

Next Steps to Implement & Improve Health Reform Through a 1332 Waiver

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CALIFORNIA IMPLEMENTS

Millions with new consumer protections; financial assistance
4+ million Californians with new coverage already
Uninsured cut in half; Average rate hike 4.2%

CALIFORNIA IMPROVES

EARLY:

Low-Income Health Programs
Children with pre-existing conditions
Maternity coverage

BETTER:

Exchange that negotiates & standardizes
Medi-Cal express lane enrollment options
LGBT outreach and inclusion
Immigrant coverage: DACA/DAPA, recent legal,
and now children in May 2016





WHAT'S NEXT?



California's Steps to #Health4All

- ***Continuing California's Coverage of "Deferred Action" Immigrants:*** The President's executive action had the impact of expanding the category of immigrants covered by state-funded Medi-Cal. This was affirmed in the new budget.
- ***Won Entitlement to Medicaid Coverage For All Children Under 266% FPL—regardless of immigration status.*** Ultimately a \$140 million annual commitment to cover an estimated 170,000 more children.
- ***County Safety-Net Reforms and Expansions:*** Counties are setting up more inclusive and smarter safety-net programs. Just in the last year, Sacramento, Contra Costa, Monterey and CMSP all created new limited-benefit pilot programs that newly cover the undocumented. Others are pending, joining counties like LA and Santa Clara that are improving existing programs.
- ***Taking potentially other steps to a Statewide Solution for #Health4All:*** Pending for 2016, SB10(Lara) would expand Medi-Cal to all adults regardless of immigration status; and seek a 1332 federal waiver to allow undocumented adults to buy into Covered California with their own money. Previous measure SB4 got a bipartisan vote in the state Senate.

Pending: Immigrant Inclusivity

PURCHASING A HEALTH PLAN IN COVERED CALIFORNIA REGARDLESS OF IMMIGRATION STATUS

- Allow Covered California to sell undocumented immigrants non-QHP health plans that “mirror” exchange plans.
- Under current law, undocumented immigrants can purchase individual coverage, using their own dollars—and some do.
- Today, undocumented adults excluded from Covered California—they must go to a broker or health plan to purchase coverage.
- Proposal would not include exchange subsidies—that’s another fight for another day, to find the money to finance exchange subsidies for this population.

Pending: Immigrant Inclusivity

- **Proposal has political momentum:** As part of original SB4(Lara), got bipartisan support from California Legislature, including unanimous Democratic support; Consensus position of Democratic presidential candidates; HEAL Act in Congress
- **Other states interested in potential 1332 proposal.**
- **Beyond important symbolic victory for inclusion, helps solves two real problems:**
 - welcomes those eligible but unenrolled concerned about immigration enforcement (shows up as real barrier in focus groups and surveys, data from county efforts shows welcome mat effect).
 - would allow mixed-immigration status families to apply together, just with different subsidy levels.
- **Abides by President Obama's commitment** (however wrong) not to use federal \$ for undocumented coverage. In 2017, even the administration of exchanges are no longer federally subsidized.
- Without subsidies, goes to core issue of inclusion vs. exclusion.

Other Options and Opportunities

Beyond immigrant inclusivity..

- **Broad system transformations** such as a revamped employer mandate requirement or single-payer health care
- **Improved affordability**, from premiums to cost-sharing to better benefits (the most exciting possibilities, but ones that require that savings or a state funding source would need to be identified)
- **Streamlined enrollment** and reduced churn and disruption for consumers by **aligning coverage and other rules** between programs, especially Covered California and Medi-Cal.

