



MEDICAID EXPANSION: COMPARING STATE CHOICES IN ALTERNATIVE BENEFIT PLAN DESIGN

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Data sources

- State Plan Amendments
- Publicly available state documents on Alternative Benefit Plan design

Background

States have option to expand Medicaid programs under the Affordable Care Act (ACA)

ACA requires benefits for Medicaid expansion “new adult group” to be *established via an Alternative Benefit Plan (ABP)*

Within guidelines, states have *flexibility in designing their ABP benefits*

Policy relevance

Flexibility in benefit design:

States have numerous options in designing ABPs.

For example, they could:

- Match ABP to traditional State Plan benefits
- Base ABP on marketplace coverage to smooth effects of churn
- Or through benefit substitution, create an ABP tailored to the unique needs of the new population

Benefits for new adult group not necessarily same as traditional Medicaid

Leveraging new ABP requirements:

States may add required ABP benefits to State Plan, further enhancing benefits in traditional Medicaid

ABP requirements

Medicaid expansion ABPs requirements that differ from traditional Medicaid:

- **Must cover the 10 EHBs defined by ACA** as standard for private coverage (not traditional Medicaid)
- Comply with mental health and substance abuse parity
- Plus certain standard Medicaid benefits (e.g., EPSDT for age 19-20, non-emergency medical transport)

Essential Health Benefits

- 1) Ambulatory patient services
- 2) Emergency services
- 3) Hospitalization
- 4) Maternity and newborn care
- 5) Mental health and substance use disorders
- 6) Prescription drugs
- 7) Rehabilitative and habilitative services and devices
- 8) Laboratory services
- 9) Preventive and wellness services
- 10) Pediatric services

Building a Benefit Package

Step 1: Identify a reference plan on which benefits will be based.

Step 2: Compare reference plan against EHB benchmark plan to ensure ABP meets requirements; supplement missing EHBs.

Step 3 (optional): Substitute benefits with actuarially equivalent benefits in the same EHB category.

Building a Benefit Package

Step 1: Identify a reference plan on which benefits will be based.

1. Federal employee coverage (Blue Cross Blue Shield PPO)
2. State employee coverage
3. Largest commercial non-Medicaid HMO by enrollment in state
4. Secretary-approved coverage (e.g., Medicaid State Plan or marketplace EHB benchmark plan)

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Alignment of ABP with Medicaid State Plan

What is ABP alignment?

- State selects Medicaid State Plan as reference plan for ABP
- State includes *all benefits from State Plan*
- May include benefits beyond State Plan

