Federal Health Developments: Opportunities and Challenges for States

CSG Health Public Policy Committee
December 15, 2017
A Trend Toward Greater Stability

A basic estimate of aggregate individual market medical loss ratio reveals the industry is closer to achieving some semblance of stability since 2014.

Source: NAIC quarterly statutory health filings
Individual Insurance Market: Key Signals

- Lack of support from the Administration and Congress
- Budgetary pressures that affect the marketplace
- Executive orders or legislation that bifurcate the market
Interest in 1332 waivers has grown as states seek urgent policy solutions as federal uncertainty is sustained.

**WA**: Developing waiver application for a state-based reinsurance program in 2019

**OR**: Waiver approved for establishment of a state-based reinsurance program in 2018

**ID**: Considering “Medicaid buy-in” program premised on improving commercial risk pool and covering “gap” population

**NV**: Considered legislation to allow “Medicaid buy-in” program to enhance marketplace competition

**IA**: Recently withdrew waiver for state-based reinsurance program, standardized plan option, and subsidies based on age / income

**AK**: Waiver approved for establishment of a state-based reinsurance program in 2018

**HI**: 1332 waiver approved to forgo SHOP and reinstate pre-ACA state reforms

**ME**: Passed legislation for potential adoption of reinsurance / High-risk Pool in 2019

**MA**: Sought to reallocate CSR funding to develop a premium stabilization fund. CMS denied the proposal as incomplete and too close to open enrollment

**MN**: Minnesota Premium Security Plan seeking to establish reinsurance program for 2018

**KY**: Enacted legislation in March that authorizes the Insurance Commissioner to apply for a waiver in 2018

**OK**: State had sought a reins program for 2018. But will be exploring alternative state-based reforms.

Updated 12/11/17
Future of Individual Insurance Markets

State customization of current framework

Individual Market Reforms

Fundamental redesign of ACA markets

Efforts to stabilize current markets, working within the structure of the ACA

Alter benefits, reprioritize subsidies, and eliminate all non-essential costs
Projected Medicaid Enrollment

~110M Covered Lives in Medicaid by 2026

Past and Projected Numbers of Medicaid Enrollees by Category, 2000-2026

- Expansion Adults
- Expansion Children
- Adults
- Children
- Blind/Disabled
- Aged

SOURCE: LP Analysis based on Medicaid Spending and Enrollment Detail for CBO’s March 2016 Baseline.
Note: Enrollment numbers are “total ever enrolled.”
Projected Medicaid Enrollment – as of March 2016

Past and Projected Numbers of Medicaid Enrollees by Category, 2000-2026

- Health Care Reform
- Expansion Adults
- Expansion Children
- Adults
- Children
- Blind/Disabled
- Aged

~110M Covered Lives in Medicaid by 2026

SOURCE: LP Analysis based on Medicaid Spending and Enrollment Detail for CBO’s March 2016 Baseline.

Note: Enrollment numbers are “total ever enrolled.”
Medicaid: Key Signals

- Decrease Federal Costs
- Increase State Flexibility
- Reduce Medicaid Enrollment
<table>
<thead>
<tr>
<th>Premiums (limited)</th>
<th>HSA-like models</th>
</tr>
</thead>
<tbody>
<tr>
<td>Some copays above federal limits</td>
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</tr>
<tr>
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<td>IMD exclusion</td>
</tr>
<tr>
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<td>Work requirement</td>
</tr>
<tr>
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<td>Enrollment caps</td>
</tr>
<tr>
<td>Lock-out period</td>
<td>Enrollment time limits</td>
</tr>
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<td>Closed formularies</td>
</tr>
</tbody>
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New Administration Provides a Clean Slate

- Premiums (limited)
- Some copays above federal limits
- DSRIP (X)
- Waiving retroactive coverage (√)
- Cost sharing below 100% FPL
- Lock-out period
- Partial expansion to 100% FPL with enhanced FMAP

- HSA-like models
- Healthy behavior incentives (√)
- IMD exclusion (√)
- Work requirement
- Enrollment caps (√)
- Enrollment time limits
- Closed formularies
Future of State Medicaid Programs

Reduced benefits & services

Reducing benefits and services and eliminating all non-essential costs

1115 Waivers

Increased focus on payment & delivery system reform

Increasing efforts to maximize efficiency and reduce duplicate services

Most states will seek elements of both sides