

Health Insurance Exchanges State Considerations

Alliance for Health Reform Briefing

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The logo of the National Governors Association, featuring a stylized yellow star with a blue outline and a blue shadow, positioned to the left of the text. The text is in a serif font, with "NATIONAL" in a smaller size above "GOVERNORS", and "ASSOCIATION" in a smaller size below "GOVERNORS".

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State Considerations

- States are in many different places, but considerations related to impact are similar.
- Expand Medicaid or not?
- State-based, Partnership or Federally-facilitated Insurance Exchange?
- Implications of Federal Elections
- How will Pressure to Reduce Federal Budget Deficit Affect State Health Care Funding

Medicaid Questions

- Can states expand only up to 100% FPL?
- Can states expand over time?
- What will happen to state's Medicaid DSH funding under 'partial' expansion?
- What will future match rate be if state expands later?
- Children's expansion and foster care?
- Does the statute allow eligibility reduction below 133% FPL?

State Medicaid Considerations

- In estimating impact, what are the right assumptions?
- Woodwork effect – almost 10% of adults who could be newly enrolled in Medicaid might be already eligible and not qualify for enhanced match.
- Cost of current state-only programs, i.e., community mental health, uncompensated care pools, state high risk pool.
- What will state receive in DSH payments?
 - In 2011, DSH payments were \$11.3 billion
 - Scheduled to decrease by 61% by 2019

State Medicaid Considerations

- Provider reaction?
- Cost to state, counties, shift to insured individuals?
- What are the added administrative costs?
- Expansion population characteristics:
disproportionate burden of mental illness and/or
substance abuse, pent up demand
- From early Medicaid expansion states: more costly
than parent enrollees, less costly than disabled
enrollees
- New kind of churn, continuity of care

Exchange Considerations

- Federal, Partnership or State-based?
- Start with Partnership and move to State-based?
- What is the sustainability model in the Partnership?
- What is state level of effort, i.e. programming language? How does MOU look?
- Apply for grant to establish interface between Medicaid and Federal Exchange? (45 states have approved Advanced Planning Documents)
- Make own Medicaid eligibility determination or accept assessment?

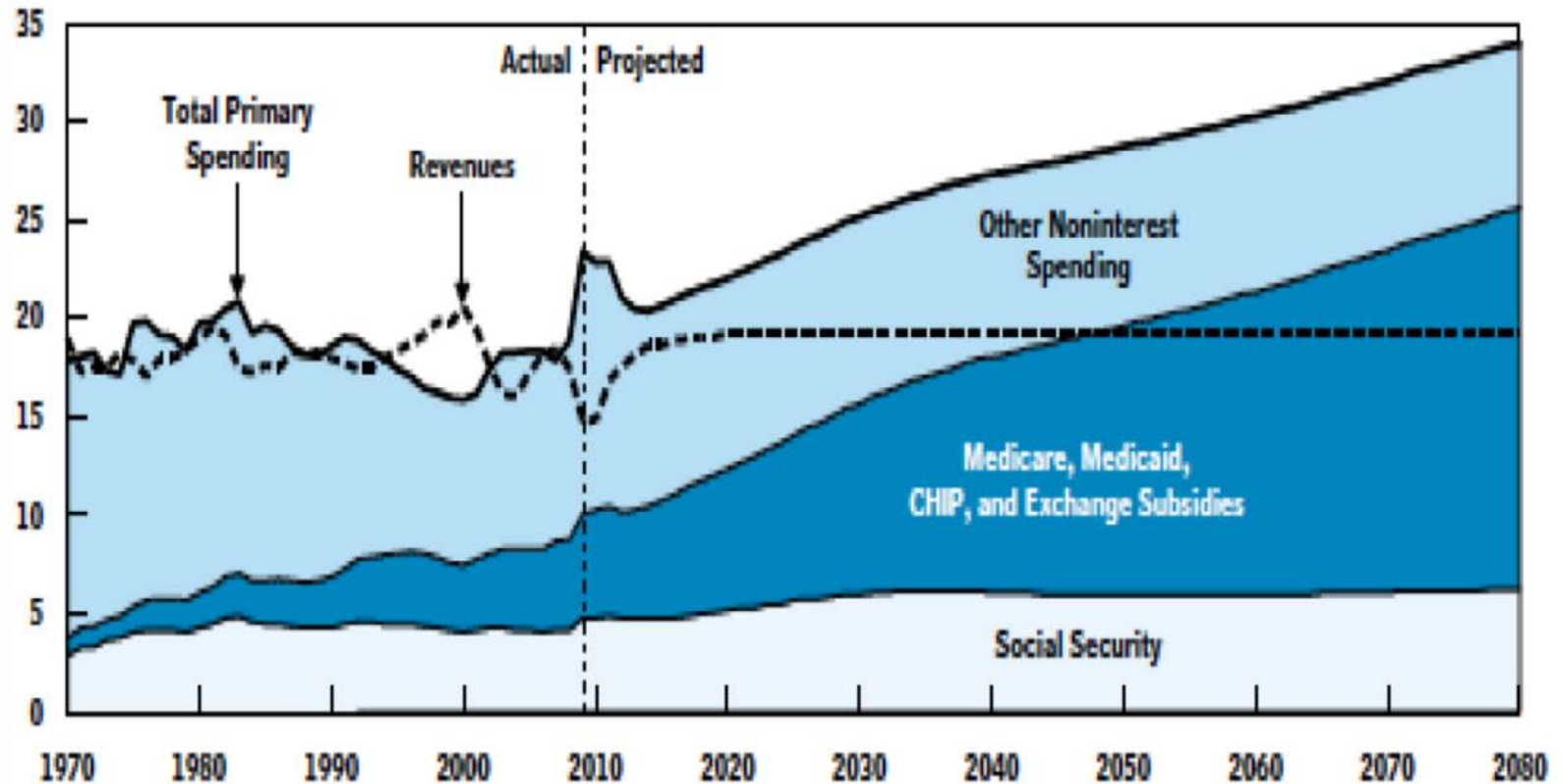
Market Questions

- Can state pay enrollee premium for those 100 - 133% FPL in Exchange? (premium limited to 2% of this cohort's income)
- What will take-up be among this low income group if in Exchange ?
- Effect of benefit package, i.e. behavioral health.
- How will selective take-up affect insurance market?
- How will ACA market reforms affect insurance premiums?

Federal Election

- November 6, 2012
- Declaration and Exchange Blueprint due to HHS by Nov. 16 declaring which Exchange model state is choosing
- States must attest that they will have completed 42 or 19 activities (State-based, Partnership model respectively)
- States that want Partnership or State-based model must lay groundwork for Nov. 16 submission

Health Spending and Federal Budget



Source: Congressional Budget Office.