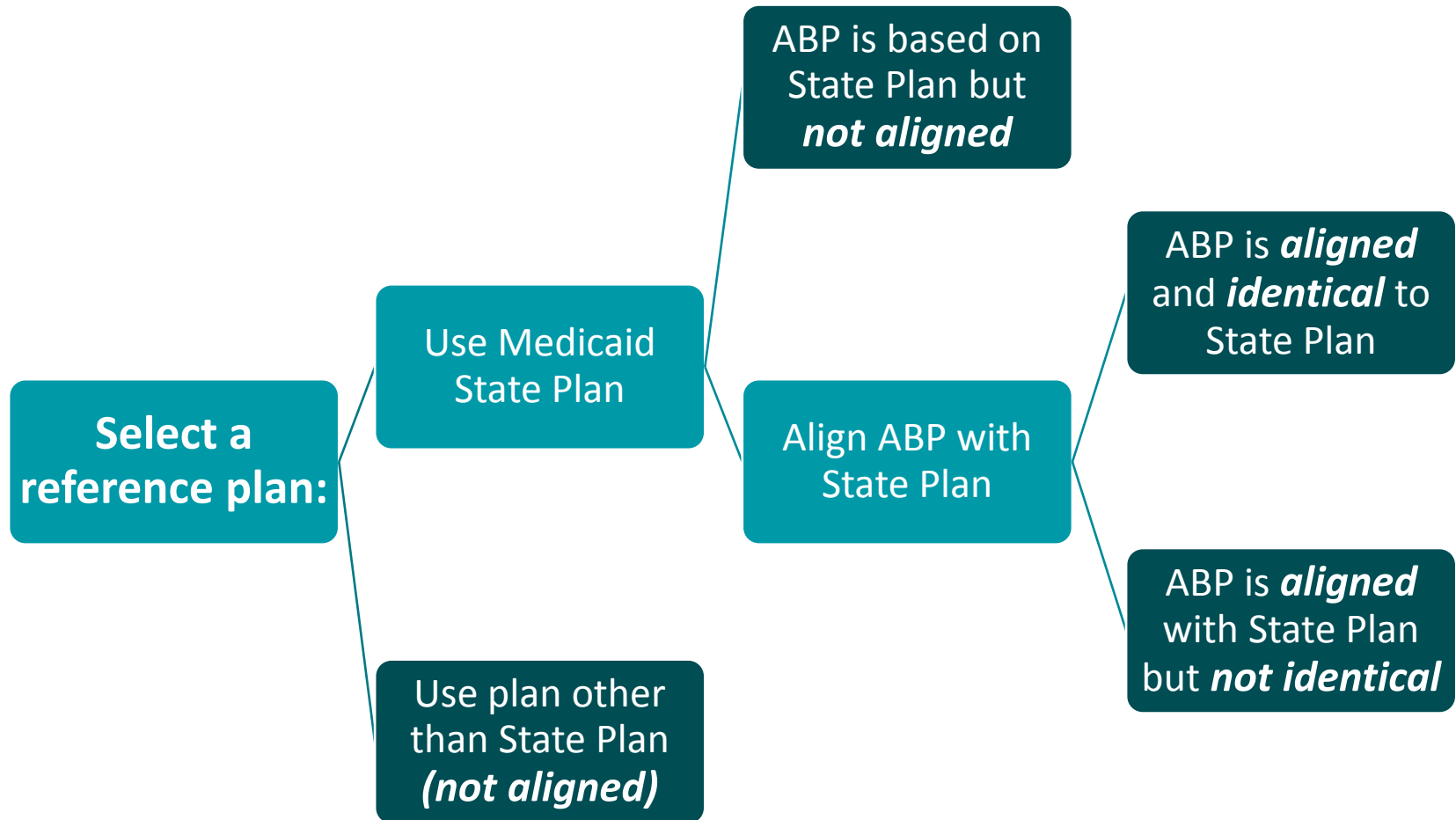
Beyond alignment

- If state must add EHBs to ABP, state may also add those to its State Plan

Incentives to align ABP

- Certain individuals **exempt** from mandatory enrollment in ABP (e.g., medically frail)
- ABP aligned: State may automatically enroll exempt individuals in ABP
- ABP non-aligned: State must identify exempt individuals and offer choice of ABP vs. State Plan, **and bear those administrative costs**

