



Coverage Expansion Learning Collaborative

Children's QHP Premium Assistance

September X, 2014

X:00-X:00pm ET

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Agenda

- **Background Context**
- **Legal Authority & Vehicles for Authorization**
- **Unique Features of QHP Premium Assistance for Children**

Background Context

Children's QHP Premium Assistance

Currently, many children whose parents are in subsidized Marketplace plans must enroll in a different source of coverage than their parents (i.e., Medicaid and CHIP)

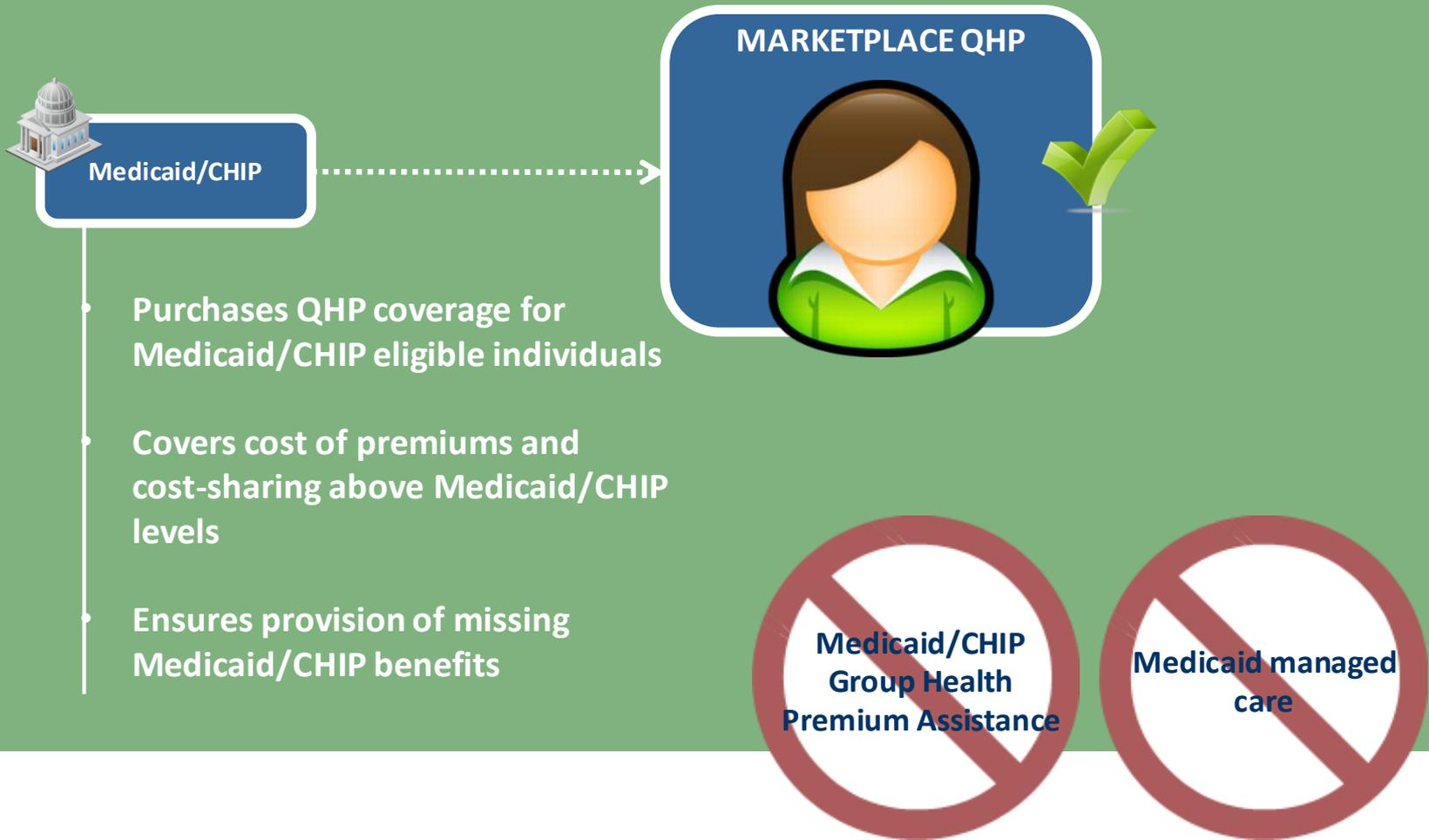


QHP premium assistance for children may be a strategy for states to create unified family coverage

The preamble to the July 2013 regulations on QHP premium assistance anticipates state interest in this strategy:

