Washington State Health Care Authority

# Medicaid Expansion and Federal Basic Health Program Option

**Joint Select Committee on Health Care Oversight**
*November 18, 2014*

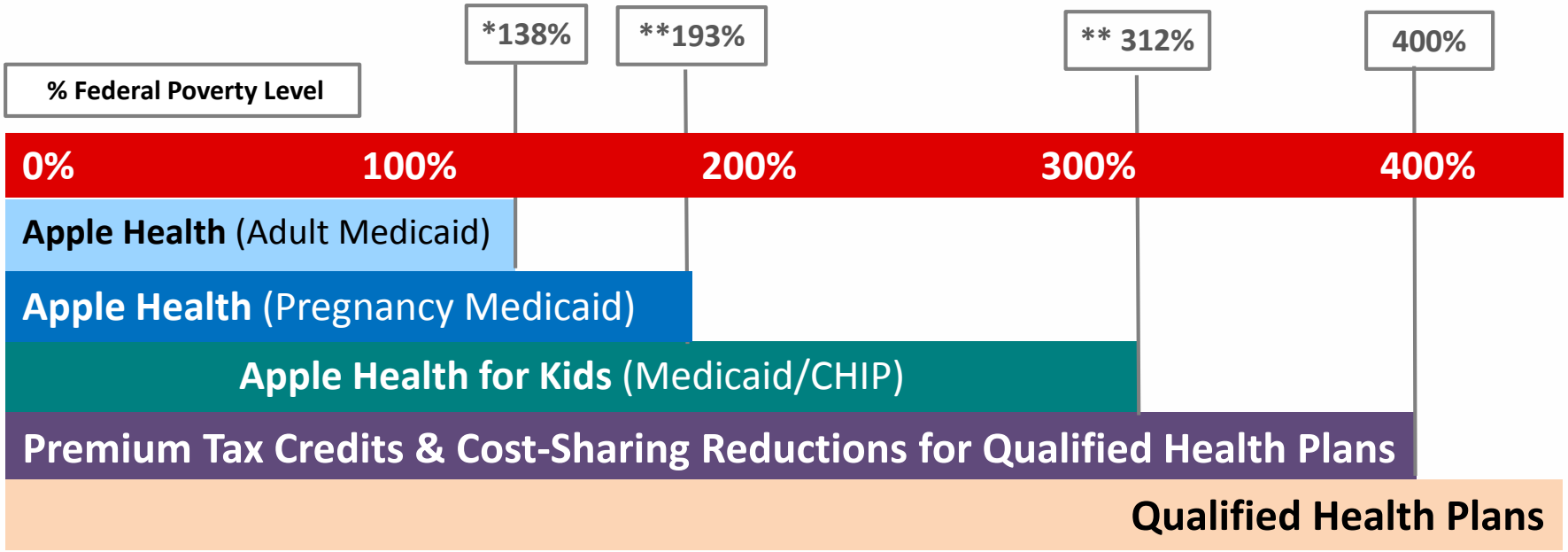
**Nathan Johnson,** *Director*
*Division of Policy Planning and Performance*
*Health Care Authority*

# Overview of Today's Topics

- Washington's Medicaid expansion - update
- What's next for Medicaid?
- Federal Basic Health Program Option - overview

# Washington's Medicaid Expansion

# Foundation of Insurance Affordability



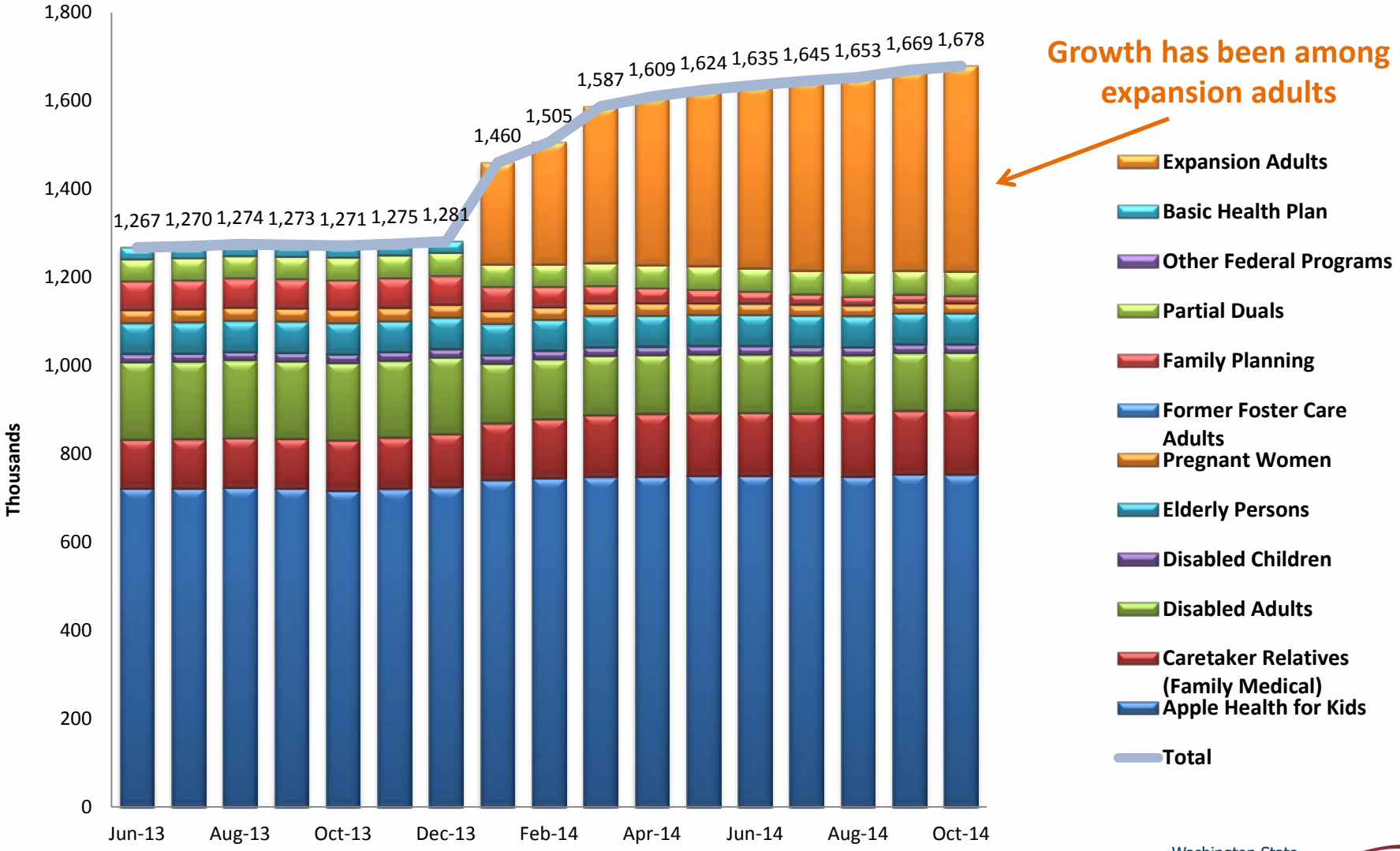

* The ACA's "133% of the FPL" is effectively 138% of the FPL because of a 5% across-the-board income disregard

