

# Illinois Covered – Overview

# Medicaid Expansions

- Health Benefits for Workers with Disabilities Population – July 1, 2008
- Childless Adults – July 1, 2008
- Family Care Expansion – July 1, 2008
- AABD Expansion – July 1, 2009

# Medicaid Expansions

Health Benefits for Workers with Disabilities Population – July 1, 2008

Current Law: The goal of the program is to help people with disabilities return to work with full Medicaid health care benefits. Just as the name says, the program provides health benefits for workers with disabilities, currently up to 200% of the federal poverty level (FPL).

- Subject to federal approval, persons who are employed and eligible for the Health Benefits for Workers with Disabilities program shall be eligible for the program if their income is equal to or less than 350% of the FPL.

# Medicaid Expansions

Childless Adults – July 1, 2008

Current Law: Currently, HFS offers Medicaid coverage to the aged, blind and disabled up to 100% of the FPL.

- Persons who are at least 19 years of age and younger than 65, who do not have access to employer-sponsored insurance and are at or below 100% of the FPL shall be eligible for medical assistance.
- Persons who have access to employer-sponsored insurance shall be eligible for premium assistance.

# Medicaid Expansions

FamilyCare Expansion – July 1, 2008

Current Law: FamilyCare offers healthcare coverages to parents living with their children 18 years old or younger, up to 185% of the FPL.

- Program will be opened to caretaker relatives who have income levels at or below 400% FPL and who do not have access to employer-sponsored insurance.
- Caretaker relatives who have access to employer-sponsored insurance shall be eligible for premium assistance.

# Medicaid Expansions

AABD – Blind and Disabled Expansion – July 1, 2009

Current Law: AABD currently covers persons who are seniors, who have a disability or are blind. An eligible single person may have income up to 100% of poverty and no more than \$2,000 of assets other than a home.

- Medicaid eligible people due to blindness or disability, whose income is greater than 100% FPL but less than 300% FPL, are eligible for premium assistance.
- If such person has access to employer-sponsored insurance, HFS shall subsidize the premiums for the employer-sponsored insurance.
- If such person does not have access to employer-sponsored insurance, HFS shall subsidize the person's premiums for enrollment in the IL Covered Choice program.

If it is found to be cost effective, HFS may elect to provide direct coverage rather than premium assistance.

# Illinois Covered Choice

This is the state backed insurance program.

Illinois will enter into public-private partnerships with insurance carriers to provide a lower cost, guaranteed issue insurance policy to:

- individuals who do not have employment,
- who work for small businesses (25 or fewer employees), or
- who work for employers that do not provide health insurance coverage.

Insurance companies will be required to offer a new, comprehensive healthcare policy that will be determined by rule to meet the needs of the Illinois Covered Choice population. The policy will offer benefits like doctor and prescription coverage.

# Illinois Covered Choice

## **Eligible small employer:**

- Employs not more than 25 eligible employees and contributes the minimum required percentage of a premium towards the plan.
- For the year prior to the 1<sup>st</sup> enrollment period, at least 2/3 of employees must earn less than 400% of FPL. Beginning in the 2<sup>nd</sup> year of the program, small employers may participate in the program regardless of employee income level.
- The employer must be Illinois based
- The employer must offer such plan to all eligible employees.
- The employer contribution towards premiums cannot vary by employee or class of employee, except for collective bargaining agreements.
- Employers shall elect whether to make coverage under the plan available to dependents of employees.

# Illinois Covered Choice

Eligible individual:

- Whose employer does not provide group health insurance and has not provided during the \*18-months prior to the individual's application.

*\*This time period may be adjusted by HFS if the department determines the alternative period sufficiently prevents inappropriate substitution of insurance.*

- Who for the first year of operation of the program, resides in a household having at or below 400% FPL. In subsequent years of the program there shall be no income limit.
- Who receives a salary from the eligible employer for at least 28.5 hours per week and who is a resident of Illinois.

# Illinois Covered Choice:

## **The Plan:**

- Provides only in-plan benefits, except for emergency care of where services are unavailable through a plan provider.
- Dental and vision coverage are available at the option of the eligible individual.
- Shall provide coverage for serious mental illness.
- No plan shall provide coverage for infertility treatment or long-term care.
- All coverage must be subject to a pre-existing condition limitation provision. Pre-existing conditions and rate review limitations may be evaluated and considered by HFS when determining appropriate co-pay amounts, deductible levels, and benefit levels.
- All healthcare providers in a managed care network must accept Illinois Covered Choice consumers from that same network.

# Illinois Covered Choice

Other Points of Interest:

- Rating Factors/Premium Rate Calculations.
- Stop Loss Funds.
- Report on the Program.
- Rule Making Authority.

# Illinois Covered Choice

## Other Points of Interest-Stop Loss Funds

Stop Loss is a form of reinsurance under which the reinsurer pays some or all of a primary insurer's aggregate retained losses in excess of a predetermined dollar amount or in excess of a percentage of premiums.

