

Public Options to Expand Health Insurance Coverage

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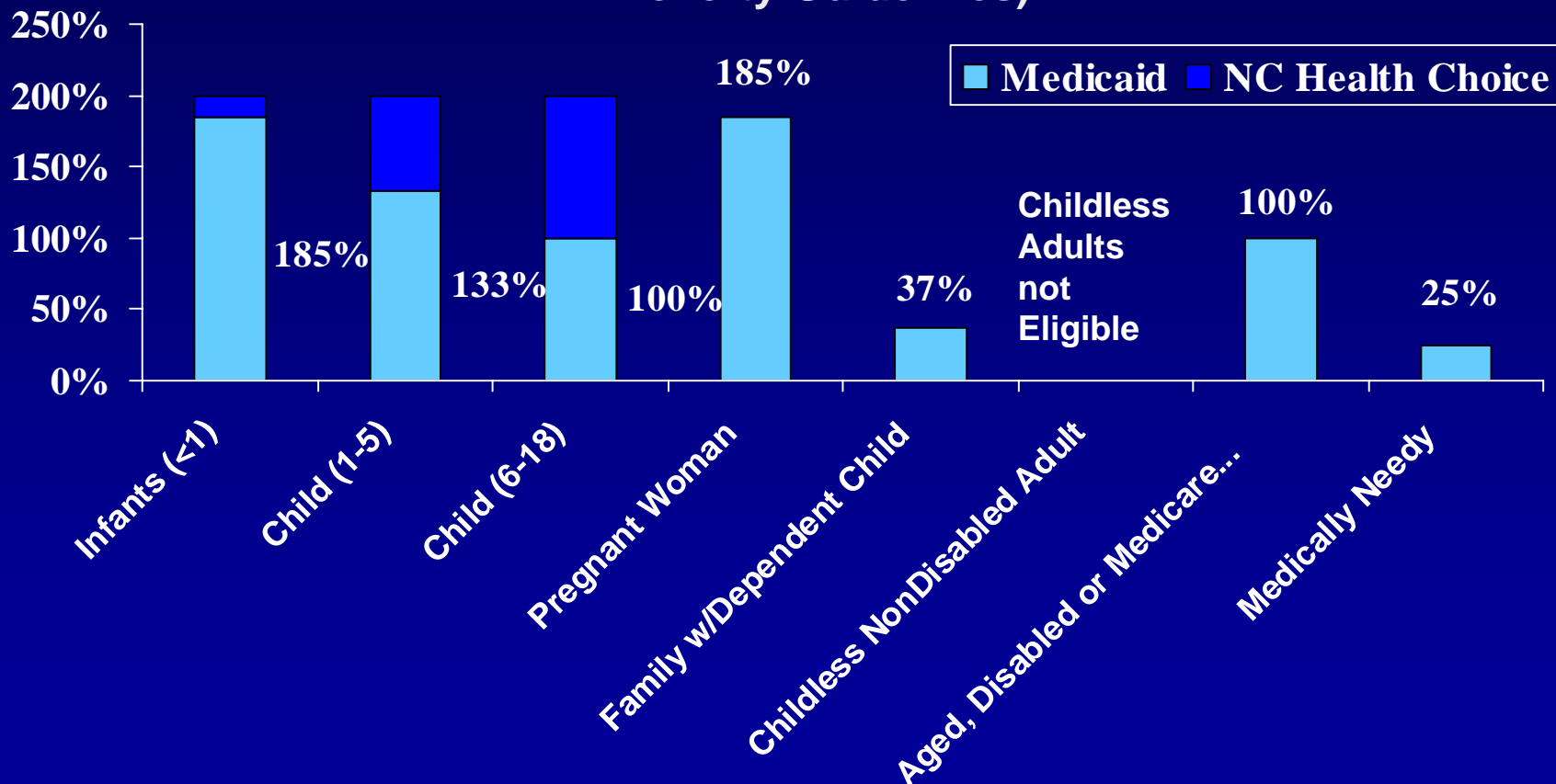
President & CEO

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July 15, 2005

NC Current Medicaid Income Eligibility Limits

(Maximum Countable "Net" Monthly Income As Percentage Federal Poverty Guidelines)



Note: TANF and Medically Needy groups based on 4 person family (2005).

