



CABINET FOR HEALTH  
AND FAMILY SERVICES

# Medicaid Oversight and Advisory Committee

## Basic Health Program

November 10, 2022

Eric Friedlander, Secretary  
Lisa Lee, Medicaid Commissioner

# HJR57 (2021) Work Group

# HJR57 Background

- House Joint Resolution in 2021 directing the Cabinet for Health and Family Services to establish a work group to:
  - Assess the feasibility of implementing a bridge insurance program
  - Review current Temporary Assistance for Needy Families expenditures
  - Consider opportunities for public-private partnerships to better meet the needs of public assistance beneficiaries
- Passed by the Kentucky General Assembly and signed by Governor Beshear on March 25, 2021
- Findings and recommendations submitted to Interim Joint Committee on Health, Welfare and Family Services on December 27, 2021

CHFS engaged Milliman to perform a basic health program (BHP) feasibility analysis, which was presented to the work group in August 2021:

- Parameters of BHP and state examples
- Overview of implementation process
- Estimated cost
- Estimated enrollment

<https://apps.legislature.ky.gov/record/21rs/hjr57.html>

# HJR57 Work Group Findings

## Current State

- Kentucky currently provides Medicaid coverage up to 138% FPL
- Income increases (new employment or pay raises) for low-income families can result in a sudden loss of eligibility for programs like Medicaid
- Individuals with incomes above 138% FPL are eligible for Marketplace coverage, but it may be unaffordable due to deductibles, copays and premiums

## Basic Health Program (or Bridge Plan)

- A basic health program (BHP) can be used to provide more affordable coverage for adults under age 65 with incomes between 139-200% FPL who do not have access to “affordable” employer-sponsored insurance
- Federal funding is available for premium tax credits and information technology costs
  - States will receive 95% of the amount of the premium tax credit that would have been provided to an individual if the individual enrolled in a Marketplace plan

# HJR57 Task Force Recommendations



## Implement a Kentucky BHP

Direct the Cabinet for Health and Family Services (CHFS) to implement a basic health program by January 1, 2023.



## Limit Cost Sharing

Direct CHFS to develop health plans under the basic health program with limited premium and cost sharing amounts with no deductibles.



## Submit Plan

Direct CHFS to submit a plan for implementing a basic health program to the Legislative Research Commission and CMS by July 1, 2022.



## Benefits Cliff Tool

Direct CHFS to work with Kentucky Stats to refine and improve a Kentucky benefits cliff tool by September 1, 2022.



## Continued Study

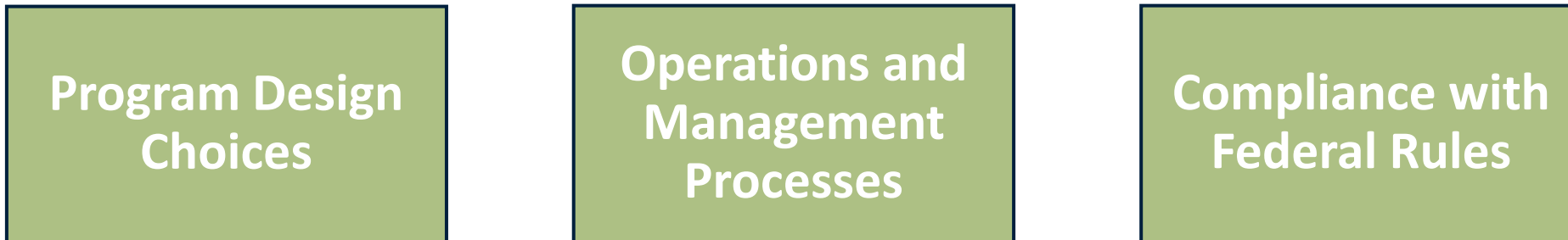
Direct LRC to continue the work group and focus on the child care benefits cliff.

Source: Final report of the HJR57 Work Group, submitted to the Interim Joint Committee on Health, Welfare, and Family Services on December 27, 2021

# Development of a Kentucky Basic Health Program

# BHP Blueprint

- To implement a BHP, Kentucky must submit a Blueprint form to Secretary of Health and Human Services (HHS) for certification
- State must solicit public input on Blueprint before submission
- Blueprint must contain information such as:



**CHFS has the ability to choose whether to align BHP design elements with Medicaid or Exchange or a combination from both programs**

<https://www.medicaid.gov/basic-health-program/index.html>

# BHP Development Update

- Milliman engaged by CHFS to develop and implement BHP
  - Actuarial team preparing data analysis to develop rates
  - Meetings in progress with carriers to inform program and system design
- Upcoming work:
  - Blueprint development
  - Stakeholder engagement
  - Public comment management

In order to implement a BHP in the next fiscal year, it is important to explore an interim Blueprint certification in **December 2022** and full certification in **May 2023**



# Estimated BHP Program Costs

Component	2022 Best Estimate	Key Assumptions/Notes
<b>Projected Cost of Coverage (\$ millions)</b>	<b>\$238.9</b>	Provider reimbursement at 110% of base Medicaid reimbursement levels for medical benefit expense component of estimated costs (excluding pharmacy)
<b>Projected BHP Federal Funding (\$ millions)</b>	<b>\$232.2</b>	Based on approximately 95% of exchange premium subsidies enrollees would receive in absence of BHP
<b>Projected Member Out-of-Pocket Cost (\$ millions)</b>	<b>\$33.0</b>	Total enrollee out-of-pocket cost (premium and cost sharing) estimated at approximately 14% of total cost
<b>Available Margin Funds (\$ millions)</b>	<b>\$26.3</b>	State margin estimated at 11% of total cost of coverage. Funds may be used to increase provider reimbursement, reduce enrollee cost, or enhance other areas of the benefit plan

Values based on Milliman’s August 3, 2021 presentation to the HJR57 work group. Cost and funding estimates will be updated based on refreshed enrollment projections, CY 2023 exchange premium rates, BHP program design choices, and federal laws and regulation.

# Anticipated Eligible Individuals

Component	CY 2024 Best Estimate	Key Assumptions/Notes
Projected Enrollment	40,000-75,000	This range is <b>based on income only</b> but may change due to affordable employer coverage

- As a result of the anticipated termination of the COVID-19 federal public health emergency (PHE), there is greater uncertainty regarding potential changes in health insurance coverage across markets
- BHP enrollment will consist of individuals losing Medicaid due to termination of the PHE and those who would otherwise enroll in Marketplace coverage or be uninsured

# Discussion and Questions