



Designing the SB 11 Premium Assistance Program

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Overview

- Program Description
- Phase-in
- Discussion

Program Description

Authorizing Language in SB 11

The KHPA's programs include: "a phased-in premium assistance plan to assist eligible low income Kansas residents with the purchase of private insurance or other benefits that are actuarially equivalent to the Kansas state employee health plan under a program authorized under subsection (a)(1). [*phase-in schedule*] The Kansas health policy authority is authorized to seek any approval from the centers for medicare and medicaid services necessary to accomplish the development or expansion of premium assistance programs for families."

Proposal in Brief

- Ensures access to affordable healthcare for families living in poverty
- Extends coverage to parents of Medicaid-eligible children
- Protects benefits currently offered to those children
- Brings parents and children into the same private health plans
- Increases participation by eligible children
- Expands coverage solely through private health plans
- Puts parental benefits on a par with privately-insured families
- Increases health plan choices available to low-income families
- Prepares the way for further reforms
- Draws in Federal funds and takes advantage of DRA flexibilities

Who will benefit?

- The plan extends private coverage to parents (“caretakers”) living in poverty.
- Currently, only parents below 25-36% of the Federal poverty level are eligible.
- Children’s eligibility for Medicaid and HealthWave would not be affected.
- Children in poverty are already eligible for Medicaid.

Definition of a “parent” or “caretaker”

- Although parents may qualify with their children, other adults may also qualify as a caretaker.
- A caretaker must be an adult who is living with the child.
- The adult must also have primary responsibility for the day-to-day care and control of the child.
- A close relative may qualify as a caretaker, e.g., grandparent, aunt, first cousin or older sibling as well as a step-parent or adoptive parent may qualify. An unrelated legal guardian or conservator may also qualify.
- The income of both the children and the caretaker is considered in the determination. In addition, the caretaker must cooperate with child support enforcement if the child has an absent parent.

How will premium assistance work?

- For income-qualified parents who have access to employer sponsored health insurance, Medicaid will pay the employee share of family coverage so that they can afford to enroll – with their children – alongside co-workers in a private plan.
- When employer-sponsored plans are not an option, Medicaid will pay the full premium for children and their parents to enroll in private plans that choose to affiliate with the Medicaid program through an open bidding process.
- Adults and children eligible for Medicaid under current rules will receive supplemental assistance to maintain benefits and keep cost-sharing at nominal levels.

What choices will families have?

- Families with access to an employer-sponsored plan will enroll in that plan if it meets minimum criteria established by the KHPA.
- Families without access to an employer-sponsored plan will select from a number of private plans that bid to affiliate with Medicaid for this purpose.
- Private plans available through premium assistance will be expected to provide services on a par with the state employee health plans.
- KHPA will use feedback from the Advisory Councils and the bidding process itself to generate feedback for use in developing benchmark standards for both employer-sponsored and state-procured private plans.
- Standards are subject to approval by the Federal government (CMS).

Design Elements

- Benefit package
- Types of plans
- Competitive bidding
- Insurance funding
- Selection criteria
- Premiums

Phase-in

Phase-in

- Statutory language in SB 11:

“In program years one and two, subject to appropriation of funds and other eligibility requirements, eligible participants shall consist of families at and under 50% of the federal poverty level. Subject to appropriation of funds and other eligibility requirements, eligible participants in program year three shall consist of families at and under 75% of the federal poverty level. Subject to appropriation of funds and other eligibility requirements, eligible participants in program year four shall consist of families at and under 100% of the federal poverty level.”

- Target date to begin operations: January 1, 2009

Discussion

Questions for discussion

- What choices do consumers want to see among the procured plans?
- What benefits do you feel should be required across all approved plans?
- How can we make it easy for consumers to choose among the procured plans?
- Are there plans or benefits that should *not* be available?
- How can we best secure a network for this new population?

- *What are the important elements and considerations in coordinating benefits for currently-eligible enrollees?*
- *What are the merits or potential pitfalls of self-insuring the procured plans?*



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