

Idaho Access Card Demonstration

Section 1115 Waiver Extension Request

Project No. 21-W-00018/10 & 11-W-00187/10

August 4, 2009

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A. Background and Overview

The Access Card demonstration began in 2004 and provides health insurance coverage (via premium assistance) to residents of the State of Idaho with incomes at or below 185% of the Federal Poverty Guideline (FPG).

The Access Card demonstration consists of two main components:

- The Children's Access Card, implemented in November of 2004, targets children eligible for coverage under CHIP. The Children's Access Card gives families a choice of coverage options; either direct benefits under the state plan or a subsidy for private health insurance.
- The Access to Health Insurance (for adults) program, implemented in July of 2005, targets adults working in a small business of 2-50 employees. Spouses of small business employees are also targeted.

The objective of this demonstration is to prove that premium assistance is a viable option for Idaho families. This can be done by determining the percent of families that choose premium assistance over direct benefits for their children. We will also look at whether providing premium assistance to adults impacts the choice for children.

The hypotheses to be tested are: 1) costs for providing premium assistance are not significantly higher than costs would be for providing direct coverage; 2) implementing the Access Card Demonstration will reduce the number of uninsured children.

Idaho uses Current Population Survey (CPS) data to track the rate of uninsurance, including changes and trends in sources of insurance during the waiver period. Additionally, Idaho conducts an annual Behavioral Risk Factor survey (BRFS) that will be used to augment the CPS data. The BRFS includes data regarding the rate of uninsurance of Idaho adults. Information regarding this annual study is available at <http://healthandwelfare.idaho.gov/Health/HealthStatistics/tabid/102/Default.aspx>.

I. Project Timelines for Section 1115 Waiver Demonstration

Important dates for the Access Card Demonstration include:

- **Initial Waiver Application Submitted:** February 27, 2004
- **Phase I: Children's Access Card Approved:** November 4, 2004
- **Children's Access Card Implemented:** November 4, 2004
- **First Waiver Amendment Submitted:
Phase II: Access to Health Insurance** December 8, 2004
- **First Waiver Amendment Approved:
Phase II: Access to Health Insurance** June 21, 2005
- **First Waiver Amendment Implemented:
Phase II: Access to Health Insurance** June 21, 2005
- **Second Waiver Amendment Submitted:** July 11, 2006
Revision of 50% Employer Contribution
- **Second Waiver Amendment Approved:** November 6, 2006
- **Second Waiver Amendment Implemented:** December 1, 2006
- **First Waiver Extension Request Submitted:** August 4, 2009

II. Eligible Populations

The Children's Access Card is offered as a choice to families of children eligible for Idaho's separate Title XXI program. The family will indicate their program preference in the Choice Section of the Application for Assistance.

For child applicants who are eligible for Idaho's Medicaid expansion program and for Idaho's separate Title XXI program, a six month period of uninsurance is incorporated as an eligibility requirement for the Children's Access Card. The application requires information on when the child was last covered by health insurance. Exceptions to the period of uninsurance will be made if the applicant lost private insurance through no fault of their own (i.e. employer driven) or due to hardship. Hardship means the family cannot economically afford private health insurance.

Families of children eligible for direct coverage under Title XXI who have dropped a child's insurance with the intent to qualify for state coverage within 6 months of their application will be denied participation for six months from

the time private insurance ends. The period of uninsurance does not apply to applicants for direct coverage who are eligible under Title XIX.

Access to Health Insurance (for adults) is limited to 1,000 individuals who have attained the age of 18 (or older) and who are:

- Employed by a small business (2-50 employees), or
- The spouse of an employee in a small business

Adults will fall into one of the following categories:

- Parents with incomes above the Section 1931 limits through 185% FPG
- Pregnant women with incomes above 133% FPG through 185% FPG

Childless adults with incomes through 185% FPG are also eligible but not a part of this waiver as of December 31, 2009.

