

Healthy Utah



Provide Coverage,
Protect the Taxpayer, Promote Individual Responsibility

Why is Healthy Utah Necessary?

Affordable Care Act Changes

- Created new way of counting Medicaid income
- Removed asset tests for some Medicaid groups
- Increased Medicaid income levels for children
- Raised age limit for coverage of children who age-out of foster care
- Created presumptive eligibility for hospitals
- Established new adult group (see Supreme Court decision)
- Implemented many new taxes

Supreme Court Decision

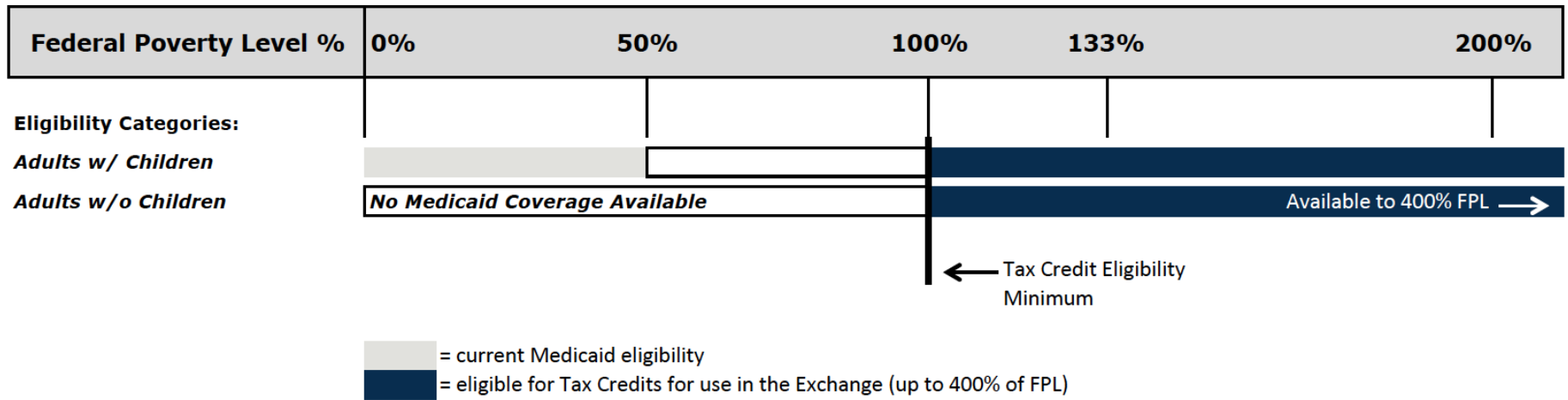
- *National Federation of Independent Business v. Sebelius*
 - June 2012
 - Ruled that existing federal Medicaid dollars can't be withheld if state does not expand to new adult population
- Left intact other ACA provisions, including new taxes
- Created state option to expand coverage through Medicaid

ACA Coverage Gap

Utah's uninsured adults who have incomes above Medicaid eligibility levels but below the poverty level fall into a "coverage gap" of earning too much to qualify for Medicaid but not enough to qualify for federal Health Insurance Marketplace premium tax credits.

Income Limits for Medicaid, CHIP and Tax Credit Eligibility

Coverage NOT Extended



Who is Eligible?

Demographics

During the first full year of Healthy Utah, an estimated 95,000 Utahns will enroll.



