Implementing the Alternative Benefit Plan

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State Network Medicaid Small Group Convening
April 25, 2013
Agenda

- Alternative Benefit Plan (ABP) Overview
- Churn and Coverage Shifts
- Considerations for Selecting an ABP
- Benchmark Comparison
- Options and Next Steps
Benchmark Coverage Required for Adult Expansion Group

- Alternative Benefit Plan must:
  - Cover 10 essential health benefits (EHBs)
  - Meet mental health parity requirements
  - Provide EPSDT services for those under age 21
  - Assure non-emergency transportation
  - Cover prescription drugs

10 EHBs

1. Ambulatory patient services
2. Emergency services
3. Hospitalization
4. Maternity and newborn care
5. Mental health and substance use disorder services
6. Prescription drugs
7. Rehabilitative and habilitative services and devices
8. Laboratory services
9. Preventive and wellness services and chronic disease management
10. Pediatric services, including oral and vision care
State Benefit Design Options

**Medicaid ABPs**
- Secretary-approved option
- Generally available and offered state employee coverage
- Standard Blue Cross Blue Shield Federal Employees Health Benefit Program package
- Commercial HMO with largest non-Medicaid enrollment

**EHB Benchmarks**
- The three largest plans by enrollment in the small-group insurance products
- The three largest state employee plans by enrollment
- The three largest national Federal Employees Health Benefit Program plan options by enrollment
- The largest fully insured commercial HMO product in the state
Individuals Exempt From Mandatory Enrollment in Benchmark/Expansion

- Pregnant women
- Individuals who qualify for Medicaid based on blindness or disability
- Dual eligibles
- Terminally ill hospice patients
- Inpatients in hospitals, nursing homes, and intermediate care facilities
- Children in foster care

- TANF/Section 1931 parents and caretakers
- Medically frail individuals
- Individuals who qualify for long-term care services based on their medical condition
- Individuals who only qualify for emergency care
- Individuals who qualify based on spend down
Considerations for States in Selecting ABPs

• Population
  ► Where will they seek care?
  ► What are their needs?
  ► Where do they live?

• Cost
Cost Considerations for ABP Selection

• Declining FMAP post-2016
• Cost-sharing options (maximum amount):
  - Outpatient: $4
  - Prescription drugs
    - Preferred drugs: $4
    - Non-preferred drugs: $8
  - Non-emergency ED: $8
  - Aggregate <5% family income

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Selecting an ABP: Following CMS Guidance

1. Process for defining ABP
2. Targeting ABPs for specialized populations
3. Applicability of EPSDT services
4. Preventive services must be covered
5. State notice requirements
6. Medically frail exemption
7. Secretary-approved option flexibility
8. Benchmark equivalent coverage
**Extent of Coverage Shifts: National Data**

- **January 2014**
  - 25 M Medicaid
  - 0 M Churn
  - 31 M Exchange

- **June 2014**
  - 16 M Medicaid
  - 20 M Churn
  - 20 M Exchange

35% Churn in **6 Months**
Adults < 200% FPL

= 2 Million People
Using ABPs to Promote Seamlessness

• Alignment reduces service disruption:
  ▶ Eligibility, providers, benefits

• “Secretary-approved” option gives flexibility, but requires greater administrative effort

• What happens if benchmark for EHBs is also used for Medicaid ABP?

**EXAMPLE**
Using commercial HMO (largest non-Medicaid enrollment) for EHB package for Medicaid, individual, and small group markets to build seamlessness example
State Considerations: Selecting a Commercial Plan for Medicaid ABP

• Often not covered in commercial benefits:
  ► Dental (will require “wrap” for pediatric)
  ► Vision (will require “wrap” for pediatric)
  ► Bariatric surgery
  ► Routine foot care
  ► Habilitative services
  ► Transportation

• Programming a new benefit into systems for different populations may be challenging, as states are rolling out new eligibility and enrollment systems
Top of Mind for States: Mental Health Parity and Addiction Equity (MHPAEA) for Expansion Adults

• Current applicability to MCO vs. FFS
• CHIP vs. state plan Medicaid
• All ABPs, existing and future, must comply with MHPAEA
• Applicability to carve outs
States Should Seek Ease of Administration in Selecting ABP

- Reduce administrative burden for providers, clients, plans and Medicaid agency.
- Selecting delivery system (i.e., MCO)
- Assessing technology infrastructure
- Tracking and managing different eligibility groups for FFP claiming
States Should Require Input from Various Entities in Selecting ABP

- Conducting stakeholder engagement
- Determining approach for secretary approved option/comparison requirements
State Approaches to ABP Selection

• Secretary-approved option
  ► **Washington**: Flexibility will help ensure alignment

• Suitability of commercial options for Medicaid beneficiary needs
  ► **Oregon**: Marketplace small group benchmark plan selection is not rich enough for expansion population

• Using previous state experience with expansion
  ► **New Mexico**: SCI expansion served as a pilot and provides valuable lessons learned
# Contact Information

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