



Presentation to Senate Finance Committee on Cost Savings Proposals for Medicaid and CHIP Cost Sharing

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Summary of Medicaid and CHIP Cost Sharing Reduction Proposals (in millions)

SFC Medicaid and CHIP Cost Reduction Proposals for Acute Care Cost Sharing		Total GR	Total All Funds
1	Establish Medicaid Co-Payments	\$ -2.7	\$ -5.4
2	Maximize Co-Payments in CHIP	\$ 8.2	\$27.6

Acute Care Medicaid and CHIP Co-Payments

Maximum and Allowable Medicaid and CHIP Co-Payments									
		< 100% FPL*		101 – 150% FPL		151 - 185 % FPL		> 185 % FPL	
		Current	Allowable	Current	Allowable	Current	Allowable	Current	Allowable
Medicaid	Non-Emergent ED	0	\$3.65	0	\$7.30	0	Not specified	N/A	N/A
	Generic Drugs	0	\$1.25	0	\$2.27	0	\$4.55	N/A	N/A
	Brand Drugs	0	\$3.65	0	\$19.59	0	\$39.18	N/A	N/A
	Office Visits	0	\$2.45	0	\$3	0	\$6	N/A	N/A
CHIP	Non-Emergent ED	\$3	\$3	\$5	\$5	\$50	Not specified	\$50	Not specified
	Generic Drugs	0	\$3	\$0	\$5	\$8	Not specified	\$8	Not specified
	Brand Drugs	\$3	\$3	\$5	\$5	\$25	Not specified	\$25	Not specified
	Office Visits	\$3	\$3	\$5	\$5	\$12	Not specified	\$16	Not specified

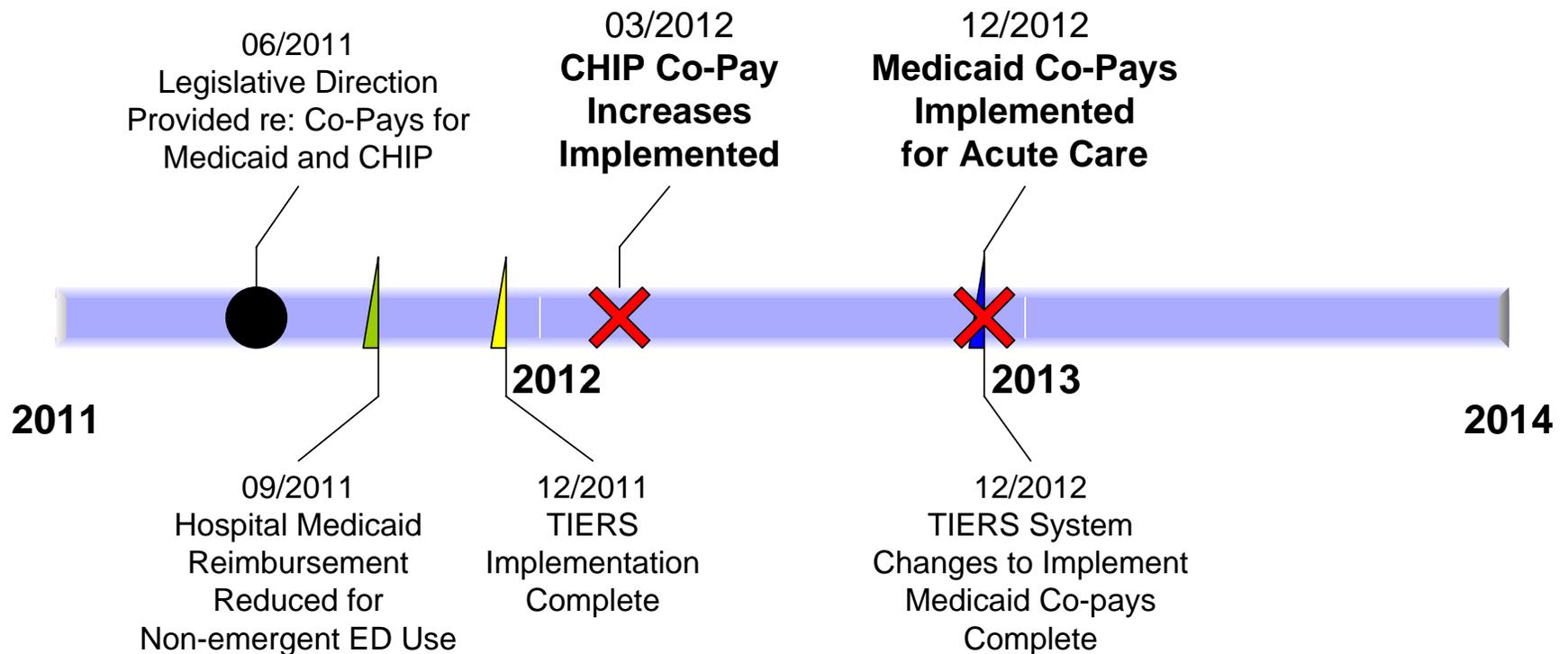
* Services cannot be denied to clients under 100% FPL who do not pay the co-pay.

