

“Medicaid Buy-In”

**Assembly Select Committee on
Healthcare Delivery Systems and Universal Coverage**

Informational Hearing

December 11, 2017



Approach Depends on the State's Goals

Promoting Universal Coverage

Ensuring Marketplace Access & Affordability

Strengthening Continuity & Alignment

Two Approaches, Not Mutually Exclusive

1

Leveraging Medicaid to offer a public product in the Marketplace to improve consumer choice and/or affordability (referred to as “Public Option”)

2

Leveraging Medicaid to offer a public product to expand access to coverage for people not eligible for Medicaid (referred to as Medicaid “Buy-In”)

Under both approaches, federal Medicaid funding is likely not available and federal Medicaid rules would not apply; other sources of federal financing might be available

Overview of Public Option

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- **State promotes access and/or competition in Marketplace by offering a new product in the Marketplace, in all areas of the state**
- **State uses the Medicaid infrastructure – benefit structure, claims payment, oversight management, etc. – to create the new product; must meet Covered California standards**
- **State contracts with Medicaid managed care organizations (MCOs) to deliver the care**
- **State would set rates and plans would establish provider network; rates/networks could be the same or different relative to Medicaid**
- **Qualified enrollees would receive the tax credit subsidy (APTC)**
- **Other states exploring: Minnesota, Nevada**



Public Option: Considerations

- **Would managed care plans doing business with Medi-Cal be interested in the public option? What might the state do to encourage/require participation?**
- **Could all Medi-Cal MCOs meet Covered California/Marketplace requirements and if not, what if any accommodations could be made?**
 - State regulatory issues
 - Reserve funds and other marketplace requirements
- **Could this/should this approach be structured without MCO participation (e.g., fee for service with some type of care management)?**
- **Approach could be combined with other initiatives, such as deepening the subsidies**
- **Requires close coordination between DHCS and Covered California**



Overview of Medicaid Buy-In

- **State promotes access to people not otherwise eligible for Medicaid or Marketplace subsidies by allowing them to enroll into a Medicaid product**
- **State uses the Medicaid infrastructure—benefit structure, claims payment, oversight management, etc.—to create the new product**
- **State contracts with MCOs to deliver the care**
- **State would set rates and plans could leverage Medicaid provider networks; presumably (though not necessarily), Medicaid rates would apply**
- **People access coverage by enrolling as they do for Medicaid**
- **Similar in concept to California’s “Health4AllKids” coverage for undocumented children**



Medicaid Buy-in: Considerations

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- **Subsidies are likely necessary to ensure affordability; how would subsidies be financed?**
 - State funds
 - Section 1332 waiver; budget neutrality issues
- **Would managed care plans doing business with Medi-Cal participate? What might the state do to encourage/require participation?**
- **Existing experience; presumably no state regulatory barriers to MCO participation**



Implications Across Options

| | Public Option | Buy in without subsidies | Buy in with subsidies |
|---------------------------------------|---|---|---|
| Federal approval | QHP certification | None required | Federal approval required for 1332 waiver to finance subsidies; no federal approval needed for state-funded subsidies |
| Use of Medicaid infrastructure | To the extent consistent with Marketplace | ✓ | ✓ |
| Use of existing MCO rates | State discretion | State discretion | State discretion |
| Product alignment | Aligned to Marketplace | Generally aligned to Medicaid, potentially more narrow benefit (e.g., long term care) | Generally aligned to Medicaid, potentially more narrow benefit (e.g., long term care) |
| Consumer affordability | Likely to have a lower premium than other products; could help drive down premiums more broadly | Consumer pays all; least affordable | Depends on level of subsidy |

Thank You

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