Current Medicaid/NC Health Choice Eligibles (July 2005)

- Medicaid: 1,138,352 individuals
 - 412,470 Medicaid children
 - 22,850 Pregnant women
 - 316,143 TANF (children and caretaker relatives)
 - 26,531 Aged
 - 217,882 Disabled or Blind
 - 37,878 Medicare catastrophic
 - 4,598 Other (foster care, refugees, breast and cervical cancer)
- NC Health Choice: 130,694 children

Public Expansion Options: Review of Options

- Outreach and simplification to reach those who are currently eligible
- Medicaid expansion options that do not require a waiver
- Medicaid or SCHIP waiver options
- Premium assistance
- Personal responsibility

Many Eligibles Do Not Enroll

- Of 1.4 million uninsured in NC, as many as:
 - 192,000 uninsured children
 - 46,000 uninsured adults with dependent children
 - 13,000 uninsured pregnant women
 - 4,000 uninsured people with disabilities
 - May be eligible for Medicaid (or NC Health Choice) but not enrolled
- *Note: This is probably an overestimate of potential eligibles; but its safe to assume that there are thousands of uninsured individuals who are eligible but not enrolled.*

Outreach and Simplification Options for NC

- More outreach workers stationed at FQHC, LHD, etc.
- Eliminate requirement for face-to-face interviews for adult coverage (people with disabilities, elderly)
- Simplified application form for adults
 - NC pilot testing new shortened and simplified application, plans to implement statewide later in 2005

Outreach and Simplification Options for NC

- Eliminate assets test for low-income parents
 - 22 states have eliminated the asset test for parents
- Expand eligibility period from 6 mos. – 12 mos.
 - 37 states have implemented 12-month eligibility period for families
- Administrative renewal for children and/or adults

Task Force Recommendations

- Does Task Force want to make any recommendations about outreach and simplification to enroll currently eligible individuals?

Medicaid Expansion: No Waiver Required

- States can increase the Medicaid income and/or resource eligibility limits to cover more children, families, pregnant women, and working disabled.
- Generally, must provide all the same services and subject to same cost-sharing rules as for lower-income Medicaid eligibles.
- *Enrolling new eligibles with a limited benefit package and/or charging higher cost-sharing would require a waiver.*

Medicaid 1115 Waivers

- States can seek health care reform demonstrations (§1115 of the Social Security Act) to waive provisions of the Medicaid statute
 - 1) Must be budget neutral to the federal government
 - 2) Can limit coverage or charge additional cost sharing
 - 3) Can use program savings to expand Medicaid coverage to additional people who would not traditionally be eligible for Medicaid (e.g., childless adults)

HIFA Waivers

- HIFA waivers are a subset of 1115 waivers:
 - Must continue to cover mandatory populations and offer mandatory services, with limited cost sharing
 - Focus expansion of populations <200% FPL; expanded eligibility must be statewide
 - Must be cost neutral to federal government.

Cost Neutrality

- 1115 Waiver cost neutrality can be either determined on:
 - a projected per person cost basis (HIFA waivers)
 - a global cap basis (expansion to childless adults would be determined on a global cap basis)
- State potentially more at risk through global cap

Mercer Cost Estimates: Review

- Medicaid full benefit expansion
 - 37 to 300 percent Federal Poverty Guidelines (FPG) for parents
 - 201 to 300 percent FPG for children
- Medicaid limited benefit option
 - 37 to 300 percent FPG for parents
 - 201 to 300 percent FPG for children

Mercer Cost Estimates: Review

- Full Medicaid coverage
 - Sliding scale premium capped at:
 - 1 to 4 percent of income for individuals
 - 2 to 8 percent of income for families
- Medicaid limited benefit plan
 - Less comprehensive benefits and greater cost sharing
 - Includes behavioral health
 - Two alternatives:
 - inpatient deductible of \$5,000 annually
 - inpatient limit of \$10,000 annually
 - Sliding scale premium capped at:
 - 0.5 to 2 percent of income for individuals
 - 1 to 4 percent of income for families