- 58% are under age 35
- 56% have a job or are self-employed
- 52% are women

Enrollment & Cost Estimates

Healthy Utah*	FY16**	FY17	FY18	FY19 Half Year***
Enrollment	95,000	133,000	138,000	140,000
Net State Funds	\$4,615,500	\$25,817,500	\$45,639,000	\$25,470,000
Utahns' ACA Taxes Returned to the State	\$445,749,000	\$518,014,000	\$546,942,500	\$283,205,500
0-100% FPL Only*	FY16	FY17	FY18	FY19 Half Year
Enrollment	67,000	87,000	89,000	90,000
Net State Funds	\$91,603,000	\$106,290,000	\$117,390,000	\$61,163,000
Utahns' ACA Taxes Returned to the State	\$247,664,000	\$274,698,000	\$294,532,000	\$152,594,000
0-100% FPL, Medically Frail Only*	FY16	FY17	FY18	FY2019 Half Year
Enrollment	9,000	10,000	10,000	10,000
Net State Funds	\$21,385,000	\$25,379,000	\$27,516,000	\$14,244,000
Utahns' ACA Taxes Returned to the State	\$54,994,000	\$59,937,000	\$64,158,000	\$33,213,000

* All estimates include the woodwork effect.

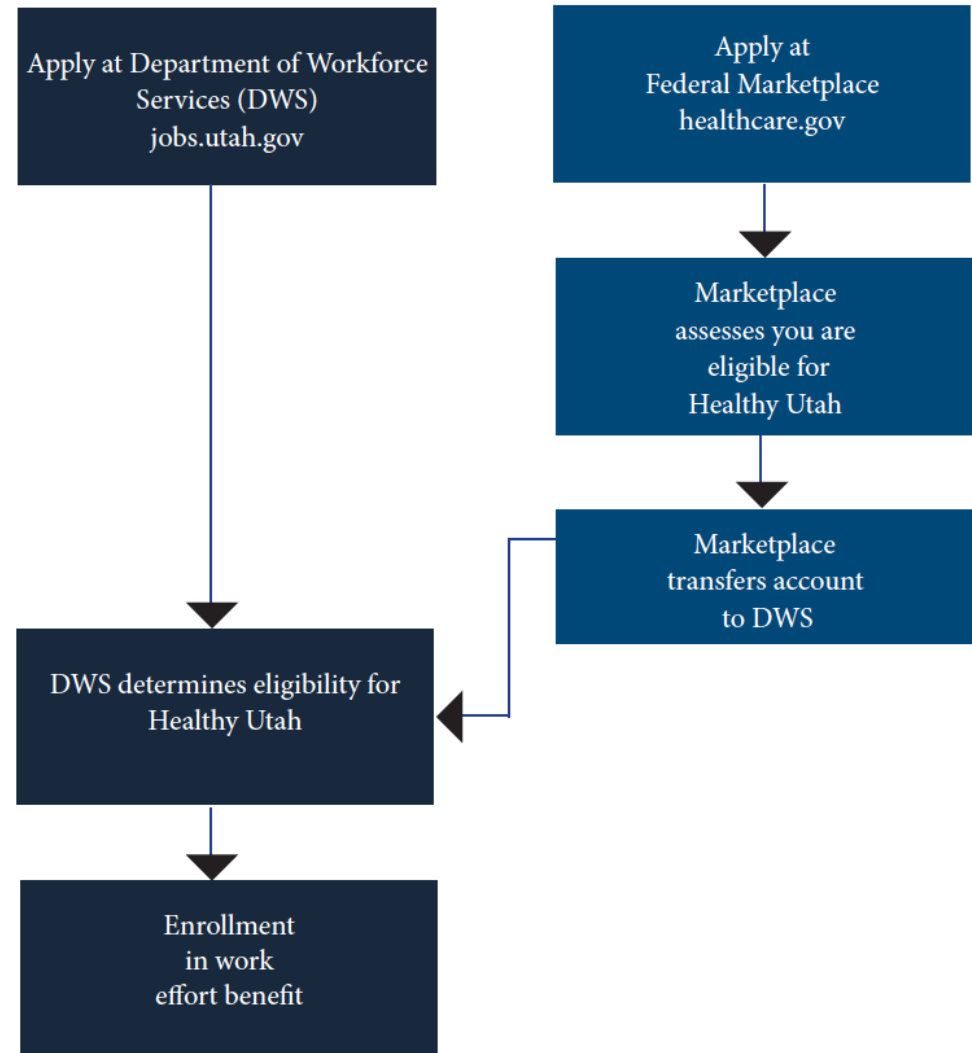
** Coverage July-December 2015 will be provided through the Bridge Plan.

