talk with people in their communities about the Health Insurance Marketplace that will help cover people under the Affordable Care Act (ACA).

**“When we go out to speak to people, they tell us they’re just glad to have the chance to get good health care,”** ACPP organizer Shakita Jones said. “Many of them have never had insurance. Many others had coverage canceled because they got sick. They tell us they’re willing to be patient and apply however they can.”

**Alabamians who want to see if they qualify for health insurance through the Marketplace** can apply online at [healthcare.gov](http://healthcare.gov) or call the consumer helpline at (800) 318-2596. Helpline assistance is available in multiple languages. Both the website and helpline have information on local sources of in-person signup help.

**Tens of thousands of Alabamians applied for coverage through the Marketplace in October,** despite the well-publicized glitches with [healthcare.gov](http://healthcare.gov). During the first month of Marketplace operation, 20,840 Alabamians completed the applications needed to enroll. Of that number, 14,696 applicants were found eligible to enroll in individual plans on the Marketplace; 4,910 were deemed eligible for premium tax credits to help pay for

the coverage; and 2,262 qualified for Medicaid or ALL Kids, which covers tens of thousands of low- and middle-income Alabama children whose parents do not qualify for Medicaid. Another 3,882 applications were pending. In all, 624 Alabamians successfully chose a health plan through the Marketplace in October.

**Just as Marketplace enrollment began, many Alabamians with Blue Cross individual policies got letters saying their current policies would be canceled** because they don’t meet minimum ACA coverage requirements. The notices told policyholders they would be transferred to new plans, often with higher costs. Unfortunately, the letters did not emphasize how to learn about the tax breaks available to many individuals and small businesses in the Marketplace to help make policies more affordable.

**Numerous fixes to [healthcare.gov](http://healthcare.gov) are set to be completed by Dec. 1,** White House officials say. But the website problems that accompanied the Oct. 1 beginning of Marketplace enrollment meant fewer Americans were able to sign up, and fewer Alabamians were able to access online information about discounts for which they could be eligible.

**President Obama in mid-November announced a one-year extension** of noncompliant insurance plans for 2014, allowing (but not requiring) insurers to offer them for another year and giving people more time to find suitable

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## A few words from Kimble

**We're not sorry to see the PSC's "informal hearings" go!**

After 30 years without formal rate hearings, Public Service Commissioner Terry Dunn suggested this year it was time to give rate-making a closer look. Before he could propose his idea, PSC President Twinkle Cavanaugh and Commissioner Jeremy Oden gave speeches against it. Cavanaugh warned of "environmental extremists" seeking "to kill coal jobs and increase utility rates." That got our attention. Our interest isn't about coal. The real question is "Why are our power bills so high?"

**A series of "informal hearings," intended to prevent everyone from "lawyering up,"** was a tiresome exercise. As AARP state director Jesse Salinas wrote recently, the meetings "quickly turned into a PR platform for the big utility companies, where they highlighted corporate citizenship – but fell short on details about costs and operations." We learned the companies' histories, how they work and how dedicated their employees are, but after hours and hours of such presentations, one had to wonder when they were going to get to the part about our utility bills.

**At the end, the PSC announced with fanfare that bills will go down.** Allowed profits for Mobile Gas and Alagasco will drop from about 13 percent to 10.95 percent and 10.8 percent respectively – still a hefty margin. Alabama Power will change to an unorthodox new system called "weighted equity" that will be hard to compare to rate-making in other states. If we're looking for transparency and lower rates, we still have a long way to go.

Yours in peace and hope,

# Exemption levels unchanged for 30+ years Alabama gets *F* for debt protections

By Stephen Stetson, policy analyst

Alabama was one of only four states given a failing grade on its debt collection protections for consumers in a national report last month by the National Consumer Law Center (NCLC). The report was a state-by-state analysis of laws designed to protect borrowers from being driven into poverty by debt.

**Every state has some protections for borrowers,** based on the premise that a debt should not be allowed to leave a borrower in total destitution when a creditor attempts to collect the money owed. However, Alabama's laws in this area are particularly feeble, according to the study. The NCLC ranked Alabama (along with Delaware, Kentucky and Michigan) among the very worst in the nation at protecting residents in debt.

**Alabama received an *F* in the study for its laws designed to protect wages, vehicles, homes and bank accounts** from creditors seeking to seize assets to settle debts. Alabama's only non-failing grade in the NCLC report was a *D* for its policies regarding protection of household goods.

The cap on home value protection in Alabama is so low that the benefit is essentially nonexistent for most homeowners. Only family homes valued under \$5,000 are protected fully by law in Alabama. By contrast, 19 states set their home value protection caps at \$100,000 or higher. Seven states, including Florida and Texas, fully protect a primary residence from seizure regardless of its value.

**Alabama's exemptions were last updated more than 30 years ago and have not kept pace with inflation.** The state's relatively low exemptions make it difficult for a family to hold onto enough resources with which to make a fresh start after a judgment. Borrowers are not likely to be able to continue working to repay their debts if they are evicted from their home or lose the vehicle they use to get to work.

**ACPP members have made the state's debt collection exemptions a 2014 issue priority.** To learn more about how Alabama's exemptions compare to those nationwide, you can read the full NCLC report, "No Fresh Start," at <http://www.nclc.org/issues/no-fresh-start.html>.