<u>Services</u>	<u>Full Medicaid</u>	<u>Medicaid "Light"</u>
Inpatient hospital (Non-maternity, non-BH)	Covered (no copay)	Covered: \$5,000 deductible or \$10,000 total; 20% coinsurance
Skilled nursing	Covered (no copay)	Not covered
Outpatient physical health	Covered (no copay)	Covered, 20% coinsurance, 25 visit limit for PT, OT, Speech therapy
Emergency room	Covered (no copay)	Covered, \$100 copay (waived if admitted), 20% coinsurance
Primary care physician	Covered (\$3 copay) (24 visit limit/yr)*	Covered (sliding scale copay: \$10, \$20 for below/above 150% FPG)(24 visit limit)
Specialty physician	Covered (\$3 copay) (24 visit limit/yr)*	Covered (sliding scale copay: \$20, \$40 for below/above 150% FPG)(24 visit limit)

* 24 visit limit includes physicians visits, outpatient clinics, optometrists, chiropractics, podiatrists. Exceptions made for life threatening or certain other chronic conditions (uncontrolled diabetes, sickle cell, chemo, end stage renal or lung disease, hemophilia.) Copay and visit limits only apply to adults.

<u>Services</u>	<u>Full Medicaid</u>	<u>Medicaid "Light"</u>
Inpatient behavioral health hospital	Covered (no copay) (excludes state psych hospitals for adults 21-64)	\$5,000 deductible or \$10,000 total; 20% coinsurance
Outpatient behavioral health	Covered (\$3 copay for private psychiatrists), PA after 8 visits (adults), 26 th visit (children)	Covered. Sliding scale copay (\$20, \$40 for below/above 150% FPG) 20% coinsurance, 20 visit limit/yr.
Behavioral health other	Covered	Not covered

<u>Services</u>	<u>Full Medicaid</u>	<u>Medicaid "Light"</u>
Pharmacy	Covered (Copay for adults: \$1 generic/ \$3 brand); 6 script/mo. Limit*	Covered: \$15 copay (generic), \$25 (brand), \$60 (brand, non-formulary) (6 script limit/mo.)*
Family planning	Covered (no copay)	Contraceptives only
Case management	Covered	Community Care of North Carolina only
Home health	Covered	Not covered
Personal care	Covered (3.5 hrs/day or 60 days/mo.)	Not covered
School based health services	Covered	Yes, to extent school is provider of covered services, same cost sharing as with primary care physician

*6 script/limit per month for adults. Exceptions for life threatening conditions or chronic conditions (same as for ambulatory visits).

<u>Services</u>	<u>Full Medicaid</u>	<u>Medicaid "Light"</u>
Lab & radiology	Covered, no copay	Covered, 20% coinsurance; requires pre-authorization of MRI/PET scan
Dental	Covered, no copay	Not covered
DME/Supplies	Covered (prosthetics/ orthotics for children <21 only)	Covered, 20% coinsurance. \$500 limit (diabetic supplies unlimited)
EPSDT	Covered, no cost sharing for any services to children	Well visits and immunizations only
Ambulance	Covered, no copay	Covered, \$150 copay (waived if admitted), 20% coinsurance

<u>Services</u>	<u>Full Medicaid</u>	<u>Medicaid "Light"</u>
Maternity	Covered, no cost sharing for pregnant women	Covered <i>prenatal care only</i> for adult women with incomes >185% FPG (<185% covered by Medicaid); not covered dependents.
Annual benefit limit	None	\$1 million
Out-of-pocket maximum	Limited, because limited cost sharing allowed in traditional Medicaid	None

Medicaid Expansion: Full Benefit Plan (CY 2006)

	Low Range	Projection Estimate	High Range
37% to 100% FPG			
Adult PMPM	\$492	\$528	\$589
101% to 200% FPG			
Adult PMPM	\$475	\$510	\$570
201% to 300% FPG			
Adult PMPM	\$461	\$494	\$552
Child PMPM	\$240	\$257	\$265

Key drivers of uncertainty: participation level/selection, demographic mix, and workforce effect. See Appendix for sensitivity analysis.

