

Medicaid Options Community Workgroup

Report on Maintaining the Status Quo

Background

- The Affordable Care Act (ACA) contains provisions that were originally intended to provide affordable coverage options for virtually all Americans
- The Supreme Court ruling made the Medicaid Expansion optional, creating a potential “doughnut hole” for low-income adults if a state chooses not to expand
- The goal of this presentation is to analyze the population likely to be in that gap and any options available to them if the decision is to maintain the status quo

A Brief History

- In 2005, Utah's policy makers put forward an ambitious goal of reducing the number of uninsured from about 10% of the population to 5%
- It was argued that if more people were covered, the burden of the uninsured would be manageable
- The Affordable Care Act (ACA) of 2010 preempted many of the state's designs and proposals in favor of a federal vision for reducing the number of uninsured

Key Provisions of the ACA to Expand Coverage

- Mandatory changes in Medicaid/CHIP eligibility for children and some adults under 200% of the Federal Poverty Level (FPL)
- Guaranteed-issue, no pre-existing conditions exclusions, and modified community rating for individual/family policies
- Married dependents up to age 26 can stay on parents' policies
- Massive subsidy program for families 100-400% FPL who don't have coverage through work
- Requiring employers > 50 employees to provide affordable coverage for full-time employees
- Special provisions for American Indians & recent legal immigrants

Anticipated Impact

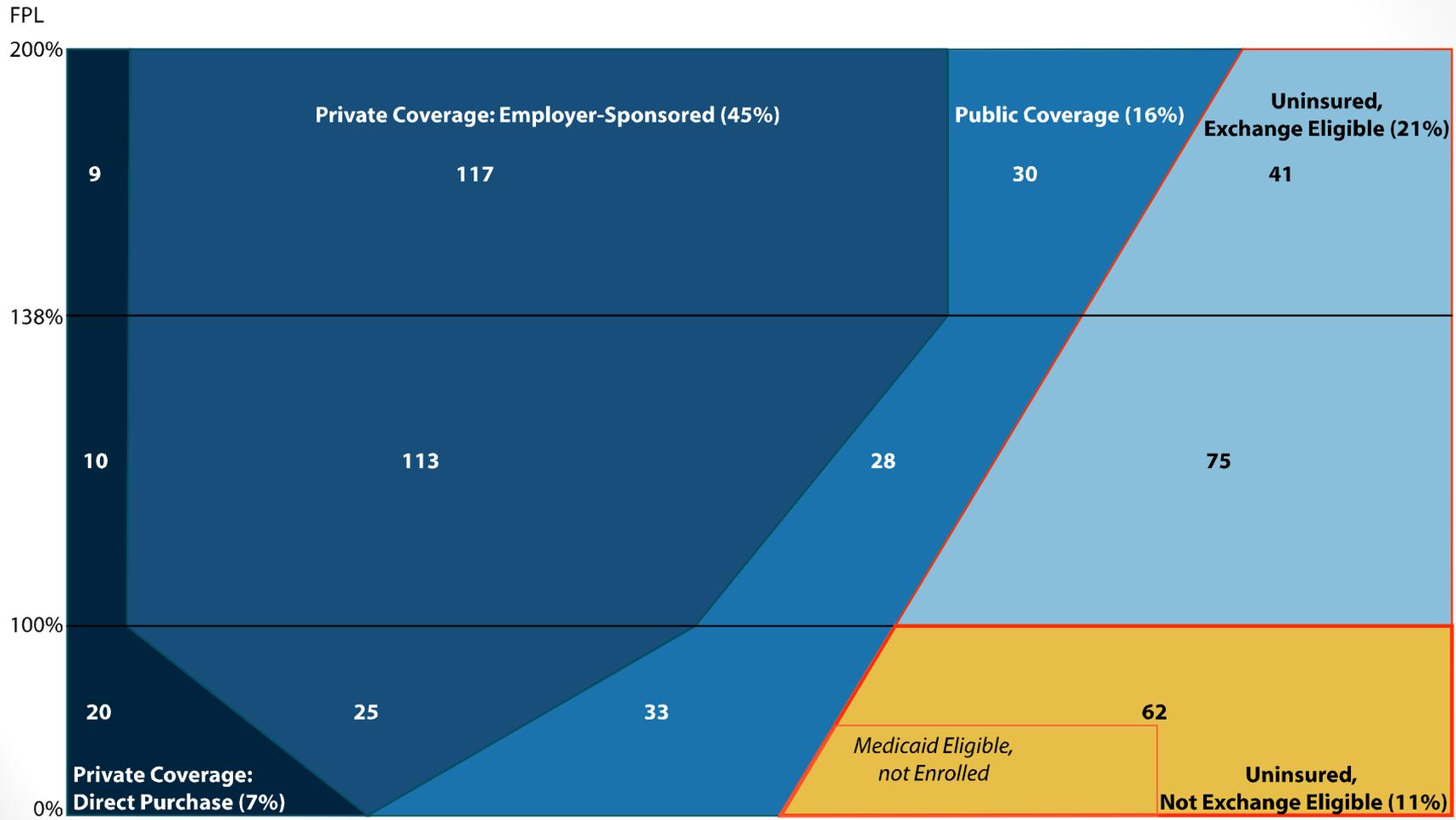
- Nobody is sure how effective any these provisions will be, let alone the overlap
- However, they represent new opportunities for many Utahns
- Virtually all children & middle to high-income adults should have some form of access in 2014
- Due to the Supreme Court ruling, the policy debate is now appropriately focused on low-income adults (below 200% FPL)

