

The Basic Health Program: Solving the Affordable Care Act's Affordability Problem?

Presentation to Women's Health Policy Forum

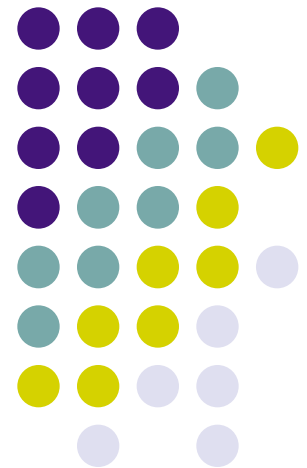
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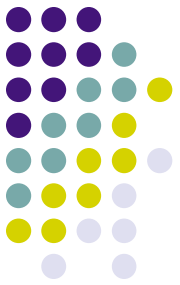
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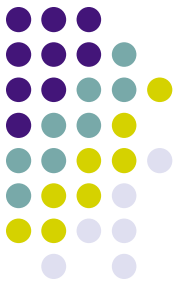


Health Reform's Promise for **Women** in New Mexico



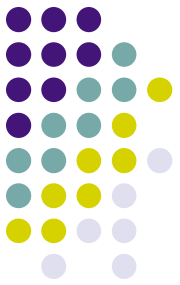
- 2nd highest rate of uninsurance in nation
 - 1 in 4 New Mexicans is uninsured
- 4th highest rate of child uninsurance in nation
 - 1 in 6 kids in New Mexico is uninsured
- Health reform could take uninsurance rates from 25% to 5% through:
 - Medicaid expansion
 - Subsidized private insurance coverage

But is the Affordable Care Act really **affordable**?



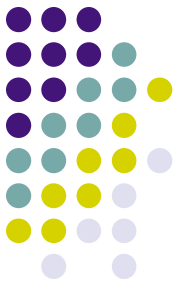
- How much you pay for health coverage under the ACA is all about:
 - Your **household income** and
 - The **Federal Poverty Level** (FPL)

Household Income & Federal Poverty Level (FPL)



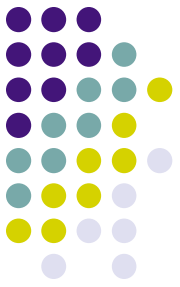
Household Size	100% FPL	200% FPL	300% FPL	400% FPL
1	\$11,700	\$22,340	\$33,510	\$44,680
2	\$15,130	\$30,260	\$45,390	\$60,520
3	\$19,090	\$38,180	\$57,270	\$76,360
4	\$23,050	\$46,100	\$69,150	\$92,200

Eligibility for Insurance Affordability Programs, 2014



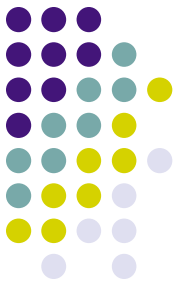
Household Size	Medicaid up to 138% FPL	Subsidized Exchange Coverage between 138% and 400% FPL	Unsubsidized Exchange Coverage above 400% FPL
1	\$15,415		\$44,680
2	\$20,879		\$60,520
3	\$26,344		\$76,360
4	\$31,809		\$92,200

A Typical New Mexico Family at 150% FPL



- A woman working full-time earns 79 cents for every dollar paid to her male counterparts
- 18.4% of women in New Mexico live below the poverty line (compared to 15.9% of men)
- The poverty rate for female-headed families with children is 44.2%
- Single mothers with children are three times as likely to live in poverty as are married-couple families

Making Ends Meet at 150% FPL



- Family of 3 (mom with two kids) at \$13.77/hour makes \$2,387/month
- In Albuquerque, she has to pay:

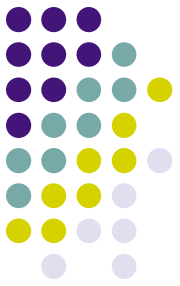
\$262	Taxes
\$760	Rent/Utilities
\$465	Groceries
\$998	Childcare
\$339	Car + Gas/Maintenance

\$2,824	

*source: New Mexico Voices for Children
Basic Family Budget Calculator*

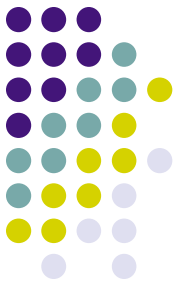
- More than **\$400 in the red** each month