A six month period of uninsurance is also incorporated as an eligibility requirement for the Access to Health Insurance program. The application requires information on when applicants were last covered by health insurance. Exceptions to the period of uninsurance will be made if the applicant lost private insurance through no fault of their own (i.e. employer driven) or due to hardship. Families who have dropped private insurance with the intent to qualify for state coverage within six (6) months of their application, will be denied participation for six (6) months from the time private insurance ended. All premium assistance participants with an option for direct coverage are allowed to move to direct coverage at any time during their eligibility period without cause. There is no gap in coverage during the transition from premium assistance to direct coverage.

Demonstration Populations under Title XXI (as described in Special Terms and Conditions)

- “Demonstration Population 1”:** Children ages 6 through 18 years with family incomes above 100 percent of the Federal Poverty Level (FPL) and up to and including 133 percent of the FPL who are eligible for Idaho’s title XXI Medicaid Expansion and not eligible under the Medicaid State plan as of March 31, 1997, who choose direct coverage under the State plan. *(These children will have the option of choosing direct coverage under the State plan or premium assistance under the Access Card demonstration.)*
- “Demonstration Population 2”:** Children ages 6 through 18 years with family incomes above 100 percent of the FPL and up to and including 133 percent of the FPL who are eligible for Idaho’s title XXI Medicaid Expansion and not eligible under the Medicaid State plan as of March 31, 1997, who choose premium assistance under the demonstration. *(These*

children will have the option of choosing direct coverage under the State plan or premium assistance under the Access Card demonstration.)

- c. “Demonstration Population 3”:** Children from birth through 18 years with family incomes above 133 percent of the FPL and up to and including 185 percent of the FPL who are eligible for Idaho’s title XXI Separate Child Health Program and choose premium assistance under the demonstration. *(These children will have the option of choosing direct coverage under the State plan or premium assistance under the Access Card demonstration.)* As previously approved through a title XXI State plan amendment, Idaho’s title XXI Separate Child Health Program enrollment is limited by the amount of state funds available on an annual basis. This enrollment cap applies to all title XXI Separate Child Health Program children, including those who choose direct coverage under the State plan and those who choose premium assistance through the Access Card demonstration. As described in the STCs below, such enrollment in a private or employer-sponsored plan is voluntary, and the child may elect to switch to direct State coverage at any time.
- d. Demonstration Population 4:** Uninsured pregnant women with family incomes above 133 percent of the FPL through 185 percent of the FPL who are not eligible under the Medicaid State plan. *(These pregnant women do not have the option of direct coverage.)*
- e. Demonstration Population 5:** Uninsured parents of children who are eligible for Medicaid or SCHIP, who are themselves ineligible for Medicare or Medicaid, with family incomes above the section 1931 low-income families group through 185 percent of the FPL. *(These parents do not have the option of direct coverage.)*
- f. Demonstration Population 6:** Uninsured childless adults who are not eligible for Medicare or Medicaid with family incomes from 0 to 185 percent of the FPL were included in this waiver in the past, but are not part of this waiver as of December 31, 2009. *(These adults do not have the option of direct coverage.)*

III. Private Health Insurance Coverage Options

The Idaho Access Card program strongly supports the HIFA objective of emphasizing “coordinated private and public health insurance coverage options to the low income uninsured”. Under the waiver proposal, the State seeks to expand premium assistance as the vehicle to reach this objective.

Private insurance, especially employer-based options, has many benefits that state administered plans do not:

- It allows for continuation of coverage after families have moved out of the Idaho CHIP income range;

- It allows employer contributions for health insurance in addition to government funding, and;
- It encourages low-income families to work because health insurance often comes with the job.

Families are in the best position to make good economic choices regarding health care. Working families and individuals consider out-of-pocket costs, covered benefits, delivery system requirements, and participating providers when deciding which insurance option best suits their needs. When entire families can be covered under the same plan, the result is better utilization of services and understanding of plan coverage. The resulting continuity in coverage and continued relationship with trusted providers is expected to result in better health outcomes over time.

Employer participation: All employers participating in the Access to Health Insurance program must contribute at least 50% of the premium for participating employees and must otherwise meet insurance carriers' contribution and participation requirements pursuant to Section 56-241 of Idaho Code which states:

“(3) Small employers who choose to participate in the small business health insurance pilot program shall meet insurance carriers’ contribution and participation guidelines.”

