



National Association of Health Underwriters

Analysis of Existing S-CHIP & Medicaid Employer Premium Subsidy Arrangements

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Since 1990, states have had the option of including premium assistance programs in Medicaid. Known as Health Insurance Premium Payment Programs (HIPP), they are authorized under Section 1906 of the Medicaid statute. Premium assistance was also authorized as part of the 1997 State Children’s Health Insurance Program (SCHIP) under specified conditions, and the Centers for Medicare and Medicare Services (CMS) have also used their authority under the section 1115 waivers to allow for state development of premium subsidy arrangements. The Health Insurance Flexibility and Accountability (HIFA) waivers started by CMS in 2001 are used to facilitate the creation of premium assistance programs. Depending on the mechanism used to create the premium assistance programs, different requirements for benefits must be followed.

Medicaid—Enrollees must have access to the full range of Medicaid benefits through their employer coverage with Medicaid as a secondary payer.

SCHIP—Enrollees must have access to coverage either meeting one of the SCHIP benchmarks or coverage approved by the Secretary (means coverage approved under a section 1115 waiver, coverage that is the same as provided under the state Medicaid plan, or employer coverage with substantially equivalent or greater benefits than a benchmark plan). States can either establish a secondary payer system or use a state-mandated basic plan design to ensure adequate coverage.

Section 1115 HIFA Waiver—No specific standard for SCHIP optional and expansion populations.

The following analysis provides an overview of existing full-scale premium subsidy programs under both Medicaid and SCHIP, including an overview of how they are meeting the benefit requirements for participants.

State	Overview of Premium Subsidy Program	How the State Meets Participant Benefit Requirements
Iowa	<ul style="list-style-type: none"> • Created Health Insurance Premium Payment (HIPP) program in 1991 with a Section 1906 Waiver. • Only available for Medicaid recipients due to administrative difficulties with SCHIP. • Covers both employer plan premiums and individual premiums provided they meet the cost-effectiveness test. • Will subsidize non-Medicaid eligible family members if their participation is required for access to private coverage (i.e., subsidy of a parent+child employer-sponsored premium). 	<ul style="list-style-type: none"> • Medicaid-eligible HIPP participants are entitled to the full Medicaid benefit package offered to other Medicaid enrollees in Iowa. If their private plan does not cover the full range of Medicaid services, Medicaid serves as the secondary payer. • Non-Medicaid-eligible family members are not eligible for the Medicaid services. • HIPP enrollees must visit providers who are both associated with the private plan and who have contracted with Medicaid. • In the rare instances where there are no dual providers available,

	<ul style="list-style-type: none"> • Subsidy is for the full share of the employee's premiums. • The state pays the employee's share of the premium for family coverage using equal amounts of state and federal matching Medicaid funds. The employer may choose to receive HIPP payments for the employee's share of the premium directly or to have payments sent directly to the employee to reimburse him/her for payroll deductions for insurance. More than 90% of eligible employers choose direct reimbursement. 	<p>the coverage reverts to traditional Medicaid.</p> <ul style="list-style-type: none"> • At the time of the office visit, enrollees present both their private insurance card and their Medicaid card. The private insurance is always billed first and Medicaid is billed for services not covered under the private plan. Medicaid also covers any required deductibles and coinsurance for the Medicaid-eligible enrollees, but not for the other family members. • For RX coverage, individual's plan can be billed directly for the prescription, Medicaid pays for the prescription and the fiscal agent later arranges for reimbursement from the private insurers.
Illinois	<ul style="list-style-type: none"> • Created All Kids Rebate with a Section 1115 HIFA Waiver. • Children with access to employer-sponsored coverage and incomes over 135% FPL are eligible. • Participation is voluntary for employers and families. • The state pays up to \$75 per eligible family member per month to subsidize employer-sponsored premiums. • There are no minimum employer contributions towards plan premiums and there is no maximum enrollee cost for premiums. 	<ul style="list-style-type: none"> • To be eligible for participation, the employer-sponsored policies must cover physician visits and hospital inpatient services. • The state provides coverage on a fee-for-service basis for immunizations not covered by private plans.
Massachusetts	<ul style="list-style-type: none"> • Used a Section 1906 and Section 1115 Non-HIFA waiver to create MassHealth Family Assistance. • The program serves children, parents and HIV positive eligible individuals who do not qualify for standard MassHealth coverage and have approved insurance from a qualified employer. • Children must have family incomes between 150-300% FPL with no asset limit. Parents and 	<ul style="list-style-type: none"> • Eligible benefit plans must meet state standards established by Mass Health, known in the state as Basic Benefit Level. A health plan meets the Basic Benefit Level if it provides comprehensive medical coverage to its members, including Medicaid-required health-care benefits. • When Massachusetts originally designed its premium assistance program, it required that