*** Healthy Utah's 3-year pilot period will run from January 2016 through December 2018.

How to Apply

Those applying for benefits through Healthy Utah can begin the process either through the Marketplace (healthcare.org) or through the Department of Workforce Services (jobs.utah.gov).

The more direct route is through DWS, as applicants through the Marketplace will be transferred to DWS once eligibility is assessed.



How Does the Plan Respect The Taxpayer?

ACA Taxes

Healthy Utah is fair to Utah taxpayers. Utahns are already paying higher taxes under the ACA but they are not getting the full benefit from those dollars. Utah's taxes will not be reduced if the state turns back this funding.

	2013-2022 (in billions)
Medicare taxes on higher income families	\$318
"Cadillac tax" on high-cost plans	\$111
Employer mandate	\$106
Annual tax on health insurance providers	\$102
Individual mandate	\$55
Annual tax on drug manufacturers/importers	\$34
Excise tax on medical device manufacturers/importers	\$29

* National figures

Respecting the Taxpayer

The ACA sets an established schedule for federal participation in the cost of services for the new adult population. There is no end date in current law to the designated match rates.

Calendar Year	Federal Match Rate
2014-2016	100%
2017	95%
2018	94%
2019	93%
2020 and beyond	90%

Option to Terminate

Utah's waiver will include a clause to terminate the plan if the federal government fails to pay the promised federal match rate.

How we Pay for the Plan

Some services currently provided with state funds will be replaced by Healthy Utah, resulting in savings to the state.

State Savings	FY16	FY17	FY18	FY19
Behavioral Health	\$6,112,000	\$5,160,000	\$3,469,000	\$1,404,000
Primary Care Network (PCN)	\$4,500,000	\$4,500,000	\$4,500,000	\$2,250,000
Inpatient Services for Prisoners	\$2,151,000	\$2,207,000	\$2,224,000	\$1,145,000
Total State Fund Savings	\$12,763,000	\$11,867,000	\$10,193,000	\$4,799,000

Provider Assessments

- Must be broad based
- Must be uniformly imposed
- Cannot hold providers harmless from the burden of the tax

How Does the Plan Promote Individual Responsibility?

Cost Sharing

- All members will pay co-payments
- Members earning 101-133% FPL will pay co-payments AND premiums
 - Utah is the 1st state in the nation to receive permission to charge co-payments AND premiums
- Specific cost-sharing amounts will be determined by a member's income
 - Members earning below FPL will have minimal cost sharing
 - Members earning 101-133% FPL will pay approximately 2% of their income towards premiums and pay co-insurance of approximately 10% on many services
 - A member at 133% FPL who earns \$15,521/yr. will pay approximately \$580/yr. in co-pays and premiums

Cost Sharing – ER Visits

Healthy Utah will test whether charging higher co-payments for non-emergent use of the ER will reduce inappropriate use.

- Current ER co-payment is \$8
- Under Healthy Utah, the non-emergent co-pay would increase to \$50
- Utah is the 1st state in the nation to negotiate permission to charge higher co-pays for non-emergent use of ERs

Members will have the option of participating in this test project. To entice members to participate, Healthy Utah will charge lower monthly premiums to those who participate.

Work Effort Benefit

Members who are able to work, but who are unemployed will be automatically enrolled in a work effort benefit.

The program is designed to improve skills and provide opportunities to find work.

All members will have the option to enroll.

Individuals participating in similar employment programs run by the Department of Workforce Services are more likely to find employment.

The state will explore withholding state benefits to those who are enrolled but don't participate in the work effort benefit.

