

Utah's Coverage Options

Frequently Asked Questions

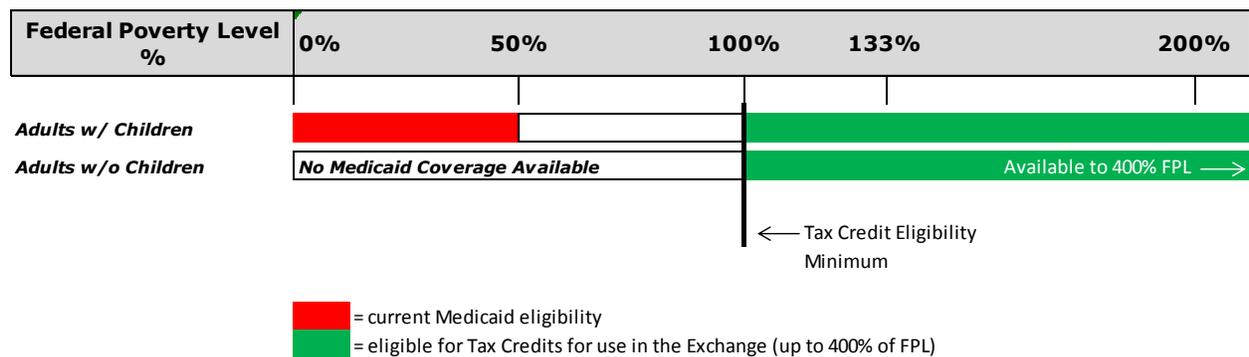
Affordable Care Act (ACA)

What options did the Supreme Court decision give Utah?

The Supreme Court decision in June 2012 gave states the option of whether or not to expand Medicaid to new adults earning up to 133% of the Federal Poverty Level (FPL). The remainder of ACA was left unchanged.

What happens if Utah takes no action?

ACA provides tax credits for families earning between 100-400% FPL, up to \$94,200 a year for a family of four. Unless Utah acts, there are no new options to assist families at or below 100% FPL, up to \$23,550 a year for a family of four.



How much are we already paying in ACA taxes?

Regardless of whether or not Utah increases its coverage of uninsured individuals, citizens in the state will be paying hundreds of millions of dollars in ACA taxes each year. Taxes include:

- Additional 0.9% payroll tax on wages and self-employment income and new 3.8% tax on dividends, capital gains, and other investment income for taxpayers earning over \$200,000 (singles) / \$250,000 (married)
- “Cadillac tax” on high-cost plans
- Employer mandate
- Annual tax on health insurance providers
- Medical device taxes

Uninsured Adults

How many adults could be covered?

By the year 2020, it is estimated that the options could cover 54,000 adults with incomes 0-100% FPL and/or 57,000 adults with incomes 101-133% FPL.

What does FPL translate to in annual income?

- 100% FPL = \$11,490 for a family of one, \$15,510 for a family of two, \$23,550 for a family of four
- 133% FPL = \$15,280 for a family of one, \$20,630 for a family of two, \$31,320 for a family of four

What types of jobs get paid that much?

- The occupational group with the most Utah job openings will be retail salespersons: median wage - \$24,580.
- One of the fastest growing major occupational groups in Utah through 2020 is forecasted to be healthcare support occupations. Most new jobs will be nursing aides, orderlies and attendants: median wage - \$23,820. Home health aides are the fastest growing within healthcare support: median wage - \$19,950.

Who are the adults that are eligible to get coverage under the options?

The options could provide coverage to adults, ages 19-64, with and without dependent children with incomes at or below 133% FPL.

- 58% are ages 18-34
- 52% are women
- 56% have a job/are self-employed

Why are they in need of health care assistance?

71% did not have a routine check-up in the last year. 49% did not see a doctor because of the cost.

The Federal Substance Abuse and Mental Health Services Administration (SAMHSA) estimates that 36% of the population covered by the options is estimated to have a behavioral health need (mental health and substance use disorder combined).

Many lower income uninsured individuals have chronic conditions such as arthritis, diabetes, asthma, and high blood pressure. They often delay seeking care, do not have a regular source of primary care and find care difficult to afford. They are often limited in their physical activities, regular access to primary care and needed medications. They need access to care due to their chronic conditions, but these chronic conditions will not qualify them for federal disability.

Options

What happens if we just cover up to 100% FPL?

The federal Medicaid agency, the Centers for Medicare and Medicaid Services (CMS), has said that states must cover up to 133% FPL in order to receive the higher match. With the higher match rate, we will receive 100% federal match through 2016, a staggered reduction through 2019, and 90% in 2020 and beyond. If we only cover up to 100% FPL, the federal government will match 70% of costs.

The higher match rate is especially beneficial through 2019. Due to the favorable match rate, state costs would be over \$100 million less through 2019 if coverage is provided up to 133% FPL rather than covering up to 100% FPL. Because the state will save money in the near future and have nearly equal costs after the match rate moves to 90%, the impact on the state budget is reduced if Utah pursues an option that includes adults up to 133% FPL.

Will new adults get full Medicaid?

- Adults that are considered medically frail will be able to opt into the traditional Medicaid program.
- Adults with affordable insurance available at work could be required to enroll in that insurance and could receive assistance in paying for premiums, cost sharing, and any services normally provided by most insurance plans that aren't covered in their plan.
- Adults 0-133% FPL could receive benefits similar to those provided by small businesses to their employees. Along the Wasatch Front, Accountable Care Organizations (ACOs) could be used to provide the medical services.
- Adults 0-133% FPL could receive premium assistance to enroll in a qualified health plan.