Initial Observations

- According to Current Population Survey (CPS) estimates for 2011
- 1.6 million Utah adults
- 35% (561,000) were below 200% FPL
- How were they covered in 2011?

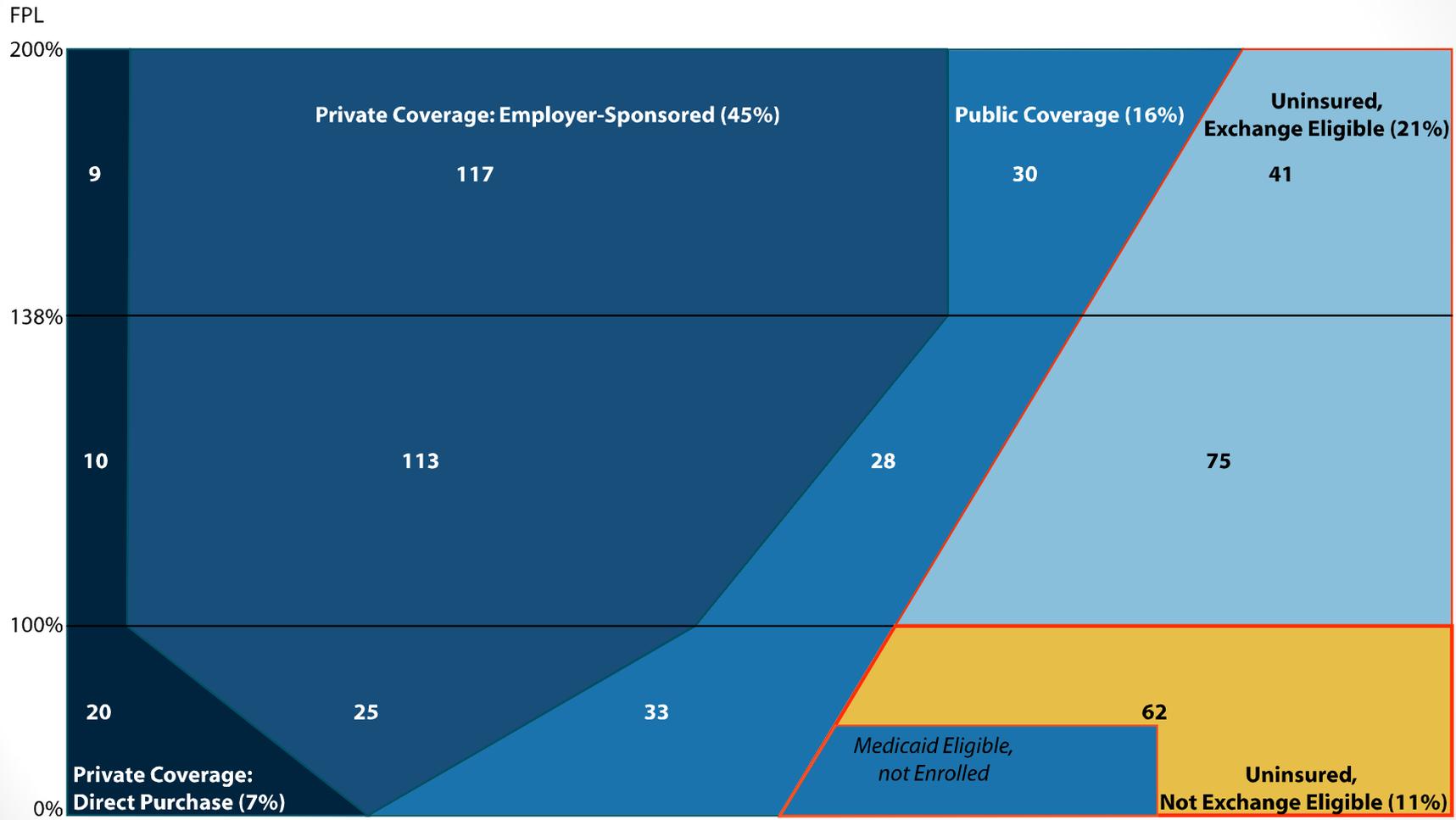
Health Coverage, Low-Income Utah Adults, Ages 19-64, under 200% of the Federal Poverty Level, in thousands

