

**Senate Position: State Innovative Solutions for Affordable Health Care**

10/18/2019

**A. The Senate position is a comprehensive approach to providing improved access to:**

1. Health care. Catalyst to improving the health of Kansans in the short and long-term
2. Health insurance. Which is sustainable for patients, healthcare providers, and payers

**B. The objectives are:**

- i. To enable the uninsured to become and stay insured
  - ✓ Both Medicaid and Non-Medicaid market
- ii. Sustainable for patients, healthcare providers, and payers
- iii. Ensure the private Individual market is affordable
- iv. Make the health care insurance market more seamless and useful for Kansans
- v. Benchmark and track improved health matrixes for Kansas
- vi. Measure improved health care access and quality for rural Kansas

**1. Waivers will be Required**

**a. Medicaid Expansion**

- i. File a CMS 1115 waiver for Medicaid expansion
- ii. Kansas expands Medicaid with the 90% / 10% funding match
- iii. Expansion population to be covered under the same KanCare MCO model as currently provided

**b. Uninsured / Unaffordable Private Individual Market.**

- i. File a CMS 1332 State Innovation Waiver
- ii. Provide re-insurance to health plans sold on the ACA exchange
- iii. Making insurance more attractive to the young and health
  1. More balanced risk pool
  2. Consumer friendly plan design. I.e. insurance before high deductible

**2. Action Items:**

- a. 1115 Waiver. Expanding Medicaid to 19-64 year old's with the federal 90/10 match
- b. 1332 Waiver. Provide a state/federal funded re-insurance. Private Individual market
  - i. Stabilize the exchange market
  - ii. Re-creation of KS High Risk Pool
  - iii. Lower premiums in the private individual market, benefiting unsubsidized consumers who are being priced out of affording health insurance
  - iv. Reduce market volatility
  - v. Promote competition. Greater stability makes participating in the individual market more attractive for carriers
  - vi. Leverage new funding opportunities. The premium reduction caused by reinsurance reduces federal spending. Federal Advance Payment of Premium Tax Credits (APTC) saving given back to the State
    1. States can access these savings to help pay for the program

- c. Work with the various stakeholders to include federal, state, local gov't, not-for-profits and for-profits to develop and implement new care models to include addressing social determinants to health care, SDoH

### 3. Super/Combo Waiver Concept Approach

- a. Can submit the 1332 Innovation Waiver together with a Medicaid expansion 1115 waiver, but each waiver is evaluated separately
- b. Ask CMS to expand Medicaid to 100% FPL while we wait on decision of 1332 State Innovation Waiver
  - i. Request for 100-138% of FPL to stay on the Exchange if budget neutral
  - ii. 45 days preliminary review
  - iii. 180 days final decision made
- c. *Would be structured with **“if, then”** logic to keep waiver processing moving to cover up to 138% of FPL.*
  - i. *Expand to 100% of FPL with 90/10 match, and allow 100-138% to stay on exchange. If no, then proceed to ii.*
  - ii. *Expand to 100% of FPL with 90/10 match, and allow 100-138% the option to stay on exchange and continue to receive the subsidy. If no, then proceed to iii.*
  - iii. *Expand to 138% in standard fashion*
- d. This would provide a solution to consumers who receive no subsidies being priced out of the expensive and high deductible plans being sold on the ACA Exchange
- e. Budget neutral to CMS to go to 100% of FPL with integrated 1332, i.e. Not increase the federal deficit
- f. Under a 1332 Innovation Waiver, savings from less Federal Advance Payment of Premium Tax Credits (APTC), due to reduced premiums, can be a pass-through to the state to help fund the reinsurance in the ACA market

### 4. Provide Pathway to Employment

- a. Able bodied adults
- b. Integrate work assessment questionnaire with Medicaid application/eligibility process
  - i. Do you work?
  - ii. Part time, <20 hours, >20 hours, Full time, Not working, etc.
  - iii. What is keeping you from working?
    1. No high school diploma
    2. No jobs
    3. No transportation
    4. Caretaker
    5. Raising small children
    6. No child care
    7. Full time student
    8. Health reason

9. Behavioral health
10. Other
- iv. Integrate with the Kansasworks - Work Force Development Program
  1. Administered by the Department of Commerce
  2. Create a separate database for Medicaid applicants to track progress and outcomes
  3. Register and follow up with work development programs
  4. Connect to employers etc.
  5. Outcomes
  6. Annual reports on results of pathway to employment
- v. Approach to integrate with social determinants of health care

