THE COST AND BENEFITS OF TRIBAL PREMIUM SPONSORSHIP

Premium Chart for Bronze and Silver Plans by % of Federal Poverty Level

THE COST AND BENEFITS OF TRIBAL PREMIUM SPONSORSHIP

UNINSURED

Working with the California Rural Indian Health Board, the authors utilize American Community Survey estimates of uninsured by income categories as the basis for estimates of costs and benefits of marketplace insurance. The categories include one for the Marketplace eligible category of the ACA, 'from 139% to 300% of the federal poverty level (the level where there is no cost sharing for enrolled tribal members) and another for 139% to 400% of the federal poverty level (the level where there are tax credits).' Not all of the 33 states plan to expand Medicaid to 139%, with Alaska, Idaho, Montana, South Dakota, Oklahoma, and Texas being four states with large Indian populations who do not plan to expand Medicaid.   These states will have Marketplace subsidy eligibility from 100% of Poverty to 400% of the federal poverty level.[1] The model's estimate of cost and benefit is restricted to the income category 139% to 300% of poverty since this is the threshold level that is expected to be adopted by most Tribal Premium Sponsorship Programs. Within this income category the user gets an estimate of the number of uninsured and default estimates that reduce the amount further by the number of uninsured who

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1 The model does not, at this time, include the 100% to 139% income category that will exist in states that do not expand Medicaid.

have offers of insurance and the number who are not CHS eligible. The first reduction to comply with the eligibility requirement to accept affordable offers of employer sponsored insurance and the second to comply with the likely tribal requirement to be CHS eligible.

1. What is the total uninsured population eligible for Marketplace subsidies?

2. How many are not eligible due to offers of workplace insurance?

3. How many in the Active User Population are not CHS eligible and likely not eligible for tribal sponsorship under most Tribal Premium Sponsorship Programs?

COSTS OF TRIBAL PREMIUM SPONSORSHIP

Most aspects of estimating the cost and benefits of Tribal Premium Sponsorship is difficult since it requires an estimate of how many will participate and an estimate of the expected premiums compared to the actuarial value of that coverage. Where premiums are less that actuarial value one could say benefits exceed costs. Individual buyers of insurance are not used to purchasing something based on actuarial value but risk managers are familiar with the concept and make decisions based on it every day in the management of tribal programs.   Since purchasing decisions are not made by individuals, but by professional staff one can expect sound decisions based on the business case for sponsorship, not on likely individual purchase decisions where an individual might be prepared to take a risk due more often to faulty calculations about the value of insurance rather than a true evaluation of the degree of risk.

ESTIMATED PREMIUM COSTS

Premium costs for those with incomes under 400% of poverty are set in the ACA legislation. It surprises many that we know our premium costs for sponsorship without knowing the actual premiums. We don't need to wait until health issuers set their premiums before having the 'price' of Marketplace Qualified Health Plan premiums because the ACA set the rates in law for those under 400% of FPL.

The model provides a 'blended' rate or average across all expected participants between 139% and 300% of FPL. Since the maximum average would be $3108 if all were at the 300% level the estimated average or blended rate is some point between the lowest amount of $480 annually and $3,108. The model gives a relative conservative (or higher than expected) 'point estimate' of $2,500 average annual premium, but also provides one estimate lower, at $2,250, and another higher, at $2750 to give a range of estimates. With experience the model could be adjusted to reflect the actual average of premiums experienced by tribes with sponsorship programs. The premium is multiplied by the number of 'eligible uninsured' to generate estimated premium costs.

ADMINISTRATIVE COSTS

Administrative costs will not be large and many programs will not have to add additional staff. All Indian health programs will need additional training.2 In many instances training costs will be offset with federal and state funding, but one should expect tribes and Title V Urban Indian health programs will have additional training costs. Ongoing customer support, from Indian health programs, will be required for those who purchase Qualified Health Plans to help them

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2 Where outsourced state funded positions are in place it will be essential that tribes understand the requirement to provide outsourced enrollment staff remains under the ACA.

understand the differences between Medicaid, CHS and private insurance and managed care coverage. This is a small, but additional cost.

ESTIMATING THE FINANCIAL BENEFITS OF MARKETPLACE QUALIFIED HEALTH PLANS

The basic factors to consider in estimating the benefits of Sponsorship of Marketplace Qualified Health Plans are:

1. What is the total number of eligibles?

2. What percentage of this universe of 'eligibles' will be enrolled in Qualified Health Plans ('take up' or 'participation' rate)?

3. What is the per capita expected expenditure?

4. Multiply the number of eligible likely to enroll by per capita expenditure

Estimating Uninsured Population and likely financial benefit involves three steps:

- First, estimate uninsured from 139% to 300% of FPL,

- Second, estimate what percentage of the total eligible population will actually enroll in Marketplace plans and receive tax subsidies and

- Third, estimate per capita Qualified Health Plan-covered expenditures (or actuarial value) for the newly enrolled.