Decisions for Aligning an ABP

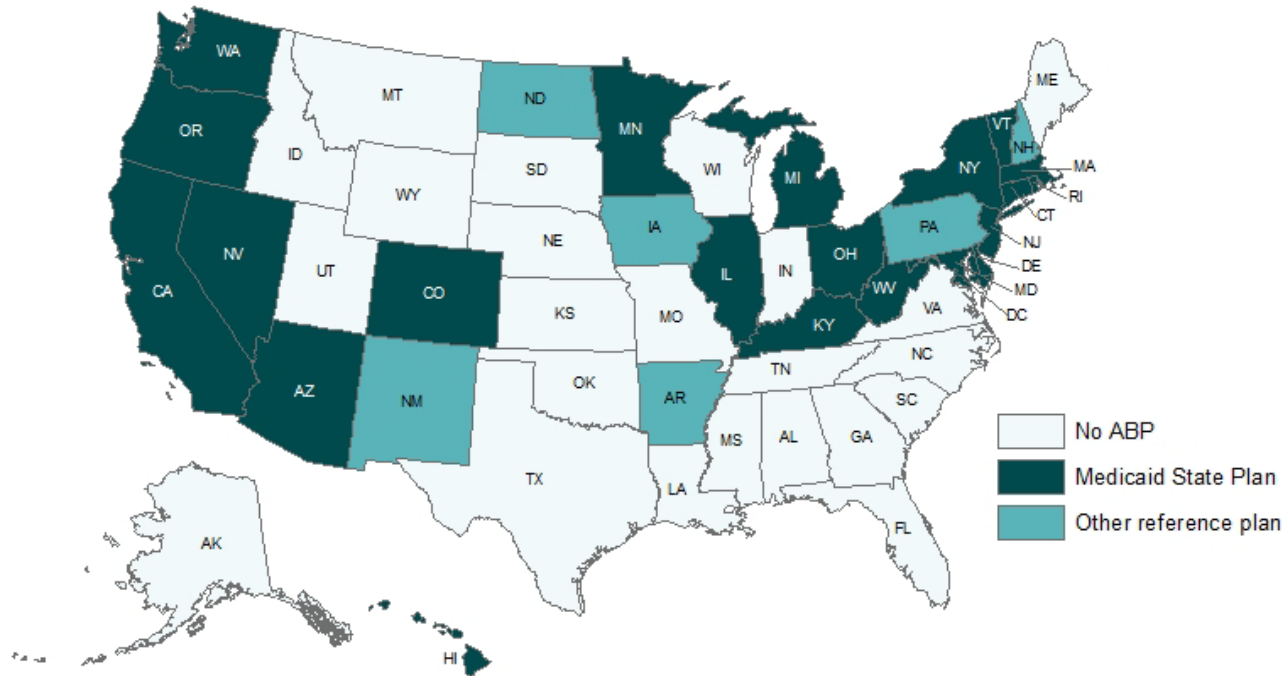


Research Questions

How are states using ABP flexibility?

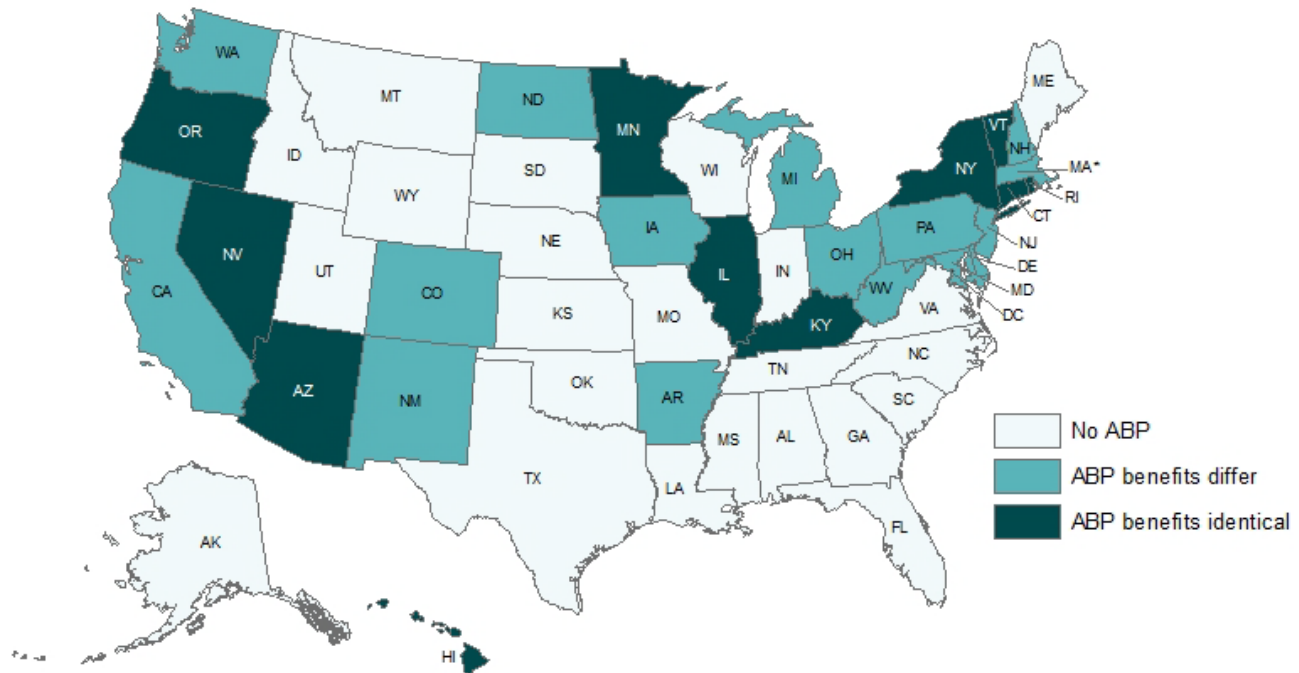
1. What reference plans did states use for their ABPs?
2. Did states align their ABPs with their State Plans?
3. How did ABPs differ from State Plan benefits?

