

Medicaid Benchmark Options Analysis

Stakeholder Advisory Committee
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Overview

- Legal Requirements for Medicaid Benchmark
- Open Policy Questions
- Considerations for Designing Medicaid Benchmark

What “Benchmark” are We Talking About Today?

Medicaid

State-selected benefit package that must be provided to the new adult Medicaid group

Exchange

State-selected benefit package defining “essential health benefits,” which will apply for individual and small group markets, inside and outside of Exchange



Legal Requirements for Medicaid Benchmark

New Adult Eligibility Group Receives Benchmark Coverage

ACA establishes new Medicaid eligibility group of non-pregnant adults between 19-65 with incomes $\leq 133\%$ FPL

- This “new adult eligibility group” consists of childless adults and individuals receiving Aid to Families with Dependent Children
- States must provide Benchmark or Benchmark-equivalent coverage described under §1937 of the Social Security Act (DRA), as modified by the ACA
- States will receive enhanced FMAP for “newly eligibles” within new adult eligibility group

Most Medicaid Beneficiaries Receive Standard Benefits

The Social Security Act §1905(a) describes mandatory benefits that states *must* cover as well as optional benefits states *may* cover

Standard Medicaid Benefits	
Mandatory Services	Common Optional Services (# of states covering)
Inpatient and outpatient hospital care	Prescription drugs (50)
Physicians' services	Clinic services (50)
EPSDT for individuals covered in State's Medicaid program under 21	SNF services for individuals under 21 (50)
Family planning services and supplies	Occupational therapy (50)
FQHC and RHC services	Targeted case management (50)
Home health services	Physical therapy (50)
Laboratory and X-ray	Hospice (48)
Nursing facility services	Inpatient psychiatric for individuals under 21 (48)
Nurse midwife and nurse practitioner services	Services for individuals with speech, hearing, and language disorders (45)
Tobacco cessation counseling and pharmacotherapy for pregnant women	Audiology services (43)
Non-emergency transportation	Personal care (35)
Freestanding birth center services	Rehabilitative services (includes mental health and substance use services) (33)

Benchmark Coverage Under Deficit Reduction Act (DRA)

- Since 2006, DRA has provided state option to tailor Medicaid coverage through
 - Benchmark coverage or
 - Benchmark-equivalent coverage
- May be provided to sub-populations or geographic regions
 - No state-wideness/comparability requirements
 - May be tailored for special populations
- Must be provided in accordance with principles of economy and efficiency

Benchmark Coverage under the DRA

- Benchmark coverage linked to:



Benchmark Reference Plan:
Amount, duration and scope limits apply; Cost-sharing requirements do not.

- Benchmark must cover:
 - EPSDT for any child under age 21 covered under the state plan
 - FQHC/RHC services
 - Non-emergency transportation
 - Family planning services and supplies
- State may supplement benefits in Benchmark reference plan

Benchmark and Standard Coverage: Both Subject to Cost-sharing Rules in §§1916 & 1916A

- Certain **groups exempt from cost-sharing**: Pregnant women, children under age 18
- Certain **services exempt from cost-sharing**: Emergency services, family planning
- Only **nominal co-pays** allowed for those with income \leq 100% FPL
- **Premiums prohibited** for individuals with income \leq 150% FPL
- All cost-sharing subject to **aggregate cap of 5%** family income

Maximum allowable Medicaid Premiums and Cost-Sharing			
	\leq 100% FPL	\leq 150% FPL	Above 150% FPL
Aggregate cap	5% family income	5% family income	5% family income
Premiums	Not allowed	Not allowed	Allowed
Deductibles	Nominal	Nominal	Nominal
Maximum service-related co-pays/co-insurance			
Most services	Nominal	10% of cost	20% of cost
Non-emergency ER	Nominal	2x nominal	No limit, but 5% aggregate cap applies
Rx drugs	Nominal	Nominal	Nominal (preferred) 20% of cost (non-preferred)