THE BENEFITS OF MARKETPLACE QUALIFIED HEALTH PLANS AND SUBSIDIES

THE BUSINESS CASE FOR REFINING AND IMPROVING CONTRACT HEALTH SERVICES/PURCHASED/REFERRED CARE ALTERNATE RESOURCE PROGRAMS TO MAXIMIZE PURCHASE OF QUALIFIED HEALTH PLANS.

CONTRACT HEALTH SERVICES, PURCHASED/REFERRED CARE (PRC)

Contract health service (CHS) funding is insufficient in nearly every Indian health program in the nation. In recognition of this chronic underfunding of CHS, the Indian Health Service requires a determination of alternate resource eligibility before authorizing payment for referrals. Patients, if eligible for health care insurance that is no cost to the CHS-eligible, are required to complete an application (including providing income information) and enroll if eligible. Medicaid is the alternate resource that patients most often access and it represents well over 80% of alternate resource expenditures that result in additional payments to Indian health programs (IHPs) and save CHS program expenditures. This cost avoidance and additional revenue to IHPs now totals over $2 billion dollars every year.

Many Indian health programs also request that patients who are only eligible for direct care services apply for alternate resources. Typically, IHS-funded health programs do not require direct care patients to complete the application process prior to applying for CHS-paid care, but many now encourage enrollment prior to the need for CHS payments as Medicaid coverage

greatly enhances the patient's access to specialist and hospital care and bring additional revenue to the Indian health program. Urban programs, which do not have CHS funding, aggressively encourage patients to apply, and if eligible, enroll in Medicaid and will likely provide information about tax subsidies and Qualified Health Plans in the Exchange Marketplaces

Participation Rates

American Indian and Alaska Native purchase of Qualified Health Plans in the Marketplaces (federal and state) faces many challenges. The lack of a penalty for tribal members, the antipathy toward private insurance, the feeling, by many, that insurance violates the trust responsibility for health care services (funded through IHS) are the main obstacles to participation. Only a robust sponsorship program, where a tribe pays the premiums (with federal dollars) will increase participation rates for AIANs with access to IHS-paid programs. The model provides a range of participation estimates from 0% to 100%. As explained below, this allows the user to set their own goal and estimate the cost and benefit of enhancing their own outreach and enrollment program that supports their CHS program's application of the alternate resource rule and sponsorship program.

TRIBAL PREMIUM SPONSORSHIP

This model estimates the cost of premium sponsorship and the benefits, as measured by actuarial value of the purchased insurance. The key population is the uninsured AIANs who might have eligibility for the sponsorship programs. It is not likely that many AIANs who have access to IHS-paid services will purchase Qualified Health Plans-even if they are eligible for subsidies and exemption from cost sharing---unless the premium is sponsored (paid) by the health program.

ESTIMATING ANNUAL PREMIUMS: 139 % OF FPL TO 300% OF FPL AND 139% TO 400% OF FPL

The model estimates premiums for those eligible for tribal sponsorship. This is possible without knowing the actual premiums since the ACA sets the cost as a percentage of income for those eligible for advanced tax credits. Since it is not possible to know the actual age, location and tobacco use of potential eligible the model utilized a blended estimate for all enrollees that is based on the actual experience of several tribes. Three estimated per capita annual premium amounts are presented with the amount of $2,500 as the point estimate and one lower and one higher amount calculated as alternative estimates. These are likely conservative estimates as the actual range is from $500 to just $3,150 annually. Most tribes will have premiums in the lower range, unless they pay tribal members economic per capitas that push income higher (although still in the 139% to 300% range for tax subsidies)

PER CAPITA EXPENDITURES

(PAYMENTS TO ALL PROVIDERS, IHPS AND OTHERS)

There are many ways to estimate the total and average expenditures for the 'newly insured'. The model utilizes a current per capita measure developed for the distribution of funds using a methodology known as the Federal Disparity Index (FDI) that estimates the cost of providing a level of comprehensive health benefits (not including public health) equivalent to the Federal Employees Health Benefit Program. This estimate uses the FDI estimate, by area, for annual per capita expenditures.

This is simply the benefit divided by the cost. A 1 to 1 ratio means you get what you pay for and a 2 to 1 ration means you get twice what you pay for. It is important to remember that the estimated benefits are not as reliable as the cost estimates, however they could be higher as well as lower than estimated.

