



# KHPA Premium Assistance Work Group

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# Overview

- Program Description
- How will premium assistance work?
- Timeline
- Discussion of key design elements

# 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). ... 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."

# SB 11 Objectives

- Ensure access to affordable healthcare for families living in poverty by extending coverage to parents of Medicaid-eligible children
- Protect benefits currently offered to those 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 takes advantage of Deficit Reduction Act (DRA) flexibilities

# Target Population

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

# Definition of a “parent”

- 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.

# 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

How will premium  
assistance work?

# 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 used in the premium assistance program.
  - Minimum qualifications will be based on actuarial value of state employee health plan.
  - *Exploring ways to make evaluations of employer plans simple.*

# State-procured plan options

- When a family does not have access to an employer-sponsored plan meeting the minimum criteria, Medicaid will pay the full premium for children and their parents to enroll in private plans that affiliate with the premium assistance program through a competitive bidding process.
  - Families will be given information about each plan and asked to select a plan for their family at the time they enroll.
  - *Requesting input on the nature and number of plan options.*

# 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.
  - For families enrolling in employer-sponsored plans, supplemental benefits are expected to be provided in the form of an additional Medicaid card for presentation to providers.
  - For families selecting a state-procured plan, supplemental benefits are expected to be provided through behind-the-scenes coordination of benefits. Providers will bill the procured plan, which will then coordinate directly with KHPA and return full payment back to the provider. Would work very much like the system currently in place for individuals eligible for both Medicare and Medicaid.
  - *Soliciting input on ways to ease the burden of this coordination of benefits.*

# Summary of options

|  | <b>Private benchmark coverage</b>   | <b>Supplemental benefits</b>                    |
|--|---|---|
| <b>Non-disabled children under 100% of poverty</b> | Enroll with parents in an employer-sponsored or state-procured option           | Provided to ensure Medicaid-equivalent benefits |
| <b>Pregnant mothers below 100% of poverty</b>      | Remain enrolled with children in an employer-sponsored or state-procured option | Provided to ensure Medicaid-equivalent benefits |
| <b>Parents below 37% of poverty</b>                | Enroll with children in an employer-sponsored or state-procured option          | Provided to ensure Medicaid-equivalent benefits |
| <b>Parents 37%-100% of poverty</b>                 | <i>Enroll with children in an employer-sponsored or state-procured option</i>   | <i>Not Available</i>                            |

# Implementation timeline

# Timeline

- **May 2007** – passage of SB 11 authorizing premium assistance
- **Summer 2007** – stakeholder input into the design of the premium assistance program
- **September 2007** – formal request for information from potential bidders begins the procurement process
- **December 2007** – issue request for proposals from private plans
- **Spring 2008** – KHPA procures private plans to be offered to those without access to employer-sponsored plans
- **January 2009** – implementation of phase I expansion for families up to 50% of poverty

# Discussion of key design elements

# Discussion

- **Benefit package requirements for employer-sponsored and procured plans**
  - KHPA is seeking input on the minimum level of benefits – if any – that should be required in both types of plans.
  - Minimum benefits in the area of wellness and prevention, especially, are expected.
  
- **Types of plans to be procured**
  - KHPA is seeking input on the types of plans that should be considered.
  - The state could accept a variety of plans for inclusion in the state-sponsored products.
  - Based on guidance from the Board and HFAK Steering Committee, KHPA could request bids for a managed care product, a traditional plan, and/or a high-deductible plan coupled with a state contribution to a health savings or “opportunity” account.
  - Actuarial equivalence would be based on total costs to the state, including health care costs for a representative group of enrollees, administrative fees and premiums, and any contribution to a health savings account.

# Discussion

## ■ **Competitive bidding for procured plans**

- The state contribution for each participating plan would be bid at the actuarially equivalent rate for each demographic group covered by premium assistance – a figure that would be provided by the state in the RFP.
- Plans would compete on plan characteristics, network, and benefits.

## ■ **Funding for procured plans**

- KHPA is seeking input on the merits of self-insuring the procured plans (through the normal Medicaid budgeting process) in order to reduce the risks to private carriers.

# Discussion

## ■ Selection criteria for procured plans

- KHPA is seeking input on the key criteria that should drive the selection of plans under the procured option.
- Bids for inclusion in the pool of participating plans available to enrollees could be evaluated on the basis of strength of network, the breadth of benefits offered, and overall value provided to participants, e.g., emphasis on prevention and wellness programs, quality of services, transparency and communication with members.

## ■ Number of procured plans

- KHPA is seeking input about the number of plans that should be selected to ensure both beneficiary choice and carrier interest.
- As a point of reference, the state employee plan has three carriers that offer two plans each, plus a sole-source HDHP/HSA.

# Discussion

- **Provider payment rates for procured plans**
  - KHPA is seeking input on whether to address provider payment in the plan selection process.
  - Payment rates will need to be sufficient to demonstrate an adequate provider network.
  - Given the emphasis on procurement of private plans, it is assumed that provider rates will be no lower than current Medicaid rates.



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