NCSL Spring Forum
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Optional Medicaid Expansion

The ACA expands Medicaid to adults aged 19–64 with incomes at or below 138% FPL

States will receive 100% FMAP rates for the newly eligible population from 2014 through 2016

FMAP rates decline gradually, reaching 90 percent in 2020.

Supreme Court did not change the Medicaid provision, but effectively allows states to opt out.
**Median Medicaid/CHIP Eligibility Thresholds, January 2012**

<table>
<thead>
<tr>
<th>Group</th>
<th>Threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children</td>
<td>250%</td>
</tr>
<tr>
<td>Pregnant Women</td>
<td>185%</td>
</tr>
<tr>
<td>Working Parents</td>
<td>63%</td>
</tr>
<tr>
<td>Jobless Parents</td>
<td>37%</td>
</tr>
<tr>
<td>Childless Adults</td>
<td>0%</td>
</tr>
</tbody>
</table>

Minimum Medicaid Eligibility under Health Reform - 133% FPL ($25,390 for a family of 3 in 2012)

**Source:** Based on the results of a national survey conducted by the Kaiser Commission on Medicaid and the Uninsured and the Georgetown University Center for Children and Families, 2012.

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**Medicaid Expansion, Bills So Far**

**Bills To Expand**
- AR, CA, CO, IL, MN, MS, MO, MT, ND, OK, PA, SC, SD, TN, TX, UT, VA, WA and WY

**Bills To Require Legislative Approval For Expansion**
- KY

**Bills To Urge Gov. To Expand**
- AL, AK, GA, HI, MI, NJ, PA and SC

**Bills To Reject Expansion**
- IL, MS, NC, NH, SC, SD, TN and WY

**Other Types of Expansion Related Bills**
- AR, CO, GA, HI, IA, TX, IN, IA, IL, MT, MO, MD, ME, MI, OR, TX and UT
Medicaid Expansion Activity

Premium Assistance

- Exists for current Medicaid beneficiaries (mostly employer-based)
- Must be cost effective and provide wrap-around services

HHS will consider approving a limited number of premium assistance demonstrations for the ACA expansion pop.
Premium Assistance: History

- Section 1906 Health Insurance Premium Payment (HIPP) Programs
- Section 1905(a) Premium Payment Option (Individual market)
- CHIP Family Coverage Option
- 1115 Waiver Authority
- New CHIPRA Premium Assistance Options in Medicaid and CHIP

State Experience

- 29 states operate Section 1906 HIPP programs.
- 16 states have 1115 waiver programs
- 6 states operate 1905(a) programs
- 5 states adopted the new Medicaid premium assistance from CHIPRA.
- 1 state adopted the new CHIP option from CHIPRA.
Overview of Existing Programs

- Small relative to total enrollment.
- Estimated spending on premium assistance program enrollees is 1% of total Medicaid spending.
- Relatively little experience with purchasing individual market coverage.
- Limited access to ESI among low-income individuals covered by Medicaid and CHIP.

Cost effectiveness to date

- States must establish that the cost of covering an individual through premium assistance is the same or less than covering the individual in the direct Medicaid or CHIP programs.
- A robust employer contribution and targeting high cost enrollees (pregnant women and children with disabilities) are often features of a cost effective program.
- The higher the income eligibility level, the more likely premium assistance is to be cost effective because a greater number of beneficiaries will have access to ESI.
ACA Influence on Premium Assistance

- ACA Medicaid expansion and the creation of the exchange has increased interest in premium assistance.
- Potential to reduce churning between Medicaid and exchange.

Premium Assistance Guidance for States

- Will require 1115 demonstration waiver
- Must provide choice: at least 2 QHPs
- Wrap around benefits
- Only for the new Medicaid adult group
- Encourage states to target adults 110 to 133 % FPL
- Will consider new factors for cost effectiveness
Arkansas SB 1020/Act 1497

- Health Care Independence Act of 2013
- Private insurance option for “low-risk” adults.
- Medicaid will pay premiums and supplemental cost sharing subsidies to the QHP in the Exchange for Medicaid eligible individuals.
- Dept of Human Services will create plan and seek necessary waivers from CMS.
- Provision to test a pilot program for health savings accounts or medical savings accounts during 2015.
- Other states interested in premium assistance: Ohio, Florida, Utah, Pennsylvania and others

Medicaid and Exchange Churning

Family income or job status changes will change coverage plans.
NCSL Resources

Health Reform home page:
http://www.ncsl.org/?TabID=160

State legislation database:
http://www.ncsl.org/?TabId=22122

Health Reform State Action newsletter:
http://www.ncsl.org/default.aspx?TabId=22281

Health Reform two-page briefs:

Cost Containment Briefs:

Questions?

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