

North Carolina Council on Health Care Coverage

Fourth Meeting

January 22, 2021

10:00 AM – 12:30 PM

Agenda

- Welcome
- Review and Discussion of Follow-up Questions from Third Council Meeting
- Breakout Conversations of Council Members
- Report Out from Breakout Conversations and Next Steps
- Looking Forward

Review and Discussion of Follow-up Questions from Third Council Meeting

Differences Between Small and Large Group Markets: Coverage Requirements

Small Group

- ≤50 FTE employees
- Guaranteed group coverage
- Premiums set based on geography, ages of enrollees, and tobacco use
- Required standards:
 - Must cover essential health benefits and meet state “benchmark plan”
 - May not use a group’s medical history to set premiums
 - May not set premiums >3x higher for older employees
 - Must fit into the four “metal” levels
 - 80% of the premium must be spent on health care services

Large Group

- ≥51 FTE employees
- Not guaranteed group coverage
- Premiums typically set based on past claims and negotiation
- Required standards:
 - Must cover minimum essential coverage requirement
 - 85% of premium must be spent on health care services

Differences Between Small and Large Group Markets: Out-of-Pocket Costs, North Carolina, 2019

	Small Group (<50 employees)	Large Group (>50 employees)
Average individual deductible*	\$2,882	\$2,160
Average family deductible*	\$5,670	\$3,804
Average coinsurance for a hospital admission*	27.4%	22.2%
Average total single premium*	\$6,468	\$6,855
Percent of total premiums contributed by employees enrolled in single coverage**	24.2%	21.4%
Average total family premium*	\$18,827	\$20,140
Percent of total premiums contributed by employees enrolled in family coverage**	25.2%	28.7%

* Per employee enrolled in a health insurance plan that had a deductible or hospital coinsurance at private-sector establishments

** Per enrolled employee at private-sector establishments

Association Health Plans

- **Pathway 1 AHPs**

- Requires association health plans (AHPs) to meet the individual and small market plan rules, including covering essential health benefits and how premiums are set
- Limited exception for AHPs covering small employers (< 50 employees) that are bound by common interest, such as common trade, business, or profession and that effectively operate as one employer controlling the association
- Have benefits for employers and employees, allowing them to band together to purchase insurance, leverage economies of scale to achieve cost savings, and customize plans to individual needs of the association
- May have higher premiums for older and sicker individuals and groups

- **Pathway 2 AHPs**

- June 2018, the U.S. Department of Labor significantly expanded the circumstances under which small groups could be considered a large group, including based on geography
- March 2019 a federal judge invalidated much of this new rule, stating that it violated the Employee Retirement Income Security Act (ERISA)
- Not currently being implemented in states

Extending Medicaid Coverage for Parents of Children in Foster Care

- Would require a Section 1115 demonstration, but we have not identified any states that have implemented this limited coverage.
- States generally have expanded coverage for this population as part of a broader Medicaid expansion.

Extending Medicaid Coverage for Individuals with Substance Use Disorders

- A few states have pursued targeted expansion for individuals with behavioral health needs through Section 1115 demonstrations.
 - **Virginia's** GAP program (prior to full Medicaid expansion) offered a limited physical and behavioral health benefit package to uninsured adults with serious mental illness who had incomes up to 100% FPL.
 - **Utah** (prior to full expansion) covered a capped number of childless adults up to 5% FPL who are chronically homeless, involved in the criminal justice system, and in need of behavioral health treatment.
- States can also use section 1915(i) state plan authority to expand Medicaid eligibility to targeted groups of people who are at risk of institutional level of care up to 150% FPL and who would be eligible under an existing home and community-based services waiver.

Extending Medicaid Coverage up to 100% FPL

- **Wisconsin, Georgia, and Utah** have pursued limited Medicaid expansions to extend coverage for individuals with income up to 100% FPL. CMS approved these requests, but states received their usual federal match rate and did not qualify for the enhanced match.
 - Utah has since moved to full Medicaid expansion.

Georgia Pathways 1115 Waiver

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Georgia Pathways 1115 Waiver

During the 2019-2020 Regular Session, the Georgia General Assembly passed Senate Bill 106, the *Patients First Act*, authorizing the Department of Community Health (DCH) to submit a Section 1115 Medicaid Demonstration Waiver to the Centers for Medicare & Medicaid Services (CMS) which included the ability to increase the income threshold for eligibility up to a maximum of 100% of the Federal Poverty Level (FPL).