** Based on a conversion of previous program eligibility standards converted to new MAGI income standards

# No Wrong Door to Coverage

http://www.wahealthplanfinder.org/

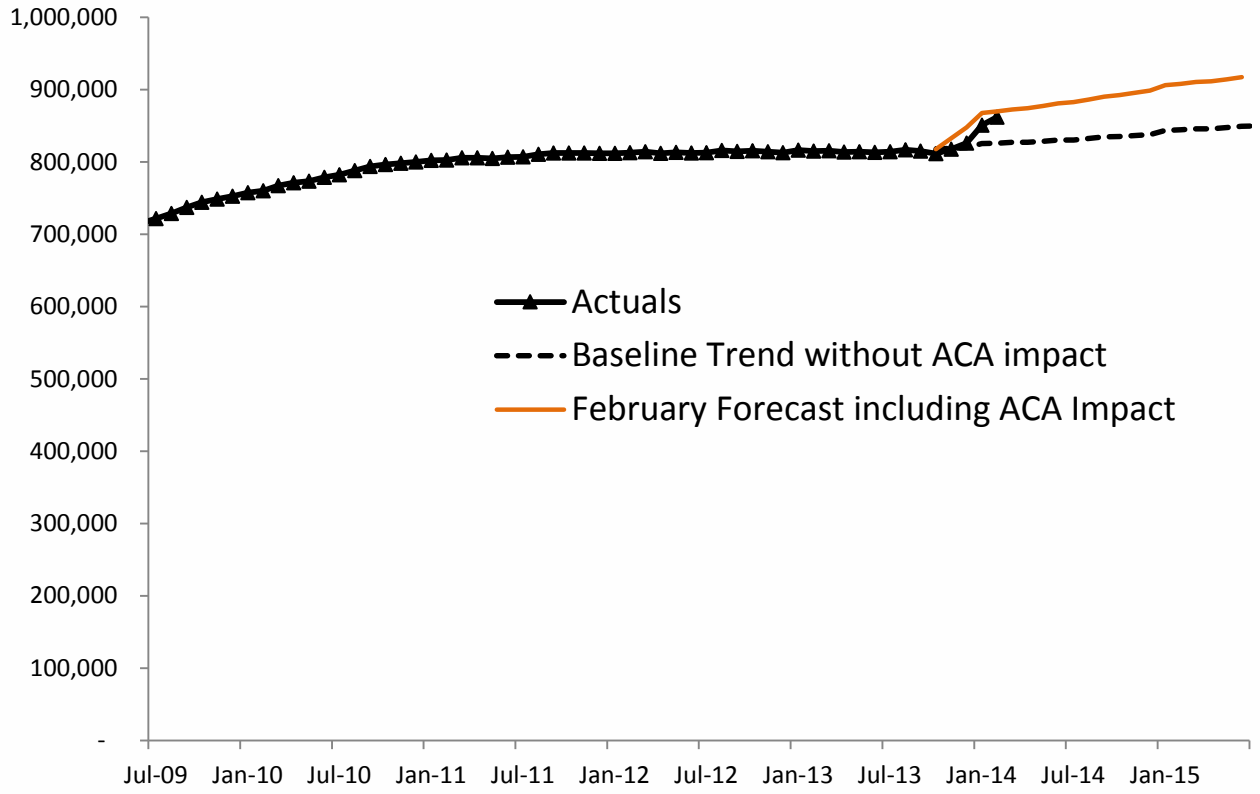
# Non-Lagged Medical Programs Enrollment Jun 2013-Oct 2014





