

Medicaid Options Community Workgroup

# **Section 1332 & Tax Recovery**

# Background

- Section 1332 of the Affordable Care Act (ACA) allows states to propose alternative ways of covering their population with the Secretary's approval
- State proposals must provide equivalent coverage to the same populations as the ACA with no additional expense to the federal government
- Currently, the Secretary may not grant approval before 2017
- Some proposals for Medicaid-only populations could be considered earlier under existing waiver authority

# Opportunities

- Section 1332 waivers would allow Utah to propose something that addresses issues in the current Medicaid program while providing a way for low-income adults to be covered

# The Full Family Plan

- An alternative to Medicaid expansion
- **Objective:** Create a distinctively Utah approach to providing medical assistance for low income individuals and families
- **Our Policy Goals:**
  - Focus on the Family as the Unit
  - Utilize a Private Insurance Model
  - Take Advantage of Private Resources
  - Create Better Incentives
  - Engage Patients

# Program Overview

- The program consists of three main parts
- **Eligibility and Benefit Determination** – who participates and how much assistance do they receive?
- **Plan Enrollment** – What is the best plan for the family to enroll in?
- **Financial Assistance** – How to provide assistance so that premiums and out-of-pocket costs are affordable for the family?

Premium Assistance

Public



On Account

Plan Choice & Enrollment

Plan Choice & Enrollment

a

b

c



Healthy Utah Plan Account



Sliding Scale Premiums

Family



On Account

- Premiums
- Co-pays
- Deductibles

Health Plan

DEBIT Account

Health care wallet

# Eligibility and Benefits

- The Family –
  - Eligibility is based on family income
- Benefits Determination –
  - The amount and structure of assistance is based on family income
  - Eliminate “welfare cliffs” by using sliding scale or similar structures
  - Create incentives that encourage families to seek better jobs and earn more money

# Plan Enrollment

- Group Coverage is the First Option
  - Families that can should enroll in group coverage through work (employer or union)
  - Lowers cost to the program
  - Keeps families on the type of plan they will have as income fluctuates
  - Reimbursement at commercial rates helps enhance access and strengthens the system
- Private Plans as a Second Option
  - Families choose from a set of contracted private plans
  - Ideally families could keep these plans as their income fluctuates

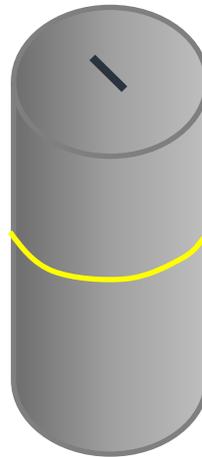
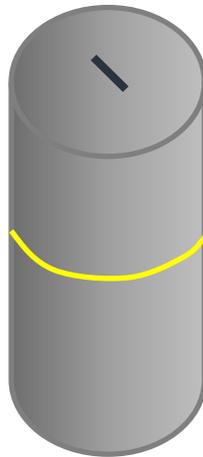
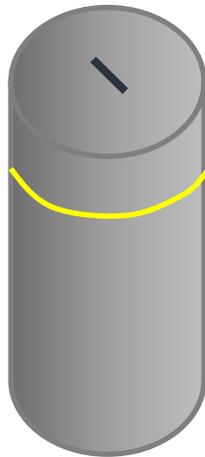
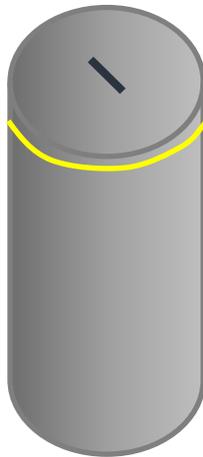
# Financial Assistance

- In order to address the issue of affordability, each family will receive a financial assistance benefit that reduces premiums and other out-of-pocket costs
- Historically, there are a number of ways to accomplish this
  - Traditional Medicaid – No premiums, very limited cost sharing
  - Sliding Scale Premiums
  - Wrap-Around Coverage
- A Utah version of the Healthy Indiana Plan might be an improvement
  - Families have access to an HRA-like account to cover cost-sharing
  - Need to create a powerful positive incentive for families to be cautious with account funds
  - Maybe families could use left-over funds to help pay for private insurance when they leave the program (Bridge to Self Reliance)

# Over Time

Beginning  
of program

Leave the  
program



Family  
Funds  
available to  
pay future  
premiums

Starting  
Balance

Co-Pay for  
ER visit

Rx  
Deductible

Ending  
Balance

# Challenges

- Approval not likely before 2017
- Major change to current program
- Need to carefully evaluate potential effect on program costs
- Program may or may not fit with CMS goals and objectives
- May not be appropriate for all low-income populations (disable, institutionalized, dual-eligibles, etc.)

# Cost and Source of Payment

- Intended to be more cost-effective
- More low-income adults will be covered
- Enhanced federal match rules may apply

# Who Is Covered

- All low-income individuals and families would participate – need to determine whether 100% FPL or 138% FPL

# Sub Group Participants

- Michael Hales, Utah Department of Health
- Rep. Ronda Menlove
- Greg Poulsen, Intermountain Healthcare
- Chad Westover, Molina Healthcare
- \*Norman Thurston, Utah Department of Health

