



# Revisiting the Public Option: Medicaid Buy-Ins

October 9, 2018

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# Revisiting the Public Option

## Background

Public Option programs make government-sponsored insurance plans available for purchase side-by-side with private insurance options. The concept of a state public option has been gaining popularity as states seek alternative ways to contain health costs and stabilize state insurance markets.

Goals of public options:

- ✓ Increase choice
- ✓ Promote competition
- ✓ Improve affordability
- ✓ Promote delivery system reforms
- ✓ Provide an alternative to commercial insurance

Opponents of public options raise concerns that they expand the role of government in health care and will be a stepping stone to a single-payer system.

# Revisiting the Public Option

## Background

Increasingly, states are exploring leveraging public programs as a vehicle for a public option, via buy-ins.

### Spectrum of Existing Buy-In Programs

#### Quasi Buy-Ins

- For certain categories of Medicaid beneficiaries / must meet eligibility criteria
- Premiums may be limited
  - Example: Medicaid buy-ins for children and adults with disabilities

#### Full Buy-Ins

- Enrollees are not Medicaid-eligible / minimal eligibility criteria
- Enrollees pay full cost
  - Example: Medicaid / CHIP buy-in programs for children whose family income exceeds Medicaid or CHIP eligibility limits

# Revisiting the Public Option

## Benefit Design

States have options and flexibility about how to design a public option that best suits the needs of the consumers and state Medicaid program.

### Benefits

- Traditional Medicaid Benefit package
- Qualified Health Plan package (meeting ACA requirements, including EHBs)

### Cost Sharing

- Medicaid (limited) cost sharing
- Qualified Health Plan cost sharing (within ACA limits)

# Revisiting the Public Option

## Considerations for States



### Broader Medicaid Risk Pool

- Consider and study the impact that expanding the risk pool could have on consumers rates/costs



### Plan Design

- Design plans to mitigate adverse selection based on relative breadth of coverage
- Consider the state's ability to design and administer multiple benefit packages



### Premium Rates

- Consider the full cost of coverage including administrative costs
- Other considerations:
  - Affordability
  - Medical Loss Ratio
  - Cost Sharing Reductions/ Subsidies



### Administrative Burden

- Outline the implementation timeline & operational considerations
- Consider the ability to:
  - Design / administer benefit package(s)
  - Set rates and collect premiums
- Consider which shopping portal to leverage



### Carriers / Providers

- Will carriers need to be licensed?
- Additional complexity for carriers
- Ensure network adequacy
- Examine provider reimbursement rates

# State Efforts

## Wisconsin

This past legislative cycle, the “BadgerCare Public Option” was introduced but failed to pass. This program would have allowed individuals and small businesses to enroll in the Wisconsin Medicaid program.

- ✓ The WI Legislative Fiscal Bureau estimated that the BadgerCare buy-in would have cost consumers \$7,224 per year- the average Silver plan premium in WI is estimated at \$8,350.
- ✓ The bill envisioned that eligible individuals could have utilized Federal premium subsidies to offset that cost, subject to CMS approval.



# State Efforts

## Connecticut

In March 2018, Connecticut conducted public hearings on the public buy-in option outlined in House Bill 5463: An Act Concerning a Medicaid Public Option.

The bill proposed a Medicaid buy-in option study, which is due back to the House Committee on Human Services by January 1, 2019.

The study should specifically report on:

- ✓ The use of a Section 1332 Waiver to allow eligible individuals offset costs with Advanced Premium Tax Credits;
- ✓ Whether to charge enrollees copayments and deductibles, and, if so, how much;
- ✓ Whether the plan should be sold as a QHP.





# State Efforts

## Massachusetts

In January 2017, Massachusetts introduced legislation called the “Public Health Insurance Option”. The proposal would allow the State to offer a tailored Medicaid product to all individuals.

Massachusetts included information about estimated costs that indicated the buy-in would be financed through:

- ✓ Advanced Premium Tax Credits & Cost Sharing Reductions;
- ✓ Existing state subsidies;
- ✓ Employer contributions for the employers that buy-in;
- ✓ Consumer cost sharing.



# State Efforts

## New Mexico

In February 2018, New Mexico authorized a study on the implication of a Medicaid buy-in proposal intended to lower health care costs and expand coverage to residents, especially individuals with incomes higher than 200% of the FPL.

- ✓ The study continues to be ongoing, with recent commissioner-level resolutions passed and sent to the state Legislature and Governor demonstrating support for a public option buy-in for health care coverage under the Medicaid program.
- ✓ The local support stems from the fact that presently one-third of New Mexicans are enrolled in Medicaid, but 230,000 people remain uninsured in the state.



# State Efforts

## Nevada

In 2017, the Nevada legislature passed Assembly Bill 374, (which was ultimately vetoed) which would have enabled income-eligible residents to enroll in a public option Medicaid buy-in. There is however an ongoing study authorized to explore the viability of a public option, referred to as the “NV Care Plan.”

The study/workgroup is examining the policy and fiscal implications of offering a buy-in option. Developments thus far include:

- ✓ An RFI was issued in April to gather insurer input and solutions to two project options: (1) being how to combine all state health programs into one program; and (2) the use of Medicaid for a public buy in program.
- ✓ A number of questions were raised in the RFI responses and listening sessions, that are currently being incorporated into a NV Care Plan for use in a draft bill request to implement any legislative changes necessary to support the plan.



# Federal Efforts

The “State Public Option Act” was introduced during the 2017 Federal legislative cycle. The Act allows all states to offer a Medicaid buy-in as a public option qualified health plan and to treat the plan as the second lowest-cost Silver Plan in order to maximize cost sharing and premium assistance for eligible enrollees.

The Act would:

- ✓ Permit states to charge premiums up to 9.5% of a family’s income, copayments and deductibles for the plans based on existing ACA standards;
- ✓ Allow eligible individuals to use APTCs to offset premiums;
- ✓ Require any public option plans cover all EHBs.



# Overview of Recent Activity

State	Program	Date Introduced	Legislation	Status
CT	The HUSKY E Plan	3/7/2019	Raised Bill 5463	Referred to Committee on Human Services
	An Act Concerning the Study of Health Insurance Options for Individuals Ineligible for Medicaid	5/3/2017	File No. 202 & HB 5463	Undergoing
MD	Maryland Health Insurance Coverage Protection Commission - Medicaid Buy-in	2/18/2018	SB 878	Undergoing
MA	Public Health Insurance Option	1/23/2017	S.618	Accompanied a study order
MN	MinnesotaCare	1/9/2017	SF 58	Failed
NV	Nevada Care Plan	3/20/2017	AB 374	Bill vetoed, study underway
NM	Medicaid Buy-In Study	2/8/2018	SM003	Passed
WI	BadgerCare Public Option	7/5/2017	AB 449	Failed

# Roundtable Discussion

If you have additional questions, feel free to enter them in chat box now or email them to

[healthpolicynews@pcgus.com](mailto:healthpolicynews@pcgus.com)

following the webinar.



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