Will the options crowd out private insurance?

Several elements of the options could be designed to reduce crowd out.

- Adults with affordable insurance available at work could be enrolled in that coverage.
- Adults from 0-133% FPL could be enrolled in private plans that are offered in the marketplace.
- Adults from 0-133% FPL could receive medical services from for-profit and not-for-profit health plans.

Would there be value in conducting a pilot?

These adults currently do not have health insurance. We expect in the first year there will be a higher than normal use of services as these adults take advantage of access to care they haven't had before. However, we expect a more normal trend will develop over time. In addition, in 2017, the ACA gives states more flexibility in how they handle coverage through Medicaid and the federal marketplace. The

options could include an evaluation component to help Utah learn from its experience over a three-year period.

Could work requirements be included in the options?

The Department of Health has previously requested that some adults be required to perform community service in order to receive some benefits. However, CMS rejected that request. Pennsylvania has included a work requirement in their options waiver that they have submitted to CMS.

If we were able to get CMS approval, we could require adults who are able to work to work. We could establish criteria for determining who can work. We could mirror work requirements already in place for Food Stamps, now known as SNAP. We could also decide what transitional incentives, training resources, and support would be needed to help get able adults back to work.

Financing

What would the options cost?

If we cover adults up to 133% FPL, we would receive 100% federal match through 2016, a staggered reduction through 2019, and 90% in 2020 and beyond. In 2020, the first year of 10% state match, services and administrative costs are estimated to be \$40.8 million. Savings from replacing some state and county services with the options are estimated at \$4.7 million in 2020. Estimated net state costs for 2020 are \$36.2 million with net state costs from 2015-2023 estimated at \$176.5 million.

If we cover adults up to 100% FPL, we would receive 70% federal match. In 2020, services and administrative costs are estimated to be \$39.2 million. Savings from replacing some state and county services with the options are estimated at \$1.9 million in 2020. Estimated net state costs for 2020 are \$37.3 million with net state costs from 2015-2023 estimated at \$292.0 million.

How would we pay for the state costs?

The options could achieve some savings by replacing some state and county services that have not been federally matched or have been matched at lower match rate. In addition, groups that are benefitting from the increased health insurance coverage could be asked to pay part of the costs – for example, hospitals, health plans, counties, etc. In addition, some of the costs could be paid from the General Fund.

Here is an example of how the costs could be funded:

Estimated Annual Costs	\$40 million
Potential Source of Funds	
Savings to state and county programs	\$5-10 million

Provider assessments, etc.	\$15-25 million
General Fund	\$10-20 million

Will the federal government continue to pay its share of the costs?

Medicaid funds were not impacted by the latest federal government shutdown and the federal government has consistently paid states the established match rates.

What would we do if the federal government reduces its contribution to the costs?

The options could include a circuit breaker provision. If the federal government changes the ACA match rates or fails to pay the promised match rates, the options could be discontinued.

Alternative Benefit Plan (ABP)

What does benchmark coverage mean?

Under ACA, newly eligible adults receive coverage through an ABP. The ABP can be equivalent to one of three benchmark plans:

- Federal employee plan
- Generally available State employee plan
- Commercial HMO with largest non-Medicaid enrollment

Would the Accountable Care Organizations be involved?

The options could take advantage of the strides that Utah has already made in transforming its Medicaid program. Along the Wasatch Front, these newly eligible adults could receive their medical benefits from an accountable care organization.

What would change for the counties?

Some adults receiving mental health services and many adults receiving substance use disorder services from the counties will be eligible under the options. To the extent that newly eligible adults receive services under the existing Medicaid system, they would receive behavioral health services through the counties. Depending on the option and how it is implemented, counties could continue to see most of the same clients they see today but would now have a new source of funding to pay for those services.

Premium Assistance

What type of coverage would this group get through premium assistance?

Benefits and cost sharing could be similar to qualified health plans available in the federal marketplace. Benefits would include physician services, prescriptions, diagnostic exams, home health services, outpatient hospital, inpatient hospital, hospice, preventive services, family planning, and case and disease management. Mental health coverage would be similar to coverage for physical health, and includes substance abuse treatment, inpatient outpatient, and drugs. For some populations (e.g., youth under age 21), Medicaid wraparound services would need to be provided.

Pending negotiation with the federal government, cost sharing for the higher income group (101-133% FPL) would be similar to the cost sharing in the federal marketplace:

- Customer pays 2% of their income towards premiums (e.g., a family earning \$15,000 annually would pay \$300 in annual premiums (\$25 per month))
- Customer pays on average 6% of the cost of services received through deductibles, copays, and coinsurance (e.g., a family with \$2,000 of medical costs in a year would on average pay \$120 in cost sharing)

Pending negotiation with the federal government, cost sharing for the lower income group (0-100% FPL) would be similar to Medicaid cost sharing - \$4 copays for most services, \$8 copays for non-preferred drugs and non-emergent use of the emergency room, and \$75 copays for inpatient stays. There would be no premiums or deductibles.

How would Utah manage the premium assistance payments?

Eligibility for the options could be determined by the Department of Workforce Services. Health plan comparison, selection, and payment could be conducted through Avenue H. The Department of Health could use state and federal funds to pay for the premium assistance costs.