## 5. State Medicaid Expansion PayFors

State Share – 10%	\$121M
Federal Share – 90%	<u>\$975M</u>
Total	\$1.1B

- |                                |              |
|--------------------------------|--------------|
| a. MCO (HMO) tax 5.77%         | \$63M        |
| b. Current to Expanded         | \$23M        |
| c. Drug Rebates – SB231        | \$4M         |
| d. Hospital Provider Surcharge | <u>\$31M</u> |
|                                | \$121M       |
- i. Design with 90/10 match.
  - ii. Federal/Hospital \$27M/\$3M

## 6. State Innovation Waiver – Reinsurance PayFors

- a. Tobacco/E-Cig/VAPE tax to pay for 1332 only. \$50M

## 7. Premium Payments Vs Co-Pays

- i. Max amount of premium payments allowed
  1. <100% of FPL. \$0.00
  2. 100% -138% of FPL 5% of household income
  3. Premium favorable to CMS approving Super Waiver? 90% Feds
    - i. Credit collections of premiums to SGF
  4. Collectable thru tax return garnishments, gambling winnings, etc.
  5. Co-Pays appear to be problematic, too costly to collect. Possible exception of unnecessary ER visit Co-Pay
  6. Ask CMS if a non-emergency ER visit co-payment would be allowed in addition to the 5% premium payment

## 8. Lock out period

- a. For >100% FPL, patient cannot be eligible for Medicaid until 1st payment is made
- b. After 60 days of no payment, then locked out for 6 months
- c. State will garnish tax refunds, lottery winnings, etc. for any balance due

## **9. Dept of Corrections (DOC)**

- a. Medicaid funding is used for inpatient services when the stay is longer than 24 hours
  - i. Inmate must meet all required eligibility criteria and have a qualifying event
  - ii. Requires an application and supporting documents to be submitted
  - iii. Local jails can participate as well
  - iv. <5% eligible now. Post expansion >80% will be eligible
  - v. Could save ~\$2M annually
- b. KDOC facilitates the process for those transitioning out of a restricted setting and onto Medicaid, if they are eligible
  - i. Restricted settings include prisons, jails, mental institutions, and state hospitals
  - ii. KDOC has automated interfaces to receive release information which triggers reinstatement of eligibility
  - iii. Local jails can participate as well

## **10. Tiering the Medicaid plan**

- a. Reward patients who have annual wellness exams, medication compliance, etc.
- b. Basic plan, Basic plus plan, Premium plan. Based on patient behavior
  - i. Vision, enhanced
  - ii. Ride to work
  - iii. Gift card
  - iv. Dental
  - v. Child care gift card
  - vi. OTC drugs covered
  - vii. Other

## **11. Require Managed Care Delivery System**

- a. KanCare MCO bidders cannot be discriminated based on tax status. I.e. Profit Vs Not for Profit
- b. Required to sell insurance product on exchange as well.
  - i. Or at least given a large positive weight in contract award process
- c. Patients then can easily move back and forth between Medicaid and private Exchange plans

## **12. Support Legislation 1115/1332 Super/Combo Waiver Submission**

- a. The agency (s) who submit the waivers will support the legislative intent and fight for everything contained in the bill. No wink/nod maneuver.
- b. Submission of CMS Waiver application(s) to health and budget standing committees of each chamber and members of LCC 10 days before submission to CMS

## **13. Measure economic impact**

- a. LPA produce an annual report for first 2 years on direct economic activity that can be measured in the SGF

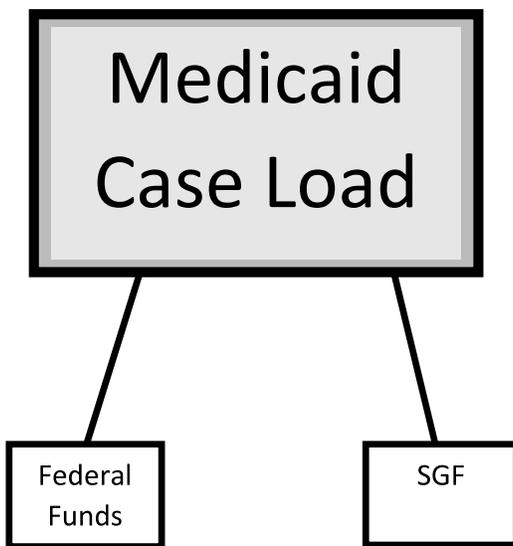
## **14. Plan terminates if Federal Match/FMAP is modified below the 90% level**