- HFS shall provide a claims reimbursement program for participating entities. The program, shall operate as a stop loss program for participating entities and shall reimburse entities for a certain percentage of health care claims above a certain amount or within certain amounts. Such amounts shall be determined HFS.
- Beginning on January 1, 2009, participating managed care plans shall be eligible to receive reimbursement for 80% of claims paid.
- All costs paid for by insurer up to \$40,000
- Costs above that amount will be paid 80% by the state and 20% by the insurer
- Person with a pre-existing condition. May be subject to:
  - Higher co-pays;
  - Higher deductibles; or
  - Different benefitsAs determined by rule by HFS

# Illinois Covered Choice

## **Report on the Program**

HFS shall study the program. A study shall be completed and a report submitted by January 1, 2010 to the Governor, President of the Senate and Speaker of the House.

## **Rule Making Authority**

HFS shall determine the following by rule:

- Benefits provided in the plans – benefits may be designed to decrease adverse selection and avoid manipulation of eligibility.
- Co-pays and deductible amounts applicable to plans.
- Pharmaceutical, healthcare-professional, and institutional reimbursement rates.

# Illinois Covered Rebate

- “Premium Assistance” – payments made on behalf of an individual to offset costs of paying premiums to secure insurance for the individual or their family.
- To be eligible for premium assistance, a person must:
  - Be at least 19 and no older than 64
  - Be a resident of Illinois
  - Reside legally in the United States
  - Have income above 100% FPL, but at or below 400% FPL

# Illinois Covered Rebate

- For persons who have access to employer-sponsored insurance, HFS shall provide premium assistance. Premium assistance is available only when an employer contributes a “threshold minimum” to be determined by rule towards the total premium cost of individual or family coverage.
- For those persons who do not have access to employer-sponsored insurance, HFS shall provide premium assistance to enable the person to enroll in the IL Covered Choice program.

# Illinois Covered Rebate

HFS shall adopt rules regarding eligibility. These rules may include the following:

- Determining income,
- The method of applying for premiums assistance,
- Renewals,
- Reenrollment,
- Defining employer-sponsored insurance,
- The threshold minimums for employer contributions,
- The amount of premium assistance, and
- Cost-sharing

# Coverage for Dependents until Age 30

“Dependents” means any insured children by blood or by law who:

- Are less than 30 years of age;
- Are unmarried;
- Have no dependents of their own;
- Are residents of this state, or are enrolled as full-time students at an accredited institution of higher education; and
- Are not provided coverage under any other group plan.

- An employer is not required to pay all or part of the cost of coverage for dependents as provided in this section. In fact, the insured may be required to pay the entire cost of the premium. This premium shall not exceed 102% of the applicable portion of the premium previously paid for that dependent's coverage.
- Payments of the premium may be made in monthly installments.

# Practitioner Rate Increases

- In fiscal year 08, the proposed budget will include \$90 million for practitioner provider rate increases contingent on the passage of the gross receipts tax. Appropriations for these increases will be appropriated to HFS in a separate budget bill. The total estimated cost of the rate increases is \$437 million per year.
- Which provider rates will be increased is still under discussion. Many provider groups are lobbying on this issue, but OMB will most likely increase rates to targeted areas of need. It is expected that physicians, dentists, optometrists, and others will all receive an average rate increase of 37%. In addition, Medicaid payments received by these practitioners will be exempt from the state's proposed gross receipts tax.

# Health Care System Improvements

- Create the Office of Patient Protection
- Building Healthcare Capacity through Comprehensive Health Care Workforce Planning
- Loan Repayment Assistance for Physicians and Dentists
- Building Healthcare Capacity through Community Health Center Targeted Expansion
- Illinois Roadmap to Health
- Improving Patient Safety and Promoting Electronic Health Records
- Reducing Administrative Costs in the Overall Healthcare System through Administrative Simplification.

# Illinois Covered: Assessment

- Privilege tax: 3% payroll fee imposed on employers
- Qualified “employer” employs 10 or more full-time equivalent employees (excludes government employers)
- # of “full-time equivalent employees” is lesser of # of persons employed at any time during the year; or total hours worked by all/1500
- Tax is capped at \$7,500 per employee
- Begins with wages paid on and after January 1, 2008
- Tax is imposed on the employer; cannot be withheld/collected from employees

# Credits for Assessments Paid

- If total health care expenditures  $>4\%$  of wages paid to IL employees: FULL CREDIT of the 3% tax
- If total health care expenditures between 2.5% and 4% of wages paid to IL employees: PRORATED CREDIT
- “Health care expenditures” includes:
  - Payment or reimbursement for medical care
  - Prescription drugs
  - Vision Care
  - Health Insurance Premiums on policies covering employees
  - Medical savings accounts
  - Any other costs to provide medical care to employees and their families.

# Payments of Assessment

- Estimated tax payments must be made concurrent with estimated income tax payment installments (quarterly)
- Estimated payments = 3% of wages paid during the installment period (about 3 months), less eligible credit
- If total health care expenditures >4% of wages paid to IL employees: FULL CREDIT of the 3% tax, and NO PAYMENT of the tax will be made

# Individual Responsibility i.e. “Individual Mandate”

- No later than January 1, 2008, a task force shall be established to analyze the effects of establishing an individual mandate to purchase health insurance.
- The task force shall prepare a report for the General Assembly and the Office of the Governor no later than December 31, 2009, with recommendations as to whether an individual mandate should be enacted and, if so, the mechanism for so doing.