Healthy Behavior Incentives

Members who are in good health and require less medical care will cost Healthy Utah less than members who are in poor health.

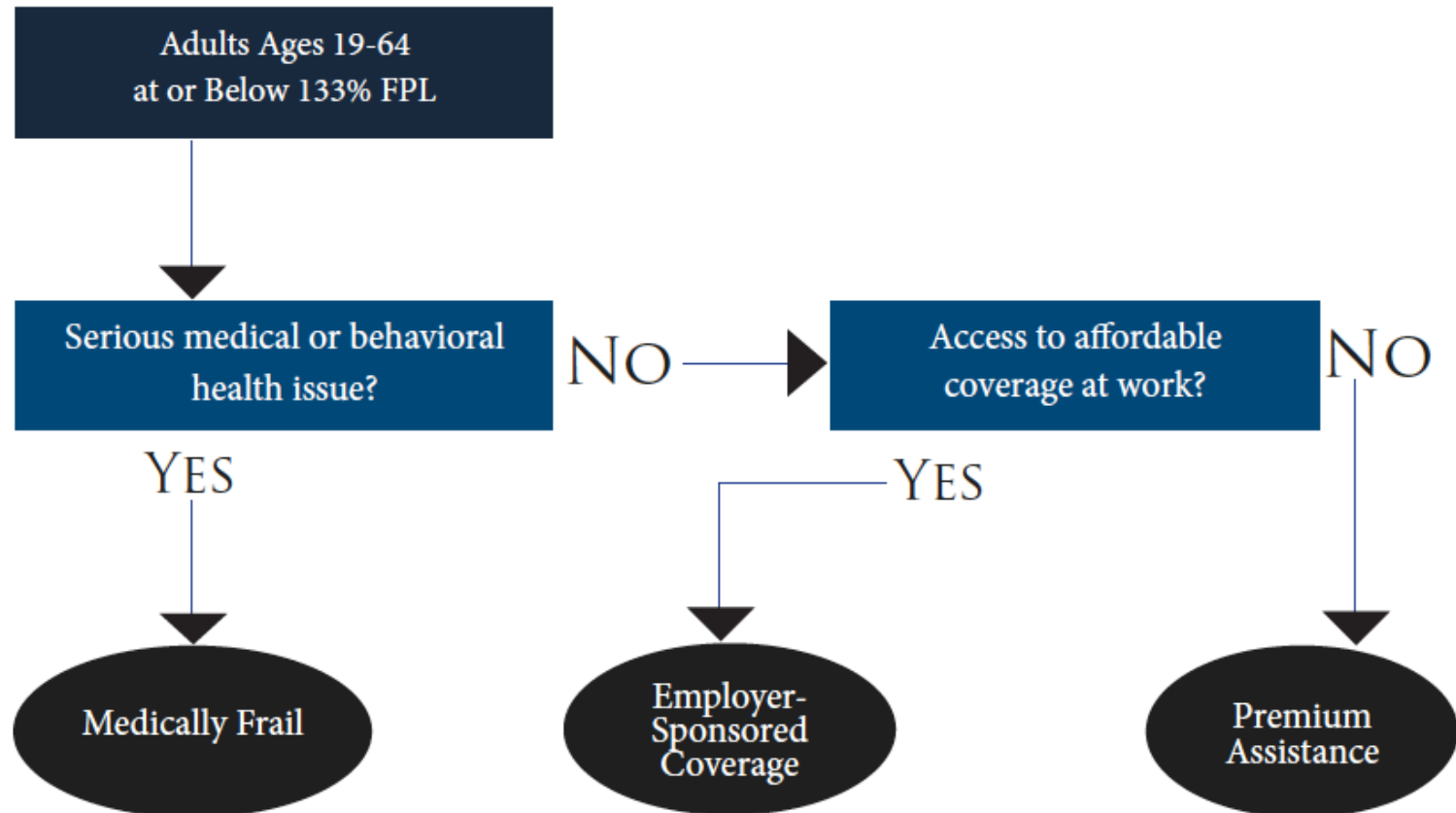
Members who take action to improve their individual health will receive incentives similar to those offered to state employees through PEHP.