Note: "Not specified" means federal law does not dictate a maximum in this category.

2011 Federal Poverty Level (FPL) Annual Incomes

Family Size	100% FPL	150% FPL	185% FPL	200% FPL
1	\$10,890	\$16,335	\$20,147	\$21,780
2	\$14,710	\$22,065	\$27,214	\$29,420
3	\$18,530	\$27,795	\$34,281	\$37,060
4	\$22,350	\$33,525	\$41,348	\$44,700

Medicaid and CHIP Co-Payment Estimated Implementation Timeline



Medicaid Co-Payments

- There are currently no cost-sharing requirements in the Texas Medicaid program.
- Co-payments may be charged in Medicaid for prescription drugs and medical services, including special provisions for non-emergent visits to the hospital emergency department.
- Due to maintenance of effort requirements in the Affordable Care Act, no enrollment fees or premiums may be added for:
 - Medicaid adults prior to January 2014, or
 - Medicaid children until October 2019.

Medicaid Co-Payments – Exempt Populations

- Most Medicaid clients are exempt from paying co-pays:
 - Infants and children ages 0-5 under 133% federal poverty limit (FPL).
 - Children ages 6-18 under 100% FPL.
 - Children in foster care or adoption assistance.
 - Pregnant women (for pregnancy-related services).
 - Individuals in hospice care.
 - Women in the breast and cervical cancer program.
 - Facility patients required, as a condition of eligibility, to apply most of their income to the cost of care.
 - Certain American Indians and Alaska Natives.
- Exception: exempt populations can be charged a co-pay for non-emergent use of the emergency department

Medicaid Co-Payments – Eligible Populations

- Texas options for requiring co-pays:
 - Parents that continue to receive Medicaid during the transitional period off Temporary Assistance for Needy Families (TANF) over 100% FPL.
 - Infants, from 133% -185% FPL.
 - Home and community care clients who receive Medicaid acute care services because they have eligibility for long term care waiver services.
- Texas options for charging co-pays with no requirement for clients to pay (all at/below 100% FPL)
 - Parents receiving TANF or transitioning off TANF.
 - Adults with disabilities with Supplemental Security Income
 - Adults receiving long-term services and supports through home and community based care programs

Medicaid Co-Payments – Additional Limitations

- The following services are exempt from co-pays:
 - Preventive care for children under age 18
 - Emergency care
 - Family planning
- Total cost-sharing cannot exceed 5 % of the family's income on a monthly basis.

Medicaid Co-Payments— for Non-Emergent Use of ED

- All Medicaid populations may be charged nominal co-payments for non-emergency services provided in the hospital emergency department (ED), even exempt populations
 - under 100% FPL would not be required to pay co-pay.
- To charge an ED co-pay, the hospital must first provide the following information to the client :
 - Name and location of an alternate provider that is available and accessible, and
 - Referral to coordinate scheduling of the treatment.

Medicaid Co-Payments – Addressing Non-Emergent ED Use

- Option for discouraging use of EDs for non-emergent care and encourage referrals to lower cost, alternative care settings:
 - Implement a co-pay for Medicaid clients, and
 - Reduce reimbursement rate for non-urgent care provided in the ED
- To assist hospitals in identifying providers who can provide urgent care after hours and during weekends, HHSC could establish a new provider type and begin enrolling providers in this new provider category.
- Anticipated implementation date: December 1, 2012, with state and federal approval.
- Impact to providers:
 - Providers would collect co-pays from patients.

Medicaid Co-Payment – Implementation Assumptions

- **Medicaid Systems Changes**
 - Medicaid systems changes will be needed.
 - Implementation of Medicaid cost sharing would follow the completion of the TIERS rollout (December 2011).
 - Medicaid ID and health information card will be used to track Medicaid co-pays (tracking is required for clients and providers).
- **Estimated general revenue systems and administrative costs to implement Medicaid cost sharing:**
 - \$2.8 million in fiscal years 2012-13 (not including establishing new provider type for urgent care providers)

Proposed Medicaid Co-Payment Levels

Proposed Medicaid Acute Care Co-Payments*						
	< 100% FPL **		101 – 150% FPL		> 150% FPL	
	Maximum Allowable	Proposed	Maximum Allowable	Proposed	Maximum Allowable	Proposed
Non-Emergent ED	\$3.65	\$3	\$7.30	\$5	Not specified	\$75
Generic Drugs	\$1.25	\$0	\$2.27	\$2	\$4.55	\$4
Brand Drugs	\$3.65	\$3	\$19.59	\$5	\$39.18	\$35
Office Visits	\$2.45	\$2	\$3	\$3	\$6	\$6

* Final co-payment amounts yet to be determined

** Services cannot be denied to clients under 100% FPL who do not pay the co-pay.

Note: "Not specified" means federal law does not dictate a maximum in this category.