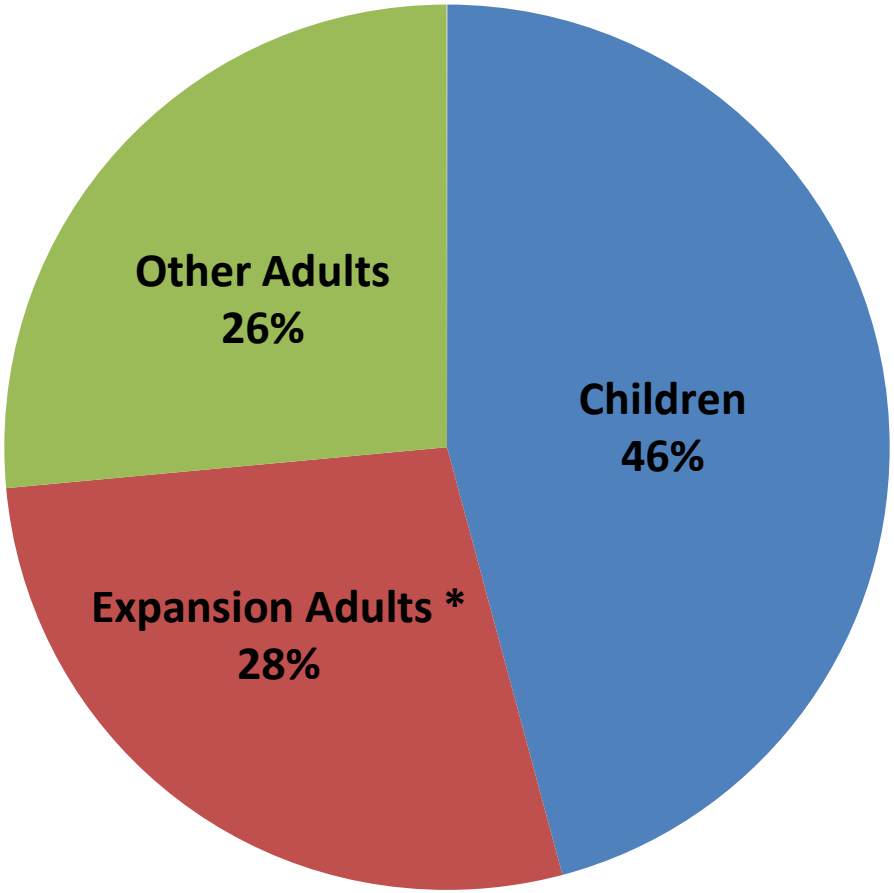

Washington State Health Care Authority

# “Welcome Mat” in Line with Projections*



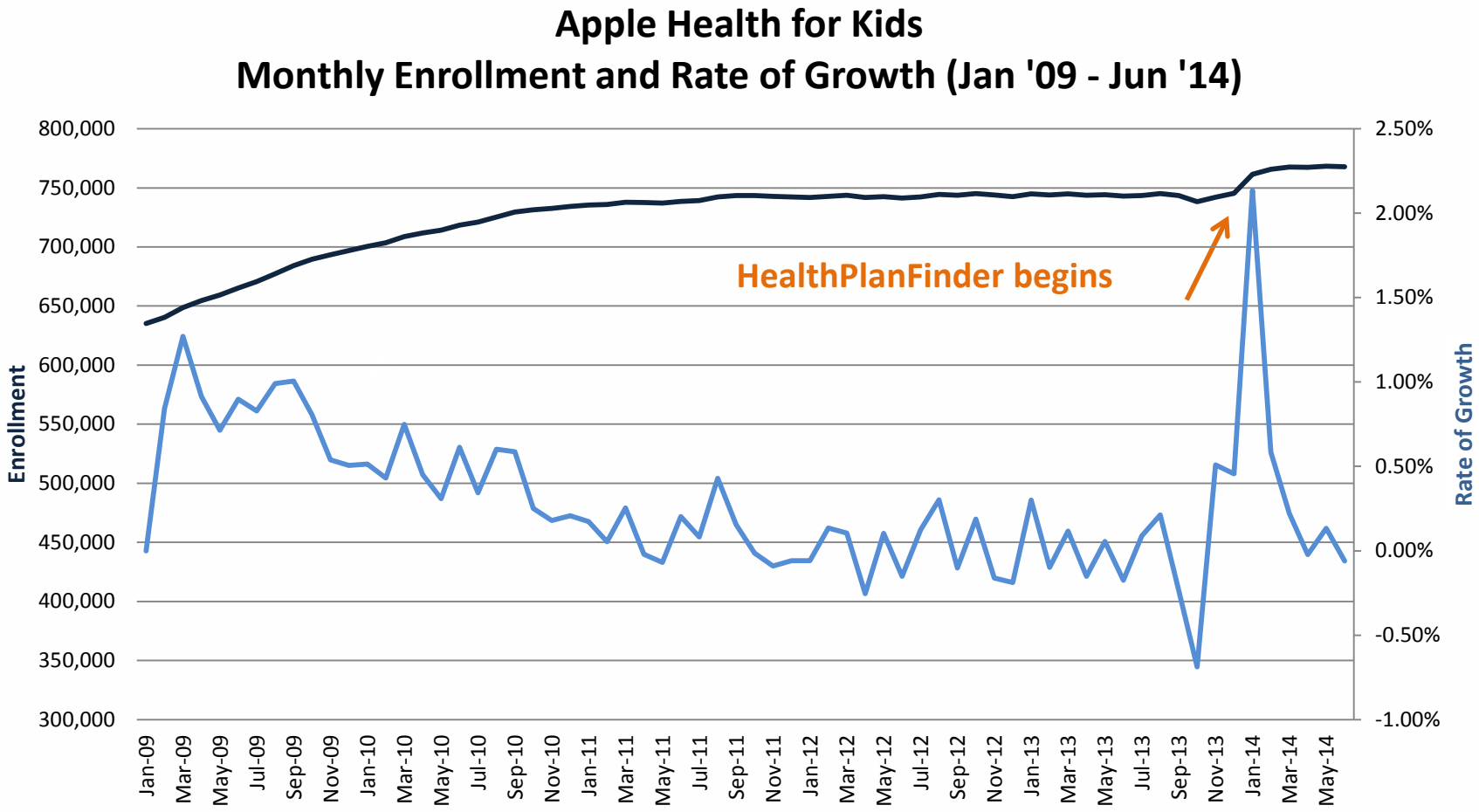

* The “welcome mat” includes adults and children who would have been eligible for Medicaid based on standards before the ACA implementation, but they never enrolled at that time. It specifically reflects caseload growth resulting from ACA implementation that is beyond historical growth averages.
For further details on the welcome mat impact see June Caseload Forecast Council update June 18, 2014.

# Adults Now Make Up 54% of Medicaid Enrollment




*** Expansion adults make up over half of all Medicaid adults**

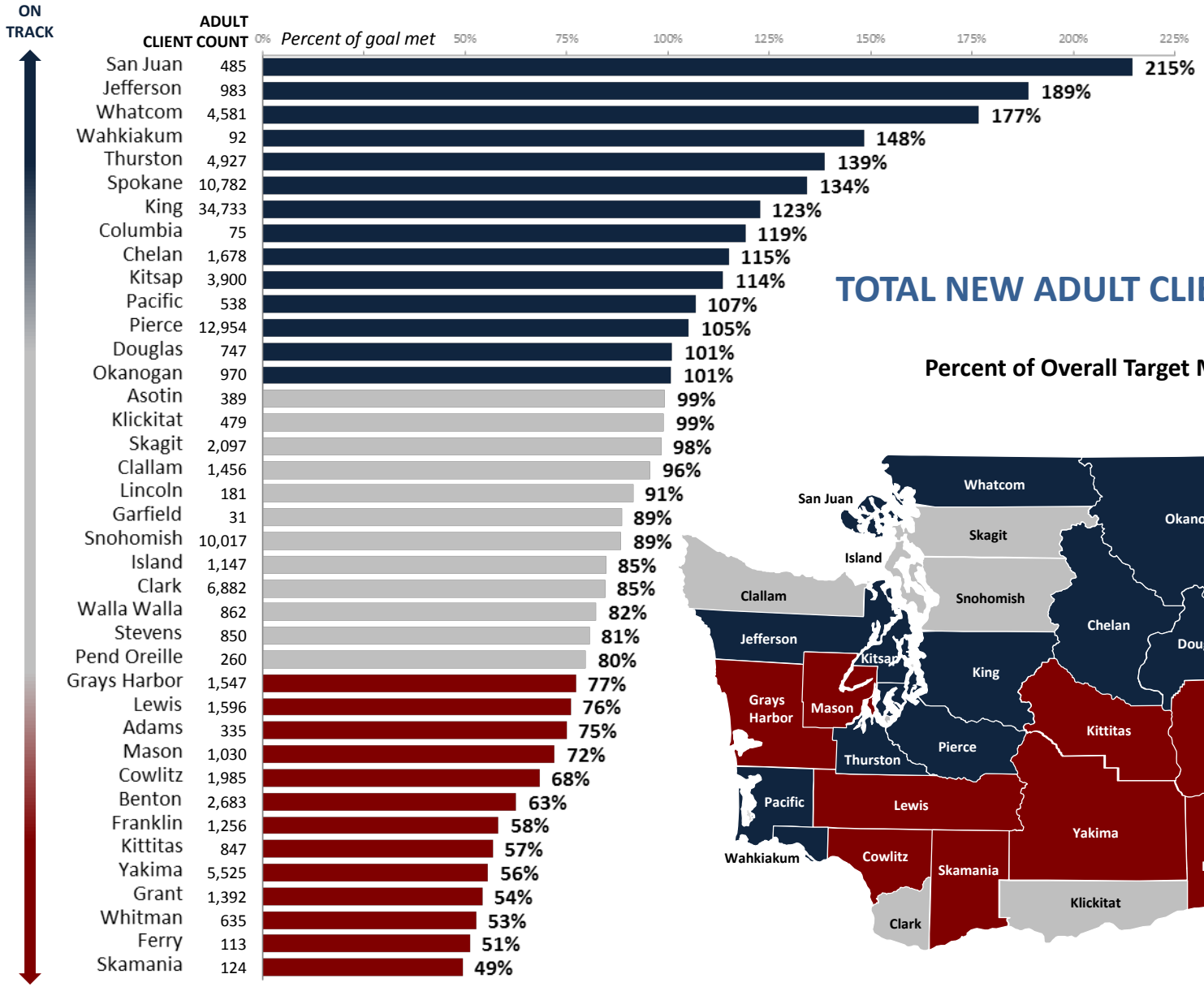
# Static 4-year Trend for Children Interrupted