SUMMARY AND CONCLUSION

The purchase of Qualified Health Plans is a net positive under most scenarios when measured monetarily. A financial cost/benefit alone understates the significance of a sponsorship program since it fails to capture the advancement of other goals shared by most tribes. For example, a sponsorship program will drive additional enrollment increases for Medicaid as those seeking comprehensive health insurance through the marketplace are determined to be Medicaid-eligible. Another goal of economic independence is enhanced when tribal members find jobs without insurance the tribe can now sponsor health insurance and eliminate one more obstacle of moving from economic dependence to economic independence (albeit with tribal financial support for insurance).

Those tribes that have maximized their coverage and revenue opportunities under current Medicaid and other public or private insurance (such as Medicare Part B, C, and Part D) will likely be the same tribes who will do so under Marketplace Qualified Health Plans. The estimates described here are one attempt to allow for a fair and impartial evaluation of the monetary impact of Qualified Health Plans and the tax credits/subsidies on American Indians and Alaska Natives. Improvements in health care status that most expect will follow improved coverage will hopefully be monitored and reported since the ultimate goal of increased coverage is improving health by reducing mortality and morbidity, not solely increasing insurance coverage.

Premium Chart Ed Fox for use with NCAI Calculator

Premiums: Single person premium, no tobacco, highest premium for each category, Silver and Bronze level (Benchmark Plan).2 person household will be lower per person. Use as conservative (higher than likely) estimate

Income categories: 351-399 | 301-350 | 251-300 | 201-250 | 151-200 | 139-150 | 100-138 | 100-138

Highest premium in income Category: 399 | 350 | 300 | 250 | 200 | 150 | 138 | 100 lowest premium

