

TO: Local District Commissioners, Medicaid Directors

FROM: Judith Arnold,
Division of Health Reform and Health Insurance Exchange Integration

SUBJECT: Changes to the Criteria Used For Determining The Cost Benefit of
Paying Health Insurance Premiums

EFFECTIVE DATE: May 1, 2013

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The purpose of this General Information System (GIS) message is to advise local departments of social services (LDSS) of policy changes regarding the cost benefit determination to be used in considering whether to pay Third Party Health Insurance (TPHI) premiums on behalf of a Medicaid applicant/recipient (A/R). This policy change is effective May 1, 2013.

Utilization of Medical Services

For Medicaid eligible individuals with available health insurance, payment of TPHI premiums allows the Medicaid program to cost avoid claims that would otherwise be covered by Medicaid. In 87 ADM-40, "Third Party Resources (TPR) Detection and Utilization," Attachment II, districts were instructed to consider utilization of medical services when determining the cost effectiveness of paying health insurance premiums for an A/R. With increased enrollments in managed care and a decrease in excluded and exempted populations, it is no longer appropriate to use age, level of utilization and medical condition as criteria in determining whether to pay for an A/R's TPHI premiums. In addition, the Health Insurance Cost Effective Determination (HICED) calculator is outdated and should no longer be used to determine cost effectiveness.

Effective May 1, 2013, when calculating the cost effectiveness of a TPHI policy for a Medicaid A/R, districts should use the HIPP calculator in eMedNY or the regional Medicaid managed care capitation rate as a comparison to the cost of the premiums of the commercial policy. The Medicaid managed care capitation payment rate used for the calculation must reflect the appropriate district and demographic group for the individual or individuals covered by the policy.

For eligible individuals in receipt of Supplemental Security Income (SSI) or who are SSI-related, and not receiving Medicare, the appropriate SSI capitation payment rate is to be used in the cost effectiveness determination. For Medicaid eligible individuals in New York City who may enroll in a Special Needs Plan (HIV SNP), the HIV SNP capitation payment rate is to be used when determining cost effectiveness.

Medicare Beneficiaries

Medicare beneficiaries can have their Medicare Part A or B premiums paid by meeting the criteria for one of the Medicare Savings Programs, or if eligible for Medicaid with a spenddown required, the premiums can continue to be paid by the beneficiary and used to reduce countable income for purposes of reducing the spenddown.

Premium payment for Medigap policies or policies to supplement Medicare is generally not cost effective as these policies do not pay for Medicare non-covered services. Medicaid will continue to pay these claims in lieu of Medicare supplemental coverage. Refer to 89 ADM-26 for additional information.

Enrollment in TPHI as a Condition of Eligibility

Local departments of social services are reminded that individuals having access to third party health insurance must pursue and enroll in TPHI that is free or cost effective as a condition of Medicaid eligibility. When an applicant has access to health insurance at the time of application or renewal, the individual must provide information needed to determine if the insurance is cost effective. Failure to cooperate in pursuing and enrolling in third party health insurance will result in discontinuance or denial of benefits for the applicant/recipient who is also the policy holder.

For Family Health Plus eligible individuals with access to employer sponsored health insurance, LDSS staff must evaluate the policy for cost effectiveness using the Family Health Plus Premium Assistance Program (FHP PAP) calculator. See 08 OHIP ADM-1, "Family Health Plus Premium Assistance Program" for additional information.