



Kansas' New Premium Assistance Program for Poverty-Level Families

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Health Policy Needs in Kansas

- Coverage of parents at only one-quarter to one-third of the federal poverty level
- Children's coverage at much higher levels, but some children will not be enrolled unless parents are also eligible
- Many providers reluctant to expand services provided to Medicaid and HealthWave
- Difficult transition for Medicaid families into private, and privately-funded, health coverage

Potential Barriers

- Basic Federal mandates
 - All-or-nothing, one-size fits all Medicaid benefits
 - Extends regulatory relationship with providers
- Kansas' political environment
 - Medicaid program carries some baggage
 - Legislative funding on a quasi-entitlement basis
 - Difficult to extend the "entitlement"
- Bottom line →
Kansas and other states leave Federal matching dollars on the table (and yield Federal taxes to other states)

Medicaid Provisions in the DRA

- DRA establishes flexibility through:
 - Medicaid benefit design
 - Benchmark plans
 - Cost Sharing provisions
 - Health opportunity accounts

Benchmark Plans

- States may elect to move certain populations into benefit plans equivalent to:
 - Federal employee BC/BS
 - State employee benefit plan
 - Largest State commercial MCO
 - Secretary approved plan
 - Or, actuarial equivalent of these
- States may design plans that reduce coverage options for some non-mandatory populations
 - Cannot cover new eligibility categories using DRA/SPA
 - *Can cover de-linked, expanded 1931 parent population*

Health Reform Legislation Passed Unanimously by Kansas Legislature May 2007

SB11 authorized a significant DRA expansion of coverage, and encourages the Kansas Health Policy Authority (KHPA), with consultation of the Joint Health Policy Oversight Committee, to consider as part of health reform in Kansas various Medicaid reform options provided through the Deficit Reduction Act (DRA).

Premium Assistance Objectives (SB11 legislative history)

- Ensure access to affordable healthcare for families living in poverty by extending coverage to parents of Medicaid-eligible children
- Protect benefits currently offered to children
- Bring parents and children into the same private health plans
- Increase participation by eligible children
- Expand coverage solely through private health plans
- Put parental benefits on a par with privately-insured families
- Provide health plan choices available to low-income families
- Prepare the way for further reforms
- Draw in Federal funds and take advantage of Deficit Reduction Act (DRA) flexibilities

Authorizing Language for Premium Assistance in SB11

The KHPA's programs (now) 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). . . 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."

Overview of Premium Assistance

- Families with incomes below 100% FPL are eligible on a phased basis
- Those eligible under current rules participate with supplemental benefits
- If ESI is not available for families, Medicaid pays the full family premium to enroll them in private plans that affiliate by contract with the PA program
- Children in participating families enroll with their parents in one of the available health plans (or through an employer) but receive full Medicaid benefits

Target Population

- The plan extends private coverage to parents (“caretakers”) living in poverty.
 - Currently, only parents below 25-36% of the Federal Poverty Level (FPL) are eligible.
 - Expansion phased in FY 2008-2010
- All Medicaid families under poverty will participate.
 - Children will participate with their parents in the same health plans
 - Those eligible under current rules will receive supplemental benefits to ensure full Medicaid coverage
 - Disabled children under poverty are not expected to participate and will remain in Medicaid

Employer-sponsored plan option

- For income-qualified families who have access to employer sponsored health insurance that meets minimum qualifications, Medicaid will pay the employee share of family coverage.
 - Medicaid application forms will be modified to obtain information about job-based coverage options
 - The most successful buy-in programs reimburse families directly for their share of the premium
 - There is no requirement for employers to offer health plans that meet the minimum criteria
 - Need to make evaluations of employer plans simple
 - May comprise about 5-10% of poverty-level population

State-procured plan options

- When a family does not have access to an employer-sponsored plan, Medicaid will pay the full premium for children and their parents to enroll in private plans that contract with the state for this purpose.
 - Expected to comprise 90-95% of poverty-level population
 - Families will be given information about each plan and asked to select a plan for their family at the time they enroll
 - Hope to select three health plans to offer families choice

Supplemental benefits

- Adults and children participating in premium assistance who are already eligible for Medicaid under current rules will receive supplemental assistance to maintain Medicaid benefits.
 - Depending on the health plans selected, supplemental benefits will be provided either in the form of an additional Medicaid card for presentation to providers, or through behind-the-scenes management of benefits at the plan level

Summary of options

*Approximate beneficiary counts

	Private benchmark coverage	Supplemental benefits
Non-disabled children under 100% of poverty * 106,000	Enroll, when parent enrolls, in an employer-sponsored or state-procured option	Provided to ensure Medicaid-equivalent benefits
Pregnant mothers below 100% of poverty * 6,000	Remain enrolled with children in an employer-sponsored or state-procured option	Provided to ensure Medicaid-equivalent benefits
Parents below 37% of poverty * 15-20,000	Enroll with children in an employer-sponsored or state-procured option	Provided to ensure Medicaid-equivalent benefits
Parents 37%-100% of poverty * 24,000	<i>Enroll with children in an employer-sponsored or state-procured option</i>	<i>Not Available</i>

Request For Information (RFI) Process

[See separate summary at

<http://www.khpa.ks.gov/AuthorityBoard/PremAsstWrkgrpDocs/RFIMatrix.pdf>]

Timeline

- **May 2007** Passage of SB 11 authorizing premium assistance
- **Summer & Fall 2007** Stakeholder input into the design of the premium assistance program
- **September 2007** Formal request for information from potential bidders begins the procurement process: begin CMS approval process
- **December 2007** Issue request for proposals from private plans for procured options
- **Spring 2008** KHPA procures private plans to be offered to those without access to employer-sponsored plans
- **January 2009** Implement phase I expansion for families up to 50% of poverty
- **July 2009** Implement expansion up to 75% of poverty
- **July 2010** Implement expansion up to 100% of poverty

Summary

- Premium assistance takes advantage of new Federal rules to offer a new path to coverage for poverty-level parents
- The benefits and plans will more closely mirror private health coverage, providing a transitional program for families working their way out of poverty
- Protects existing levels of coverage
- Maintains coordination of coverage for families in health plans
- Takes advantage of private health plans, offering structure to that marketplace and operating within Federal requirements
- Offers a path to further reforms, including KHPA recommendations to cover childless adults living in poverty