Medicaid Expansion: Limited— \$5,000 IP Deductible

\$5,000 Annual IP Deductible	Low Range	Projection Estimate	High Range
37% to 100% FPG			
Adult PMPM	\$272	\$305	\$346
101% to 200% FPG			
Adult PMPM	\$261	\$292	\$331
201% to 300% FPG			
Adult PMPM	\$250	\$280	\$318
Child PMPM	\$132	\$147	\$155

Key drivers of uncertainty: participation level/selection, cost sharing utilization discouragement, demographic mix, and workforce effect. See Appendix for sensitivity analysis.

Medicaid Expansion: Limited — \$10,000 IP Limit

\$10,000 Annual IP Limit	Low Range	Projection Estimate	High Range
37% to 100% FPG			
Adult PMPM	\$289	\$324	\$367
101% to 200% FPG			
Adult PMPM	\$277	\$310	\$351
201% to 300% FPG			
Adult PMPM	\$266	\$297	\$337
Child PMPM	\$141	\$157	\$165

Key drivers of uncertainty: participation level/selection, cost sharing utilization discouragement, demographic mix, and workforce effect. See Appendix for sensitivity analysis.

Mercer Public Sector Policy Option Cost Estimates: Summary of Results

	Full Benefit Expansion	Limited Benefit Expansion (\$5,000 IP Ded)	Limited Benefit Expansion (\$10,000 IP Limit)
Total Cost Estimate	1,017,655,000	350,123,000	371,866,000
Federal (63%)	641,122,650	220,577,490	234,275,580
State (31.5%)	320,561,325	110,288,745	117,137,790
County (5.5%)	55,971,025	19,256,765	20,452,630
New Eligibles			
Adults	156,000	93,583	93,583
Children	17,583	10,500	10,500

Medicaid Expansion: Cost Estimates

Summary of Results

	<u>Medicaid Full Benefit</u>			<u>Limited Benefit</u>		
	<u>Expansion</u>			<u>\$5000 IP Ded</u>		
	<u>Covered Lives</u>	<u>State & County Share Total Cost</u>	<u>Cost to state/county per covered life</u>	<u>Covered Lives</u>	<u>State & County Share Total Cost</u>	<u>Cost to state/county per covered life</u>
37%-100% FPG						
Adults	63,500	\$149m	\$2,344	38,083	\$52m	\$1,354
100%-200% FPG						
Adults	66,417	\$150m	\$2,264	39,833	\$52m	\$1,296
200%-300% FPG						
Adults	26,083	\$57m	\$2,193	15,667	\$20m	\$1,250
Child	17,583	\$20m	\$1,141	10,500	\$6m	\$697
TOTAL	173,583	\$377m	\$2,169	104,083	\$130m	\$1,245

Task Force Recommendations

- Does Task Force want to recommend Medicaid expansion to either parents and/or children
 - If so, to what groups?
 - What benefits should be covered? Cost sharing?
- Note: expansion to childless adults would require an 1115 waiver.
 - Must be cost neutral to federal government
 - Would cost more per eligible because generally older population than parent group
- Financing options?

Medicaid/SCHIP Premium Assistance Programs

- States can use Medicaid/SCHIP funds to help pay the premium costs to enroll Medicaid or SCHIP eligible individuals/families into employer-sponsored insurance (ESI)
 - Generally, states must “wrap-around” coverage and costs, to ensure that Medicaid/SCHIP eligible individuals receive equal coverage and pay no more than would be required under public insurance (e.g., “hold harmless”)
 - Need not “wrap-around” if implement premium assistance as part of a waiver

