



# Medicaid and CHIP Premium Assistance and the Basic Health Program



Medicaid and CHIP Payment and Access Commission  
Joanne Jee

# Overview

- Medicaid and CHIP premium assistance
- State-funded exchange subsidies
- Basic Health Program (BHP)
- Policy questions

# Premium Assistance - Snapshot

|                      | Pre-ACA   | Post-ACA (1115 waivers)  |
|----------------------|---|--|
| Coverage             | Mostly employer-sponsored coverage                    | Exchange coverage  |
| Eligible individuals | Medicaid/CHIP eligible; some parents, families*       | Newly eligible adult population, excluding medically frail                   |
| Benefits             | All Medicaid/CHIP benefits; wrap-around coverage      | Medicaid alternative benefits package; wrap-around coverage                  |
| Cost-sharing         | Medicaid/CHIP rules apply; wrap-around coverage       | Wrap-around coverage   |
| Status               | 39 state programs, less than 200,000 enrollees (2009) | Implemented in Iowa and Arkansas; effective January 1, 2016 in New Hampshire |

\* Varies by authority.

# Premium Assistance – State Experience

- Wrap around coverage is complex to administer
- Educating families about premium assistance can be difficult
- Evaluations of exchange premium assistance programs are not yet available

# State-funded Exchange Subsidies

- Four states (MA, NY, RI, VT) with a state exchange supplement federal subsidies
- State-funded exchange subsidies build on existing federal subsidies to reduce enrollee share of premium
- MA and VT also provide cost-sharing subsidies
- States receive federal match for premium subsidies

# Basic Health Program (BHP)

|                     | Federal Rules   |
|---------------------|---|
| Eligible population | <ul style="list-style-type: none"><li>• Under age 65 years, 138-200 percent FPL, including lawfully present aliens</li><li>• Not eligible for Medicaid, CHIP, affordable ESI, or other minimum essential coverage</li></ul> |
| Benefits            | Must cover at least the 10 essential health benefits in the state's exchange benchmark plan   |
| Out-of-pocket costs | Premiums and cost sharing no more than in exchange  |
| Federal funding     | 95 percent of the exchange premium and cost sharing subsidies that would have been provided; may not be used for administrative costs   |
| Status              | Minnesota and New York have implemented   |

# Questions

- Are any of the mechanisms feasible or suitable for the future design of children's coverage? Is one preferable?
- How would mechanisms interact with existing federal exchange subsidies?
- Are particular groups of children best suited for any of the mechanisms?
- How could program administration be streamlined?
- What level of family or employer contribution would be appropriate?
- What would the financing structure look like? What would federal and state responsibilities be?



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