Washington State Health Care Authority

# Chronology of Progress: Medicaid Expansion Reached January 2014 Goal




**TOTAL NEW ADULT CLIENTS = 121,164***

**Percent of Overall Target Met Statewide = 99.5%**

As of January 2, 2014



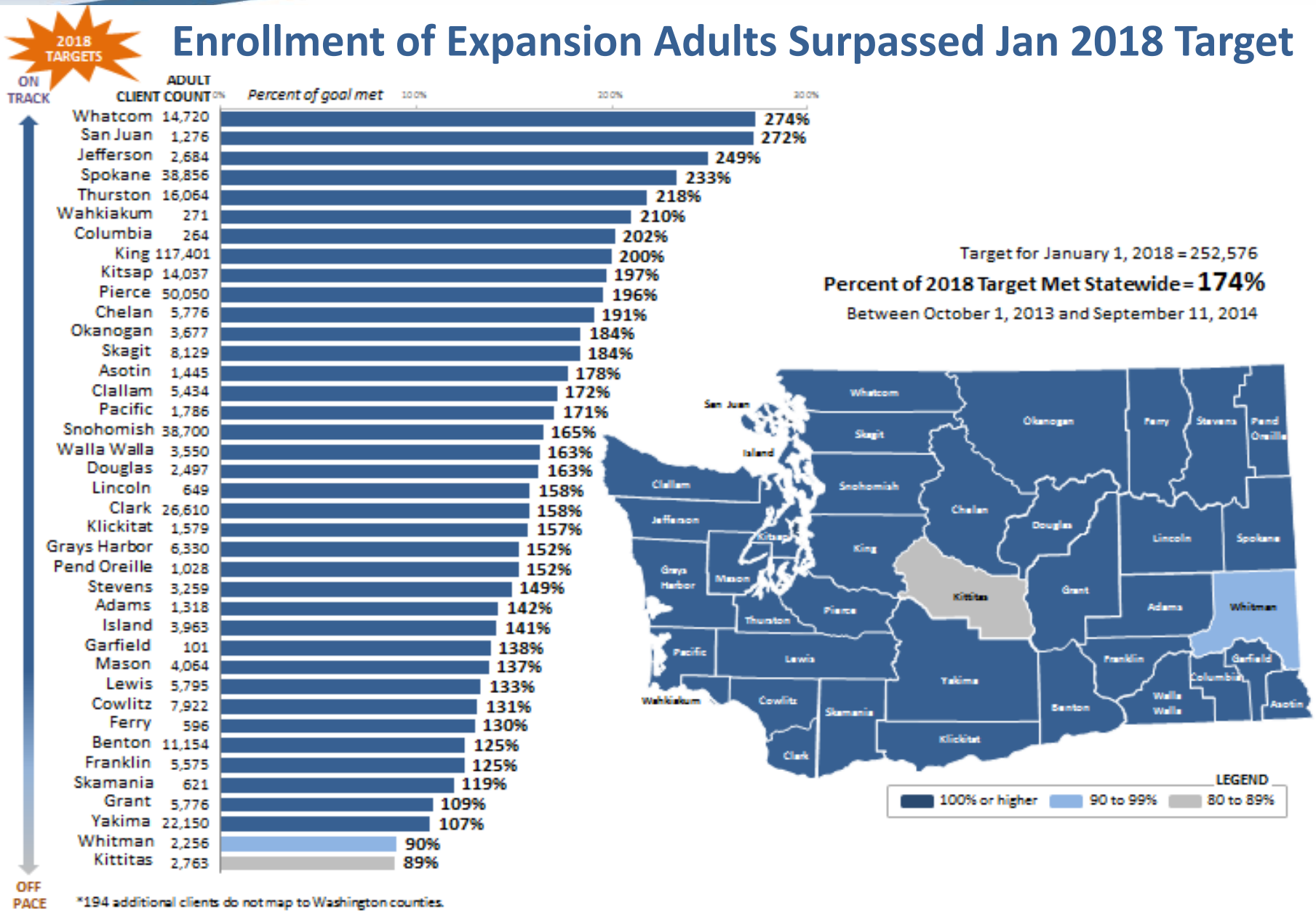

*94 additional clients do not map to Washington counties.

SOURCE: Washington State Health Care Authority, January 6, 2014.



