The Basic Health Plan

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Overview of the Basic Health Plan

What is the Basic Health Plan?

- Created by the Affordable Care Act
- Modeled after Washington State's 1115 Medicaid waiver
- A form of Medicaid benchmark benefit plan for adults between 138-200 percent of the federal poverty level (FPL)
- An alternative model for insurance coverage for those low-income adults

Qualifying for the BHP

- Low income adults between 138-200% FPL
- Lawfully present immigrants whose incomes are below 138 percent FPL but who do not qualify for Medicaid due to their immigration status
- To qualify, the individuals cannot have access to affordable and comprehensive employer-sponsored insurance

Coverage under the BHP

- Consumers must receive at least the essential benefits package
- Consumers pay no more in premiums than they would have paid in the Exchange
- Other out-of-pocket costs must meet affordability tests
- If a state implements the BHP, individuals MUST get coverage through the BHP and cannot utilize the Exchange

States can provide more generous coverage, such as that offered by Medicaid and CHIP

Financing for the BHP

- States receive annual grants from federal government
  - 95% of what the federal government would have spent on health insurance tax credits in the Exchange
  - 95% or 100% of out-of-pocket cost-sharing subsidies that consumers would have spent in the Exchange (requires interpretation of law by HHS)

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Major federal unknowns

- The composition of the Essential Health Benefits
- The process to reconcile BHP contributions by the federal government

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BHP in Maryland

- States have significant flexibility regarding BHP
- A variety of factors are being studied to enable an objective decision by Maryland's policymakers

Urban Institute Estimates for Maryland

- 104,000 adults eligible for BHP
- 77,000 adults take-up BHP
- Cost-sharing in regular Exchange:
  - Subsidized premiums: $1,172/year
  - Out-of-pocket copays and deductibles: $531/year
- Cost-sharing in BHP (premised on Medicaid rate setting model):
  - Premiums: $100/year
  - Out-of-pocket copays and deductibles: $96/year

Urban Institute Estimates for Maryland, con't

- Premium payment to MCOs for BHP:
  - $384 PMPM
  - Based on Medicaid rates
- BHP payment from federal government:
  - $480 PMPM
  - Based on commercial premiums in individual market
  - Equivalent to 95% of advanceable tax credit

Urban Institute Estimates for Maryland, con't

- Participation in Exchange individual market:
  - Without BHP: 301,000
  - With BHP: 263,000
- Participation in Exchange small group market:
  - Without BHP: 204,000
  - With BHP: 162,000
- Overall Size of Exchange:
  - Without BHP: 505,000
  - With BHP: 425,000

Lesson from California

- Two different studies were conducted by outside consultants to estimate the take-up in the BHP, and the average PMPM
- The two studies reached dramatically different results
- Consequently, California has opted to slow down its process, and in an attempt to conduct the definitive analysis over the next year

Analytic Factors

Potential factors that could guide decision whether to implement BHP:

- Number of all adults, and parents, in 138-200% FPL cohort:
  - Impact on scale of Exchange
  - Impact on family unity
- Magnitude of population that pivots around 138% FPL, and 200% FPL
- Provider payer mix, and appropriate assumption about fee schedules and provider participation

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Potential factors that could guide decision whether to implement BHP, con't

- Ability to operationalize BHP
  - MMIS (especially benefit plan design)
  - DHMH resources and staff
  - Premium invoicing and collection
- Ability to cover legal immigrants in BHP
- Potential affordability of BHP
  - If premiums exceed federal contributions and individual premiums, state is at risk
  - Added benefits (beyond EHB) would be state-financed
  - Risk that federal allocations will decrease in future years after reconciliation
- Financial risk to state in BHP

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Process and Timeline

Process and timeline

- DHMH is conducting a study based on available state-specific data and the factors previously mentioned
- The study results will be presented to Secretary Sharfstein in early December

Contact Information

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