

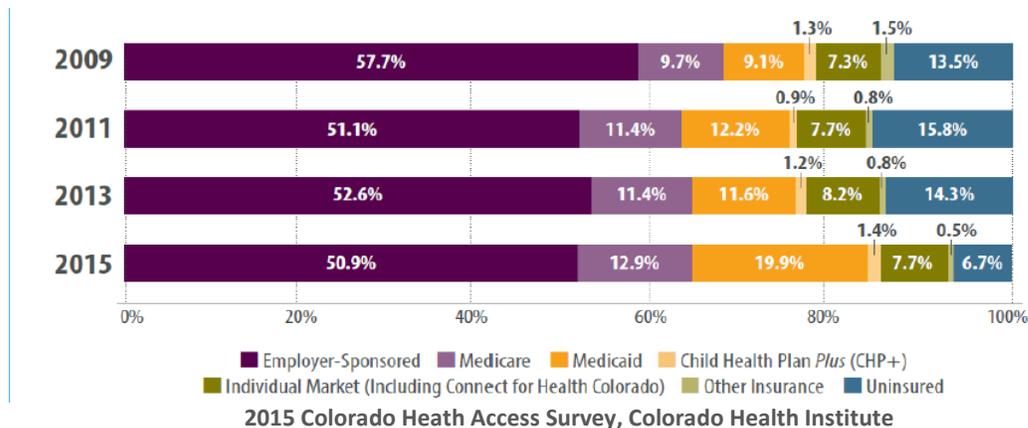
Medicaid Private Option

Scope of Proposal: Allow individuals in the Medicaid expansion population to be able opt-out of Medicaid and access private health insurance plans through Federal Advance Premium Tax Credits (premium subsidies). This would be accomplished through by-passing the Medicaid eligibility screen when an individual goes to Connect for Health Colorado (the Exchange) to purchase insurance. The individual would be allowed to access premium subsidies to purchase a Federally Qualified Health Insurance Plan (QHP) of their choosing. Under this proposal, Medicaid eligible individuals who chose to access premium subsidies in lieu of Medicaid would be required to fully fund the cost sharing responsibilities of the QHP and would be subject to the provisions of the plan they selected. There would be no additional state programs or funding provided to support wrap around services under this plan. The individual, not the state, would be responsible for all the cost sharing-liability that entails with the purchase of a private QHP. Any fiscal savings generated from fewer individuals on Medicaid could be used to increase reimbursement rates to providers in the program to better support access for our most vulnerable populations.

Proposed Recommendation: Ask the legislature to run legislation during the 2017 General Assembly directing the Colorado Department of Health Care and Financing to work with the Centers for Medicare and Medicaid on a waiver to section 1115 of the Social Security Act, to allow individuals whom are eligible for Medicaid under expansion, to have the choice to be able to also access premium subsidies, in lieu Medicaid, for the purchase of a Federally Qualified Health Plan on Colorado's Exchange.

Additional Background: Since the passage of the Affordable Care Act we have seen a decline in enrollment in nearly every insurance market. We have more people who are 'covered' in Colorado but those gains did not come from the ACA's insurance reforms, they came from Medicaid Expansion. In just over two years the Medicaid population nearly doubled. According to the Colorado Health Institute, currently 1 in 3 Coloradans is covered by a public program.

Trends in Coverage



While the number of individuals on Medicaid nearly doubled in two years, the number of doctors serving Medicaid Patients did not double:

- Low income workers deserve choices too. Under the current structure, the low wage workers are forced into the Medicaid system with no options if that system does not meet their needs.
- Have not addressed fundamental cost drivers in Medicaid, nor increased reimbursement rates to support expansion population.
- Access to services for our most vulnerable and medically fragile may be at risk under expansion.

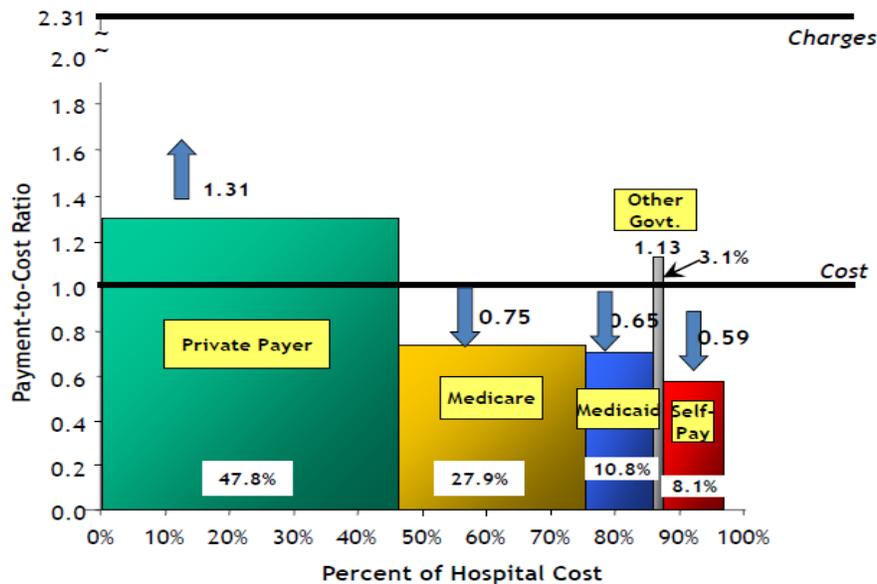
Coloradans Need Access to Providers Not Just a Certificate of Coverage

- Access to primary and specialty care for this population would overnight if they were able to access private health plans.
- Across our statewide meetings we heard the same story; there are very few providers, if any, in many rural communities taking Medicaid for Primary Care. Specialty Care is even more difficult to access and many must come to the Front Range.