1. What reference plans did states use for their ABPs?



Medicaid State Plan	Marketplace EHB benchmark	State employee plan
22 of 28 states	6 of 28 states	1 of 28 states
AZ, CA, CO, CT, DC, DE, HI, IL, KY, MA, MD, MI, MN, NJ, NV, NY, OH, OR, RI, VT, WA, WV	AR, IA*, NH, NM, ND, PA <i>* Note: Iowa has 2 ABPs with different reference plans.</i>	IA*

3. How did ABPs differ from State Plan benefits?



ABP benefits identical to State Plan

13 of 28 states

AZ, CT, DC, HI, IL, KY, MA*, MN, NV, NY, OR, RI, VT

ABP benefits differ from State Plan

16 of 28 states

AR, CA, CO, DE, IA, MA*, MD, MI, ND, NJ, NH, NM, PA, OH, WA, WV

** Note: MA has 2 ABPs; 1 is identical to its Medicaid State Plan.*

3. How did ABPs differ from State Plan benefits?

State	Which has greater benefits?		
	ABP	State Plan	Mixed*
AR			✓
CA		✓	
CO	✓		
DE	✓		
IA – Wellness Plan (<100% FPG)		✓	
IA – Marketplace Choice Plan (101% to 138% FPG)		✓	
MA		✓	
MD	✓		
MI	✓		

State	Which has greater benefits?		
	ABP	State Plan	Mixed*
ND		✓	
NJ			✓
NH			✓
NM			✓
PA – Private Coverage Option			✓
PA – Healthy Plus (high-risk)	✓		
OH	✓		
WA	✓		
WV			✓

3. How did ABPs differ from State Plan benefits?

Trends across states:

ABP benefits beyond State Plans

- Habilitative benefits
- Preventive services
(U.S. Preventive Services Task Force A and B recommendations)
- Mental health and substance abuse (addressing parity)

State Plan benefits beyond ABP

- Long-term services and services
- Nursing home care

3. Have any states modified their State Plans to better-match their new ABP benefits?

Colorado:

- Expanded preventive services (i.e., USPSTF A and B recommendations)
- (did not add habilitative services)

Hawaii:

- Expanded preventive benefits
- Added habilitative benefits

Nevada:

- Added habilitative benefits

Washington:

- Expanded preventive services
- Expanded mental health services (addressing parity)
- (did not add habilitative services)

Case Study: ABP aligned, but not identical



Colorado

ABP Reference Plan:

- Medicaid State Plan

ABP aligned with State Plan?

- Yes

ABP benefits beyond State Plan:

- Habilitative benefits

ABP benefits *added* to State Plan:

- Enhanced preventive services
(i.e., USPSTF A and B recommendations)

Case Study: ABP based on State Plan, but not aligned



New Jersey

ABP Reference Plan:

- Medicaid State Plan

ABP aligned with State Plan?