The **Cost** of Health Coverage



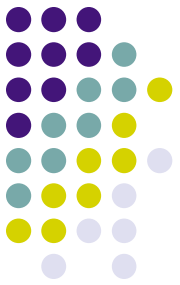
- Kids qualify for Medicaid
 - Children in NM up to 235% FPL can get Medicaid
- Mom gets subsidized coverage through Exchange:
 - \$92/month in premiums
 - Average of \$38/month in copays and deductibles
 - Actual cost-sharing could be much higher
 - Penalty: \$286 in 2014; \$716 in 2016
- **How will she pay for health insurance?**

Basic Health Program: an Affordable Bridge between Medicaid and Private Insurance



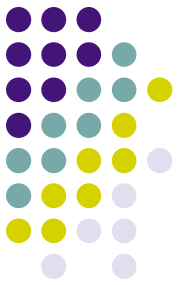
- State option under ACA
- For adults not eligible for Medicaid up to 200% FPL
 - Not kids, seniors, undocumented immigrants
- Shares some features of private coverage but more affordable





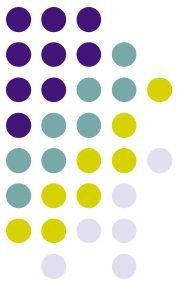
Without a BHP: Family of 3

Medicaid	Exchange (Subsidized)	Exchange (Unsubsidized)
Up to 138% FPL	138-400% FPL	Above 400% FPL
Income below ~ \$26,000	Income \$26,000- \$77,000	Income above ~ \$77,000



With a BHP: Family of 3

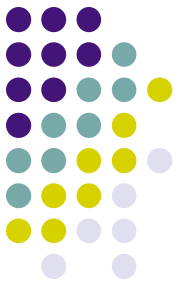
Medicaid	BHP	Exchange (Subsidized)	Exchange (Unsubsidized)
Up to 138% FPL	138-200 % FPL	200-400% FPL	Above 400% FPL
Income below ~ \$26,000	Income \$26,000- \$38,000	Income \$38,000- \$77,000	Income above ~ \$77,000



BHP: How Does it Work?

- State chooses to implement BHP
- Non-Medicaid eligible with incomes up to 200% FPL come out of Exchange
- State gets \$ those people would have gotten to subsidize Exchange coverage
 - Tax credits, subsidies
 - Estimated \$226 million in NM
- State then uses pool of \$ to award contracts
 - Must be as affordable and comprehensive as Exchange
 - Enrollees should have choice of plans

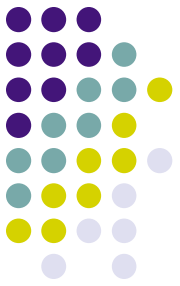
BHP Advantages: **Affordability**



**Monthly Costs with and without BHP:
Family of 3 at 150% FPL**

	Without BHP	With BHP	Savings
Premiums	\$92	\$8	\$84
Copays/ Deductibles	\$38	\$9	\$29

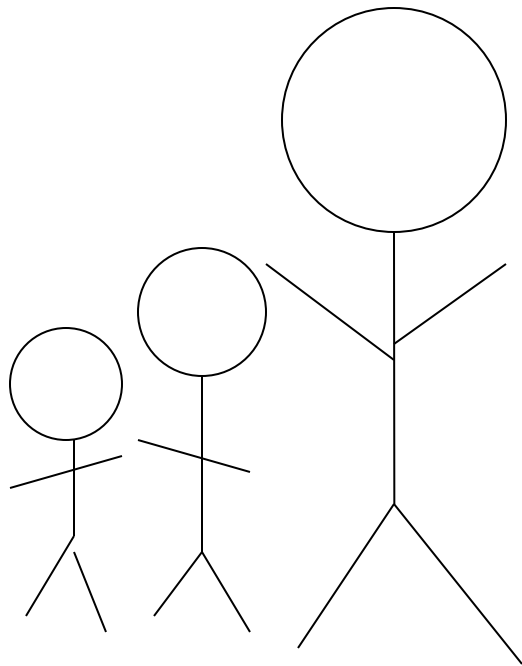
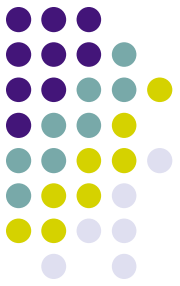
BHP Advantages: **Affordability**



- Single-parent family could save over **\$1350** per year with BHP
- Other affordability concerns:
 - Lawfully present “5 year bar” immigrants
 - Native Americans

BHP Advantages:

Continuity of Care

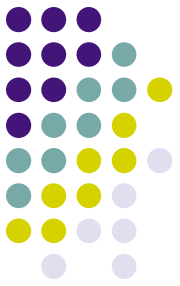


**Family of 3 at 100%
FPL - \$9.18 per hour or
about \$19,000 per year**

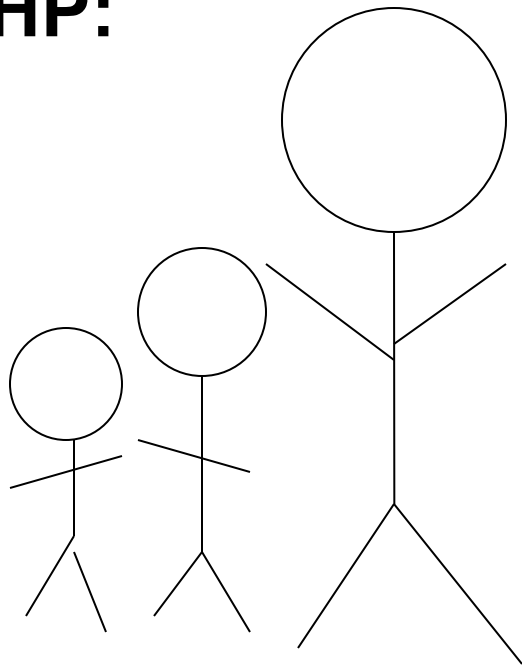
**After 2014, whole
family is covered by
Medicaid**

BHP Advantages:

Continuity of Care



**Without a
BHP:**



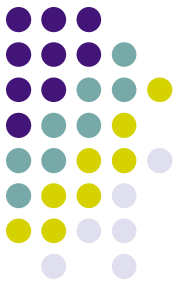
**Mom gets a better job -
\$13.77 an hour.**

Kids stay on Medicaid.

**Mom moves
to Exchange.**

BHP Advantages:

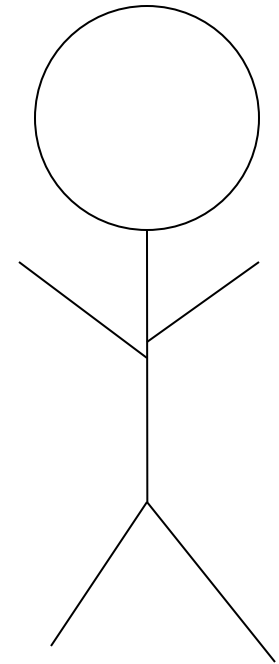
Continuity of Care



With a BHP:

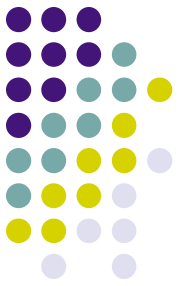
**State can
prioritize:**

- **Smooth transitions**
- **Alignment of provider networks**



Basic Health Program

New Mexico Questions



- Premium and cost-sharing limitations
 - Prioritization of certain populations?
- Quality/accountability
- Impact on Exchange
- Provider reimbursement levels

Basic Health Program

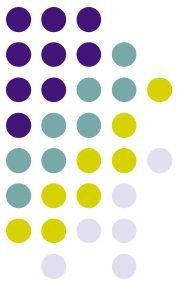
Remaining Questions



- Federal financing & reconciliation rules
- Adequacy of federal funding to cover costs
- Who pays administrative costs?

LFC is studying BHP and will produce a report
SM 54 (M. Sanchez) and HM 38 (Chasey)

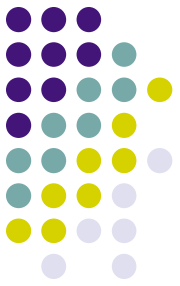
- Supreme Court's decision



Alternatives to the BHP

- Premium assistance program
 - Redirected indigent care funds
 - State funding (savings from SCl – looks like about \$15 million each year)
- State could offer its own plan on Exchange
- Creative approaches after 2017

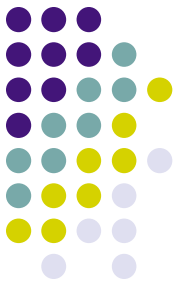
Where Do We Go From Here?



Nearly half of New Mexicans live below 200% FPL. About 60,000 eligible for BHP.

- Acknowledge the affordability problem
- Pay attention to state implementation decisions
- Hold policymakers accountable to addressing affordability problem

Questions?



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