Individuals Exempt from Mandatory Benchmark Enrollment

- Pregnant women
- Individuals who qualify for Medicaid based on being blind or disabled (regardless of SSI eligibility)
- Dual eligibles
- Terminally ill hospice patients
- Inpatients in hospitals, nursing home and ICF who must spend all but a minimal amount of their income for the cost of medical care
- Women in the Breast or Cervical Cancer Program
- TANF/Section 1931 parents and caretakers
- Medically frail individuals, including those with disabilities that impair ability in one or more activities of daily living
- Children in foster care
- Individuals who qualify for LTC services based on their medical condition
- Individuals who only qualify for emergency care
- Individuals who qualify based on spend down

Optional Benchmark Enrollment

State:

- May offer Benchmark exempt individuals the option to enroll in Benchmark.
- Must advise Benchmark-exempt individual that:
 - enrollment is voluntary; and
 - individual may dis-enroll into standard benefits at any time.
- Must provide Benchmark-exempt individuals a comparison of Benchmark benefits and cost sharing.

11 States, DC and 2 Territories Have Implemented Medicaid Benchmark Packages

Wisconsin implemented a plan equal to the commercial HMO plan with the largest non Medicaid enrollment in the State

The following States implemented Secretary approved benefit plans:

Connecticut (early option)

DC (early option)

Guam (early option)

New York

Idaho

Kansas

Kentucky

Minnesota (early option)

Missouri

Puerto Rico (early option)

Virginia

Washington

West Virginia

Most states have used Benchmark packages to ***expand or maintain*** benefits, not narrow benefits.

ACA Changes to Benchmark: Essential Health Benefits (EHBs)

Beginning in 2014, Benchmark must include all EHBs for:

- new adult eligibility group (newly-eligible and currently-eligible)
- all existing Benchmark populations

Ten Categories of EHBs

Ambulatory Patient
Services

Emergency Services

Hospitalization

Maternity and
Newborn Care

Mental Health &
Substance Use
Disorder Services,
Including Behavioral
Health Treatment