Premium assistance “provides an option for states to assist families who wish to enroll in the same health plan when some family members are eligible for either Medicaid or CHIP while other family members obtain coverage in the Exchange with advance payments of the premium tax credit”

Premium Assistance on the Marketplace



States are Using a Range of Delivery Models for Medicaid/CHIP

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Premium Assistance for Qualified Health Plans (QHPs). Enables states to purchase coverage through qualified health plans on the Marketplace



Premium Assistance for Employer Sponsored Insurance (ESI). States may require Medicaid/CHIP-eligible enrollees with access to ESI to take up that coverage, with the state covering the employee premiums, excess cost sharing and missing benefits



Managed Care. States with robust Medicaid/CHIP Managed Care programs are using these private plans to deliver services to expansion adults.



Provider-Led Accountable Care Models. Both expansion and non-expansion states are pursuing reforms that require providers to assume responsibility for the cost and quality of care delivered to Medicaid/CHIP enrollees

Delivery Model Options Are Not Mutually Exclusive

- States may implement more than one model simultaneously or may implement different models for different populations or in different geographic regions
- States may sequence implementation of delivery models

Implementation of Premium Assistance on the Marketplace to Date

CMS has approved QHP premium assistance programs on the Marketplace in two states



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Both states have implemented mandatory programs for some or all of the new adult group

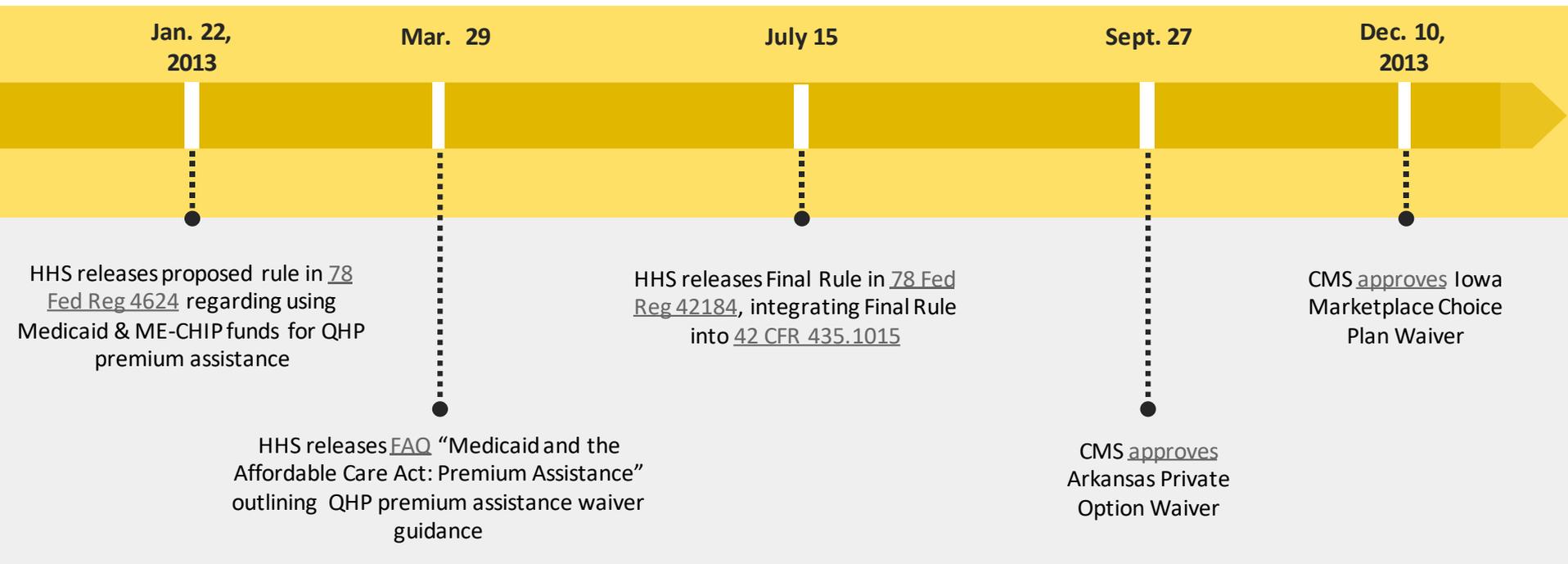
CMS has not yet approved a QHP premium assistance program for children

Legal Authority & Vehicles for Authorization

Recent QHP Premium Assistance Regulatory Timeline

Social Security Act Section 1905(a) authorizes states to use premium assistance to purchase private coverage in the individual market with Medicaid (and Medicaid expansion CHIP) funds