Premium	AGE	351-399 Silver	Bronze	AGE	301-350 Silver	Bronze	AGE	251-300 Silver	Bronze	AGE	201-250 Silver	Bronze	AGE	151-200 Silver	Bronze	AGE	139-150 Silver	Bronze	AGE	100-138 Silver	Bronze	AGE	100-138 Silver	Bronze
$3,018	21	3,018	2,501	21	3,018	2,501	21	3,018	2,501	21	2,312	1,796	21	1448	931	21	689	29	21	522	6	21	230	0
$3,018	22	3,018	2,501	22	3,018	2,501	22	3,018	2,501	22	2,312	1,796	22	1448	929	22	689	173	22	522	0	22	230	0
$3,018	23	3,018	2,501	23	3,018	2,501	23	3,018	2,501	23	2,312	1,796	23	1448	927	23	689	173	23	522	0	23	230	0
$3,018	24	3,018	2,501	24	3,018	2,501	24	3,020	2,501	24	2,312	1,796	24	1448	924	24	689	173	24	522	0	24	230	0
$3,030	25	3,030	2,511	25	3,030	2,511	25	3,030	2,511	25	2,312	1,794	25	1448	921	25	689	171	25	522	0	25	230	0
$3,091	26	3,091	2,561	26	3,091	2,561	26	3,091	2,561	26	2,312	1,783	26	1448	919	26	689	160	26	522	0	26	230	0
$3,163	27	3,163	2,622	27	3,163	2,622	27	3,275	2,622	27	2,312	1,771	27	1448	902	27	689	148	27	522	0	27	230	0
$3,281	28	3,281	2,719	28	3,281	2,719	28	3,275	2,713	28	2,312	1,751	28	1448	888	28	689	128	28	522	0	28	230	0
$3,377	29	3,377	2,799	29	3,377	2,799	29	3,275	2,697	29	2,312	1,734	29	1448	870	29	689	116	29	522	0	29	230	0
$3,426	30	3,426	2,839	30	3,426	2,839	30	3,275	2,688	30	2,312	1,726	30	1448	861	30	689	103	30	522	0	30	230	0
$3,498	31	3,498	2,899	31	3,498	2,899	31	3,275	2,676	31	2,312	1,714	31	1448	856	31	689	91	31	522	0	31	230	0
$3,570	32	3,570	2,959	32	3,570	2,959	32	3,275	2,666	32	2,312	1,702	32	1448	851	32	689	78	32	522	0	32	230	0
$3,664	33	3,616	2,997	33	3,616	2,997	33	3,275	2,656	33	2,312	1,690	33	1448	843	33	689	69	33	522	0	33	230	0
$3,664	34	3,664	3,037	34	3,820	3,010	34	3,275	2,652	34	2,312	1,685	34	1448	835	34	689	60	34	522	0	34	230	0
$3,688	35	3,688	3,057	35	3,820	3,040	35	3,275	2,649	35	2,312	1,680	35	1448	827	35	689	56	35	522	0	35	230	0
$3,712	36	3,712	3,077	36	3,820	3,065	36	3,275	2,644	36	2,312	1,677	36	1448	819	36	689	54	36	522	0	36	230	0
$3,736	37	3,736	3,077	37	3,736	3,097	37	3,275	2,635	37	2,312	1,673	37	1448	808	37	689	50	37	522	0	37	230	0
$3,761	38	3,761	3,117	38	3,761	3,117	38	3,275	2,631	38	2,312	1,666	38	1448	800	38	689	46	38	522	0	38	230	0
$3,809	39	3,809	3,157	39	3,809	3,157	39	3,275	2,623	39	2,312	1,659	39	1448	796	39	689	37	39	522	0	39	230	0
$3,857	40	3,857	3,197	40	3,820	3,160	40	3,275	2,614	40	2,312	1,652	40	1448	787	40	689	29	40	522	0	40	230	0
$3,930	41	3,930	3,257	41	3,820	3,148	41	3,275	2,602	41	2,312	1,640	41	1448	775	41	689	17	41	522	0	41	230	0
$3,999	42	3,999	3,314	42	3,820	3,136	42	3,275	2,590	42	2,312	1,628	42	1448	763	42	689	5	42	522	0	42	230	0
$4,096	43	4,096	3,394	43	4,096	3,199	43	3,275	2,574	43	2,312	1,611	43	1448	747	43	689	0	43	522	0	43	230	0
$4,216	44	4,216	3,495	44	4,216	3,099	44	3,275	2,553	44	2,312	1,591	44	1448	726	44	689	0	44	522	0	44	230	0
$4,358	45	4,355	3,609	45	4,216	3,074	45	3,275	2,529	45	2,312	1,566	45	1448	702	45	689	0	45	522	0	45	230	0
$4,527	46	4,355	3,580	46	4,216	3,045	46	3,275	2,505	46	2,312	1,537	46	1448	673	46	689	0	46	522	0	46	230	0
$4,717	47	4,355	3,548	47	4,216	3,013	47	3,275	2,467	47	2,312	1,505	47	1448	640	47	689	0	47	522	0	47	230	0
$4,935	48	4,355	3,511	48	4,216	2,976	48	3,275	2,430	48	2,312	1,468	48	1448	603	48	689	0	48	522	0	48	230	0
$5,149	49	4,355	3,474	49	3,820	2,939	49	3,275	2,393	49	2,312	1,431	49	1448	566	49	689	0	49	522	0	49	230	0
$5,390	50	4,355	3,433	50	3,820	2,902	50	3,275	2,356	50	2,312	1,390	50	1448	525	50	689	0	50	522	0	50	230	0
$5,629	51	4,355	3,392	51	3,820	2,865	51	3,275	2,319	51	2,312	1,349	51	1448	484	51	689	0	51	522	0	51	230	0
$5,891	52	4,355	3,347	52	3,820	2,812	52	3,275	2,282	52	2,312	1,304	52	1448	439	52	689	0	52	522	0	52	230	0
$6,157	53	4,355	3,301	53	3,820	2,767	53	3,275	2,245	53	2,312	1,258	53	1448	394	53	689	0	53	522	0	53	230	0
$6,444	54	4,355	3,252	54	3,820	2,717	54	3,275	2,208	54	2,312	1,209	54	1448	335	54	689	0	54	522	0	54	230	0
$6,730	55	4,355	3,203	55	3,820	2,668	55	3,275	2,123	55	2,312	1,160	55	1448	296	55	689	0	55	522	0	55	230	0
$7,041	56	4,355	3,150	56	3,820	2,615	56	3,275	2,069	56	2,312	1,107	56	1448	242	56	689	0	56	522	0	56	230	0
$7,355	57	4,355	3,096	57	3,820	2,561	57	3,275	2,016	57	2,312	1,053	57	1448	189	57	689	0	57	522	0	57	230	0
$7,690	58	4,355	3,039	58	3,820	2,504	58	3,275	1,958	58	2,312	996	58	1448	131	58	689	0	58	522	0	58	230	0
$7,856	59	4,355	3,011	59	3,820	2,476	59	3,275	1,930	59	2,312	968	59	1448	103	59	689	0	59	522	0	59	230	0
$8,191	60	4,355	2,953	60	3,820	2,418	60	3,275	1,882	60	2,312	910	60	1448	46	60	689	0	60	522	0	60	230	0
$8,481	61	4,355	2,904	61	3,820	2,369	61	3,275	1,839	61	2,312	861	61	1448	0	61	689	0	61	522	0	61	230	0
$8,671	62	4,355	2,871	62	3,820	2,336	62	3,275	1,796	62	2,312	828	62	1448	0	62	689	0	62	522	0	62	230	0
$8,909	63	4,355	2,830	63	3,820	2,295	63	3,275	1,753	63	2,312	787	63	1448	0	63	689	0	63	522	0	63	230	0
$9,054	64	4,355	2,805	64	3,820	2,271	64	3,275	1,725	64	2,312	762	64	1448	0	64	689	0	64	522	0	64	230	0