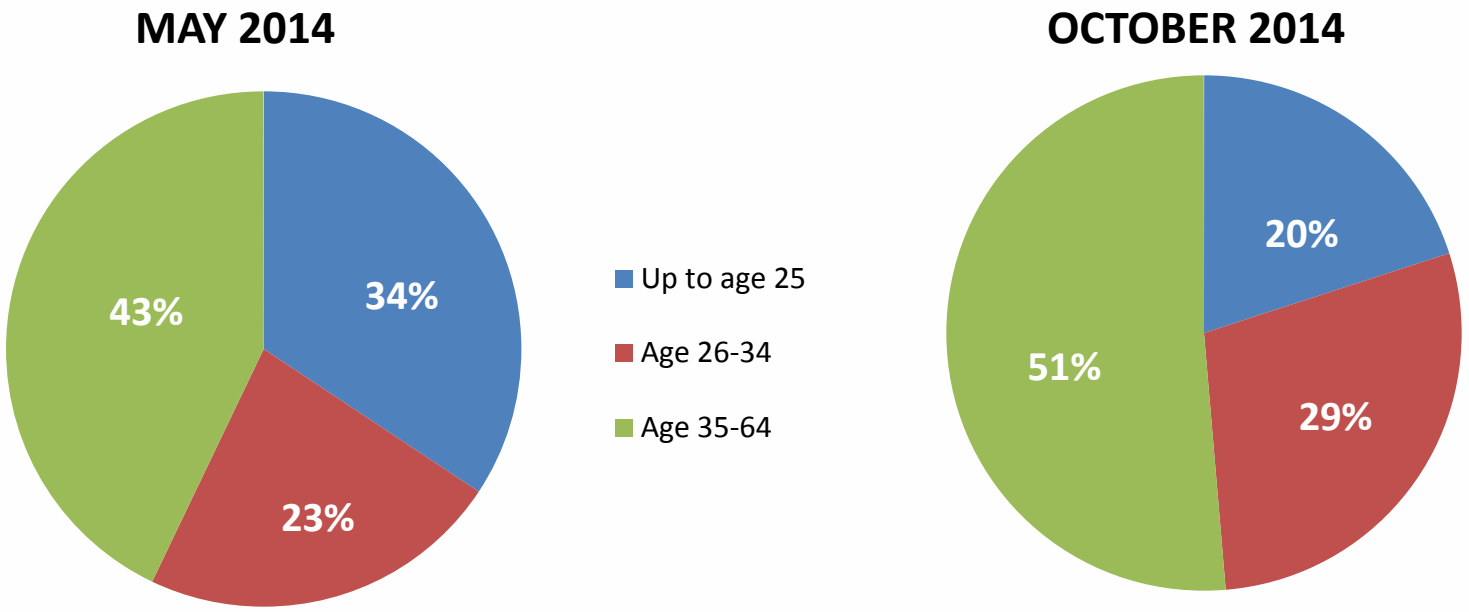
Washington State Health Care Authority

# Enrollment of Expansion Adults Surpassed Jan 2018 Target




SOURCE: Washington State Health Care Authority, September 19, 2014.

# Recent New Adults Relatively Older Than Earlier New Adult Enrollees

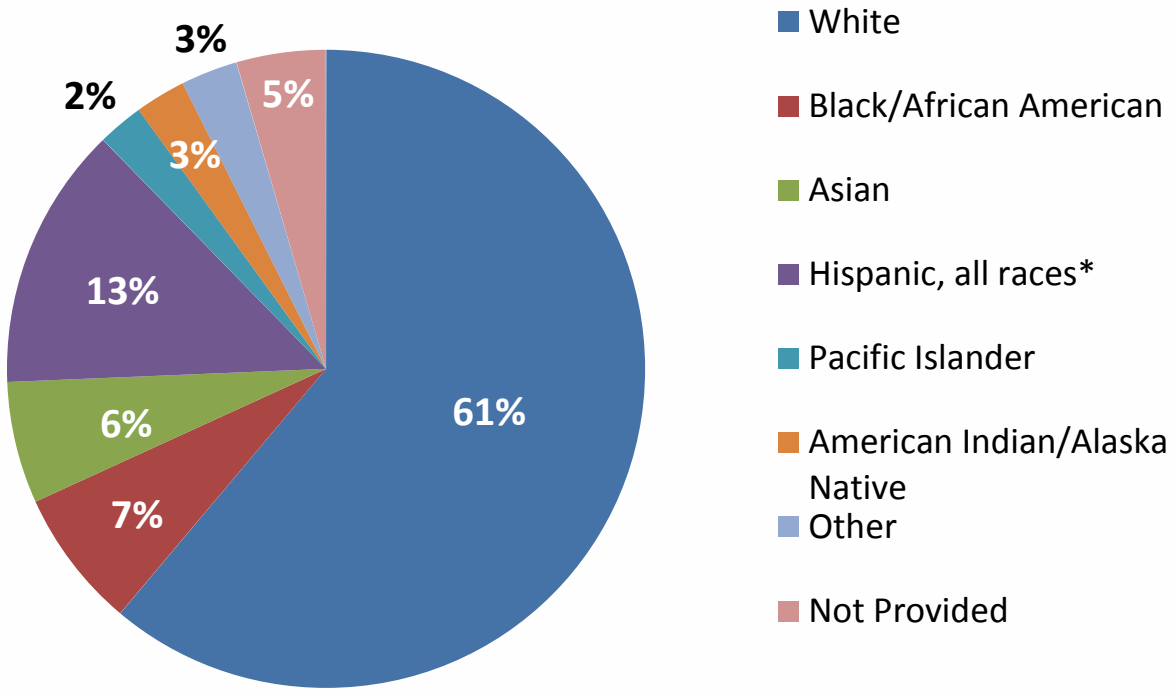





Washington State Health Care Authority

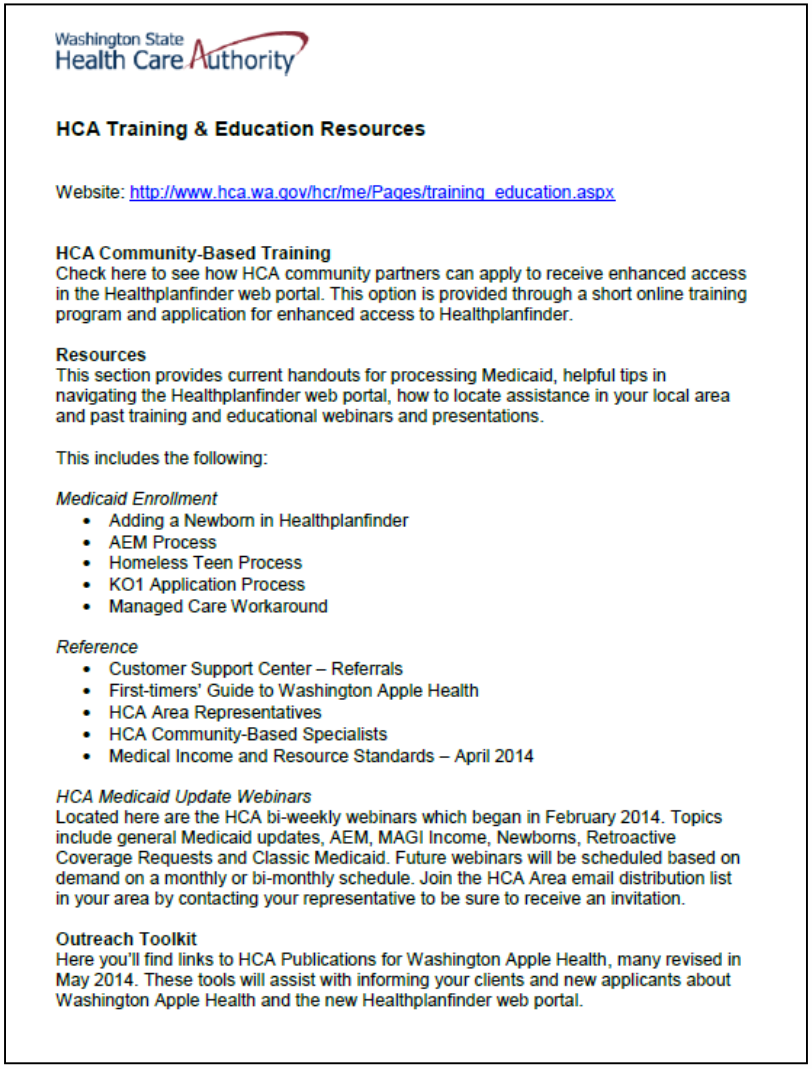
# Distribution of Apple Health New Adults Enrollment by Race/Ethnicity Has Remained Consistent

## (October 2014)




* The Hispanic category includes all enrollees who indicated they are of Hispanic origin regardless of their race.