CHIP Cost Sharing

- Texas CHIP currently has the following cost sharing requirements:
 - Annual enrollment fees for members over 150% of FPL.
 - Co-payments for members at all income levels.
- CHIP co-payments may be increased, within federal limitations, but enrollment fees may not be increased until October 2019 due to maintenance of efforts requirements in the Affordable Care Act.

CHIP Cost Sharing – Limitations

- American Indians and Alaska Natives are exempt from all cost sharing in CHIP.
- States cannot impose cost-sharing that in the aggregate exceeds 5% of a family's total income for the enrollment period.
- CHIP enrollment fees and co-payment amounts may vary based on family income levels, but lower income CHIP members may not be charged more than higher income CHIP members for the same services.



CHIP Co-Payment – Exempt Services

- Cost-sharing is prohibited for covered well-baby or well-child medical or dental services, including:
 - Healthy newborn physician visits,
 - Routine physical examinations,
 - Certain laboratory tests,
 - Immunizations and related office visits, and
 - Routine preventive and diagnostic dental services.

CHIP Co-Payment – Estimated savings

- If the proposed co-payments are implemented, GR cost savings would be:
 - \$2.5 million in fiscal year 2012, and
 - \$5.6 million in fiscal year 2013.

CHIP Co-Payment – Implementation Assumptions

- Estimated implementation date: March 1, 2012, with state and federal approval.
- Assumptions about decreased utilization or increased costs resulting from delayed treatment are not included.

Proposed CHIP Co-Payments

Up to 100% FPL			
Note: Areas which are eligible for increased cost sharing are shaded in gray.			
	Current	Federal Max. Allowable	<i>PROPOSED</i> Co-Payments
Office Visit	\$3	\$3	\$3
Non-emergency ED	\$3	\$3	\$3
Generic drug	0	\$3	0 **
Brand drug	\$3	\$3	\$3
Cost-sharing limit	1.25% of family income, per 12-month term	5%* of family income, per enrollment period	5%* of family income, per enrollment period
Inpatient Hospital	\$10	Not to exceed 50% of Medicaid FFS payment for the first day's hospital facility charges per admission	\$15

* 5% of family income for this group is from \$0 to \$1,118 per year for a family of 4.

** Generic drugs \$0 to encourage choice of generic drugs over brand-name drugs

Proposed CHIP Co-Payments

101% - 150% FPL			
Note: Areas which are eligible for increased cost sharing are shaded in gray.			
	Current	Federal Max. Allowable	PROPOSED Co-Payments
Office Visit	\$5	\$5	\$5
Non-emergency ED	\$5	\$5	\$5
Generic drug	0	\$5	\$2**
Brand drug	\$5	\$5	\$5
Cost-sharing limit	1.25% of family income, per 12-month term	5%* of family income, per enrollment period	5%* of family income, per enrollment period
Inpatient Hospital	\$25	Not to exceed 50% of Medicaid FFS payment for the first day's hospital facility charges for each admission	\$35

* Note: 5% of family income for this group is from \$1,118 to \$1,676 per year for a family of 4.

** Generic drug cost lower to encourage choice of generic drugs over brand-name drugs

Proposed CHIP Co-Payments

151% - 185% FPL			
Note: Areas which are eligible for increased cost sharing are shaded in gray.			
	Current	Federal Max. Allowable	PROPOSED Co-Payments
Office Visit	\$12	Not specified	\$20
Non-emergency ED	\$50	Not specified	\$75
Generic drug	\$8	Not specified	\$15
Brand drug	\$25	Not specified	\$35
Cost-sharing limit	2.5% of family income, per 12-month term	5%* of family income, per enrollment period	5%* of family income, per enrollment period
Inpatient Hospital	\$50	Not specified	\$75

* 5% of family income for this group is from \$1,676 to \$2,067 per year for a family of 4.
Note: "Not specified" means federal law does not dictate a maximum in this category.

Proposed CHIP Co-Payments

186% - 200% FPL			
Note: Areas which are eligible for increased cost sharing are shaded in gray.			
	Current	Federal Max. Allowable	PROPOSED Co-Payments
Office Visit	\$16	Not specified	\$25
Non-emergency ED	\$50	Not specified	\$75
Generic drug	\$8	Not specified	\$15
Brand drug	\$25	Not specified	\$35
Cost-sharing limit	2.5% of family income, per 12-month term	5%* of family income, per enrollment period	5%* of family income, per enrollment period
Inpatient Hospital	\$100	Not specified	\$125

* 5% of family income for this group is from \$2,067 to \$2,235 per year for a family of 4.
Note: "Not specified" means federal law does not dictate a maximum in this category.