	<p>HIV positive adults must have incomes between 150-200% FPL with no asset limit.</p> <ul style="list-style-type: none"> • A qualified employer is an employer (or self-employed person) who has no more than 50 full-time employees, contributes at least 50% of premium, participates in the Insurance Partnership, and provides health insurance basic benefits that are approved by MassHealth • Payment is either made directly to the individual or to the employer. If payment is made to the employer, the employer will reduce the employee's payroll deduction for premiums accordingly. • For families with children under 19, monthly fees are based on a sliding scale that depends on income. Monthly fees range from \$12 per child with a \$15 family maximum at the low end of the income scale, to \$28 per child with an \$84 family maximum at the high end of the scale. • For employed adults without children, the payment is about \$27 per month per covered adult. • Beneficiaries are responsible for private employer plan co-payments. 	<p>employer-sponsored health insurance coverage meet the State's basic benefit level, i.e., the small group market standard as defined by the Division of Insurance.</p> <ul style="list-style-type: none"> • However, Federal SCHIP rules mandate that States cover minimum benefits as defined in a specified benchmark benefit plan. Massachusetts' benchmark benefit plan is defined as that of the State's largest health maintenance organization (HMO), a benefit package that State officials describe as considerably richer than most small employers would be willing to purchase. • CMS would not agree to relax the benchmark requirement for SCHIP funding of premium assistance. Instead, the agency required the State to monitor two separate benefit levels for the premium assistance program, one for Medicaid and one for SCHIP.
Oregon	<ul style="list-style-type: none"> • Uses a Section 1115 HIFA Waiver to supplement an existing premium subsidy program, the Family Health Insurance Assistance Program (FHIAP). • Subsidizes both employer-sponsored coverage and individual insurance with an enrollment cap. • Families making over 150% FPL who do not receive cash assistance must participate if employer coverage is available. Others can participate on a voluntary basis. • Subsidizes coverage on a sliding 	<ul style="list-style-type: none"> • Eligible individual and group policies must meet or exceed state-set benchmarks, and the benchmarks must be actuarially equivalent to Medicaid benefits in the state. • Subsidized coverage must also include at least a \$1 million lifetime maximum benefit and cover 20 specific mandated benefits. • Cost sharing is limited to a \$500/person deductible, \$2500/person out-of-pocket or \$10,000 stop-loss (excluding RX), and 25% coinsurance for RX with

	<p>scale according to income. Subsidies range from 95-50% of the premium.</p> <ul style="list-style-type: none"> • Subsidizes individual coverage directly through the employer. Reimburses employees directly within four days for their share of the premium. 	no out-of-pocket maximum.
Pennsylvania	<ul style="list-style-type: none"> • Uses a Section 1906 waiver to subsidize coverage under the Health Insurance Premium Payment (HIPP) program for Medicaid recipients. • Active Medical Assistance (Medicaid) recipients who have access to medical insurance through employment are referred to HIPP are eligible. • HIPP representatives conduct a cost analysis based on who is eligible for the employer insurance, the amount of the premium, and the policy benefits. If the anticipated MA costs of the clients are greater than the cost of the employer insurance, they are enrolled in the HIPP Program. • Mandatory enrollment for eligible individuals. • HIPP representatives work with the employer and the client to enroll the client(s) in the employer insurance. HIPP premium payments are usually sent directly to the employer; however, payment can be made to the client when necessary. • Only MA-eligible family members are considered when determining the cost-effectiveness of the employer insurance. However, when non-MA eligible family members are eligible for enrollment without increasing the premium amounts, they may enroll in the coverage. 	<ul style="list-style-type: none"> • Medicaid-eligible HIPP participants are entitled to the full Medicaid benefit package offered to other Medicaid enrollees in Pennsylvania. • If their private plan does not cover the full range of Medicaid services, the enrollees receive services from Medicaid providers. • Non-Medicaid-eligible family members are not eligible for the Medicaid services. • MA participants use their ACCESS card at their provider's office to cover services not covered by their employer plan and/or cost-sharing.
Rhode Island	<ul style="list-style-type: none"> • Uses a Section 1906 HIPP Waiver to operate RItE Share. • Subsidizes the employee's share of work-based insurance premiums 	<ul style="list-style-type: none"> • Eligible participants receive a Medicaid card to serve as the secondary payer for benefits not covered by the employer plan as

