

Leveraging Medicaid to Strengthen Coverage

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STATE
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About the Authors

Deborah Bachrach, Patricia Boozang, Chiquita Brooks-LaSure and Arielle Traub with Manatt, Phelps & Phillips, LLP prepared this presentation. Manatt Health, a division of Manatt, Phelps & Phillips, LLP, is an integrated legal and consulting practice with over 90 professionals in nine locations across the country. Manatt Health supports states, providers, and insurers with understanding and navigating the complex and rapidly evolving health care policy and regulatory landscape. Manatt Health brings deep subject matter expertise to its clients, helping them expand coverage, increase access, and create new ways of organizing, paying for, and delivering care. For more information, visit www.manatt.com/ManattHealth.aspx

Today's Objectives

- Discuss how states can utilize Medicaid's administrative structure, benefit design, and managed care delivery system to increase coverage options and strengthen the coverage continuum
- Review recent federal and state Medicaid "buy-in" proposals
- Inform states' planning for plan year 2019

What Are States Solving For?

Improving Marketplace Access (at least 1 plan in each county) & Competition (number of plans overall)

Increasing Consumer Affordability

Strengthening Coverage, Continuity & Alignment

Overview of Potential State Strategies

1. Medicaid “Buy-in”

- a. Leverage Medicaid to offer a state-sponsored product on the Marketplace
- b. Permit individuals above Medicaid eligibility levels to “buy-in” to Medicaid with tax credits

2. Tie Medicaid Managed Care and Marketplace Contracts

3. Utilize Medicaid Funding to Subsidize QHP Purchasing

- a. Implement Medicaid QHP Premium Assistance
- b. Supplement Individual Market Subsidies with Medicaid Funding Wrap

States may implement strategies independent of one another or in combination (e.g., offering a state-sponsored product and tying Medicaid managed care and marketplace contracts)

Considerations for Each State Strategy



Overview of strategy



Best conditions to advance



Implementation considerations for states



Market implications

Strategy 1a: State-Sponsored Product on Marketplace



Strategy Overview

- **State promotes access and/or competition by sponsoring a product in the Marketplace**
- **State procures the product through its Medicaid managed care (MMC) plans**
- **State sets rates and plans leverage Medicaid provider networks**
- **Product designed to meet Marketplace standards and qualify for APTCs (i.e., QHP); may require federal approval depending on plan design**
- **Offering expands Medicaid agency product line and responsibilities**
- **Strategy requires close collaboration of Medicaid and insurance agencies**



Strategy 1b: Medicaid Buy-in with Tax Credits




Strategy Overview

- **State makes a Medicaid benefit available for consumers above Medicaid levels to “buy-in”**
- **Eligible consumers may use federal tax credits to reduce out of pocket costs; consumers with income > 400% FPL pay out of pocket**
- **State likely varies Medicaid buy-in product design from traditional Medicaid benefit (to make it more affordable and a lower actuarial value)**
- **Like state-sponsored product, state procures product and sets rates, while plans leverage Medicaid provider networks**
- **Strategy expands Medicaid product line and requires close collaboration across state agencies**

Medicaid Buy-in: Considerations

	State-Sponsored Product	Buy-in with Tax Credits
 Best Conditions to Advance		
Expansion status	States that have expanded or plan to expand Medicaid	
Managed care penetration	States with robust managed care experience or those planning to convert to MMC	
Other state dynamics	States with too few Marketplace insurers; states with access/affordability challenges	
 Implementation Considerations		
Federal approval	QHP certification or 1332 waiver, depending on design	1332 waiver
State legislation	May be required	Required as condition of 1332 waiver
Product alignment	State discretion; may be aligned to Medicaid, Marketplace, or variation	
Provider reimbursement	State discretion	

Medicaid Buy-in: Considerations, cont.

	State-Sponsored Product	Buy-in with Tax Credits
 Market Implications		
Consumer affordability	+ Likely to reduce premiums	+ Likely to reduce premiums and cost sharing
Market stability	+ Likely to improve stability by ensuring state wide coverage - May lead other QHP issuers to exit from the Marketplace in response	+ Likely to improve stability by ensuring state wide coverage - May lead other QHP issuers to exit the Marketplace in response, and may be perceived by private insurers to be more of an unlevel playing field

States also can leverage Medicaid by implementing the Basic Health Program (BHP) and receiving federal funding to increase the affordability of coverage. Enrollment in the BHP is mandatory for all eligible individuals with income between 133-200% FPL.

Strategy 2: Tie Medicaid Managed Care and Marketplace Contracts



Strategy Overview

- State requires insurers to offer individual market products as a condition of MMC/CHIP participation
- Could apply uniformly to all insurers, but more likely would have certain size thresholds to prevent policy from discouraging new entrants (e.g., only insurers with market share above a certain threshold)
- Medicaid-driven initiative but would require some coordination with Marketplace



Best Conditions to Advance

Expansion status	Not critical to have expanded
Managed care penetration	States with multiple insurers in MMC
State demographics	States with significant number of Medicaid beneficiaries
Other state dynamics	States with too few Marketplace insurers

Strategy 2: Tie Medicaid Managed Care and Marketplace Contracts, cont.