Social Security Act Section 2105(c)(3) authorizes states with separate CHIP programs to use premium assistance to purchase private coverage in the individual market with CHIP funds



Comparison of Medicaid/CHIP QHP Premium Assistance Authorization Vehicles

	Medicaid/ME CHIP SSA 1905(a)	CHIP Family Coverage” SSA 2105(c)(3)	CHIP 2110(a)(25)
Eligibility	Medicaid/ME-CHIP-eligible individuals	Separate CHIP-eligible children and their parents	Separate CHIP-eligible children
Voluntary or Mandatory	Voluntary (absent a waiver)	Voluntary or Mandatory	Unclear
Benefits	Must cover all Medicaid benefits not covered by the QHP benefit package (i.e., must wrap EPSDT)	Must ensure benefits meet CHIP standards	Must ensure benefits meet CHIP standards
Cost Sharing	Must ensure cost-sharing is covered above Medicaid permissible levels	Must ensure cost-sharing is covered above CHIP permissible levels	Must ensure cost-sharing is covered above CHIP permissible levels
Employer contribution	n/a	State must determine minimum employer contribution	n/a
Substitution Strategy	n/a	Same waiting period and exemptions as are imposed under state plan; waiting period shall not exceed 90 days	n/a
Cost Effectiveness	Must determine that purchasing the QHP is “cost effective,” taking into account the cost of premiums, the cost of the benefit and cost-sharing wraps, and administrative costs		n/a

Legal Authority for Medicaid Premium Assistance in the Individual Market: SSA § 1905(a)

SSA § 1905: Definition of Medical Assistance

- Authorizes states to use Medicaid dollars for “other insurance premiums for medical or any other type of remedial care or the cost thereof”
- Must be cost-effective relative to what the state would have spent, including administrative expenditures, to provide comparable coverage through Medicaid
- Must be voluntary if implemented under a State Plan Amendment (SPA) instead of a waiver

Waiver Option

A waiver is required if the state wants to:

- Establish a mandatory premium assistance program, which would entail:
 - Providing beneficiaries with a choice of at least two QHPs
 - **Including only individuals whose benefits closely align with those available on the Marketplace**
- Modify benefits / cost-sharing,
- Use an alternative cost effectiveness calculation, or
- Limit Marketplace premium assistance to subset of Medicaid children (e.g., those with parents eligible for QHPs)

Waivers for Medicaid QHP Premium Assistance programs must:

- Provide cost sharing and benefit wrap with seamless coverage
- Be cost effective as defined in waiver and budget neutral

Authorization for CHIP Premium Assistance in the Individual Market: SSA § 2105(c)(3)

SSA § 2105(c)(3): Waiver for Purchase of Family Coverage

Applies only to states with separate CHIP programs

Authorizes states with separate CHIP programs to use CHIP dollars “for the purchase of family coverage under a group health plan or health insurance coverage that includes coverage of targeted low-income children...”

Ensures enrollees receives the same benefits and cost sharing protections as other CHIP enrollees

May be voluntary or mandatory, at state discretion

Must have an equivalent waiting period to prevent substitution of private coverage as is utilized in the State Plan

- State must also implement the same exceptions as are permitted in the State Plan
- Waiting periods are limited to no more than 90 days

Must identify a minimum employer contribution level

Must determine that the QHP is “cost effective,” taking into account the cost of premiums, the cost of the benefit and cost-sharing wraps, and administrative costs

Unique Features of QHP Premium Assistance for Children

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QHP Premium Assistance for Children may create new avenues for keeping children covered in the same health plan as their families

Medicaid & CHIP

- Increases importance of ensuring children are assigned to the same plans as their parents (e.g., auto-assignment methodologies should take parents' QHP selection into account).
- May increase interest in addressing the “double hit”* facing families (e.g., seeking authority to waive CHIP premiums for children whose parents are in Marketplace plans)
- May have implications for states tracking cost-sharing across family members to ensure compliance 5% aggregate cap

Medicaid

- Requires wrapping EPSDT benefits
- Due to CMS preference for demonstrations that include populations with benefits that are closely aligned to Marketplace coverage, increases likelihood for CMS approval of voluntary -- rather than mandatory -- Medicaid QHP premium assistance program for children

**The “double hit” issue arises due to the formula for calculating premium tax credits. A family at any given income level with CHIP-eligible children is required to contribute the same amount toward the parents' Marketplace coverage as other families must contribute to cover all family members. In states with CHIP premiums, this results in the family with CHIP-eligible children effectively having to contribute to their children's coverage twice—once in Marketplace premiums and once in CHIP premiums.*

Thank you!