Participation in the Access to Health Insurance program is offered statewide to all small business employers who do not currently offer insurance to their employees. Only small businesses who do not currently offer insurance will be allowed to participate in the program. The number of small business employers who participate in the program is dependent on the number of eligible employees and spouses that are able to participate. A business must have 2-50 employees to be able to offer the small group health plan and must have one (1) eligible adult in order to participate in the program. This means there could be 10-1000 businesses participating with the current cap of 1,000 adult participants.

The percent of small businesses offering health insurance ranges from a low of 29.9% in businesses with 0-5 employees to a high of 90.7% in businesses with 31-50 employees (per “Idahoans Without Health Insurance, 2001”).

IV. Administrative Improvements

- In 2006, Idaho sought and was granted a waiver amendment for the Access to Health Insurance program to require employers to only contribute at least fifty percent (50%) towards the employee's premium. Previous to this, they were required to contribute at least fifty percent towards all adults (employee's and spouse) participating in the program. This aligned program requirements for employer contributions with industry standards in the state.

- In 2008, Idaho made the decision to integrate these waiver programs into the new automated eligibility system and Medicaid Management Information System (MMIS) being developed. Currently all aspects of the waiver programs, including eligibility, premium subsidy payments, notices and reporting are handled in a database that was constructed specifically for these programs and which is interfaced to the fiscal system. The new systems are currently under construction and the work to migrate the programs will be conducted in 2010. This will improve the state's ability to track populations and greatly enhance reporting capabilities, as well as, reduce staff time needed to operate and administer the program.

V. Public Involvement

The following describes Idaho's efforts to involve stakeholders. All except the first two bullets are ongoing forums for information dissemination.

- Public hearings were held in conjunction with administrative rule promulgation for Access to Health Insurance program.
- A Medicaid & Insurers workgroup was convened and met regularly for the two years that the Access Card programs were being developed and implemented.
- The Department website was utilized to disseminate information on the demonstration to the general public.
- Department staff meet quarterly with the Tribes of Idaho.
- Department staff meet quarterly with the Idaho Medicaid Medical Care Advisory Committee.
- Department staff meet regularly with the legislative Health Care Task Force.

VI. Outreach

Children's Access Card: Information regarding the option for premium assistance is incorporated into all program materials concerning child health coverage. This helps ensure that all applicants for and participants in child health programs are aware of their choice for premium assistance over direct benefits.

Program brochures are distributed statewide twice each year. The primary outreach effort is the annual Back-to-School campaign. Program brochures and posters are made available for any interested advocacy groups wishing to conduct targeted outreach. Upon request, staff is available to help with enrollment events such as school health fairs.

Access to Health Insurance: The primary avenue for outreach in this program is through insurance agents and brokers. Upon request, the state offers program training to agents and brokers. This training is certified by the Idaho Department of Insurance for one continuing education credit that agents/brokers can use as part of their ongoing licensure requirements. The training has also been conducted at annual insurance agent/broker seminars.

After receiving the training, agents/brokers are able to market the Access to Health Insurance program to employers and employees who may not be able to afford to take up the private insurance without the premium subsidy and associated increase in employee participation.

B. Program Description

I. Application for Participation

The Children's Access Card is offered as a choice to families of children eligible under Idaho's Medicaid expansion program and for Idaho's separate Title XXI. The family will indicate their program preference on the Choice Form incorporated into the Application for Assistance.

Employers wishing to participate in the Access to Health Insurance program must register their intent to participate using the program website. An insurance agent/broker working with the employer gathers information for both the private insurance coverage and the additional program application and forwards to the Department for processing. Once both the cost of the premiums and the eligible applicants are determined, the employer then decides whether or not to take up the insurance. If coverage is offered, the eligible applicants are enrolled in the program.

II. Choice

The Children's Access Card is offered as a choice to families of children eligible under Idaho's Medicaid expansion program and for Idaho's separate Title XXI. The family will indicate their program preference on the Choice Form incorporated into the Application for Assistance.

The Access to Health Insurance program offers premium assistance to adults with family incomes at or below 185% of FPG and working in small businesses of 2-50 employees. Pregnant women may participate in this program if their family incomes are above mandatory Medicaid eligibility guidelines. Dependent children of these employees can also participate if the family income is above mandatory Medicaid eligibility guidelines.

