



**Department  
of Health**

Office of  
Health Insurance  
Programs

# **Essential Plan New York's Basic Health Program**

---

---

**Annual Report to the Governor and Legislature  
December 2016**

The Essential Plan, New York's Basic Health Program, has been extremely successful. It has provided more than half a million New Yorkers with affordable health insurance and generated \$1 billion in State savings. Rarely does a program offer both consumer advantages and fiscal advantages to the State.

The Essential Plan was first available through NY State of Health beginning November 1, 2015 for coverage beginning January 1, 2016. Section 28-a of Part B of Chapter 57 of the Laws of 2015 requires the Department of Health to prepare an annual report by the end of each year. This annual report describes program enrollment as of September 2016, including the income and immigration status of program participants. As required by statute, it also describes the impact of Essential Plan on the Marketplace and the financial interest of the State, including the Medicaid Global Cap.

## **Background**

Section 1331(a) of the Affordable Care Act (ACA) directs the Secretary of Health and Human Services to establish a Basic Health Program that provides a new option for states to offer health coverage for individuals with family incomes between 138 and 200 percent of the Federal Poverty Level (FPL) and for individuals with family incomes below 138 percent FPL who are lawfully present in the United States but do not qualify for Federally financed Medicaid due to their immigration status. The BHP is intended to offer a more affordable coverage option for individuals than the Qualified Health Plans (QHP) available through existing State and Federal marketplaces. In March 2014, The Centers for Medicare and Medicaid Services (CMS) issued final regulations governing the Basic Health Program (BHP).

The BHP was established by law in New York in 2015. The Department of Health submitted a Blueprint to the Federal government describing administration of the BHP trust fund, eligibility and enrollment, standard health plan contracting, premiums and cost-sharing, and program operations. The State received Federal approval to establish a BHP on March 27, 2015. The program is branded as the Essential Plan in New York.

The Essential Plan is available to consumers under the age of 65, not eligible for Medicaid or the Children's Health Insurance Program (CHIP), without access to affordable Minimum Essential Coverage, and who have income at or below 200 percent of the Federal Poverty Level (FPL) (\$23,540 for a household of one; \$48,500 for a household of four in 2016). Consumers with income at or below 150 percent of the FPL (\$17,655 for a household of one; \$36,375 for a household of four in 2016) have no monthly premium. Those with income greater than 150 percent of the FPL, but at or below 200 percent of the FPL, have a low monthly premium of \$20. In accordance with Federal requirements, all plans cover essential health benefits including inpatient and outpatient care, physician services, diagnostic services and prescription drugs among others, with no annual deductible and low out-of-pocket costs. Preventive care, such as routine office visits and recommended screenings, have no out-of-pocket cost to enrollees.

New York began the transition to the Essential Plan on April 1, 2015. Lawfully present non-citizens with incomes at or below 138 percent of the Federal Poverty Level (FPL) who were enrolled in Medicaid, but not eligible for Federal Financial Participation (FFP), were transitioned to the Essential Plan. During the transition period from April 1-December 31, 2015, these individuals were permitted to remain in their Medicaid managed care plans. The transition population enrolled in NY State of Health were converted to an Essential Plan insurer on January 1, 2016. The transition population enrolled through The Welfare Management System (WMS) began moving to an Essential Plan insurer on NY State of Health at their renewal starting in 2016. The transition of the WMS enrollees is expected to be completed by June 2017.

New Yorkers with incomes above the Medicaid levels had the ability to enroll in the Essential Plan during the 2016 NY State of Health open enrollment period which began on November 1, 2015. Relative to the cost of Qualified Health Plan coverage in 2015, the Essential Plan has lower monthly premium costs and out-of-pocket costs when consumers receive services. Enrollment in the Essential Plan is available through the Marketplace website, by telephone, or in-person.

There are four categories of Essential Plan enrollees:

- **Essential Plan 1** – Individuals with income greater than 150 percent of the FPL and less than or equal to 200 percent of the FPL.
- **Essential Plan 2** – Individuals with income greater than 138 percent of the FPL and less than or equal to 150 percent of the FPL.
- **Essential Plan 3** – Individuals with income equal to or greater than 100 percent of the FPL and less than or equal to 138 percent of the FPL and not eligible for Medicaid due to immigration status.
- **Essential Plan 4** – Individuals with income below 100 percent of the FPL and not eligible for Medicaid due to immigration status.

