Basic Health Plan Option

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BASIC HEALTH PLAN (BHP): Affordable Care Act Section 1331 gives states an option to establish a BHP. A BHP is a health insurance program for low-income residents who are not Medicaid eligible and would otherwise be eligible to purchase coverage through an ACA Marketplace, in DC called DC Health Link. Currently, two states have a BHP.

Continuity of coverage and continuity of care for residents: The federal government allows states to use Managed Care Organizations (MCOs) to provide coverage for enrollees in a BHP.

- To avoid coverage disruptions to affected populations, HBX would invite all MCOs to participate, including MCOs currently not participating in DC's Medicaid program.
- If MCOs that currently provide coverage to DC's Medicaid population choose to participate in the BHP, the enrollees will be able to stay with the same MCO as they have now and this would also mitigate the risk of thousands of residents being dropped from coverage once Medicaid stops paying.

Affordability of coverage and affordability of care for residents: Premiums and out-of-pocket cost for care could be zero or lower than cost in DC Health Link plans. A BHP could be designed to have no premiums and no out-of-pocket cost sharing (including no deductible, no copay, no co-insurance) for covered people. Whether there is a premium and cost-sharing depends on the amount of federal funding. Actuarial modeling is required to determine no/low premiums and out-of-pocket costs and HBX is prepared to use its actuaries from Oliver Wyman for the modeling.

- Zero/low premiums and out-of-pocket cost benefits design compared to commercial insurance through DC Health Link is much better for a low-income population to keep low-income residents covered and to make sure residents have access to affordable medical care.

  If there is **no** BHP and a low-income resident enrolls in a commercial plan on DC Health Link, here is what the resident will pay for DC Health Link standard silver plan (premiums after federal premium tax credit is applied to reduce the full cost of the premium and cost sharing for medical care):
  - Childless adult: A 40-year-old with an income of $21,628 (139% FPL) would pay $755 annually or $28/month for premiums.
  - Family (caregivers): Parents who are 40 and 35 with a child, and a household income of $47,970 (180% FPL) would pay an $2,592 annually or $216/month for premiums for coverage for the two parents.
  - Additional Cost to get medical care: $4,850 annual deductible for medical care, $350 deductible for prescription medication, $40 per visit to a family doctor, $80 per visit to a specialist, $20 per generic Rx, $50 per preferred brand name Rx. Other cost sharing applies in the form of co-insurance, e.g. 20% for hospitalization.

BHP Covered benefits: The benefits package must comply with ACA's essential health benefits (like DC Health Link) and locally required benefits. These benefits are different from Medicaid. BHP benefits include:

- Ambulatory patient services (outpatient care you get without being admitted to a hospital)

- Emergency services (this includes emergency transportation aka ambulance)
- Hospitalization (like surgery and overnight stays)
- Pregnancy, maternity, and newborn care (both before and after birth)
- Mental health and substance use disorder services, including behavioral health treatment (this includes counseling and psychotherapy)
- Prescription drugs
- Rehabilitative and habilitative services and devices (services and devices to help people with injuries, disabilities, or chronic conditions gain or recover mental and physical skills)
- Laboratory services
- Preventive and wellness services and chronic disease management
- Pediatric services, including oral and vision care
- Infertility treatment (example of locally required benefit)

Examples of services covered under Medicaid that are not required to be covered in the commercial market: adult dental, adult vision, and non-emergency transportation to medical services (including bus, subway, and taxi vouchers, wheelchair vans, and ambulance).

FUNDING: The federal government pays 95% of the value of premium tax credits for the program. All implementation, operational, and administrative costs must be paid for locally.

- Reminder: DC policymakers established HBX as a private-public partnership funded through an assessment on health carriers. HBX is not funded using local taxpayer dollars. Similar to its responsibility for DC Health Link, HBX would be responsible for the BHP. It would build the IT infrastructure for the BHP leveraging its existing DC Health Link IT system, work with DHCF and DISB to establish the BHP quickly, work with MCOs and other carriers, and establish a stakeholder working group to provide input on the BHP. Once launched, HBX would be responsible for managing the BHP.

FEDERAL ELIGIBILITY RULES FOR BHP: A resident must be under age 65 and not offered affordable employer-sponsored coverage.

- US Citizens: DC residents with incomes from 138% FPL to 200% FPL would be eligible for the BHP (133% FPL plus 5% income disregard).
- Lawfully present and eligible for Medicaid currently: same eligibility as for US Citizens.
- Lawfully present but <u>not</u> eligible for Medicaid (aka 5-year bar) with incomes up to 200%FPL would be eligible for BHP. Approximately 300 residents currently enrolled in private coverage would be moved into BHP coverage.
- Undocumented residents: Under federal law, undocumented residents are **not** eligible for BHP.

FEDERAL APPROVAL: To get necessary approvals HBX will work with the federal government, specifically with the Center for Medicaid and CHIP Services (CMCS).