The employer must contribute at least 50% towards the employee insurance premium in order for adults to qualify for program participation.

Many families in Idaho are reluctant to cover their children through traditional medical assistance programs. The stigma surrounding usage of a state-issued medical card precludes some children from having health coverage. The Access Card program allows these families to take advantage of public assistance available to them.

III. Changing programs (Children's Access Card)

Children's Access Card : Children who participate in the Access Card demonstration by virtue of their eligibility for either Idaho's Medicaid expansion program and for Idaho's separate Title XXI program (but choose premium assistance) can move to direct coverage at any time. If a participant chooses to move from direct coverage to premium assistance (or vice versa), the department requires a written notice from the participant 45 days prior to the date the participant would want to start the other program.

The current program will be closed and the participant will be opened in the other program the first of the following month. The transition can take up to 45 days to become effective dependent upon when the request is made. (i.e. if a request is made late in a calendar month, there may be insufficient time to make the change effective for the first of the following month.)

The Access Card authorization will be sent within two weeks when changing from direct coverage to the Access Card program.

IV. Benefit Package

1. Children's Access Card: The benefit package will be determined by the individual participant's choice of private coverage. In all cases, the benefit package will meet the definition of a "health benefit plan"* which includes inpatient/outpatient hospital and physician clinic/surgical services. Childhood vaccines will be provided at no cost to the participants if the service is not covered by the health plan.
2. Access to Health Insurance (for adults): The benefit package offered through this program is limited to those plans qualifying and regulated as a Small Business Group Plan as specified in Chapter 47, Title 41 of Idaho Statute. Small Business Group Plan benefits and cost-sharing provisions are further regulated by Administrative Code, specifically IDAPA 18.01.70 "Small Employer Health Insurance Availability Act Plan Design". These plans offer coverage for:
 - a. Preventive services
 - b. Maternity services
 - c. Inpatient and outpatient hospital services
 - d. Physicians' medical and surgical services
 - e. Hospice Care
 - f. Ambulance services
 - g. Durable Medical Equipment
 - h. Psychiatric and Substance Abuse services
 - i. Pharmacy

* Idaho Code, Title 56, Chapter 2, Section 238, paragraph 8:

"Health benefit plan" means any hospital or medical policy or certificate, any subscriber contract provided by a hospital or professional service corporation, or managed care organization subscriber contract. Health benefit plan does not include policies or certificates of insurance for specific disease, hospital confinement indemnity, accident-only, credit, dental, vision, Medicare supplement, long-term care, or disability income insurance, student health benefits only coverage issued as a supplement to liability insurance, worker's compensation or similar insurance, automobile medical payment insurance or nonrenewable short-term coverage issued for a period of twelve (12) months or less.

Idaho Small Group Health Insurance: There are six (6) prescribed plans available in the small group health insurance market that are defined in IDAPA 18.01.70. The amount of cost-sharing varies by plan. Co-pays range from \$0 (preventive care for children under 12 years of age) to \$500 (admission for inpatient services) dependent on plan and type of service. Small employers who choose to participate in Access to Health Insurance are required to contribute at least 50% of the employee premium. Co-insurance ranges from 0%- 50% dependent on plan and type of service. Annual out-of-pocket expense limits are also dependent on the plan and range from \$5,000- \$13,000 per individual and \$10,000- \$26,000 per family.

Idaho Individual Health Insurance: Individual health plans sold in the state of Idaho are subject to the minimum benefits specified in IDAPA 18.01.73 found at <http://adm.idaho.gov/adminrules/rules/idapa18/0173.pdf> . These plans offer the same benefits as the small group plans, but have different cost-sharing requirements.

Health plans (both individual and small group) that meet the state definition of a health benefit plan also constitute creditable coverage as defined in 42 CFR Part 457. Per Idaho statute, small group health plans are the only plan that can be subsidized under the Access to Health Insurance program.

Participants in the Access to Health Insurance program by virtue of a family member employed by a small business may have more benefit assurances than other participants in premium assistance. However, these individuals do not have an option for direct coverage.