Source: 2012 Current Population Survey



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The Work-Welfare Incentive

- Families at 100% FPL will have guaranteed access to a Silver Plan
- Augmented from 70% actuarial value to up 94% through Cost-Sharing Reductions
- Premiums capped at 2% of family income
- The value of the subsidy can create powerful incentives to work more and/or seek higher wages to get to at least 100% FPL

Estimated Premium Subsidies for Adults at 100% FPL

Family Size/Composition	Age of Adults	Estimated Premium Subsidy
One Adult, One Child	Age 25	\$2,720
Two Adults, Two Children	Both age 40	\$7,243
One Adult	Age 64	\$8,824
Two Adults	Both Age 64	\$17,798

Notes:

1. Does not include the value of Cost Sharing Reductions (reduced co-pays and deductibles)

2. Assumes all children would enroll in Medicaid

Source: [kff.org](https://www.kff.org) Interactive Subsidy Calculator

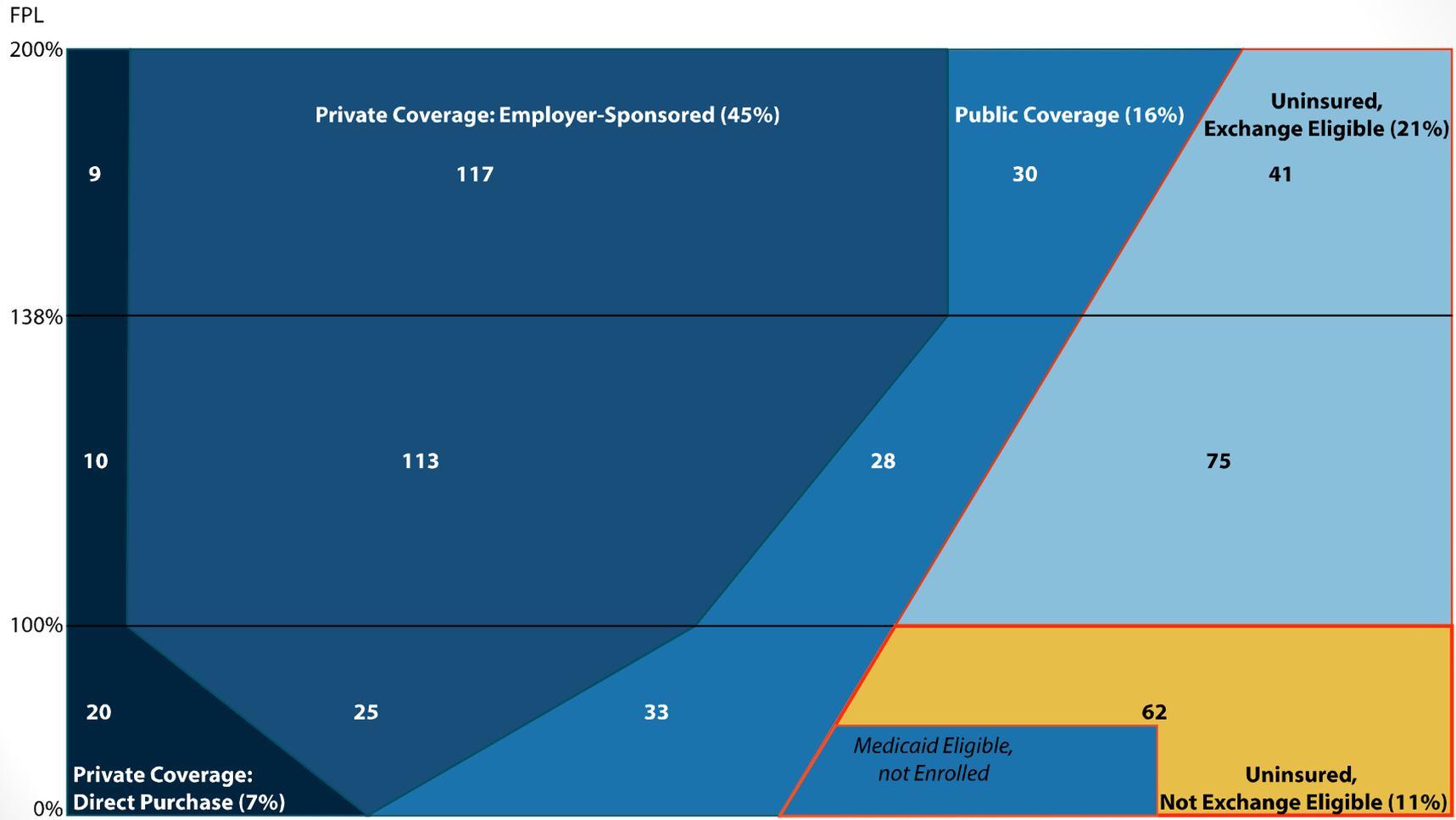
Minimum Wage Hours/Income Required for 100% FPL

Family Size	Minimum Wage Hours per Week (at \$7.25)	Income
One	30.5 hours	\$221
Two	41.1 hours	\$298
Three	51.8 hours	\$376
Four	62.5 hours	\$453

*Add about 10.7 minimum wage hours per week or \$77 for each additional family member