Prescription Drugs

Rehabilitative &
Habilitation Services
& Devices

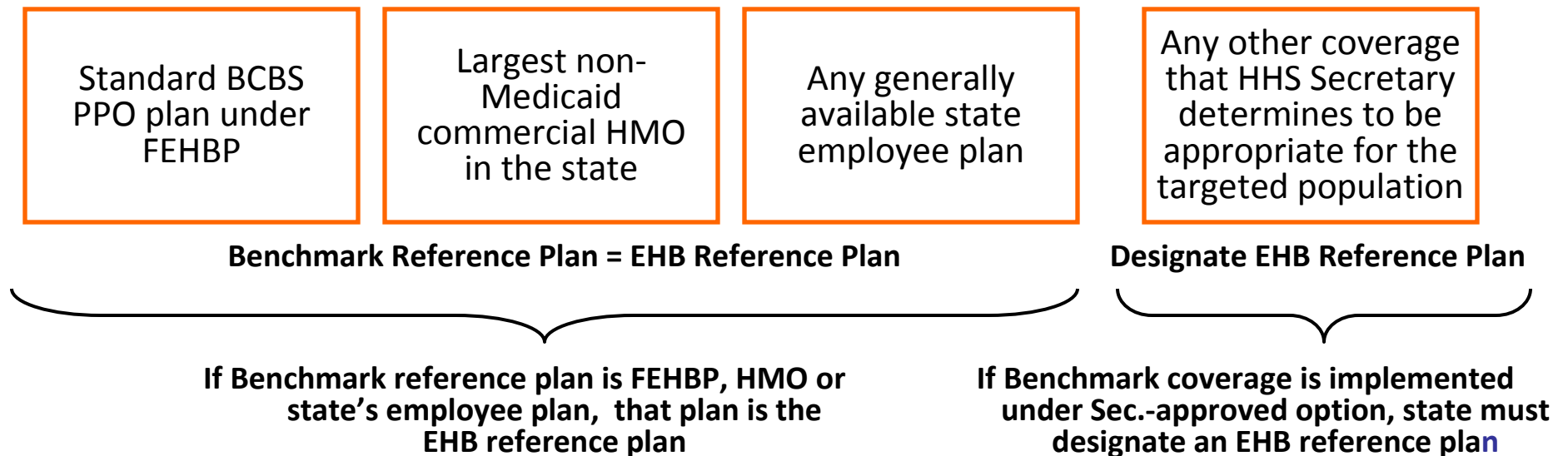
Laboratory Services

Preventive &
Wellness Services &
Chronic Disease
Management

Pediatric Services,
Including Oral &
Vision Care

EHBs and Medicaid Benchmark Coverage

- State must identify an **EHB Reference Plan** for its Medicaid Benchmark
- If EHB reference plan does not cover all required EHBs, state must supplement



EHBs and Medicaid Benchmark Coverage (Ctd)

- EHB Reference Plan for Medicaid **may be different** than EHB Reference Plan for individual and small group market
- State **may select** its **standard Medicaid package** as its Benchmark coverage under “Secretary-approved” option
 - Still need an EHB Reference Plan
- State **must specify EHB Reference Plan** as part of 2014-related Medicaid State Plan changes
- States must provide **public notice** and reasonable opportunity to **comment *before*** submitting Benchmark plans to CMS

Unlike in individual and small-group market:

- State may have more than one Benchmark for new adult group
- No default reference plan – State must choose
- No substitution of benefits within or across EHB categories

ACA Changes to Benchmark: Mental Health Parity

- Under current law, **federal mental health parity (FMHP)** requirements only apply to Medicaid managed care, not Medicaid fee-for-service.
- The ACA expands some FMHP requirements to all Benchmark and Benchmark equivalent plans.
 - Mental health and substance abuse benefits must have parity with medical/surgical benefits with respect to:
 - Financial requirements (deductibles, co-pays, and coinsurance)
 - Treatment limitations (frequency/scope/duration)
 - Because Benchmark must cover EPSDT, it meets FMHP requirements for individuals under 21



Open Policy Questions

Open Questions: Benchmark Exemptions

- Do the Benchmark exemptions in Section 1937(a)(2)(B) apply to the new adult eligibility group?
- Will states receive enhanced FMAP for providing services to individuals in the new adult eligibility group who fall within a Benchmark exempt category?

Open Questions: Institution for Mental Diseases Exclusion

- Medicaid does not cover services provided to beneficiaries between the ages of 21 and 65 who are patients of Institutions for Mental Diseases (IMD).
- EHBs include mental health and substance use services and mental health parity applies to Benchmark.
- If a state selects an EHB reference plan that includes IMD services, may or must the state include such services in its Benchmark and will the state receive FMAP for covering them?

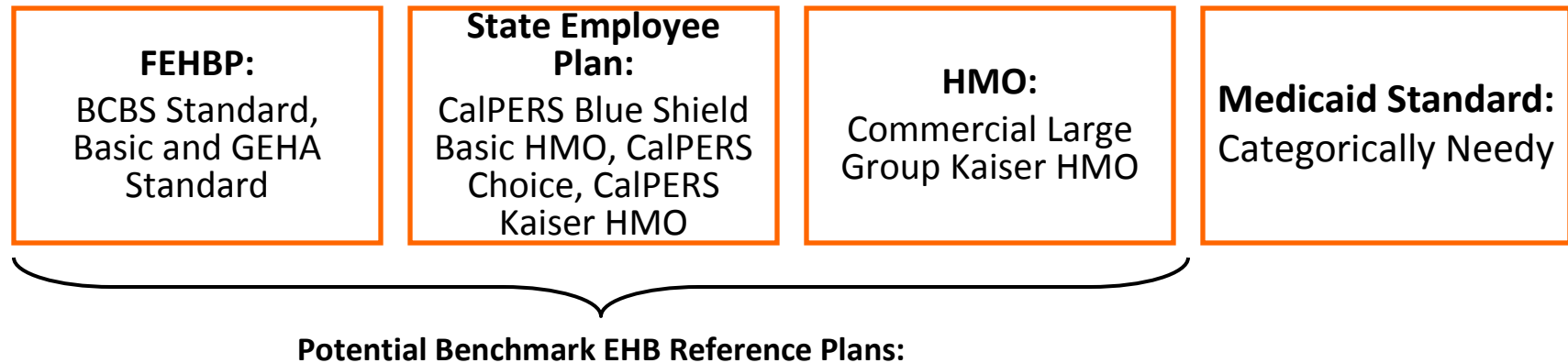
Open Questions: Relationship between EHB Reference Plan and Medicaid Benchmark