# Why has Medicaid enrollment been so successful?



Washington State Health Care Authority

**HCA Training & Education Resources**

Website: http://www.hca.wa.gov/hcr/me/Pages/training_education.aspx

**HCA Community-Based Training**
Check here to see how HCA community partners can apply to receive enhanced access in the Healthplanfinder web portal. This option is provided through a short online training program and application for enhanced access to Healthplanfinder.

**Resources**
This section provides current handouts for processing Medicaid, helpful tips in navigating the Healthplanfinder web portal, how to locate assistance in your local area and past training and educational webinars and presentations.

This includes the following:

*Medicaid Enrollment*
- Adding a Newborn in Healthplanfinder
- AEM Process
- Homeless Teen Process
- KO1 Application Process
- Managed Care Workaround

*Reference*
- Customer Support Center – Referrals
- First-timers' Guide to Washington Apple Health
- HCA Area Representatives
- HCA Community-Based Specialists
- Medical Income and Resource Standards – April 2014

*HCA Medicaid Update Webinars*
Located here are the HCA bi-weekly webinars which began in February 2014. Topics include general Medicaid updates, AEM, MAGI Income, Newborns, Retroactive Coverage Requests and Classic Medicaid. Future webinars will be scheduled based on demand on a monthly or bi-monthly schedule. Join the HCA Area email distribution list in your area by contacting your representative to be sure to receive an invitation.

**Outreach Toolkit**
Here you'll find links to HCA Publications for Washington Apple Health, many revised in May 2014. These tools will assist with informing your clients and new applicants about Washington Apple Health and the new Healthplanfinder web portal.

**Outreach, marketing, education & collaboration**

- Healthplanfinder online portal
- Community-based volunteers & partners
- Community-based specialists in every county (~50)
- Specialized HCA regional representatives
- Resources
  - *Training modules*
  - *Enrollment process descriptions*
  - *Customer support referral guides*
  - *General webinars & training*
  - *Outreach toolkit*
  - *Guide to Apple Health coverage*

http://www.hca.wa.gov/hcr/me/Pages/training_education.aspx

# What's next for Medicaid?

# Upcoming Changes

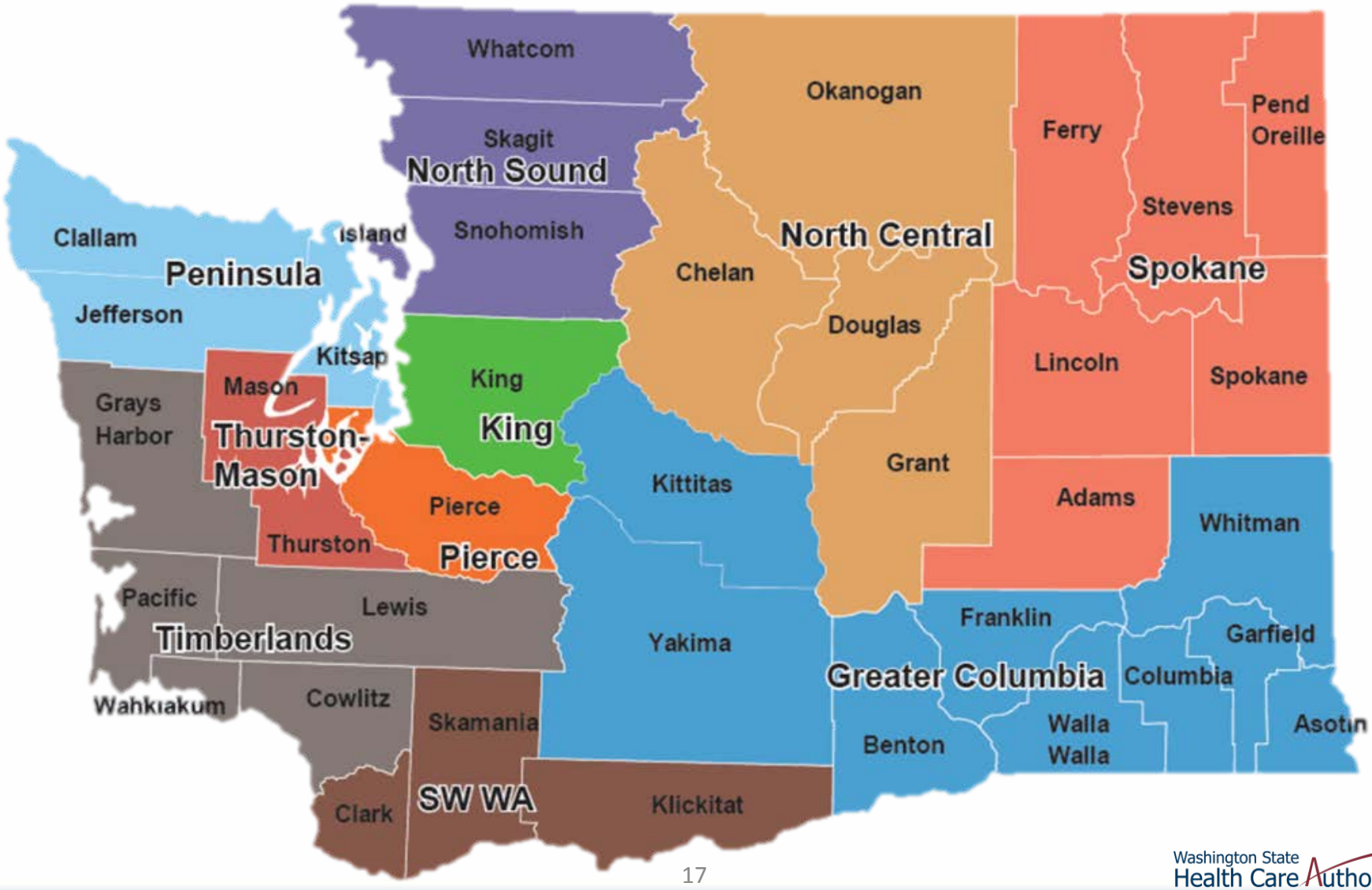
## 2015

- Administrative simplifications
  - Auto-enrollment into health coverage for individuals enrolled in ABD Cash/HEN and TANF cash programs
  - Hospital presumptive eligibility training (beginning this month) – safety-net to ensure access to care
  - IRS reporting for individuals covered by "Minimum essential coverage" - required with 2016 filing for tax year 2015
- Individual choice of managed care plan