V. Cost Sharing

Parents who choose premium assistance through the Access Card demonstration for their children have cost sharing requirements as set by their private or employer based insurance coverage. Likewise, participants in the Access to Health Insurance program are subject to the cost sharing requirements of the private group plan chosen by the employer. The amount of cost-sharing varies by plan.

The benefit packages offered through the Access to Health Insurance program are limited to those plans qualifying and regulated as a Small Business Group Plan as specified in Chapter 47, Title 41 of Idaho Statute. Small Business Group

Plan benefits and cost-sharing provisions are further regulated by Administrative Code, specifically IDAPA 18.01.70 “Small Employer Health Insurance Availability Act Plan Design”.

American Indians/Alaskan Native (AI/AN) children who choose premium assistance are not exempt from cost-sharing. The Tribes were originally notified of the State’s intent to implement the Access card program via letter dated January 9, 2004. The Tribes were given until February 15th to provide formal written comment. Another letter was sent on October 8, 2004 notifying the Tribes of the State’s intent to modify the waiver. Additionally, the Access Card program was an agenda item at the quarterly meetings held between the Department and the Tribes on February 4th, June 11th, and December 2, 2004. Proposed changes to the waiver were incorporated as part of the discussion surrounding Idaho Medicaid reform at the March 16, 2006 meeting.

VI. Enrollment and Subsidy Caps

Enrollment Cap: Access to Health Insurance (for adults)

The number of Access to Health Insurance participants is capped at 1,000. Enrollment into the program is on a “first-come, first-serve” basis with a waiting list established once the cap is reached. To be eligible to apply for Access to Health Insurance, both employer and applicants cannot currently offer or currently participate in any insurance plan that meets the definition of a health benefit plan. Application and renewal of an employer’s small group health plan will be the driving force for the program start date and renewal date for participants.

The enrollment cap of 1,000 applies only to adults. Both adult employees and their adult spouses count against the cap.

Subsidy Cap: Access Card (both programs)

The premium subsidy amount is up to \$100 per participant per month with a maximum of \$200 for the parents and a maximum of \$300 for all children (three or more children) for a total maximum of \$500 in one family regardless of program. Only children can participate in the Children’s Access Card program. Only adults can participate in Access to Health Insurance. The reimbursement covers the cost (or a portion of the cost) directly attributable to adding the individual to a private insurance policy. Premium assistance subsidy payments are paid directly to an insurance company or the individual (parent if the participant is a child) participating in the Access Card demonstration.

VII. Evaluation Activities

The Access Card demonstration is testing two hypotheses.

1. The Access Card programs will reduce the rate of uninsurance in Idaho. It has been difficult to demonstrate a reduction in the rate of uninsurance due to low participation rates. The low number of additionally insured

citizens does not reflect an identifiable shift in the rate of uninsurance as the state's population grows. However, the Access to Insurance program does provide a health coverage option to individuals who would otherwise not be insured.

Idaho utilizes the Current Population Survey (CPS) data from the U.S. Census Bureau to track the change in the rate of uninsurance for children under 19 years old and under 200% FPG (Table HI10).

Year	Rate
2003	9.2%
2004	5.3%
2005	6.7%
2006	7.2%
2007	*

* The CPS did not calculate a rate of uninsurance for Idaho children in 2007. The estimated number of uninsured children from this table was 28,000.

2. Providing premium assistance will cost less than providing direct benefits.

Year	Children's Access Card	Access to Health Insurance (adults)	Direct Benefits (Title XXI State Plan Benefits)
2005	\$50	\$67	\$130
2006	\$76	\$94	\$123
2007	\$84	\$100	\$138
2008	\$67.50	\$71	\$119
2009	\$84.50	\$87	\$136

C. State Assurances

1. The State assures that it will monitor aggregate costs for enrollees in the premium assistance program for private health insurance coverage to ensure that costs are not significantly higher than costs would be for coverage in the direct coverage program (see table in Section B.2).
2. The State assures that it will monitor changes in the degree of substitution of coverage and be prepared to make modifications in its premium assistance program. The number of participants who were denied participation due to private health insurance coverage, but who subsequently become eligible within six months (i.e. no insurance) is monitored.