Exacerbating the Cost Shift

- Expanding Medicaid without addressing cost drivers, including waste, fraud & abuse, as well as neglecting adequate reimbursement levels for participating providers, has put an increased burden on private insurance consumers to make up the cost differences.
- Allowing Low Wage workers to access premium subsidies can provide them access to the same private insurance provider networks as their higher wage counterparts, while also conserving state resources that can be used to increase reimbursement rates – which in turn works to mitigate the cost shift.

Comparison of Hospital Payment Levels in Colorado



Source: The Lewin Group analysis of Colorado Hospital Association data.

Note: Graph was created for the Colorado Blue Ribbon Panel on Health Care

Conclusion: A paradigm shift could occur if Medicaid had to compete for their clients. It is time we create a cultural shift toward customer service while allowing Medicaid to better serve Colorado’s most vulnerable populations. Because it is not expressly permitted, you may hear it can’t be done. It may not be overtly permitted but the truth is that come November, we will have a new President and a new Administration. The Federal Government has signaled its willingness to allow states to experiment with different demonstrations such as this and we should not let fear of ‘what if’ preclude us from asking the question.

It can be done if we work together. It requires courage and bold action to disrupt the status quo. Thank you for your consideration.

For questions on this document contact Cindy Sovine-Miller at cindy@sovinemiller.com or 720-290-5327.

Frequently Asked Questions:

Q: Would this be a pilot to test consumer interest, cost, etc., or a full option?

A: This would not be a pilot. It would be a fully executed option given the time and work it would take for the state to get the permissions it would need to move forward.

Q: Who would be eligible? Would it only apply to the expansion population or all Medicaid enrollees?

A: At this time it is limited to the expansion population only. However, that leaves a lot of folks behind and I am open to discussion on this issue. While a medically fragile individual may need the Medicaid benefits package, their family members may find they would prefer the private option.

Q: How long would their 'opt out' last (i.e., is this a month to month decision, a year-long decision, etc.)?

A: Existing Medicaid eligibility renewal requirements would apply as they exist today (i.e. one year continuous eligibility for kids would continue), open access to Medicaid in its current form is maintained for eligible individuals. This would not change Medicaid's existing open access policy.

Q: Which plan could someone select on the Exchange? Would it be only Bronze? Or could someone select any plan?

A: This proposal mirrors the requirements for the existing subsidized population for continuity. For example, it would not require an individual purchase at minimum a Silver plan, unless a policy is made to make all of the subsidized population purchase a Silver plan. APTC customers would be treated the same. Medicaid eligible folks would still be eligible for the Medicaid benefits should they elect to access them - if they elect to access the private subsidies they would do so at their own risk with proper disclosure of cost sharing requirements.

Q: What are the implications of selecting a narrow network plan vs. a PPO design?

A: The implications would be the same for existing private insurance consumers facing narrow network today, if they would have limited access to providers, they would have to weigh that factor into their decisions making process.

Q: Is this only for plans on the Exchange? Could someone select any plan licensed in the state?

A: The subsidy would be used for on-Exchange plans only – for the purposes of the Medicaid Private Option, consumers will be able to access all Exchange plans like every other APTC customer.

Q: Would the state pay the full or partial insured premium? Or allocate a fully-insured Medicaid premium with the participant paying the balance?

A: No! This is an 'either or' situation. The state either pays for the individual to be enrolled in Medicaid, or that individual opts out of Medicaid and elects to access Federal APTCs, relieving the state from any fiscal responsibility for care for the individual during the time they are enrolled in the FQHP.

Q: Would the state have any liability for the lower level of benefit (i.e., to bring the participant up to Medicaid levels by filling in deductibles, copays, etc.)?

A: No! This is option is an 'either or' situation. If an individual opts to access premium subsidies and purchase a qualified plan on the Exchange, they relieve the state from any fiscal responsibility for the individual during the time they are enrolled in the FQHP.

Q: How would the state ensure people understand what they are buying vs. the Medicaid benefits?

A: It is not the state's place to assume people are not capable enough to understand the difference between Medicaid and Commercial Insurance. There would have to be some public education to let people know that they now have this additional option, and the rights and responsibilities that come with purchasing private insurance, but I do not envision the state would have to substantially change its operations so much as let people know that they can opt-out of Medicaid and access subsidies to purchase a private health plan.

Q: Would providers be paid Medicaid rates or would the insurer reimburse as with any of their insured, at commercial rates?

A: No in this proposal providers of a Medicaid eligible individual who opts out and accesses private insurance would be paid the commercial rate of that plan. This is a choice between accessing private insurance as it exists today for the subsidized population and staying on Medicaid in its current form. Providers who treat Medicaid eligible individuals who access private insurance via premium subsidies in the Exchange would continue receive their negotiated rate under the commercial model. The model would not change; it simply opens up subsidies to those below the determined FPL.