## 2016

- Regional purchasing
- "Early adopter" regional service areas - managed care plans contract for full physical and behavioral health risk
- "Other" regional service areas
  - Managed care plans contract for physical health for all and mental health for individuals who do not meet access-to-care standards
  - Behavioral health organizations provide substance use disorder services for all and mental health for individuals who do meet access-to-care standards

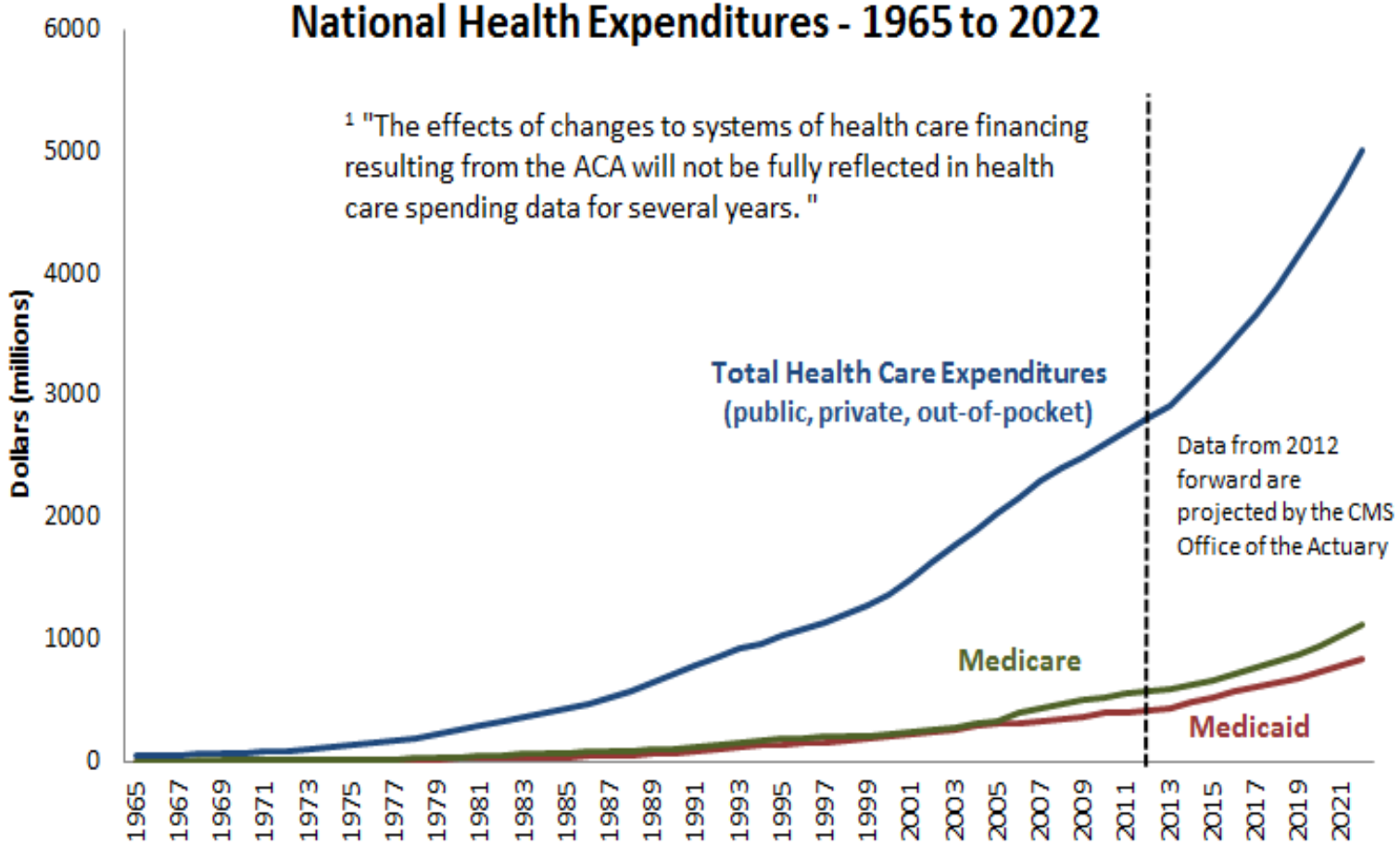
# RSA Designations






Washington State Health Care Authority

# Health Care Spending – the Need for Reform






Washington State Health Care Authority

# Medicaid's Reform Requires Aligned Strategies

*Evolution toward value-based payment that supports delivery system transformation*

Phased Staging of Integrated Purchasing through Managed Care

**E2SSB 6312: By January 1, 2020, the community behavioral health program must be fully integrated in a managed care health system that provides mental health services, chemical dependency services, and medical care services to Medicaid clients**

*State, Community (ACH) and delivery system infrastructure*

*Business enterprise development, capacity building, and ongoing support.*

SIM (CMMI) Round 2, other grants, State funds, philanthropic and local support

Revised federal authority - potential opportunities for waivers or SPAs

*e.g., Flexibility to derive savings and re-invest in implementing delivery system transformation*