- a. Non-Severable

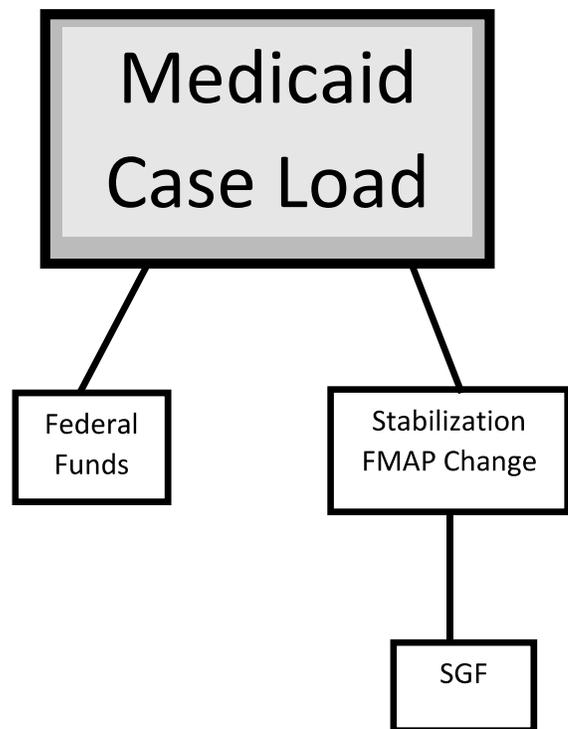
## 15. FMAP Stabilization fund on existing Medicaid funding

- a. SB2
- b. Any funds recovered from the federal government as a result of the pending lawsuit Texas v. United States, no. 7:15-cv00151-O be deposited into the stabilization fund.
- c. In years when the Federal Medical Assistance Percentage (FMAP) increases resulting in lower state expense for Title XIX programs, the bill would require a transfer of the amount of those savings from the State General Fund to the new stabilization fund
- d. In years when the FMAP decreases, the corresponding dollar amount of increased state share responsibility would be transferred from the stabilization fund to the State General Fund

### Without Stabilization Fund



### With Stabilization Fund



## OTHER POLICY RECOMMENDATIONS

### 1. Rural Hospitals

- a. Rural Hospital structure.
  - i. Federal modified model.
  - ii. Develop innovation waiver different physical structure and Medicare payments structure
- b. Provider tax unique from/to critical access hospitals.
  - i. Re allocated to keep them whole under a value-based method
- c. Recommend BCBS-KS and MCO's develop capitated models of payment to those hospitals who think they can benefit from known cash flow

- d. Demonstration project?
- e. Access to Capital.
  - i. Could Reach Health Foundation provide loan?
- e. USDA grants

## **2. IMD exclusion waiver**

- a. The Medicaid Institutions for Mental Diseases (IMD) exclusion prohibits the use of federal Medicaid financing for care provided to most patients in mental health and substance use disorder residential treatment facilities larger than 16 beds. The exclusion is one of the very few examples of Medicaid law prohibiting the use of federal financial participation (FFP) for medically necessary care furnished by licensed medical professionals to enrollees based on the health care setting providing the services. The exclusion applies to all Medicaid beneficiaries under age 65 who are patients in an IMD, except for payments for inpatient psychiatric services provided to beneficiaries under age 21, and has long been a barrier to efforts to use Medicaid to provide nonhospital inpatient behavioral health services.
- b. Substance use Disorder SUD modification?

## **3. Initiatives focusing on the Social Determinants of Health.**

- a. Have MCO's identify?
  - i. Such as housing insecurity, lack of transportation and poor nutrition.
- b. Should MCO's manage or a separate agency/group
- c. Follow up programs based on data collected

## **4. Improve "access to care" "usual place of care"**

- a. MCO's contract with: Walk in clinics, retail clinics, sites where Medicaid patients can get care without an appointment
- b. Some hospitals advertise "short wait ER times, 5 min wait etc." Will be recruiting this new population with that call to action?