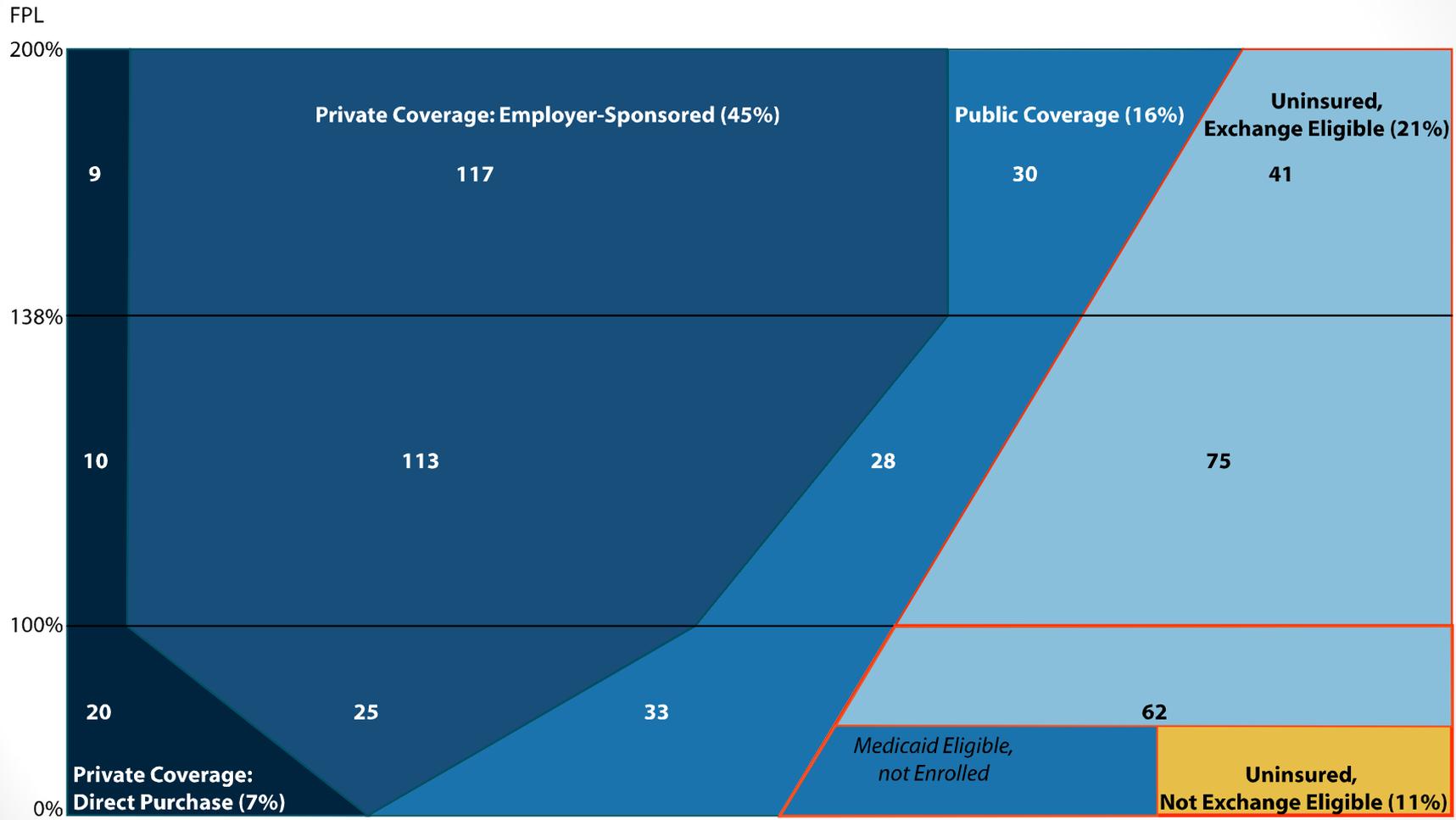
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