Section 1115 Medicaid demonstration waivers provide states an avenue to test new approaches in Medicaid that differ from what is required by federal statute and provide states with flexibility in terms of how they operate their program.

Georgia received approval from CMS for its Section 1115 Medicaid Waiver, Georgia Pathways in October of 2020. The Waiver allows the state to expand Medicaid coverage to Georgians up to 100% of the FPL, if they meet certain requirements. The program introduces private market concepts and tools to further support Georgians on their journey to self-sufficiency and the destination of commercial health insurance coverage.

Medicaid Expansion

- 2016 Under Governor Deal picked up some steam as hospitals were facing substantial financial crisis from growing amounts of uncompensated care. Deal threw the decision to the Republican House and Senate. Some Republicans were willing to consider private version.
- State price tag of full expansion according to some was \$2.5 billion over 10 years
- 2019 Governor Kemp brought expansion back though fiscally opposed full expansion. His view was that it was too expensive and the Medicaid program was broken

Georgia Pathways 1115 Partial Medicaid Expansion

- Came out of 2019 – 2020 Regular Session in Georgia General Assembly
- Original proposal, like Utah, wanted to receive the enhanced 90 percent federal match for the partial expansion population
- CMS approved a modified version (lower match) of the proposal October 2020
- Waiver slated to begin July 1, 2021 through September 30, 2025
- Estimated to cover 52,000 uninsured

Medicaid Expansion

- CMS rejected the request for a 90% match and agreed to the current Medicaid match of 67%
- Legal challenges to the work requirement are expected.
- There are currently no states with active work requirements, they have been blocked by court rulings in Kentucky, Arkansas and New Hampshire.

Georgia Pathways 1115 Waiver

- **Eligible individuals**

- Ages 19-65 not currently eligible for Medicaid up to 100% FPL
- Work requirements. Demonstrate working, engaged in other activities (community service, job training) for at least 80 hours/month
- ESI premium assistance program. If have access to ESI must enroll and receive state premium and cost sharing assistance

Different Approach

- This approach represents a major departure from the Medicaid eligibility guidelines adopted by 36 other states across the nation since 2010. The key feature of every 1115 Medicaid waiver approved under the Affordable Care Act—including the most conservative examples in Arkansas, Indiana and Kentucky—is each state's decision to expand eligibility up to **138 percent** of the federal poverty level
- Expanding coverage from 100 to 138 percent of poverty would have increased coverage to an additional 242,000 uninsured

Georgia Pathways 1115 Waiver

- Numbers
 - Received current federal match 67.4% not 90%
 - Estimated annual new state spending is \$375 million
 - Approximately \$1600 per newly enrolled adult

Georgia Pathways 1115 Waiver

- Some will have to pay monthly premiums
 - Incomes 50-84 % FPL (\$7 individuals \$3 tobacco surcharge)
 - Incomes 85-100% FPL (\$11 per month \$3 tobacco surcharge)
 - Income under 50% FPL no premium

Georgia Pathways Waiver

Key Components of the Waiver

Copays

Population Required to Pay Copayments

- All Pathway Medicaid Members, except those enrolled in Mandatory HIPP

Copay Amounts

- Copayments mirror those of the State Plan, with the exception of non-emergency use of the emergency department

Service	Amount
Inpatient Hospitalization	\$12.50 for entire stay
Outpatient Hospital Visit	\$3.00 per visit
Non-Emergency Use of the ED	\$30.00
Primary Care	\$0.00
Specialist	\$2.00
DME	\$3.00; \$1.00 for rentals
Pharmacy	Varies based on cost to the State

Georgia Pathways Member Rewards Account

Member Rewards Account (MRA)

