Basic Health Program Workgroup

October 30, 2013
Office of Health Insurance Programs
NYS Department of Health
One Commerce Plaza, Albany, NY

Agenda

- Introductions
- Overview of the Proposed Rule
  - ✓ Eligibility
  - ✓ Standard Health Plans
  - ✓ Contracting
  - ✓ Financing & Trust Fund
- Next Steps

Eligibility

Eligibility: Who Can Apply

- Residents of the state
- Have household income between 133% & 200% of FPL
- Have household income below 200% of FPL *if* an individual is a lawfully present non-citizen, ineligible for Medicaid due to such non-citizen status
- 64 years old or younger
- Citizens or lawfully present non-citizens

Eligibility: Rules

- Exchange definitions of family size and household income
- Medicaid timelines for eligibility decisions
- Exchange rules for reporting changes
- Medicaid rules for appeals
- Choice:
  - ✓ Exchange or Medicaid verification rules (Main difference is income documentation required for Medicaid when no electronic verification whereas Exchange is required to revert to tax data)

Eligibility: Enrollment

- The state can choose between Exchange (open enrollment + special enrollment period) or Medicaid rules (continuous enrollment)
- Under either set of rules, the state must ensure that people can enroll in BHP outside of the annual open enrollment period , e.g., due to a triggering event (loss of Minimum Essential Coverage, etc.)
- The state can choose between prospective and retroactive coverage dates

Eligibility: Renewal

- If the state chooses the Exchange enrollment policies, redetermination will be part of the annual open enrollment
- If the state chooses the 12 month Medicaid renewal process, redetermination will be 12 months from the initial determination
- The state shall require enrollees to report changes that could affect their eligibility within 30 days
- If a person is eligible at annual *re*determination, the state must allow her to stay in the current health plan under BHP unless she chooses a different health plan

Standard Health Plans (SHP)

SHP: Plans & Coverage

- The state must offer at least two standard health plans (benefit packages) statewide to give enrollees choice
- Minimum essential benefits (the same 10 categories as in the Marketplace):
  - ✓ ambulatory patient services
  - ✓ emergency services
  - ✓ hospitalization
  - ✓ maternity and newborn care
  - ✓ mental health and substance use disorder services, incl. behavioral health treatment;
  - ✓ prescription drugs
  - ✓ rehabilitative and habilitative services and devices
  - ✓ laboratory services
  - ✓ preventive and wellness services and chronic disease management
  - ✓ pediatric services including oral and vision care

SHP: Benchmark/Reference Plan

- The state can choose more than one base benchmark or reference plan in combination with substitution of benefits
- The permitted reference, or base benchmark plan, is:
  - ✓ the largest plan by enrollment in any of the 3 largest small-group insurance products in the state's small group insurance market
  - ✓ any of the 3 largest state employee health benefit plans by enrollment
  - ✓ any of the 3 largest three national FEHBP plan options by enrollment that are open to federal employees
  - ✓ the largest insured commercial non-Medicaid HMO operating in the state

SHP: Plan Structure

- The state can:
  - ✓ offer additional benefits within the state's SHP or in addition to the state's SHP
  - ✓ choose more than one base benchmark or reference plan in combination with substitution of benefits
  - ✓ achieve similar plan structures as under alternative benefit plan structures in Medicaid
  - ✓ draw benefits from the Medicaid state plan to meet the EHB benchmark benefit package as long as they are actuarially equivalent and in the same EHB category, except prescription drugs for which substitution is not permitted

Premiums & Cost Sharing

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- Premiums:
  - ✓ May not exceed the premium a person would pay if she were enrolled in the second lowest cost silver plan, after accounting for APTC and CSR
- Cost Sharing:
  - ✓ Cannot exceed cost sharing under platinum-level plan (actuarial value 94%) if HH income is at or below 150% of FLP
  - ✓ Cannot exceed cost sharing under gold-level plan (actuarial value 87%) if HH income is above 150% and below 200% of FLP, cost sharing
  - ✓ Similar to cost sharing in CHP and the Marketplace (e.g., out-of-pocket maximums, no copayments for preventive services, etc.)

Contracting

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- Competitive contracting process is required
- The state can conduct separate procurement for BHP or joint procurement for BHP and other programs => The state can contract with QHPs or Medicaid MCOs
- The state shall ensure there is no cross subsidization of costs between programs

Contracting, cont.

- The competitive process must include:
  - ✓ selection of standard health plans
  - ✓ negotiation of premiums, cost sharing, and benefits
  - ✓ consideration of innovative features, such as:
    - care coordination
    - case management
    - incentives to encourage the use of preventive services & appropriate utilization of health care services
    - Incentives to encourage enrollees to get involved in health care decision making (e.g. ability to select providers)

Contracting, cont.

- Medical loss ratio for SHP: at least 85%
- Standard health plan offerors can be:
  - ✓ licensed HMO
  - ✓ licensed health insurance insurer
  - ✓ network of health providers
  - ✓ non-licensed HMO *participating* in Medicaid and/or CHP

Contracting: Exception

- The rule offers a one-year exception to enable states to implement a BHP by January 1, 2015
- The state may leverage existing Medicaid managed care contracts to ensure an efficient and quick implementation of BHP
- The state must still offer at least two standard health plans (SHPs)
- Competitive contracts must be in place by January 1, 2016

Financing & Trust Fund

Financing: Payments

- CMS will make per-member, per month (PMPM) payments at 95% of the premium and 95% of CSR that "would have been provided to the enrollee in that fiscal year if he or she had been enrolled in a QHP"
- CMS will make quarterly deposits in BHP trust fund on a federal fiscal year
- Payment rates will be based on the calendar year
- NYS DOH is expecting additional guidance from CMS on its proposed funding methodology

Financing: Risk Pools

- BHP will be a separate risk pool
- CMS will use a risk adjustment factor in funding methodology (on a prospective basis)
- CMS will not make reinsurance payments and will not use risk corridors

Financing: Methodology

- Published payment methodology will be in effect for an entire fiscal year
- If the certified methodology changes, the change will only be applied *prospectively*
- Retrospective adjustments for federal payments will only be warranted for "mathematical errors in applying the certified methodology" and/or "incorrect enrollment data"
- Prospective federal payments will be based on actual enrollment for the previous quarter rather than projected numbers
- HHS will deposit an additional payment in the BHP trust fund to account for higher-than-projected enrollment or will reduce an upcoming quarter's prospective payment to account for lower-than-projected enrollment

Trust Fund: What NYS May Do

- The state shall establish a trust fund to receive federal payments for BHP
- The state *may* use unspent BHP trust funds to reduce premiums and cost sharing, or to provide additional benefits to BHP enrollees
- The state *may* have in its trust fund a surplus or reserve of unspent funds "until such time as those funds are expended in accordance with the appropriate standards"

Trust Fund: What NYS May Not Do

- The state *may not* use BHP trust funds to meet any matching or expenditure requirement of any federally-funded program, e.g., Medicaid or CHP
- The state *may not* use BHP trust funds for program administration purposes (system modifications, customer service, and staff)

Next Steps

Next Steps

- Comments on the proposed rule are due *Monday, November 25, 2013.* Your feedback is very much appreciated. Please submit your comments to us or directly to CMS
- Fiscal modeling will be conducted to estimate the impact of BHP on the state budget
- CMS will issue the Payment Rule in December 2013: Guidance on reconciliation is critical
- Next meeting: November 21, 2013