- During year 1: Members who use tobacco and pledge to quit will receive free assistance through the state's anti-tobacco program
- During years 2 and 3: Other incentives will be offered, such as benefits for:
 - Maintaining a healthy weight
 - Lowering cholesterol
 - Managing blood pressure

How Does the Plan Support Private Markets?

Coverage through Private Markets

Members will receive services in one of three ways: through employer-sponsored coverage, through premium assistance, or through traditional Medicaid for the medically frail.

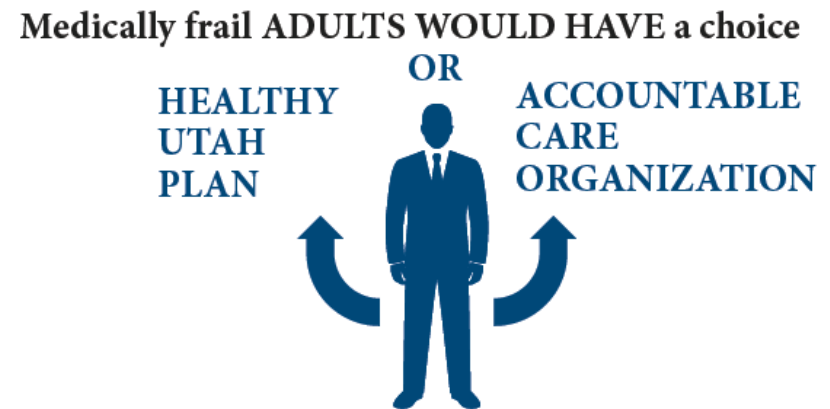


Medically Frail

By federal regulation, medically frail adults will have the option to enroll in Medicaid's traditional ACO program.

The medically frail include those with:

- Physical, intellectual, or developmental disabilities
- Debilitating mental disorders
- Chronic substance abuse disorders
- Serious and complex medical conditions
- Disability determined by Social Security
- Other situations defined in federal code



The Healthy Utah application will identify potentially medically frail adults. UDOH staff will review claims information and make the final determination on medically frail designation.

Employer-Sponsored Coverage

Healthy Utah will help members enroll in their employer-sponsored plans if the plans provide sufficient benefits and do not exceed costs that would be paid through the premium assistance option.

Employers will certify their plans cover basic benefits, such as:

- Physician visits, inpatient hospital services, pharmacy
- Deductible less than \$2,500 per person
- Plan must pay at least 70% of inpatient costs (after deductible)

Cost protections will be in place for plans that are more expensive than plans available through Healthy Utah premium assistance.