- May states include in their Benchmark services not listed in Section 1905(a) as either a mandatory or optional benefit?
 - §1915(i) Home and Community-Based Services
 - §1915(j) Self-Directed Personal Assistant Services
 - §1915(k) Community First Choice
 - §1945 Health Home Services
- **If federal Medicaid law does not cover a type of service** (e.g., infertility treatment) and such service is included in the EHB reference plan, may or must the service be covered in Benchmark?
- **If federal Medicaid law does not cover a type of setting/provider** (e.g., free-standing residential detox facilities) and such setting/provider is included in the EHB reference plan, may or must the setting/provider be covered in Benchmark?
- **If the EHB reference plan covers Medicaid optional services** that the State does not cover in Standard, must Medicaid Benchmark cover these services?
- **If the EHB reference plan covers state mandates** that otherwise do not apply to Medicaid, may or must Medicaid Benchmark cover these state mandates?
- How will mental health parity be implemented in Benchmark?



Considerations for Designing California's Medicaid Benchmark Benefit

Comparison of Medi-Cal Standard and Potential EHB Reference Plans



■ Methodology for Future Analysis:

- Compare benefits across potential EHB Reference Plans and Medicaid Standard
- Identify meaningful differences in coverage
- Note where State may be required to include EHB-covered service in Benchmark and differences with current Medicaid Standard

Different Categories Eligible for Different Benefit Packages

Medicaid Category	Standard Medicaid	Benchmark
Children	✓	
Pregnant Women	✓	
Low Income Families (LIF)	✓	
Aged, Blind, Disabled	✓	
Section VIII Adults		✓ (unless Benchmark exemptions apply to sub-population)

Additional Considerations in Benchmark Design for New Section VIII Adult Eligibility Group

- **Clinical needs of the individuals covered under new adult eligibility group**
- **Alignment across Medicaid categories**
- **Alignment between Medicaid and QHP**

Additional Considerations in Benchmark Design for New Section VIII Adult Eligibility Group

- **Administrative ease**
 - For beneficiary
 - For state

- **Whether and how to apply cost-sharing**
 - Below 100% FPL
 - Above 100% FPL

- **FMAP implications**
 - Enhanced match for coverage provided to newly-eligibles
 - Populations in the new adult eligibility group who would have been eligible under another (pre-existing) eligibility category as of 12/1/09 are not “newly-eligible” and therefore not eligible for the enhanced match
 - FMAP proxy will be designed to exclude the previously-eligible

Options in Designing Benchmark

1

Align Benchmark to Standard

- Add Benchmark benefits to Standard
- Add Standard benefits to Benchmark

2

Offer different Medicaid benefit packages to different eligibility groups

- Benchmark to new adult group
- Medicaid Standard to children, pregnant women, LIF parents and ABD

Options in Designing Benchmark

3

Offer two Benchmark benefit packages to new adult group

- Healthy adult benefit package
 - Does not include long term care services
- Medically Frail benefit package
 - Fully aligns with Medicaid Standard and includes long term care services
 - Includes long term care services but doesn't fully align to Medicaid Standard
- Note, if Benchmark exemptions apply to new adult group, then State will be required to offer Standard benefits (with LTC services) to medically frail adults

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Thank You

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