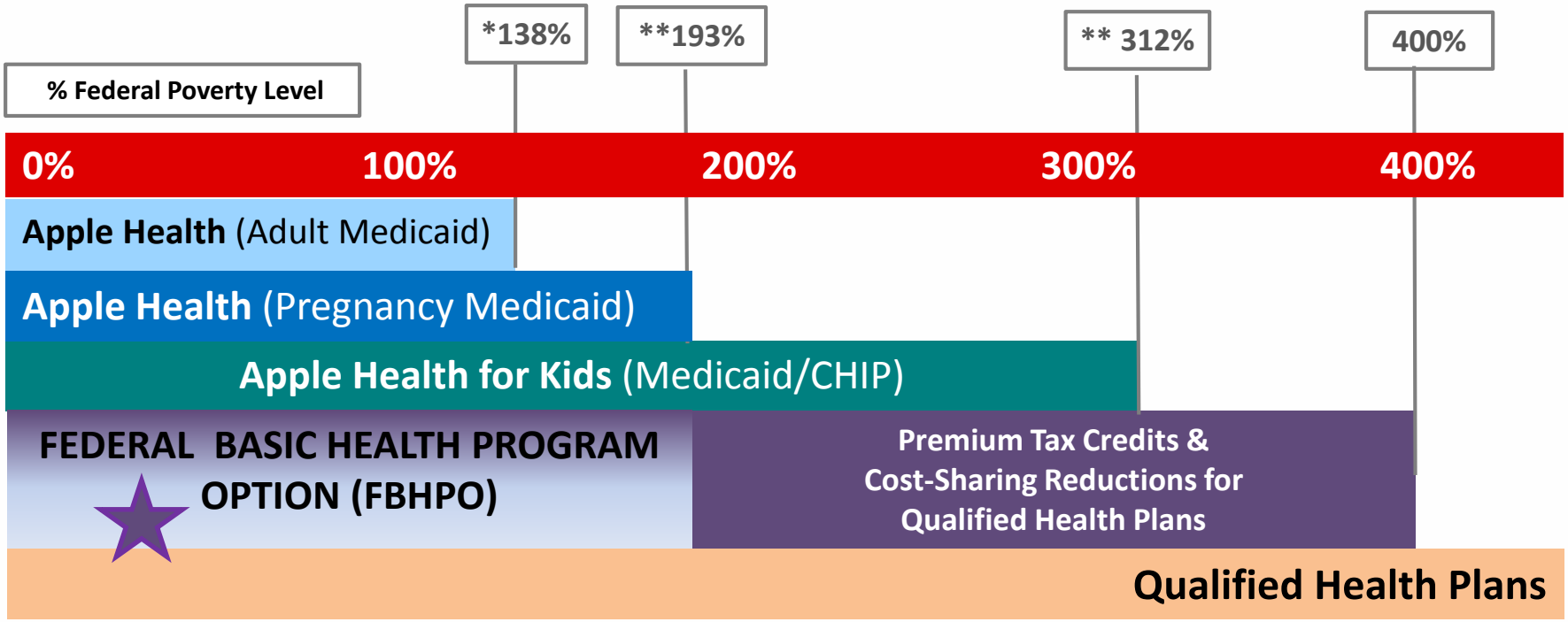
Integrated Health Delivery System

*Payment reform and investments to support increased accountability for health outcomes*

Washington State Health Care Authority

# Federal Basic Health Plan Option - review

# Federal Basic Health Program Option




* The ACA's "133% of the FPL" is effectively 138% of the FPL because of a 5% across-the-board income disregard

** Based on a conversion of previous program eligibility standards converted to new MAGI income standards

# FBHPO Overview

- States may use federal funding to subsidize coverage for individuals with incomes 138-200% of the federal poverty level (FPL) who would otherwise be eligible to purchase coverage through the HBE. States can use the FBHPO to reduce premiums and cost sharing for eligible consumers. Depending on design, the FBHPO may also help consumers maintain continuity across plans and providers as their income fluctuates above and below Medicaid levels.
- **Competitive Contracting:** The state must use a competitive process to procure contracts for two or more standard health plans (with limited exceptions) offered by licensed HMOs, licensed health insurers, networks of providers, and/or non-licensed HMOs participating in Medicaid/CHIP.
- **Comparable, or Better, Costs and Benefits:** Enrollees must receive at least the same benefits and pay no more in premiums & cost sharing than they would in an HBE qualified health plan (QHP).
- **Financing Formula:** The federal government pays the state 95% of the value of the premium tax credits and cost sharing reductions it would have provided to eligible individuals enrolled in the applicable second lowest cost silver HBE plan.
- **Administration:** States must set up a Trust Fund to receive federal funding and identify trustees to authorize withdrawals.
- **Blueprint**: States are required to prepare an operational readiness Blueprint for CMS certification and approval to implement. States may also receive "Interim Certification" from CMS.

# FBHPO Advantages and Disadvantages

## Potential Advantages

- Premiums and cost sharing are lower for enrollees than in QHPs
- May result in more individuals securing coverage and complying with the individual mandate
- Smoother transitions as incomes fluctuate at 138% FPL
- More affordable coverage vehicle for lawfully present immigrants who are not eligible for Medicaid because they have not been in the country for five years

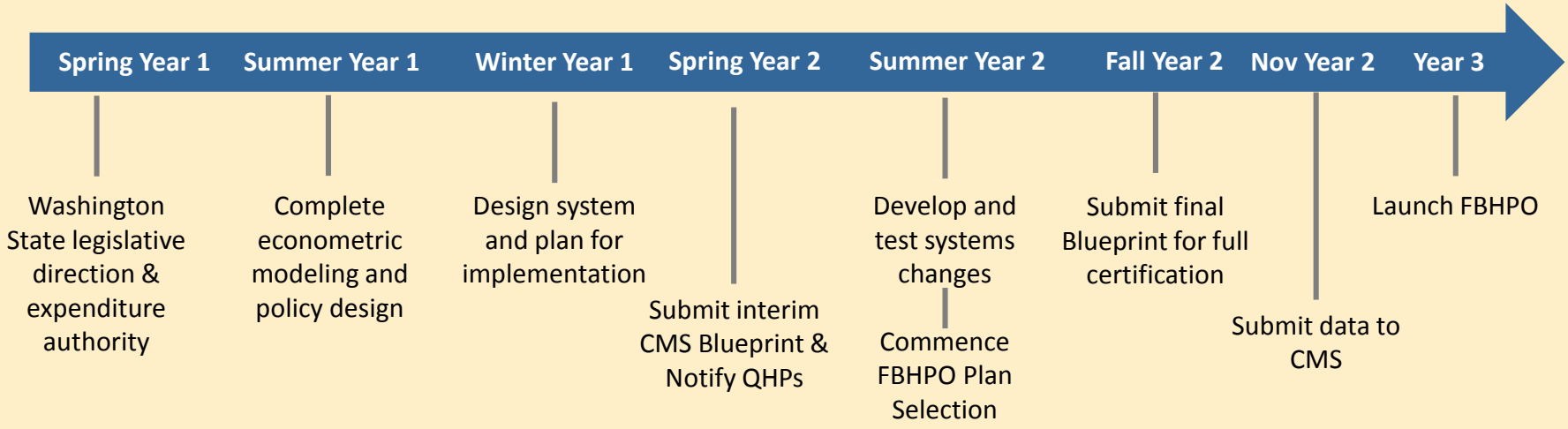
## Potential Disadvantages

- Federal funding may not cover cost of plans; State has financial exposure
- Design, development, start-up and ongoing administrative costs not federally funded
- New transition point is created at 200% FPL
- Affordability cliff at 200% FPL (depending on subsidies of premium tax credits/cost sharing reductions)
- Exchange volume will decline; individuals with income below 200% FPL will be enrolled in the FBHPO and not a QHP
- In order to reduce consumer costs, providers could be paid at a lower rate than what they would be paid in a QHP
- Does not address whole family coverage issues

Prior analysis available at: **http://www.hca.wa.gov/hcr/me/Pages/policies.aspx#federal**

# Implementation Timeline Overview

- Assumes legislature provides policy and fiscal expenditure authority
- March 2014 - CMS released final guidance for state & federal administration of FBHPO
- October 2014 - CMS released proposed federal funding rules & data sources to determine federal FBHPO payments for 2016 (final rules due Feb 2015)






Washington State Health Care Authority

# Contacts for More Information

- **MaryAnne Lindeblad, Medicaid Director**
  maryanne.lindeblad@hca.wa.gov | 360-725-1863
- **Nathan Johnson, Policy, Planning & Performance Director**
  nathan.johnson@hca.wa.gov | 360-725-1880