

Arizona's Proposed Employer Sponsored Insurance Program

Overview

As required under Special Term and Condition (STC) 38(b), the Arizona Health Care Cost Containment System (AHCCCS) submits the following Employer Sponsored Insurance (ESI) program proposal. Under the program, AHCCCS will provide premium subsidies to Title XXI eligible state plan members for the purchase of employer sponsored health insurance.

The basic parameters of the ESI program are:

- The program will be implemented statewide;
- The program will be optional for eligible Title XXI children of employees who have access to employer sponsored coverage;
- No additional benefits (e.g., wraparound coverage) will be provided;
- ESI members are responsible for cost sharing above the subsidy (e.g., deductibles, co-payments), if required by their employer sponsored plan, and may also be required to pay a portion of their monthly premium.¹ Out-of-pocket expenses will not be capped;
- Families will be paid up to \$100 per member per month directly via electronic payment, not to exceed the actual costs required, and employers will validate the deduction on a quarterly basis.

General Program Design

Eligible Population

The population eligible for the ESI program will be Title XXI eligible children of employees who work for qualifying employers with a family income between 100% FPL through 200% FPL who have access to qualified employer sponsored insurance coverage.

Qualified Employer Sponsored Coverage

Qualified employer sponsored insurance will include coverage provided through any commercial group package offered by the employer. The commercial group coverage must include a basic primary care package (e.g., health care services customarily furnished by and through a general practitioner, family physician, pediatrician) offering at least the following services:

- Inpatient hospital services;

¹ Under current regulations, Native Americans are exempt from cost sharing requirements under KidsCare. However, Native Americans will be subject to cost sharing obligations imposed by their ESI plan if they elect to participate in this program.

- Outpatient services;
- Physician's surgical and medical services;
- Laboratory and X-ray services;
- Pharmacy services;
- Well baby/well child visits and immunizations; and
- Behavioral health services.

(Note: Dental and vision services and non-emergency transportation coverage would not be a mandatory service.)

All eligible employers must meet the following requirements:

- The employer must contribute at least 30% of the total premium for the family unit; and
- The employer must confirm the eligible member's enrollment on a quarterly basis.

Enrollment Requirements

Enrollment for ESI will be:

- Optional for members who meet the ESI eligibility requirements;
- Completed after approval of KidsCare eligibility. To be KidsCare eligible, applicants must meet a three-month bare period. Once KidsCare eligibility is approved, AHCCCS will discuss the ESI option with the member's family. If the member's family expresses an interest in participating in ESI, information will be collected by the member's family about available employer sponsored coverage to ensure it meets the requirements described above; and
- Conducted annually to coincide with the employer's open enrollment period.

Once enrolled, a member shall remain in the ESI program until the employer's next open enrollment period, unless:

- AHCCCS does not receive quarterly verification of employer coverage for the person; or
- AHCCCS receives documentation that the employer coverage no longer exists or is no longer available; or
- The member is eligible and elects coverage under Medicaid or KidsCare. If so, AHCCCS will not reimburse the member's portion of the premium for commercial insurance for any month AHCCCS has made a capitation payment for the member enrolled in an AHCCCS plan. Additionally, the member assumes responsibility for any commercial insurance requirements.

Premium Subsidy Payments

The State will pay the eligible member's family directly, via electronic payments, a monthly amount of \$100 per member per month for the subsidized portion of the premium cost. Subsidies will not exceed the actual cost of the family unit's premium. As such, parents can incidentally be covered if the per child subsidy is adequate to cover the entire family. For example:

A parent enrolled in their employer's insurance has 3 eligible kids. The member's share of cost to cover the entire family is \$250. AHCCCS will pay the parent \$250 rather than the \$300 since the cost per member per month would exceed the cost of covering the entire family.

Enrollment Projections/Limitations

Enrollment projections for the program are preliminary. The State estimates that if the program is approved and implemented in FY 2009, enrollment could approach 1,000 by September 30, 2011. These are preliminary estimates and certainly could be impacted by the final scope of the overall program. AHCCCS may cap enrollment in the ESI program based on availability of funding.

Program Evaluation/ Accountability and Monitoring

There will be an evaluation component included in the final evaluation at the end of the Demonstration, currently scheduled for September 30, 2011. The evaluation will include information on the private insurance market as it relates to the ESI program (e.g., changes in employer contribution levels, trends in sources of insurance, etc.).

Allotment Neutrality

The cost of the program is included in the attached State's overall allotment neutrality estimates.

Program Costs

As depicted in the table below, the AHCCCS program is estimating the total fund costs of the ESI program to be \$1.86 million through 2011. This is based on a population that would grow at 28 new members per month over the course of the remaining waiver renewal term. Current estimates indicate that as many as 153,000 individuals in the State may be eligible for the program. That estimate includes 89,000 KidsCare eligible children that currently are not enrolled and approximately 64,000 children currently enrolled in KidsCare. This estimate does not, however, account for whether these children have access to employer sponsored insurance. The estimated costs associated with this waiver proposal fit within the estimated allotment neutrality limits that are established for the baseline program.

	FFY 09	FFY 10	FFY 11	Totals
Enrollment (9-30)	336	672	1,000	
Annual Cost	218.4	621.6	1,020.4	1,860.4
General Fund	52.3	148.9	244.5	445.7

Federal Fund	166.1	472.7	775.9	1,414.7
FMAP Used	76.04%	76.04%	76.04%	
Monthly PMPM	\$ 100.00	\$ 100.00	\$ 100.00	
PMPM of \$100.00				