Eligibility rules largely follow Marketplace rules, with the exception that applicants may enroll all year long instead of only during open enrollment. The Essential Plan is available to tax filers and non-filers alike. Eligibility for tax filers is determined using the Modified Adjusted Gross Income (MAGI) rules for Advanced Premium Tax Credits (APTC) eligibility, while Medicaid non-filer rules are used for applicants who do not plan to file taxes.

Thirteen issuers were certified to offer the Essential Plan for the 2016 coverage year. They are:

- Affinity
- Crystal Run
- Excellus (also Univera Healthcare)
- EmblemHealth
- Fidelis
- Empire Blue Cross Blue Shield HealthPlus
- Healthfirst
- Independent Health
- MetroPlus
- MVP
- United Healthcare
- Wellcare
- Yourcare

Of the 13 plans offering the Essential Plan, all but three offer Medicaid, Child Health Plus and Qualified Health Plans (QHP). Crystal Run, Empire Blue Cross Blue Shield HealthPlus and Yourcare are not offering QHPs in 2016. CDPHP, which offers Medicaid, Child Health Plus and QHPs has elected not to participate in the EP, as has Total Care, which offers Medicaid and Child Health Plus plans. Empire Blue Cross/Blue Shield, Health Now, North Shore LIJ/Care Connect and Oscar all offer QHPs, but are not participating in the Essential Plan in 2016.<sup>1</sup>

### Essential Plan Enrollment

As of September 2016 approximately 570,000 individuals were enrolled in the Essential Plan through NY State of Health. The income distribution of Essential Plan enrollees is:

Income Level	Number of Enrollees	Percent of Enrollees
Essential Plan 1 (150-200% of FPL)	251,000	44%
Essential Plan 2 (138-150% of FPL)	72,000	13%
Essential Plan 3 (100-138% of FPL)	61,000	11%
Essential Plan 4 (<100% of FPL)	186,000	32%

<sup>1</sup> Note that Empire Blue Cross Blue Shield, which offers QHPs, and Empire Blue Cross Blue Shield Health Plus which offers Essential Plan, are separate subsidiaries of Anthem, Inc.

About 40 percent of Essential Plan enrollees are lawfully present immigrants who are not eligible for FFP through Medicaid, most commonly because they have been in the country for less than five years.

The percent of New Yorkers without health insurance has declined since the launch of NY State of Health in 2013. The U.S. Department of Health and Human Services reported that between 2013 and September 2015, New York State's uninsured rate declined from 9.6 percent to 5.2 percent. (U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Health Interview Survey)<sup>2</sup>. When more current survey data reflecting the 2016 enrollment experience are available, it is expected that the uninsured rate will decline further.

### **Essential Plan Costs and Impact on Financial Plan**

The Essential Plan is funded primarily by Federal funds with some State funding. The Federal funds calculation is based on 95 percent of the tax credits and cost-sharing reductions that individuals would have received if they enrolled in QHPs. In State Fiscal Year (SFY) 2015-16, Federal funds covered 92 percent of program costs, with State funding covering 8 percent of the costs. The percentage of Federal funds decreased to 85 percent in SFY 2016-17. State funds support the cost providing lower cost-sharing for consumers in the Essential Plan as compared to the comparable QHP plan. State funds are expected to account for 15 percent of program costs and consumer premium contributions for less than 1 percent of costs in 2016. Program administration costs cannot be financed by the trust fund and must be financed with State dollars.

In SFY 2015-16 the State Medicaid program saved just over \$1 billion from the transition of lawfully residing non-citizens from Medicaid to the Essential Plan. The savings are significant because the State previously paid 100 percent of the costs for this population. The savings are expected to decrease to \$635 million with enrollment of the broader Essential Plan eligible population in SFY 2016-17.

It is estimated that approximately 700,000 New Yorkers will enroll in the Essential Plan in 2017. Approximately half of these individuals would have otherwise been eligible for a Qualified Health Plan. (The balance would have been previously eligible for Medicaid or uninsured.) Essential Plan coverage, with lower premiums and out-of-pocket cost sharing, is on average \$1,040 less expensive than Qualified Health Plan coverage. While there may be a modest impact on Qualified Health Plan premiums resulting from younger consumers migrating from QHPs to the Essential Plan, given the complexity of the factors that contribute to changes in health insurance premiums, it is not possible to isolate the impact of Essential Plan. On balance, the implementation of the Essential Plan resulted in overall benefits to consumers and the State.

---

<sup>2</sup> National Health Interview Survey: <http://www.cdc.gov/nchs/data/nhis/earlyrelease/insur201406.pdf>  
<http://www.cdc.gov/nchs/data/nhis/earlyrelease/insur201602.pdf>