

Transition to the Market: Public Assistance for Private Insurance Coverage

Investing in Texas:
Financing Health Care Coverage Expansion

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Expanding Health Insurance Coverage through Premium Assistance Programs

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Agenda

- Premium Assistance Programs
- Advantages
- Disadvantages
- Premium Assistance in Texas
- Implementation
- Conclusion

Premium Assistance Programs

- Programs aimed at eligible individuals in order to assist them in buying into their private employer-sponsored coverage
- Financed by Medicaid, CHIP or state funds, cost sharing buy the employee, and private employer contribution

Advantages

- Cost saving measure
- Reduced welfare stigma
- Family Coverage
- Allows for coverage of populations who are not eligible for the public programs
- Bridges the gap between public and private insurance
- Recent focus of attention

Disadvantages

- Low Participation Rates
- Difficulty identifying eligible individuals
- Difficulty identifying eligible employer-sponsored plans
- Administratively burdensome

Premium Assistance in Texas

- The Texas Health Insurance Premium Payment Program (HIPP): Premium Assistance using Medicaid funds
- House Bill 3038: Directs the development of a Premium Assistance Program using SCHIP funds

Implementation

- As a part of a larger expansion or as an isolated program?
- What is the Cost Effectiveness Test?
- How will the state prevent Crowd Out?

- Conclusion

Expanding Health Insurance Coverage through CHIP Full-Cost Buy-In

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Agenda

- What is CHIP full-cost buy-in?
- Advantages
- Risks
- An option for Texas
- Policy Implications

Advantages

- Another vehicle to expand coverage
- Take advantages of the existing CHIP
- Greater flexibility

Risks

- Competition with private insurance products
- Blending with high risk pools

An option for Texas

- Based on the existing Texas CHIP
(e.g. enrollment process, participating health plans, premiums negotiated with insurers)
- Target children with gross family incomes above 200 FPL (not eligible for CHIP)
- An estimated monthly premium of \$90 per child

Policy Implications

- CHIP full-cost buy-in cause **less competition** with the private market
- Affordability issue is second to increased access

**Expanding Health Insurance Coverage
through the
Texas Health Insurance Risk Pool**

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Agenda

- Texas Health Insurance Risk Pool
- Cost-Sharing
- Managed Care
- Subsidies
- Financing