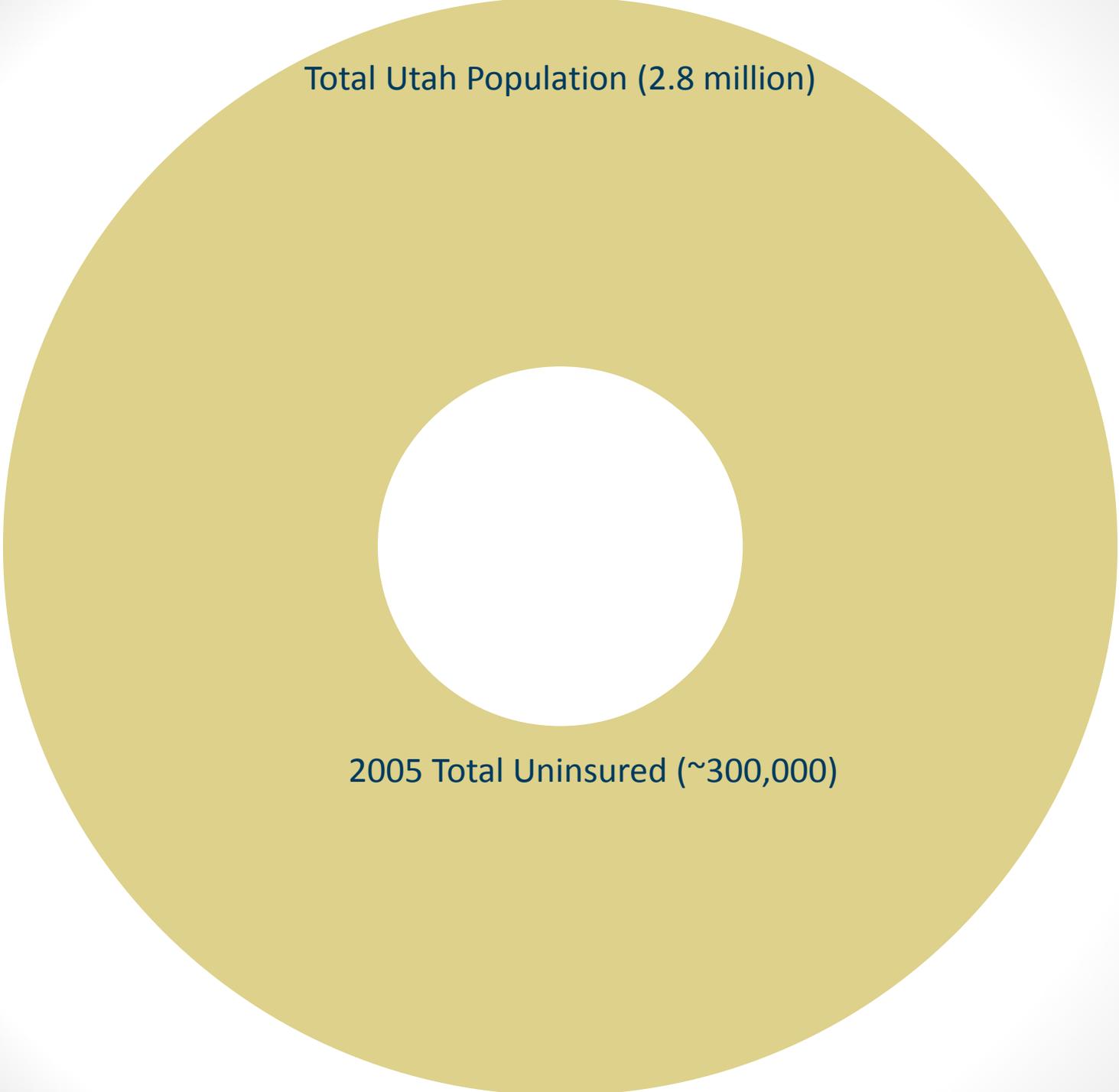
Source: 2012 Current Population Survey



