

“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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