Testimony
Department of Human Services
Health Care Reform Review Committee
Representative George Keiser, Chairman
April 11, 2012

Chairman Keiser, members of the Health Care Reform Review Committee, I am Maggie Anderson, Director of the Medical Services Division for the Department of Human Services. I appear before you to provide information regarding the feasibility of implementing a buy-in program for the state's medical assistance program (Medicaid).

Background

If a state chooses to participate in the Medicaid program, federal law mandates that certain populations be covered. There is also flexibility to cover "optional" groups. If a state wants to expand coverage beyond the mandatory and optional groups, they must submit a waiver to the Centers for Medicare and Medicaid Services.

The following table provides information on the current mandatory and optional coverage groups covered by North Dakota Medicaid and Attachment A shows the current income eligibility levels for each group.

MANDATORY COVERAGE GROUPS	OPTIONAL COVERAGE GROUPS
Children	Breast and Cervical Cancer Treatment (Women's Way)
Pregnant Women	Worker's With Disabilities
Parents/Caretaker Adults	Children with Disabilities
Aged & Disabled receiving SSI	Medically Needy
Low Income Medicare Beneficiaries	

Starting January 1, 2014, the Affordable Care Act expands Medicaid eligibility to ALL individuals under the age of 65 with incomes up to 138 percent of the Federal Poverty Level. Individuals in households with incomes above 138 percent and up to 400 percent of the Federal Poverty Level would receive premium subsidies to purchase insurance through the Health Benefit Exchange.

Uninsured Information – 3 Year Average

North Dakota Health Insurance Coverage 2008 to 2010	
Total Population	631,196
Insured	557,586
Uninsured	73,610

Data Source: U.S. Census Bureau: Current Population Survey, Annual Social and Economic Supplement, 2009 through 2011 (3-year average - Data Collected in 2009 to 2011)

As a point of reference, the North Dakota Medicaid enrollment for February 2012 was 66,337. Therefore, implementing a program that would allow the uninsured to buy-in to Medicaid could double the size of the Department's effort to manage the enrollment, benefit plan, and claims processing for this program area.

Medicaid Buy-In

If the Legislature decided to offer a program allowing uninsured individuals to buy-in to Medicaid, there are questions to be answered and items to consider:

Would the state be seeking federal match for individuals who buy in? The amount of premium may be limited by CMS and the maximum poverty level eligible for federal match may also be limited by CMS.

If North Dakota were to establish a Medicaid buy-in for the uninsured, would it be a per month premium paid by the members with the state being at risk for catastrophic claims? Currently, the Medicaid program is primarily a fee for service structure, where the Medicaid program pays for all medically necessary services for enrolled recipients.

If the approach would be a per month premium, would there be any requirements that all uninsured individuals participate? This would be important to know for establishing a risk-based premium.

Would the buy-in be for acute services or all Medicaid covered services? See Attachment B for a list of current Medicaid covered services.

Would the buy-in program recipients have the same requirements for prior authorization of services, selecting a primary care provider, and following the Medicaid program rules?

Would the buy-in group have the same service limits and cost sharing as the traditional Medicaid population, or would this group have different requirements? See Attachment C for a list of the current service limits and cost sharing.

Would the Department have the authority to remove individuals from buy-in coverage for failure to pay premiums or for waste/abuse of program services?

Would the provider community support additional individuals being covered by the Medicaid program? Providers often express concern that the Medicaid fee schedule does not cover their costs.

If the Department would implement a Medicaid buy-in program for the state's uninsured population, additional staff would be needed in the Fiscal Administration Division (to process the buy-in invoices and payments received), the Medical Services Division (to oversee the buy-in program, to conduct utilization review, and to answer provider and recipient telephone calls), and the Information Technology Division (to process the additional claims).

In addition, programming changes would need to be made to the Department's eligibility and claims processing systems. The extent of the changes would be dependent on the answers to many of the questions above.

In summary, the Affordable Care Act contains a significant expansion of Medicaid eligibility, with the federal government covering 100 percent of the expansion cost for the first three years (2014-2016). Individuals not eligible for Medicaid will be able to purchase insurance through the Health Benefit Exchange. If the United States Supreme Court determines either the Medicaid expansion or the entire Affordable Care Act to be unconstitutional, a Medicaid buy-in could be considered. However, depending on the intent of an initiative to cover the uninsured, the Medicaid program may or may not be the most appropriate vehicle to use.

I would be happy to address any questions that you may have.