

## **Department of Planning and Budget**

### **2019 Fiscal Impact Statement**

**1. Bill Number:** HB 2531

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Head

**3. Committee:** Appropriations

**4. Title:** Health Insurance Premium Payment program; enrollment of eligible individuals

**5. Summary:** The proposed legislation requires the Department of Medical Assistance Services (DMAS) to enroll in the Health Insurance Premium Payment program (HIPP) every person who is eligible for medical assistance services provided pursuant to the state plan for medical assistance services and who has a household income that is equal to or greater than 100 percent of the federal poverty level for a household the size of such person's household and meets the criteria for enrollment in such program unless enrolling the person in such program is determined not to be cost effective.

**6. Budget Amendment Necessary:** No

**7. Fiscal Impact is Indeterminate** (See Item 8)

**8. Fiscal Implications:** The Health Insurance Premium Payment (HIPP) program is a cost saving program for Medicaid eligible individuals that reimburses some or all of the employee portion of the group health insurance premium for members who have employer sponsored group health insurance available to them through their own or their family member's employment or who has COBRA coverage. It should be noted that HIPP includes only those Medicaid eligible individuals who have their private insurance premiums paid by DMAS and is a subset of the recipients (over 80,000) who have some form of third-party coverage (referred to as TPL or third-party liability) but receive no premium assistance.

For the HIPP program, eligibility criteria include, but are not limited to the following:

- A family member must be enrolled in full coverage Medicaid.
- The health plan must meet cost effectiveness evaluation
- Must be enrolled in a health plan that meets the definition of an a "qualified employer sponsored plan" that qualifies as creditable coverage under the section 2701(c) (1) of the Public Health Service Act and must be offered to all individuals in a manner that would be considered nondiscriminatory eligibility; and
- Must not be a plan with deductibles that are equal to or exceed IRS High Deductible Health Plan limits.

Currently, HIPP is a voluntary program that includes approximately 1,800 individuals of which 61 percent receive personal care benefits through the Elderly or Disabled with Consumer-Direction (EDCD) waiver, 26 percent are low income families and children (LIFC), and 13 percent are served through other disability waivers. Of these groups, DMAS reports that there is no significant difference in capitation payments for LIFC and the other waivers for HIPP participants. However, those receiving personal care benefits through CCC+ have capitation payments that are \$1,350 less when having private insurance than without. On average, DMAS estimates HIPP payment to be \$550 per month which would equate to a monthly savings of \$800 per enrollee.

HB 2531 intends to increase the agency's use of the HIPP program by mandating its enrollment beyond the current voluntary program. Based on the agency's experience with the current program, it is assumed that an expansion of HIPP should reduce Medicaid spending; however, a specific fiscal impact cannot be determined. This is based on the agency's assertion that the provisions of the bill cannot be implemented and sufficient data is not available to generate a savings estimate. DMAS maintains that implementing the bill's enrollment requirement would require an approved Medicaid waiver to enact as the agency would not be able to mandate enrollment in HIPP in lieu of full Medicaid benefits. In addition, the agency does not have readily available data regarding a Medicaid eligible individual's alternative health insurance program or to determine the health insurance premium payment. As HIPP is not mandatory, information is only provided if requested by an applicant.

**9. Specific Agency or Political Subdivisions Affected:**

Department of Medical Assistance Services

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None