	<p>directly to the employer and co-payments through Medicaid as a secondary payer.</p> <ul style="list-style-type: none"> • No minimum or maximum employer contribution requirements, though most employers contribute at least half of the premium. • Eligible plans must meet a cost-effectiveness test based primarily on the employer's health plan rather than each individual's situation. • Mandatory enrollment for eligible applicants. • The income threshold is 185% FPL for parents and 250% FPL for children and pregnant women. 	<p>well as any co-payments.</p> <ul style="list-style-type: none"> • To qualify, the employer plan must pass state review to determine that comprehensive benefits are offered.
Texas	<ul style="list-style-type: none"> • Uses a Section 1906 waiver to subsidize coverage under the Health Insurance Premium Payment (HIPP) program for Medicaid recipients. • The state uses a contractor to identify eligible Medicaid recipients and determine if subsidizing coverage is cost-effective. • Participation is mandatory for individuals with cost-effective employer coverage. • The state directly reimburses the individual for the cost of coverage. • The state also operates the State Kids Insurance Plan (SKIP), which subsidizes state employee coverage for children of state employees who do not qualify for Medicaid but have family incomes of less than 225% FPL. • Parents of SKIP eligible children pay \$15-25 per month for dependent coverage. 	<ul style="list-style-type: none"> • Medicaid-eligible HIPP participants are entitled to the full Medicaid benefit package offered to other Medicaid enrollees in Texas. • If their private plan does not cover the full range of Medicaid services, the enrollees receive services from Medicaid providers and Medicaid pays for cost-sharing not covered under the employer plan. • Non-Medicaid-eligible family members are not eligible for the wraparound services. • Since children participating in SKIP have the state employee's plan coverage, there is no need for secondary coverage, as the state employee's plan meets the federal SCHIP benchmarks.
Utah	<ul style="list-style-type: none"> • Uses a Section 1115 HIFA waiver to create the Utah Premium Partnership for Health Insurance (UPP). 	<ul style="list-style-type: none"> • Eligible health plans must cover physician visits, well child exams, hospital inpatient services, child immunizations and RX.

	<ul style="list-style-type: none"> • Applicants must apply BEFORE the start of their employer-plan. • UPP directly reimburses participants up to \$150 per adult and up to \$100 per child per month for premium. • An additional \$20 per child is provided for eligible dental coverage. • Eligible participants must have employer-sponsored coverage, the cost of the least expensive health insurance option must be more than 5% of total household income (before taxes). • Eligible adult income cannot exceed 150% FPL and Eligible children cannot exceed 200% FPL. 	<ul style="list-style-type: none"> • Eligible plans must have a deductible of no more than \$1000/person, a lifetime maximum of at least \$1 million, and require no more than 70% coinsurance. • Employers must pay at least 50% of the cost for the employee's coverage • State SCHIP plan provides benefits for children's dental coverage where dental coverage is not available.
Virginia	<ul style="list-style-type: none"> • Used Section 1906 to create a premium assistance program for SCHIP recipients and in 2005 received a Section 1115 HIFA Waiver for FAMIS Select. • Subsidizes employer-sponsored group coverage. • Eligible families are directly reimbursed \$100 per enrolled child per month to help pay the family health insurance premium. The total monthly payment cannot exceed the total amount of the family premium. • Family income must be between 133-200% FPL. 	<ul style="list-style-type: none"> • The state provides coverage on a fee-for-service basis for immunizations not covered by private plans.
• Wisconsin	<ul style="list-style-type: none"> • Uses Section 1115 and Section 1906 Waivers for its Health Insurance Premium Program (HIPP) in Badger Care. • Families eligible for the HIPP program must be enrolled if they have qualifying employer-sponsored group coverage for the whole family. • To enroll, family members cannot currently be covered by any employer-sponsored family health plan. • The employer must pay between 	<ul style="list-style-type: none"> • The health plan must be a major medical plan that covers at least physician services. • Families enrolled in employer-sponsored coverage receive Medicaid benefits for services not included in the employer's insurance plan.

	<p>40% and 80% of the cost of the monthly family premium.</p> <ul style="list-style-type: none"> • The cost of coverage for the family, which includes the employee's share of the premium, coinsurance, deductibles and BadgerCare services not covered by the employer plan, must all be less than the cost of BadgerCare HMO coverage for the family. • Applicants must have net family incomes at or below 185% FPL to enter the program but can remain in the program until their net family incomes exceed 200% FPL. 	
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