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Proposed Medicaid Expansion in Utah

In December 2014, Utah released more details for a proposal for a Section 1115 demonstration, Healthy Utah, to implement the Affordable Care Act's (ACA) Medicaid expansion. To be implemented, this proposal would need to be officially submitted to CMS (and subject to state and federal comment periods). The proposal would also require approval by the Utah state legislature; however, in mid-December the Legislature's Health Reform Task Force chose not to recommend the Governor's plan to the full Legislature. Instead, the Task Force proposed more limited coverage alternatives, but these proposals do not preclude the Governor's plan from being approved by the legislature.[1]

The demonstration would cover childless adults with incomes from 0-138% of the federal poverty level (FPL, up to $16,105 per year for an individual in 2014) and parents with incomes from 50-138% FPL ages 19 to 64 in Utah – an estimated 95,000 beneficiaries in FY 2016 and up to 140,000 in FY 2019.[2] If implemented on January 1, 2016, the waiver would:

- Expand Medicaid coverage to newly eligible adults primarily by using Medicaid funds as premium assistance for Marketplace Qualified Health Plan (QHP) coverage.[3] Newly eligible adults with access to employer-sponsored insurance (ESI) would receive premium assistance for ESI.
- Provide wrap-around coverage for Medicaid benefits not offered through QHPs, except Utah seeks a waiver of the federal requirement to provide non-emergency medical transportation in demonstration year one.
- Require monthly premiums up to 2% of income for newly eligible adults from 100-138% FPL. These beneficiaries could opt to participate in a pilot program that offers lower monthly premiums and a $50 copayment for non-emergent use of the emergency department (ED), which exceeds the $8 maximum copay allowable under federal law. Utah would seek § 1916(f) waiver authority for this copay pilot program.
- Require co-payments according to state plan amounts and consistent with federal law for all newly eligible beneficiaries. Maximum cost-sharing, including premiums and copays, would remain capped at 5% of income.
- Create a healthy behavior incentive program that would offer referrals for smoking cessation services in demonstration year one. In year 2, the program would mirror the program already established for Utah state employees and offer unspecified incentives to beneficiaries who complete an annual health screening and whose screening indicates they are healthy or who improve in an area of concern.
- Allow parents covered through a Marketplace QHP or ESI to elect to have their Medicaid or CHIP eligible children covered in their same plan with the state providing cost-sharing, premium, and benefits wrap-around coverage through Medicaid/CHIP.

While the proposal notes that two-thirds of adults in the expansion group are employed and many of the remaining one-third are medically frail and not able to work, the proposal includes a provision to automatically enroll able-bodied adults in a concurrent work program when newly eligible beneficiaries apply for Medicaid. The work program would include an online assessment and access to training opportunities and job postings. Utah is exploring possible sanctions related to benefits available under other state programs for non-compliance with the work program but is not proposing that work program participation be a condition of Medicaid eligibility and is not seeking federal waiver authority for the work program.

Utah also proposes covering newly eligible beneficiaries from July through December 2015, through its existing Medicaid program. Beneficiaries would then transition to waiver coverage as of January 2016.

CMS has approved Medicaid expansion waivers in four other states (Arkansas, Iowa, Michigan and Pennsylvania).[4] Some provisions in these other waivers are similar to several of Utah's proposals. Specifically, CMS has approved:

- using Medicaid as premium assistance and requiring newly eligible beneficiaries to enroll Marketplace QHPs in Arkansas and Iowa;
- requiring premiums equal to 2% of income in Michigan and Pennsylvania and $10 per month in Iowa for beneficiaries above 100 to 138% FPL, similar to what those beneficiaries would pay for Marketplace coverage;
- offering healthy behavior incentive programs (with protocols subject to CMS approval) in Iowa, Michigan, and Pennsylvania, that enable beneficiaries to reduce premiums or copays by completing specified activities;
- waiving, on a limited basis, the requirement to provide non-emergency medical transportation (NEMT). Iowa's NEMT waiver is limited to year one, after which CMS is to evaluate the impact on beneficiary access to care. Pennsylvania's NEMT waiver is limited to year one, after which the state must begin providing this service to newly eligible adults.

CMS did not approve waiver authority relating to the work program proposed by Pennsylvania. Indiana and New Hampshire have waiver applications pending with CMS. Arkansas, Iowa and Arizona (states that are currently implementing waiver programs) have waiver amendments pending. Table 1 describes the major elements of Utah's proposed Section 1115 demonstration.

