

Issue Brief

RItE Care Expansion in 2014: Why the Federally-Funded Basic Health Program is the Right Choice for Rhode Island



Would expand and preserve health coverage for more than 27,000 adults with low-incomes through an established and successful model with no additional cost to the State

Earlier this year, Congress passed the Patient Protection and Affordable Care Act (ACA), a reform effort to make health care coverage affordable for all Americans. While national in scope, the law offers a variety of options to fit individual state needs and populations. As a result, one important decision facing Rhode Island policymakers is how to expand coverage to adults with low-income. The two main ways to deliver coverage to non-Medicaid adults with low-incomes are through subsidized commercial insurance through an “Exchange” or through a “Basic Health Program,” (BHP) as part of RItE Care.

The Basic Health Program through RItE Care is a better option than commercial insurance for these families. The BHP will help members have lower monthly premiums, lower co-pays and overall cost sharing, expanded access to services, care management with experienced health plans and one coverage path for their family. The federal money available to Rhode Island through the BHP option of the ACA will assure the largest number of adults with low-income obtain comprehensive health coverage while incurring no extra costs to state government.

What is the Basic Health Program Option?

The ACA’s Section 1331 offers the option for states to create a Basic Health Program, modeled after the Washington State Basic Health program. The name Basic Health Program is misleading because the program offers enrollees a comprehensive benefit package of services. Should Rhode Island choose this option, the new program would begin on January 1, 2014, and be available for adults between 133 percent and 200 percent of the Federal Poverty Level (FPL). An example of this annual income range for an adult without dependent children is \$14,403 to \$21,660. The Basic Health Program would provide a public health insurance program for this population, who would otherwise be eligible for commercial insurance subsidies through the Health Benefit Exchange. States which choose to implement this optional program would be required to contract with at least one plan to provide the equivalent of the “essential health benefits” as required for plans offered through the Exchange. The federal government will provide 95 percent of the tax credits that would have been provided in the Exchange.

What Is Required By ACA?

If a state opts to implement a Basic Health Program, the Secretary of the Department of Health and Human Services is required to certify that the program design meets all the requirements of the ACA. This includes parameters on benefit design, monthly premiums and cost sharing. The ACA provision requires any plan offered through the Basic Health Program meet the minimum “essential health benefits” of a plan that is offered through the Exchange. While details will emerge as DHS releases rules and regulation, the ACA does broadly define the essential health benefits package. This includes: ambulatory patient services; emergency services; hospitalization; maternity and newborn care; mental health and substance use disorder services; prescription drugs; rehabilitative and habilitative services and devices; laboratory services; preventive and wellness services; and pediatric services including oral and vision care. Rhode Island’s Medicaid managed care program, RItE Care, currently meets or exceeds these required benefits.

Recommendation: Basic Health Program – Federally-Funded RItE Care Expansion

Rhode Island is uniquely positioned to implement an effective Basic Health Program plan by allowing for a “buy in” to RItE Care by eligible BHP adults, with federal dollars covering the cost of the enrollees. The newly eligible adults would be enrolled in RItE Care, building on a program that has a long history of success for members, providers and the state. Keeping families together, in a proven model that provides comprehensive coverage that may not be available in a commercial product, will assure positive health care outcomes for our state’s most vulnerable families, and assure the largest number of low-income adults achieve health coverage.

Affordable for the State

Using the federal funds, RItE Care expansion can be designed to incur no additional financial burden to the state. Federal funds will be sufficient to cover all the medical expense of the enrolled members, as well as the small increase in the number of state workers required to administer the program. For the state, this would simply be another stream of funds into an existing program, one that already receives funding through Medicaid, CHIP and enrollee premium dollars. If needed, slight changes in benefit design (monthly premiums, co-pays etc.) could be utilized to guarantee budget neutrality for the state, while maintaining the positive attributes that make RItE Care expansion the most cost effective way to cover low-income adults. Rhode Island should also explore ways to retain employer funding for enrollees through its nationally recognized premium assistance program, RItE Share.

Better for Members

RItE Care expansion will be a more affordable and comprehensive option for individuals and families than commercial insurance offered through the Exchange. Because of the lower cost, it is likely more uninsured people will obtain health coverage than would happen under the Exchange. RItE Care members will pay less in monthly premiums and in overall cost sharing than an equivalent commercial plan would require of them, increasing participation rates. Massachusetts demonstrates the feasibility of offering a

public plan that costs the same or less than an equivalent commercial plan while requiring substantially less cost sharing for the member. Enrollees in Commonwealth Care (CommCare) in a similar income bracket as BHP eligible individuals pay between \$39 and \$60 a month in premiums, and the government pays plans an average of \$392 per member per month, bringing the total cost of a plan to \$431-452, with a maximum yearly out-of-pocket limit of \$1250. The average commercial plan offered through the Connector carries a premium of \$337-\$551 per month (for an adult), with deductibles as high as \$5,000 and unlimited out-of-pocket expenses.