In FFY05, there were 103 children who were denied participation in a Title XXI funded program due to having creditable health insurance coverage,

who subsequently became eligible and enrolled within a six month period. This equates to less than 1% substitution of coverage across all Title XXI programs. Of the 103 children, only 12 were participating in or requesting premium assistance.

In FFY06, there were 6 children who were denied participation in a Title XXI funded program due to having creditable health insurance coverage, who subsequently became eligible and enrolled within a six month period. Of the 6 children, only 3 were participating in or requesting premium assistance. This indicates that eligibility requirements were better understood this year than the first year of the program.

In FFY07, there were 14 children who were denied participation in a Title XXI funded program due to having creditable health insurance coverage, who subsequently became eligible and enrolled within a six month period. Of the 14 children, none were participating in or requesting premium assistance. This indicates that Idaho continues to experience a very low rate of substitution of coverage.

In FFY08, there were again 14 children who were denied participation in a Title XXI funded program due to having creditable health insurance coverage, who subsequently became eligible and enrolled within a six month period. Of the 14 children, none were participating in or requesting premium assistance. This indicates that Idaho continues to experience a very low rate of substitution of coverage and that program participation requirements are understood.

D. Expenditure Authority Requested

Expenditure authority is requested under Section 1115(a)(2) of the Social Security Act to allow the following expenditures (which are not otherwise included as expenditures under Section 1903 or Section 2105) to be regarded as expenditures under the State's Title XIX or Title XXI plan.

Expenditures to provide services to populations not otherwise eligible to be covered under the Medicaid State Plan.

Expenditures related to providing 12 months of guaranteed eligibility to demonstration participants.

Expenditures related to coverage of individuals for whom cost-sharing rules not otherwise allowable in the Medicaid program apply.

Title XXI:

- x Expenditures to provide services to populations not otherwise eligible under a State child health plan.
- x Expenditures that would not be payable because of the operation of the limitations at 2105(c)(2) because they are not for targeted low-income children.

Idaho requests the following expenditure authorities to implement its Access Card programs:

Title XIX:

Amount, Duration, and Scope 1902(a)(10)(B)

To allow the benefit package to differ dependent upon the private insurance policy selected by the participant (or the employer, if applicable).

Provisions of Section 1902 (a)(34) regarding backdated Medicaid eligibility

To permit the State to deny backdated Medicaid eligibility for months during which the covered individual received Access Card coverage.

Early and Periodic Screening, Diagnostic, and Treatment (EPSDT)

1902(a)(43)(A)

To enable the State to not cover certain services required to treat a condition identified during an EPSDT screening for applicable children in the SCHIP Medicaid expansion group falling within 100-133% FPL.

Cost Sharing Section 1916

To allow cost-sharing in excess of Title XIX limits for Access Card participants.

Title XXI:

Cost Sharing Exemption for American Indian/Alaskan Native Children

2102(b)(3)(D)

Benefit Package Requirements of Section 2103

To permit the State to offer a benefit package that does not meet the requirements of section 2103.

Cost Sharing Requirements of Section 2103(e)

To permit the State to impose cost sharing in excess of statutory limits.

Expenditure Authority of Section 2105

To provide Access Card coverage to populations not otherwise eligible under a State child health plan.

E. Budget

State match for the Access Card demonstration (Children's Access Card and Access to Health Insurance for Adults are funded by the same source) is collected through a state-imposed premium tax on insurance policies sold within the State. A portion of these funds is dedicated to Title XXI coverage (for children between 150% and 185% FPG) & Access Card funding via Idaho statute.

The premium tax that funds the Access Card demonstration is imposed on all entities that sell insurance (not just health insurance) in Idaho and less than 85 percent of the premium tax burden falls on health care providers. The premium tax collections from health insurance are treated the same as premium tax collections from other types of insurance. Therefore, this premium tax does not meet the definition of a "health-care related tax" as defined in 42 CFR §433.55.

State match for the Access Card demonstration is transferred from the Idaho Department of Insurance to the Idaho Department of Health & Welfare via interagency transfer of funds.

State match for children covered under Title XXI between 133% and 150% FPG is appropriated from state general funds.