Table 1: Utah's Proposed Section 1115 Medicaid Expansion Demonstration Waiver	
Element	**Utah Waiver Proposal**
Overview:	Would cover approximately 95,000 in FY 2016 and up to 140,000 in FY 2019 newly eligible adults primarily through premium assistance for Marketplace QHPs. Would require premiums for beneficiaries from 100-138% FPL and offer healthy behavior incentives. Seeks approval for one year waiver of non-emergency medical transportation and a pilot program that would offer lower premiums but a higher copay for non-emergency use of the emergency room. Would also allow Medicaid children to join parents on private plans.
Duration:	1/1/16 to 12/31/18 From July to December 2015, the state would implement a bridge program in which newly eligible adults will be enrolled in modified versions of traditional Medicaid ACOs or other provider arrangements currently in place in Utah. These adults would then transition to Marketplace or ESI premium assistance beginning January 1, 2016.
Coverage Groups:	Covers newly eligible adults ages 19-64: parents from 50-138% FPL and childless adults from 0-138% FPL. Parents covered through a Marketplace QHP or ESI may elect to have their Medicaid or CHIP eligible children covered in their same plan with the state providing cost-sharing, premium, and benefits wrap-around coverage through Medicaid/CHIP.
Exempt Groups:	Excludes beneficiaries who are already covered under the current Medicaid program, those who are medically frail, refugees, and American Indians/Alaskan Natives. All exempt groups will have the option to enroll in traditional Medicaid or premium assistance under the demonstration. Medically frail beneficiaries will be identified through application questions, a referral form completed by a provider, and claims review.
Premiums:	Individuals from 100-138% FPL will pay approximately 2% of their income towards premiums. Premiums would be $15/month for a single adult and an additional $10/month for each additional family member. Alternatively, individuals from 100-138% FPL could opt to participate in a pilot program that would offer premiums of $10/month for a single adult, and an additional $5/month for each additional family member but would also include a $50 copay for non-emergent use of the emergency department (ED).
Co- Payments:	All individuals 0-138% FPL will be subject to cost-sharing consistent with state plan amounts and federal law: Individuals between 0 and 40% FPL would only have co-payments of $8 for non-preferred drugs and non-emergent use of the emergency department. Individuals between 41 and 100% FPL would have co-payments for most services at nominal or maximum allowable levels under current federal law ($4 for most outpatient services and prescription drugs, $8 for non-preferred drugs and non-emergent use of the ED, and $50 for inpatient hospitalization and behavioral health inpatient admissions). Individuals from 100-138% FPL would have cost-sharing for most services at amounts allowable under current federal law (generally up to 10% of the agency's cost of the

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	service). Beneficiaries in this group can choose to participate in a pilot program that offers lower monthly premiums but a $50 copayment for non-emergent use of the emergency department (described above). Individuals that do not choose to participate in the pilot program would have higher monthly premiums and an $8 copay for non-emergency use of the ED, consistent with current federal law. All cost-sharing (including premiums and co-payments) is limited to 5% of household income. No copays for preventive services.
Healthy Behavior Incentives and Work Referral:	Beginning in demonstration year 1, smokers will be referred tobacco cessation programs. Beginning in demonstration year 2, the state is considering offering unspecified incentives to beneficiaries similar to those that are currently offered to Utah state employees: an incentive may be awarded if the beneficiary has an annual screening checking weight, cholesterol, blood pressure, etc. In addition, a second incentive may be offered if the check shows the beneficiary is healthy. Beneficiaries that are not healthy in one area will still be able to earn the second incentive by improving an element of health concern. Includes a provision to automatically enroll able-bodied adults in a concurrent work program when newly eligible beneficiaries apply for Medicaid (that includes an online assessment and access to training opportunities and job postings). Utah is exploring possible sanctions related to benefits available under other state programs for non-compliance with the work program but is not proposing that work program participation be a condition of Medicaid eligibility and is not seeking federal waiver authority for the work program.
Delivery Systems and Benefits:	Would require enrollment in silver-level Marketplace QHPs or ESI with premium assistance. State will provide wrap-around coverage for benefits not covered by QHPs or ESI, including EPSDT for 19 and 20 year olds, out-of-network family planning services, and community health center services. Seeks waiver of non-emergency medical transportation in year 1 for all newly eligible adults.
Financing:	Utah will use savings generated from a previous § 1115 waiver to finance the Healthy Utah waiver as well as some quality improvement efforts. In addition, the state will use savings from state-funded behavioral health and inpatient services for inmates to finance any state costs for the program. The state has also indicated that if costs are higher than the savings achieved under Healthy Utah waiver, it has the option to increase provider assessments.
Next Steps:	State must get state legislative approval, submit proposal for two 30 day public comment periods (state and federal), and federal approval of the waiver.

Endnotes

[1] "Lawmakers snub governor's Healthy Utah plan, recommend modest Medicaid expansion," The Salt Lake Tribune, December 18, 2014. http://www.sltrib.com/news/1965880-155/lawmakers-snub-governors-healthy-utah-plan

[2] Healthy Utah Proposal (December 2014), available at https://www.statereforum.org/sites/default/files/healthyutahplan.pdf.

[3] Newly-eligible adults deemed medically frail will have the option to enroll in the state's traditional Medicaid program, which provides coverage through Accountable Care Organizations or other provider arrangements.

[4] Pennsylvania's new governor, Tom Wolf, has indicated that he is planning to expand the state's existing Medicaid program through a State Plan Amendment rather than use the§ 1115 waiver approved in August 2014.