Members would also receive a plan better suited to their needs. Medicaid plans are designed to meet not only the health care, but also the broader socioeconomic needs of enrollees. Medicaid offers transportation services to a population that often can't afford their own cars, translation services to a population that sometimes has English as a second language, and social care coordination for a population that often needs help with issues related to housing, food security and more. Medicaid managed care plans have the experience with managing the needs of Medicaid enrollees, which commercial plans may not have. In addition, this population is likely to have higher behavioral health (BH) and substance abuse (SA) service needs. Again turning to the Massachusetts experience, Commonwealth Care members accessed both BH and SA services at rates three times higher than members of small group health plans, and substance abuse services at nearly 13 times the small group member rate. Utilization of BH and SA is concentrated in the lower income brackets of CommCare, indicating the importance for the 133 to 200 percent of FPL population. Medicaid health plans have more experience with populations that utilize BH and SA services, have a network of services structured to meet the needs of this population, and have the internal customer service capacity to make sure BHP members receive the care they need.

Good for Providers

Providers will gain 14,000 new patients who are currently uninsured. These new BHP members will bring in new revenue to primary care and specialist physicians, and hospitals will see fewer uninsured patients, thus making this a financially positive program for providers. The rest of the eligible population is already enrolled in RItE Care, so providers will see no change with these patients.

Family Unity

RItE Care expansion will keep many families together, and enrolled in the same insurance plan, rather than fragmented among different public and private products. Parents and children being covered by the same health plan allows for more effective case management, enhanced access to care, and increased likelihood of continuity with the same primary care and other medical providers.

Continuity of Coverage

Many adults eligible for BHP are currently enrolled in RItE Care. By creating BHP as a Federally-funded expansion of RItE Care, the state could guarantee these parents maintain their relationships with current providers and remain covered by a product they understand. Families would have stability of coverage, and churn between public and private coverage would be significantly reduced for these vulnerable families. RItE Care expansion would reduce this churn by raising the income level at which a person moves from public to private coverage. BHP will also help families who may be faced with the challenging task of buying health insurance for the first time by eliminating the complexity of the commercial market.

Implementation – How it works

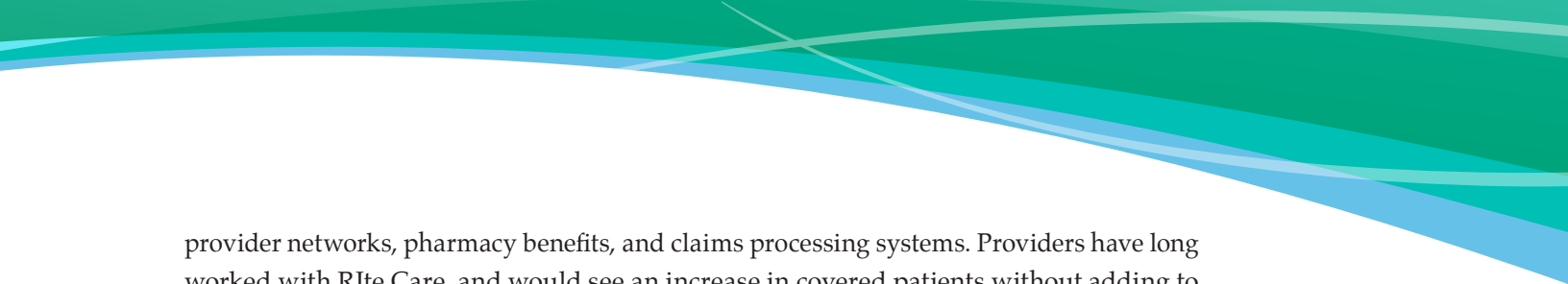
Using the platform of RItE Care, a proven model that provides essential health benefits plus additional services (such as transportation, interpretation, etc.), Rhode Island can ensure that participants in BHP who are currently enrolled in RItE Care, as well as those who are currently uninsured, will receive a plan that meets their needs, offers comprehensive and effectively managed care, and already has a network of providers experienced in working with this population. The 133 to 200 percent of FPL adult population will look essentially like the adults in RItE Care, given the same socio-economic factors and experience with health care coverage. In addition, RItE Care's benefits package is likely to meet or exceed the definition of the "essential health benefits package" required for plans offered through the Exchange.