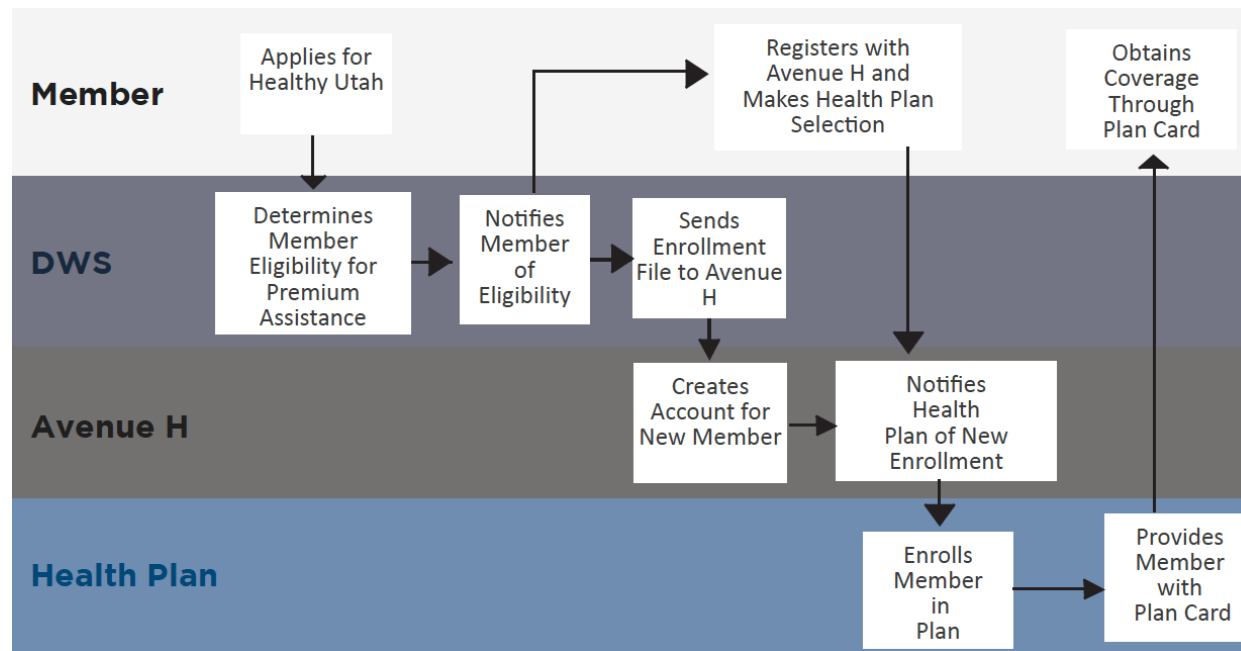
Premium Assistance

Members will receive premium assistance to purchase private plans through Avenue H – Utah’s online insurance marketplace.

Members will be able to select a plan that works best for them.

Avenue H will provide information to members about the plans, including which doctors and hospitals are in plan networks.

The member will enroll in the selected plan and receive care through its network.



Qualified Health Plans

Healthy Utah will use plans that are available in the federal Marketplace. All plans will cover the required essential health benefits:

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Mental health and substance abuse, including behavioral health treatment
- Prescription drugs
- Rehabilitative and habilitative services/devices
- Laboratory services
- Preventive and wellness services, chronic disease management
- Pediatric services, including dental and vision

How Does the Plan Maximize Flexibility?

Unprecedented Flexibility

Governor Herbert was able to negotiate unprecedented flexibility from the federal government in administering Healthy Utah:

- Work effort benefit
- Adults above poverty pay co-pays and premiums
- Higher co-pays for non-emergent use of the ER
- Using savings from existing programs for new initiatives
- Children can join parents on their Healthy Utah plan
- Utah will receive the beneficial match rate for employer-sponsored plans

Healthy Utah will be operated as a three-year pilot program, and will be evaluated to determine its effectiveness.

Bridge Plan

Prior to implementing Healthy Utah, several steps need to be taken :

- Legislative approval
- Federal approval of the waiver – including two 30-day public comment periods
- Updates to state technology systems
- Health plan rate adjustments

Target date for Healthy Utah implementation is January 2016.

To provide interim coverage and to ease the transition to Healthy Utah, the state will operate a six-month Bridge Plan.

- July – December 2014
- Adults will be enrolled in modified versions of the current Nontraditional Medicaid plan
- Benefits through ACOs in Wasatch Front counties
- Others will have the option to receive benefits through ACOs or direct from providers

Woodwork Effect

Many individuals who are eligible for Medicaid but who are not currently enrolled will apply for coverage due to the individual mandate of the ACA. This is known as the “woodwork effect.”

Our enrollment and cost estimates for the “woodwork” effect related to Healthy Utah are included in this analysis.

Because these populations are not a newly eligible group, the federal government matches their costs at the state's current match rate (approximately 70% federal/30% state) rather than the new enhanced match rate.

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