“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

- 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

• 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

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

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*Application for admission to the DC bar pending, currently working under the supervision of Jill DeGraff, Esq. Admitted to practice in New York and Massachusetts.