Options: Broad Systemic Reforms

Original intent: if others (from left or right) have a better idea, go for it. Ideas CA has considered include:

- **Single payer:** Most recently, VT explored; CO pending.
- **Employer mandate:** HI, MA, SF

Barriers:

- *Same Political Obstacles Remain:* Financing; in California, 2/3 Vote for taxes; Industry Opposition; Voter Fear of Change; Etc.
- *New barrier: Separation of savings/Finances* from 1115 Medicaid waiver and 1332 waiver of exchange subsidies.
- Figuring out how to model/estimate *10-year deficit impact*
- *Political will*
- *State administrative capacity*

Options: Affordability

Many ideas on how to help **folks who need financial help**—especially in a high-cost of living state like California:

- More help with **premiums & smoothing of subsidy “cliffs”** tougher under federal guidance.
- While some options constrained by administrative requirements, still possible to imagine **improving cost-sharing** and actuarial value.
- **Another way to help to through improved benefits:**
Adding adult dental, vision
- Affordability for uninsured **undocumented immigrants**
- Those in **“family glitch”**: family members for workers with employer based coverage affordable for just themselves
- Some **over 400%** federal poverty level (typically older, in high-cost areas) don't have affordability guarantee now.

Options & Hurdles: Affordability

Improving affordability means additional revenues: specific identified savings from federal exchange subsidies.

- Agree with federal guidance we can't/shouldn't disadvantage existing low-income beneficiaries of federal/state programs
- CA doesn't have pre-ACA expansions (& thus allocated \$), like other states exploring a better Basic Health Plan (BHP)
- Understand the constraints of state funding

What savings can we identify that we can funnel to affordability? Delivery system reforms? Use of purchasing power? Public option? Other possibilities?

* **WE PROPOSE:** move forward with immigrant inclusion and maybe other discrete proposals for submitting in 2016—but to **start exploring, developing and modeling affordability improvements for submitting in 2017.**

Options: Alignment/Streamlining

More modestly, probably some rules can be adjusted to further assist a more streamlined process with less churn and greater administrative simplicity

■ **Pregnant Women:**

- Women 138%FPL to 321%FPL have the choice to enroll in pregnancy-only Medicaid or stay on exchange coverage when pregnant but must return to exchange coverage after completion of pregnancy (three months after delivery)

■ **Mixed-Coverage Families:** Kids on CHIP/Medicaid, parents in exchange

- Preserve lower premiums and cost sharing with more expansive benefits for kids

Unclear if this requires a 1332 waiver, a Medicaid 1115 waiver, or both.

Complicated by bifurcated coverage system, with different carriers with different networks for Medicaid than for commercial coverage

- **Aligning Rules Under Medi-Cal and Covered California:** Working out difference in income-counting?

- **One Market:** Put Entire Individual Market in Covered California: Could it help with facilitate enrollment or transitions?

- **Auto-enrollment:** Between Medi-Cal and Covered California during an income change? During the loss of employer-based coverage? From Covered California into Medicare?

Potential Timeline for Phase 1



Under a two-phase timeline, MA could submit a limited-scope waiver by March 2016:



Stakeholder Policy Areas of Interest



Waiver could begin at time appropriate for

Phase 1: Maintain quarterly rate filing and rolling enrollment in small group market

Phase 2: More extensive proposals to develop & model

Issue	Initial Policy Areas for Further Exploration
Individual and Employer Mandates	<ul style="list-style-type: none"> Streamline the federal individual mandate to address redundancy with state individual mandate Streamline employer reporting of employee Minimum Essential Coverage
Metallic Tiers	<ul style="list-style-type: none"> Develop state approach to components of metallic tiers and actuarial value requirements, such as flexibility in permitted de minimus variation
Small Employer Coverage Options	<ul style="list-style-type: none"> Refine the choices available for employers and employees in the Small Business Health Options Program (SHOP)
Small Group Rating Timing	<ul style="list-style-type: none"> Maintain quarterly rate filing for small group plans in merged market
Individual Eligibility	<ul style="list-style-type: none"> Streamline eligibility and income rules between MassHealth and the Health Connector
Subsidy Mechanism	<ul style="list-style-type: none"> Modify subsidy mechanism to buffer enrollees from complexities of premium tax credits and reconciliation, while maintaining same subsidy level
Family Affordability	<ul style="list-style-type: none"> Measure "affordability" of employer-sponsored insurance in a manner that incorporates total cost of family coverage
Continuity of Coverage	<ul style="list-style-type: none"> Modify approach to "grace period" for enrollees receiving premium tax credits to prevent retroactive terminations of coverage



For more information:



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