Premium Assistance: Public/Private Partnership

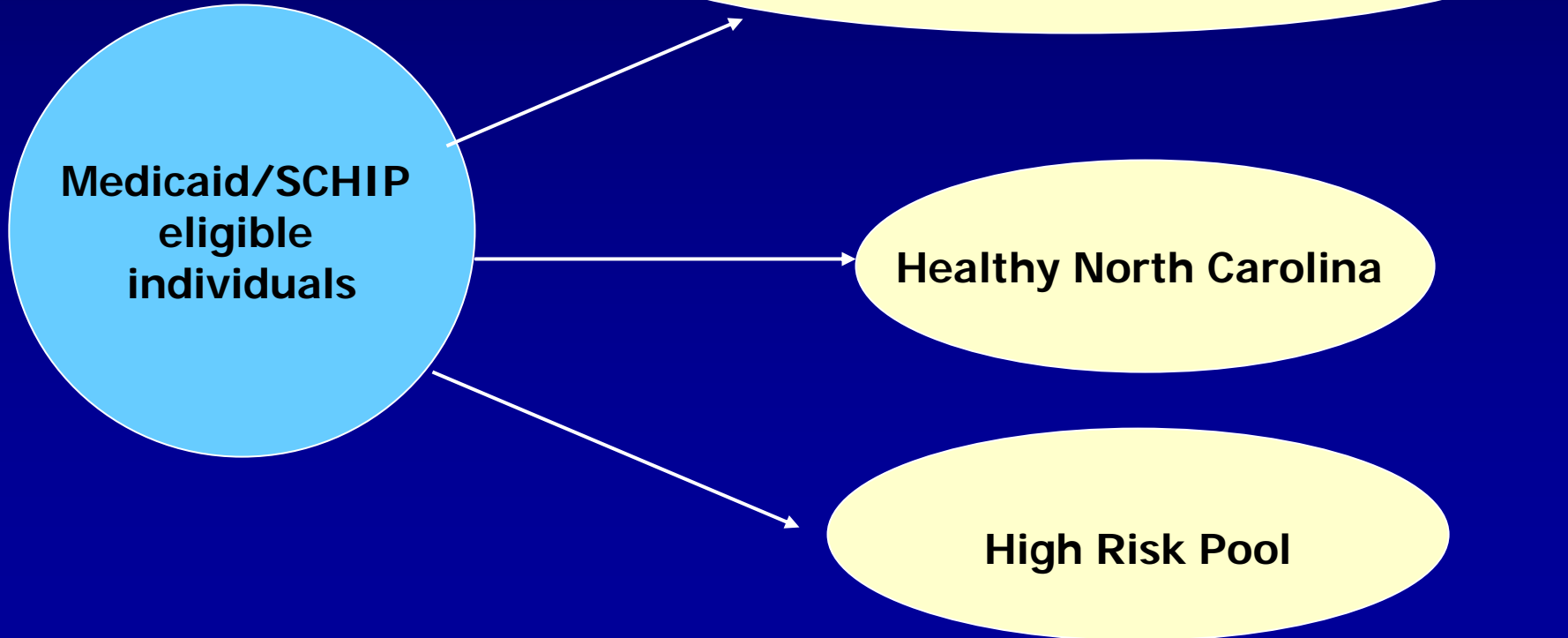
States can use Federal
Medicaid/SCHIP funds to help
subsidize eligible employees'
share of premiums

Employer Sponsored Insurance
or Nongroup Policy

Medicaid/SCHIP
eligible
individuals

Healthy North Carolina

High Risk Pool



Task Force Recommendations

- Does Task Force want to recommend implementation of premium assistance program?
 - Should NC wrap around covered services and/or cost-sharing
 - Should program be mandatory or voluntary if “cost effective” to the state?

Personal Responsibility

- CCNC provides care and disease management to individuals with chronic or high cost health problems
 - Disease management activities include: asthma, diabetes, high cost/high risk, ED and ambulatory sensitive inpatient utilization
 - CHF (in development); COPD, and obesity are in planning for statewide implementation
 - Anticipate that CCNC will be statewide by end of 2005
- Disease management and care management services offered to target populations, but no penalty for failing to participate

Personal Responsibility

- Traditional Medicaid covers:
 - Certain smoking cessation drugs
 - Bariatric surgery for obesity (with prior approval)
- Medicaid does not cover:
 - Health risk assessment for every adult
 - Separate payment for counseling around smoking cessation and/or nutritional counseling (included as part of regular reimbursement to primary care provider)

Personal Responsibility

- Should newly eligible Medicaid enrollees be charged differential premiums or cost sharing depending on participation in CCNC or lifestyle behaviors?
 - If so, how would that be operationalized
- Does NC Medicaid program or CCNC need to be expanded to include health risk assessment for every enrollee and/or follow-up to address health risks?

Other Options?