Enrollment

Federally-funded RItE Care expansion will cover three groups: current RItE Care parents earning between 133 and 175 percent of FPL, who will keep the coverage they have now; parents of RItE Care children from 175 to 200 percent of FPL who have not been eligible for RItE Care; and adults without dependent children between 133 and 200 percent of FPL. The ACA mandates that states preserve public coverage for children at current eligibility until 2019, as well as expand Medicaid coverage to all adults at 133 percent of FPL or below. Estimates indicate 27,000 Rhode Islanders currently uninsured or covered through Medicaid would be eligible to participate in BHP. This includes 7,000 RItE Care members (parents currently enrolled with incomes over 133 percent of FPL), and 20,000 currently uninsured. Many experts estimate a take up rate of 70%, which would mean a potential enrollment of approximately 19,000 (5,000 RItE Care members and 14,000 who are currently uninsured).

Administration

BHP can be a "turn-key" operation, based on existing experience of the state, managed care organizations and providers. Start-up costs for BHP would be minimal for the state, since it would be built on the existing platform of RItE Care. DHS has the systems in place to manage BHP, the experience of collecting premiums and contracting with health plans, and the respected RItE Care name also means that outreach to eligible individuals will be more effective. Managed care organizations would be well placed to enact the new program quickly, using existing provider contracts, current case management practices,



provider networks, pharmacy benefits, and claims processing systems. Providers have long worked with RIte Care, and would see an increase in covered patients without adding to the administrative burden of working with a completely new product. And, CHCs have a network of Family Resource Counselors established to help enroll eligible patients.

Next Step:

The Rhode Island Generally Assembly must enact Exchange-enabling legislation that creates a Basic Health Program option designed as a Federally-funded RIte Care expansion.

Basic Health Program vs. Commercial Coverage

(For adults earning between 133 and 200 percent of FPL)

Coverage/ Issue	Commercial Coverage (through Exchange)	Rlte Care Expansion in 2014 (Basic Health Program)
Cost to State	More: Fewer insured adults mean an increase in uncompensated care and emergency department utilization, as well as higher costs when people re-enroll in Rlte Care.	<ul style="list-style-type: none"> • None. State can use federal funds to design a Rlte Care expansion that ensures access to high quality, affordable coverage in a proven model that helps our families. • Potentially saves money by reducing uncompensated care.
Number of Newly Insured	<p>Fewer Insured: Many people will choose to remain uninsured if their commercial coverage options do not meet their needs and costs too much.</p> <p>Confusion: Many people who are not familiar with commercial insurance may find it difficult to enroll.</p>	<ul style="list-style-type: none"> • More people are likely to gain coverage if they can enroll in Rlte Care, a proven model that meets their needs and is affordable. • Familiar and simple path to enrollment will increase number who become insured.
Cost Sharing for Consumers	Expensive: Consumers will be required to pay higher premiums, co-pays and deductibles.	<ul style="list-style-type: none"> • Lower levels of cost-sharing will result in more people accessing their coverage and improving health outcomes.
Continuity of Care (Churn/Turnover)	<p>Confusion: Parents will churn through different types of coverage more often, increasing difficulty of understanding benefits and care options.</p> <p>Loss of choice: People will often have to switch doctors to remain in networks of new coverage, thus reducing continuity of care with their choice of family physician, pediatrician and other primary and specialty care professionals.</p>	<ul style="list-style-type: none"> • Expanding eligibility in Rlte Care means fewer adults will move between commercial and Medicaid coverage, creating more predictable costs for families. • Continuity of care is increased as enrollees will keep same primary care and medical providers. • Over 7,000 adults currently enrolled in Rlte Care will see no change in coverage, and no interruption in their care.

Coverage/ Issue	Commercial Coverage (through Exchange)	Rlte Care Expansion in 2014 (Basic Health Program)
Family Unity	Fragmentation: Family members will find themselves in different coverage products (children in Rlte Care and parents in commercial plans), making accessing care more confusing.	<ul style="list-style-type: none"> • Families will remain intact in same coverage, increasing simplicity of accessing care. • Parents of children enrolled in Rlte Care will remain in the same coverage as their children, improving quality of access for both.
Health Service Benefits	<p>Underinsured: Services essential to low-income families are likely to be missing from commercial plans, including benefits such as transportation, interpretation, and social care coordination that improve access to care.</p> <p>Loss of quality: Underinsurance means lower quality and worse health outcomes.</p>	<ul style="list-style-type: none"> • Comprehensive Rlte Care benefits that are proven to work for low-income families will be preserved. • Current Rlte Care adults will not lose benefits that make accessing care possible.
Consumer Experience	Less Support: Commercial plans not experienced with needs of low-income community and may not have networks that include primary care, behavioral health and substance abuse providers experienced in meeting the needs of the population.	<ul style="list-style-type: none"> • Health plans currently working with Medicaid population are attuned to the delivery system needs of people with low-income. • Continuity of health plan for current Rlte Care adults will result in better care management.