Implementation Considerations

Federal approval	None
State legislation	May be required
Product alignment	Not relevant
Provider reimbursement	Not relevant



Market Implications

Consumer affordability	+ May reduce premiums as other insurers compete with MMC plans
Market stability	+ May improve market stability + May increase insurer participation in the Marketplace (although it could also lead to MMC's exiting or not entering Medicaid market) + Mitigates impact of churn between programs



Strategy 3: Use Medicaid Funding to Subsidize QHP Purchasing




Strategy Overview

- **Implement Medicaid QHP Premium Assistance** - State implements a premium assistance model through which it purchases Marketplace coverage for Medicaid beneficiaries
 - Would likely limit enrollees to “healthier” Medicaid populations (to avoid high risk in Marketplace)
 - Could limit plan enrollment to a subset of Marketplace plans (e.g., 2 lowest cost Silver plans)
- **Supplement Individual Market Subsidies with Medicaid Funding** - State uses Medicaid funding (with federal match) to subsidize cost sharing (e.g., deductibles, co-pays) for those Medicaid enrollees getting premium assistance and/or certain individuals with incomes above Medicaid eligibility levels (e.g. people with incomes up to 250% FPL)
 - Medicaid subsidies would “wrap” APTCs
 - State may limit use of Medicaid subsidies to specific products or metal levels
- **These strategies can be combined or implemented separately**

Medicaid Funding to Subsidize QHP Purchasing: Considerations

	Medicaid QHP Premium Assistance	Individual Market Subsidies + Medicaid Funding
 Best Conditions to Advance		
Expansion status	States that have expanded Medicaid or seeking “private sector” expansion model	Likely more interest among expansion states
Managed care penetration	Easiest to implement for a population not already enrolled in managed care	Not relevant
State demographics	States with a critical mass of non-aged, non-disabled population in Medicaid	-
Other state dynamics	States with active/progressive insurance regulator willing to promote model and encourage new market entrants	States focused on making cost-sharing more affordable
 Implementation Considerations		
Federal approval	1115 waiver	1115 waiver if seeking federal match; none if no federal match
State legislation	May require state legislation	May require state legislation
Product alignment	Marketplace product design that complies with Medicaid rules; state must wrap Marketplace benefits and cost-sharing as necessary	May limit use of Medicaid subsidies to certain products
Other	FFM states would need to build a separate plan selection portal	-

Medicaid Funding to Subsidize QHP Purchasing: Considerations, cont.

	Medicaid QHP Premium Assistance	Individual Market Subsidies + Medicaid Funding
 Implications		
Consumer	+ May reduce premiums by improving risk pool size/mix	+ Would reduce premiums and cost sharing
Market	+ Likely to increase stability + May be a viable solution in states with political resistance to “managed care”	+ Likely to increase stability - May increase state Medicaid costs

Mapping Strategies to Issues States Seek to Address

	Improving Marketplace Access	Improving Marketplace Competition	Increasing Consumer Affordability	Strengthening Coverage, Continuity & Alignment
State-Sponsored Product	✓	✓	✓	✓
Medicaid Buy-in	✓	No	✓	✓
Tie Medicaid Managed Care and Marketplace Contracts	✓	Maybe	No	✓
Medicaid QHP Premium Assistance	✓	✓	Maybe	✓
Individual Market Subsidies + Medicaid Funding	Maybe	Maybe	✓	No

Federal & State “Buy-in” Proposals

Overview of Recent Federal & State Proposals to Leverage Medicaid

	Schatz/Lujan bill	Massachusetts	Minnesota	Nevada
Legislation's Goals	<ul style="list-style-type: none"> To provide Americans with choice of a high-quality, low-cost health insurance plan by permitting them to buy-into Medicaid 	<ul style="list-style-type: none"> To improve affordability, including for individuals with access to ESI 	<ul style="list-style-type: none"> To address the lack of affordable options available in the individual market in Minnesota 	<ul style="list-style-type: none"> Not specified
Summary of Legislation	<ul style="list-style-type: none"> Creates an optional Medicaid eligibility group for residents of the state who are not concurrently enrolled in other health insurance (including ESI) to enroll in the Medicaid "buy-in" (designed as a second lowest cost silver plan QHP) Permits use of APTCs to subsidize premiums 	<ul style="list-style-type: none"> Gives state option to offer tailored Medicaid product to all individuals, including people who are Medicaid eligible whose employers participate Permits use of APTCs, existing state subsidies, employer contributions required for those employers that buy-in 	<ul style="list-style-type: none"> Permits individuals with income > 200% FPL who are determined QHP-eligible to buy-into MinnesotaCare (MN BHP) benefit package Permits use of APTCs to subsidize premiums but no state subsidy 	<ul style="list-style-type: none"> Offered tailored Medicaid product on state exchange (or via insurers) to anyone who was ineligible for Medicaid Permitted use of APTCs (and CSRs) to subsidize coverage

State Spotlight: Marie Zimmerman, Medicaid Director, Minnesota Department of Human Services

What's in store for Minnesota's Medicaid buy-in proposal?



Q&A



Thank You

Patricia Boozang

pboozang@manatt.com

212-790-4523

Chiquita Brooks-LaSure

cbrooks-lasure@manatt.com

202-585-6636

Heather Howard

heatherh@Princeton.EDU

609-258-9709

www.statenetwork.org

Dan Meuse

dmeuse@princeton.edu

609-258-7389

www.statenetwork.org