- No

State Plan benefits missing from ABP:

- Long-term services and supports

ABP benefits beyond State Plan:

- Additional mental health and substance abuse treatment

Case Study: ABP not based on State Plan (not aligned)



New Mexico

ABP Reference Plan:

- Marketplace QHP benchmark

State Plan benefits missing from ABP:

- Long-term services and supports, nursing home care, certain benefits available past age 20 (e.g., hearing aids), fewer limits on some benefits (e.g., number of rehabilitation visits)

ABP benefits beyond State Plan:

- Habilitative benefits, additional preventive services (e.g., U.S. Preventive Services Task Force A and B recommendations, annual physicals)

3. Cost-sharing in ABPs

- Some states have implemented cost-sharing in ABPs that differ from State Plans (e.g., co-pays in New Mexico, health savings accounts in Arkansas)
- Availability of public documentation on cost sharing varies by state

Policy Implications

Using ABPs to address churn

- Intra-Medicaid churn: Align ABP with State Plan (e.g., OR, AZ, KY)
- Medicaid-marketplace churn: Align ABP with marketplace QHP benefits (e.g., NM, AR, IA)

Designing the right benefit set

- ABP population is new to Medicaid — still determining their needs

Looking forward...

Changes to ABPs after year 1

Revisions to ABPs alone

- Arkansas added limit (8 trips) to non-emergency transport
- Iowa added dental benefits to ABPs

Revisions to ABPs to maintain alignment revised State Plan

- Arizona added insulin pumps
- California and Colorado added dental benefits
- Connecticut added licensed behavioral health clinicians
- Illinois revised limitations on dental; podiatric; physical, occupational and speech therapy

Limitations

Comparisons of ABP vs. State Plan benefits:

- In states that didn't use State Plan as ABP reference, can be challenging to compare benefits

Information on changes to State Plan benefits may not be complete:

- While additions to State Plan benefits were sometimes referenced in ABP SPAs and publicly available, this may not always be the case

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3. How are ABPs more generous than State Plans?

State	Habilitative	Preventive	Mental Health/ substance use	Other
CO	✓			
DE				Chiropractic
MD	✓			
MI	✓	✓		
NJ			✓	
NH			✓	Chiropractic
NM	✓	✓		
NV	✓			
OH			✓	
PA – Private Coverage Option		✓		Reduced limits on many services
PA – Healthy Plus				Reduced limits on many services
WA	✓			
WV	✓			Reduced limits on rehab, home health

3. How are State Plans more generous than ABPs?

State	Long-term services and supports	Nursing home care	Other
CA	✓		
IA – Wellness Plan			Podiatry, non-emergency transport, certain mental health, community-based services (e.g., home-based rehabilitative services), eye glasses, hearing aids; reduced limits on hospice, rehab/habilitative; <i>plus bariatric surgery, TMJ for Wellness Plan</i>
IA – Marketplace Choice			
MA	✓		
ND			Dental and vision services past age 20; reduced limits on skilled nursing facilities
NJ	✓		
NH	✓	✓	Adult medical daycare; reduced limits on skilled nursing facilities, eye exams; coverage of certain services past age 20 (private duty nursing, personal care attendant)
NM	✓	✓	Coverage of certain services past age 20 (e.g., hearing aids); reduced limits on certain services (e.g., rehabilitation services)
PA – Private Coverage Option			Respite care, dental services, non-emergency transport, dialysis, certain mental health (mobile treatment, peer support, targeted case management, nutritional supplements, eyeglasses/vision, medical supplies, tobacco cessation)
WV		✓	Personal care services; reduced limits on chiropractic care

Building a benefit package

Step 2: Does the package meet all EHB requirements?
Compare against reference plan:

1. Any of 3 largest small group insurance products by enrollment in state
2. Any of 3 largest state employee health benefit plans by enrollment
3. Any of 3 largest federal employee plans by enrollment
4. Largest commercial non-Medicaid HMO in state