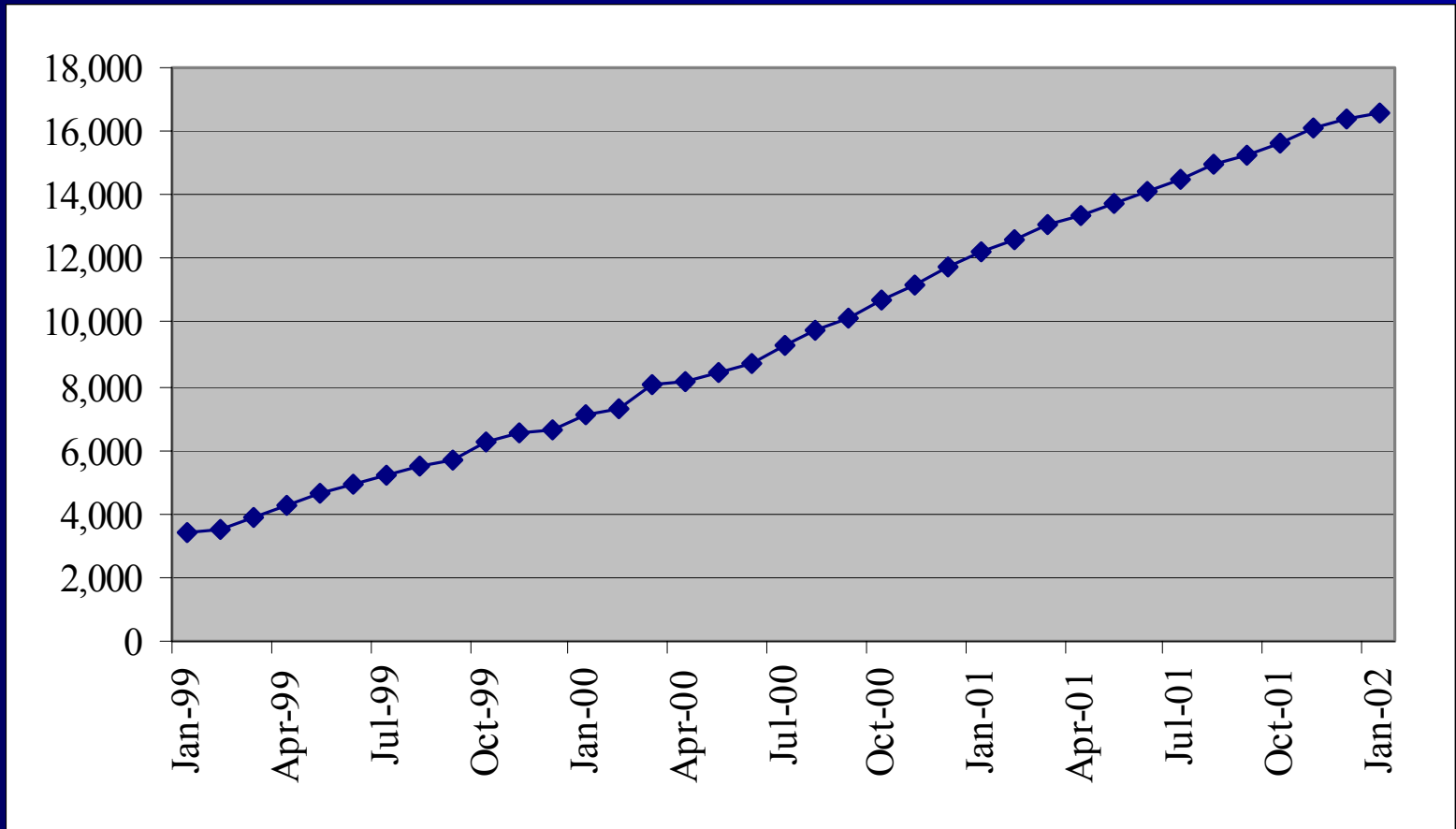
Texas Health Insurance Risk Pool

Began enrollment in 1998

- Eligibility

- HIPAA Eligibles
- Pre-existing Conditions
- High Premiums

THIRP Enrollment (1999-2002)



	Plan I Monthly Rates (\$500 Deductible)		Plan II Monthly Rates (\$1000 Deductible)		Plan III Monthly Rates (\$2500 Deductible)	
	User Rates		User Rates		User Rates	
Age	Male	Female	Male	Female	Male	Female
0-18	\$173	\$173	\$135	\$135	\$93	\$93
19-24	\$200	\$263	\$153	\$199	\$106	\$138
25-29	\$240	\$363	\$181	\$273	\$125	\$189
30-34	\$261	\$379	\$198	\$288	\$137	\$198
35-39	\$295	\$404	\$224	\$307	\$154	\$212
40-44	\$341	\$438	\$260	\$333	\$179	\$230
45-49	\$406	\$481	\$308	\$366	\$214	\$251
50-54	\$502	\$546	\$381	\$416	\$262	\$287
55-59	\$668	\$662	\$510	\$504	\$351	\$346
60-64	\$855	\$814	\$650	\$621	\$448	\$427

Cost-Sharing

- Three plans for THIRP (\$500, \$1,000, and \$2,500 Deductible)
 - 24% reduction from Plan I to Plan II
 - 31% reduction from Plan II to Plan III
- Policy Option: Increase the deductible

		Premiums			
		Plan IV		Plan V	
		(\$5,000 Deductible)		(\$10,000 Deductible)	
Age	Male	Female	Male	Female	
0-18	\$70	\$70	\$52	\$52	
19-24	\$104	\$104	\$60	\$78	
25-29	\$142	\$142	\$70	\$106	
30-34	\$149	\$149	\$77	\$111	
35-39	\$159	\$159	\$87	\$119	
40-44	\$173	\$173	\$101	\$129	
45-49	\$188	\$188	\$120	\$141	
50-54	\$215	\$215	\$147	\$161	
55-59	\$260	\$260	\$197	\$195	
60-64	\$320	\$320	\$252	\$240	

Managed Care

- THIRP - PPO model
- Other states have lowered costs using restrictive managed care

California

Age	Blue Shield PPO	Contra Costa	Percent Reduction
<15	\$280.00	\$115.00	59%
15-29	\$208.00	\$115.00	45%
30-34	\$283.00	\$151.25	47%
35-39	\$283.00	\$151.25	47%
40-44	\$393.00	\$185.00	53%
45-49	\$393.00	\$185.00	53%
50-54	\$528.00	\$231.25	56%
55-59	\$528.00	\$231.25	56%
60-64	\$689.00	\$298.75	57%

THIRP – PPO vs. HMO

Age	THIRP Plan I	THIRP HMO
30-34	\$261.00	\$139.49
35-39	\$295.00	\$157.66
40-44	\$341.00	\$160.52
45-49	\$406.00	\$191.12
50-54	\$502.00	\$219.86
55-59	\$668.00	\$292.57
60-64	\$855.00	\$370.73

Subsidies

- THIRP: assesses carriers for loss above amount collected in premiums
- Other states: provide additional subsidy to lower income high-risk pool participants

Subsidy Options

Percent of Federal Poverty Level	Income Range	5% of Income (Monthly)	10% of Income (Monthly)
Less than 50%	Less than \$9,050	\$37.71	\$75.42
50-99%	\$9,050-\$17,919	\$37.71 - \$74.66	\$75.42 - \$149.33
100-149%	\$18,100-\$26,969	\$75.42 - \$112.37	\$150.83 - \$224.74
150-199%	\$27,150-\$36,019	\$113.13 - \$150.08	\$226.25 - \$300.16
200-249%	\$36,200-\$45,069	\$150.83 - \$187.79	\$301.67 - \$375.58
250% or higher	\$45,250 or higher	\$188.54 or higher	\$377.08 or higher

Assessments

- Insurance carriers are assessed for the loss based on their level of premiums
- Many exemptions from assessment (such as Medicaid and small business coverage)
- Self-funded plans exempted

Financing

- Assess ERISA plans
 - Reinsurance or Stop-Loss Insurance
 - Provider Taxes
- Exemptions
 - Remove assessment exemption for Small Employer Insurance Carriers