## Marketplace signup

*[Continued from Page 1]*

coverage for 2015. (Blue Cross says it will not continue to offer such plans in Alabama next year.) Enrollment in the Marketplace will continue through March 2014, but the Dec. 15 deadline is critical if consumers want to sign up for health coverage that begins Jan. 1.

**Affordable health insurance will remain out of reach for many of the most vulnerable Alabamians,** though, unless Gov. Robert Bentley agrees to take the federal government up on its offer to assist states that expand Medicaid eligibility. The ACA excludes adults with incomes below the federal

poverty level (\$11,490 a year for individuals and \$23,550 for a family of four) from the Marketplace because it originally made them all eligible for Medicaid. But a U.S. Supreme Court ruling last year left Medicaid expansion optional for states, and Alabama has refused to expand.

**More than 300,000 uninsured Alabamians, including 27,000 veterans, would qualify for Medicaid if Bentley agrees to expansion.** But if he does not, a Medicaid gap will persist for many Alabamians. Single people who make up to \$45,960 a year will qualify for discounts through the Marketplace, but others with incomes from just \$2,000 to \$11,489 will not.

## Commission's report due by Dec. 31

# Panel reviews Medicaid Rx reform

By Jim Carnes, policy director

(Note: Carnes serves on the Alabama Medicaid Pharmacy Study Commission.)

**Three proposals for reducing Alabama Medicaid pharmacy costs are expected to reach Gov. Robert Bentley's desk next month** when his Medicaid Pharmacy Study Commission delivers its report, due Dec. 31. The proposals include two variations on a pharmacy benefit management system run by one or more commercial contractors and a "preferred provider" pharmacy contract with Wal-Mart.

**Projected savings for the three proposals range from less than 1 percent to around 5 percent** of the pharmacy program's roughly \$600 million state budget, according to Steve Schramm of Optumas, an actuarial firm advising Alabama Medicaid on its reform process.

**"The current delivery and reimbursement system is *not* out of control,"** Schramm said at the commission's Nov. 14 meeting. The main drivers of recent cost increases, he said, are enrollment growth and changes in the federal match for state funding, neither of which is within the state's control.

**As a result, tightening pharmacy spending may not have a large effect on Alabama Medicaid's ongoing budget woes.** State Health Officer Don Williamson, who chairs the commission, reported that only 11 states have lower average per-unit Medicaid prescription costs than Alabama's, which was \$1.02 in 2012.

**Bentley extended the original Dec. 1 reporting deadline to allow further research of the proposals' economic impact.** Bentley created the commission in June to study Medicaid's pharmacy delivery and

reimbursement system, consider systems used in other states, and identify options that could reduce Alabama's Medicaid pharmacy costs while maintaining quality. Unlike the governor's Medicaid Advisory Commission, which last year outlined a plan for structural reform that eventually became law, the pharmacy panel is not charged with recommending one of the proposals.

**Bentley appointed an Arise representative to the only consumer seat on the pharmacy review body,** as he did for last year's commission. Arise again assembled an advisory committee to maximize the effectiveness of its participation. Advisers include Medicaid pharmacy consumers, along with pharmacists who specialize in HIV/AIDS, mental health, underserved rural populations and complex infusion therapies. Arise will present the group's comments later this month.

**Bentley identified the twin goals of cost savings and quality assurance in his executive order creating the commission.** Most of the panel's work thus far has focused on costs. Arise has sought more information on the plans' "human side," including their possible impact on rural communities, patients with complex health needs, and access to counseling and other pharmacy services. The deadline extension and an additional meeting Dec. 13 may help address these concerns.

**The proposal for an exclusive Wal-Mart contract led Arise to ask how many Wal-Mart employees have children on Medicaid.** Mobile's *Press-Register* reported in April 2005 that 4,700 children of Wal-Mart employees were enrolled in Alabama Medicaid at that time. Neither a company spokesman nor Williamson provided more current data in response.

## Washington update

### Food assistance reduced; deeper cuts could be ahead

By Carol Gundlach, policy analyst

**Nearly one in five Alabamians woke up on Nov. 1 to the prospect of not having enough to eat,** the result of reductions in Supplemental Nutrition Assistance Program (SNAP) assistance that add up to as much as eight meals a month. This happened because a temporary SNAP benefits increase passed during the Great Recession ended Oct. 31. Food assistance in Alabama will be reduced for 423,000 children, 157,000 disabled and elderly adults, and 30,000 military veterans. The cuts also will have an economic impact: They may cost Alabama food retailers nearly \$100 million in sales next year.

**Even deeper SNAP cuts could be on the way.** Congress is working out differences between the House and Senate versions of the Farm Bill, which includes funding for SNAP. Both measures would cut SNAP, but the House cuts would be more severe, cutting nearly \$40 billion in funding and 4 million people from food stamp rolls in the next 10 years. The House bill would end states' ability to provide food assistance to single, childless adults during times of high unemployment and would require states to cut people off SNAP even if they are actively looking for jobs. The bill also would end state bonuses for efficient SNAP management, which brought \$2 million in extra federal money to Alabama in 2012.

**ACPP members have expressed concern about another area of SNAP policy: Alabama's lifetime eligibility ban for people with felony drug convictions.** Alabama is one of only 10 states that still impose a lifetime SNAP ban on people who have been convicted of a crime involving controlled substances, even if they have completed their sentences and probation, are drug-free, and have had other rights restored. The ban may affect as many as 3,700 people released from state prisons every year. Easing the ban could help reduce recidivism and foster care by offering greater food security for some of Alabama's most vulnerable families.

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