Health Coverage, Low-Income Utah Adults, Ages 19-64, under 200% of the Federal Poverty Level, in thousands

Source: 2012 Current Population Survey





Total Utah Population (2.8 million)

2005 Total Uninsured (~300,000)

Total Utah Population (2.8 million)

Goal (~150,000)

Total Utah Population (2.8 million)



Effect of the Affordable Care Act

Other Options for Low-Income Adults

- Under age 26 can enroll in parents' policy
- Direct Purchase (with guaranteed issue, modified community rating)
- Student Health Plans
- Seek Full-Time, Benefitted Employment
- A Note About Employment Dynamics
 - The uninsured is not a well-defined, stable population
 - It is diverse and constantly changing
 - Half will be uninsured for less than 12 months
 - One-fifth will be uninsured for less than 3 months

What Happens to the Rest?

- Charity Care or Safety Net System
 - Ultimately, some low-income adults will not get covered, including those whose mental or physical health makes it hard to work
 - These individuals have historically relied on charity or safety net care
 - With an increase in the number of people with coverage options, the system should be better able to provide quality care for the small number of adults in this population

Summary

- The ACA will provide significant opportunities for most uninsured Utahns, including many low-income adults, to obtain coverage
- 11% of adults below 200% FPL are uninsured, but many have options
 - Eligible for Medicaid, but not enrolled
 - Work incentives to become exchange eligible
 - Seek better employment, coverage as a dependent, or direct purchase
- The net number of uninsured low-income adults should be dramatically lower than in 2011
- Safety net and charity resources can be more narrowly targeted to provide for the needs of those with no other options

Contact

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