Population Receiving an MRA	<ul style="list-style-type: none">• All Pathways Medicaid Members who are not enrolled in the Mandatory HIPP Program
Funding	<ul style="list-style-type: none">• Member's premium payments are added to the individual's account• Additional opportunities through completing healthy behaviors will allow members to earn dollars in their account
Earning Additional Account Dollars	<p>The state will set a series of criteria for awarding dollars, which include a variety of healthy behaviors such as:</p> <ul style="list-style-type: none">• Completing annual well care visits• Complying with diabetes programs• Maintaining a BMI under 30*
Account Administration	<ul style="list-style-type: none">• Account will be administered by the State, but outsourced to a third-party
Account Uses-Copays	<ul style="list-style-type: none">• Copays will be reimbursed through the account• If the account balance reaches \$0, copays will still be deducted and the account will have a negative balance
Account Uses-Other Medical Benefits	<ul style="list-style-type: none">• Members may use the account once the balance reaches \$100*• Members may use account to pay for medical expenses not covered by Medicaid such as over the counter drugs, dental services glasses, contacts, and other state determined allowable expenses
Account Cap	<ul style="list-style-type: none">• Account will be capped at an earned maximum of \$500* in addition to premiums per certification year

Benefit Package

- Most enrollees receive a benefit package that aligns with the benefits provided through the state Medicaid plan.
- Exception is non-emergency medical transportation

Future under President Biden?

- Unknown—no CMS Administrator yet....stay tuned!

Review of Revised Guiding Principles

Revised Guiding Principles

Maximize Health Care Coverage

- Increase affordable, quality, comprehensive health care coverage for as many North Carolinians without access to affordable comprehensive health insurance as possible.
- Multiple solutions may be required to achieve this goal for North Carolina.

Program Simplicity

- While multiple coverage options may be leveraged together to cover the maximum number of North Carolinians, attention should be paid to ensuring that the system is simple to navigate for consumers and providers.

Enhancing the Health of North Carolina

- The coverage options implemented should center around the goal of improving the health of the state as a whole.

Revised Guiding Principles, Contd.

Health System Sustainability

- Coverage options that are considered for North Carolina should invest in the fiscal sustainability of the health care system for consumers, providers, hospitals, safety net organizations, and the state.

Efficient Use of Tax Payer Dollars

- Any solution implemented should prioritize the efficient use of tax payer funds, including by optimizing federal matching funds where possible.

Strengthening Our Rural Communities

- In considering how to improve coverage and the health care system in North Carolina, specific considerations must be provided to rural areas of the state to ensure any reforms considered would help to improve coverage of residents and sustainability of providers, including hospitals, in those areas.

Revised Guiding Principles, Contd.

Reducing Disparities

- Solutions to increase health care coverage should prioritize reducing disparities by geography and by race and ethnicity.

Expanding Access to and Coverage of Behavioral Health Services

- North Carolina is experiencing a behavioral health crisis and residents need improved access to mental health and substance use disorder treatment. Such access requires insurance parity for and increased access to and coverage of certain behavioral health services.

Supporting the Business Community

- Health care coverage options should support small businesses, both for-profit and non-profit, who struggle to provide affordable health insurance to their employees and have been negatively impacted by COVID-19.

Revised Guiding Principles, Contd.

Additional Considerations for Access

- In addition to health care coverage, the Council identified the following additional areas of the health care system that may be prioritized for reform.
 - Lowering the cost of care
 - Strengthening the telehealth infrastructure (including broadband access)
 - Enhancing network adequacy
 - Workforce development including provider incentive programs, pipeline programs, and loan repayment programs
 - Supporting access to primary care
 - Social Determinants of Health
 - Preventive services (including vision and dental)

Small Group Breakout Conversations

40 minutes

Please chat Luke Durocher in zoom
or send an email to
luke.durocher@duke.edu with any
technical issues

- Council members will automatically be entered into break out rooms for small group discussion
- Duke-Margolis staff will be present to facilitate the conversation, take notes, and keep time
- One member of each group will be asked to report out on the conversation to the group when we return

Small Group Discussion Questions

- What are your reactions to the updated principles?
- Do they capture the discussion from last time?
- How can the members of the council carry this work forward after today's meeting?
- What are some of the strategies that may take these principles and move them towards action? For example, specifics related to:
 - Behavioral health
 - Telehealth
 - Association health plans; tax credits for employers; other approaches to support businesses
 - Medicaid expansion; targeted limited Medicaid expansions
 - Licensure and scope of practice changes

Small Group Breakout Conversations

Please be aware that the council is in small group breakouts. They will return to the main room at **11:30 AM** and the live stream will resume at that time.

Recordings of the breakout conversations will be posted after the meeting for the public.