



**Department
of Health**

**Office of
Health Insurance
Programs**

Essential Plan New York's Basic Health Program

**Annual Report to the Governor and Legislature
December 2018**

Essential Plan, New York's Basic Health Program, has been extremely successful. It has provided nearly 740,000 New Yorkers with affordable health insurance and generated \$1 billion in State savings. In addition, as compared to a Qualified Health Plan, the Essential Plan reduces both premium and out-of-pocket costs for these individuals by over \$1,450 a year, saving New Yorkers an estimated \$632 million a year. Essential Plan has demonstrated that individuals will enroll in health insurance if it is affordable and provides comprehensive benefits.

The Essential Plan was first available through NY State of Health beginning November 1, 2015 for coverage beginning January 1, 2016. Subdivision (9) of Section 369-gg of the Social Services Law, as enacted by 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 October 2018, 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 an 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.

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 age 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 FPL (\$24,280 for a household of one; \$50,200 for a household of four in 2018). Consumers with income at or below 150 percent of the FPL (\$18,210 for a household of one; \$37,650 for a household of four in 2018) 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 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 WMS are being transferred to an Essential Plan insurer on NY State of Health at their renewal starting in 2016. The transition of WMS enrollees is complete.

New Yorkers with incomes above 138 percent of poverty 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, 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 with Customer Service or in-person with one of the trained and certified Marketplace assistors.

There are four categories of Essential Plan enrollees by their income eligibility:

- **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.

Fifteen issuers were certified to offer the Essential Plan for the 2018 coverage year. They are:

- Affinity
- Crystal Run Health Plan
- Excellus (also Univera Healthcare)
- EmblemHealth
- Fidelis Care
- Empire Blue Cross Blue Shield HealthPlus
- Healthfirst
- HealthNow New York, Inc
- Independent Health
- MetroPlus Health Plan
- Molina Healthcare
- MVP Health Care
- United Healthcare
- Wellcare of New York
- YourCare Health Plan

Of the fifteen issuers offering the Essential Plan, all but five offer Medicaid, Child Health Plus and Qualified Health Plans (QHP).

Affinity, Crystal Run, Molina Healthcare, WellCare and YourCare are not offering QHPs in 2018.

CDPHP, which offers Medicaid, Child Health Plus and QHPs has elected not to participate in the Essential Plan.

Oscar, which offers QHPs in 2018 did not participate in the Essential Plan for 2018

Essential Plan Enrollment

As of October 13, 2018, 747,652 individuals were enrolled in the Essential Plan through NY State of Health. The income distribution of Essential Plan enrollees can be assessed by examining the enrollment in each of the four Essential Plan categories:

Essential Plan Level	Percent of Enrollees
Essential Plan 1 (150-200% of FPL)	45%
Essential Plan 2 (138-150% of FPL)	13%
Essential Plan 3 (100-138% of FPL)	12%
Essential Plan 4 (<100% of FPL)	30%
Total	100%

About 41 percent of Essential Plan enrollees are lawfully present immigrants who are not eligible for federal financial participation through Medicaid. The most common reason for that is they have been in the country for less than 5 years.

The percent of New Yorkers without health insurance has declined since the launch of NY State of Health in 2013. According to the Centers for Disease Control and Prevention (CDC), New York has seen a significant reduction in the number of uninsured, from 10 percent in 2013 when the Marketplace opened to below 5 percent in 2017.¹

Essential Plan Costs and Impact on Financial Plan

The Essential Plan is funded primarily by Federal funds with some State funding. The BHP statute requires the Federal funds calculation to be 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 98 percent of program costs, with State funding covering 2 percent of the costs. The percentage of Federal funds decreased to 91 percent in SFY 2016-17 as QHP enrollees transition to the Essential Plan. State funds and consumer premium contributions accounted for 2 percent of costs in SFY 2017-18 and are projected to continue at that level in SFY 2018-19. State funds support the lower cost-sharing for consumers in the Essential Plan as compared to the comparable QHP plan. Program administration costs cannot be financed by the trust fund and must be financed with State dollars.

In SFY 2017-18, and on an annual basis thereafter, the State Medicaid program is projected to save over \$1 billion from the transition of lawfully residing non-citizens from Medicaid to the Essential Plan.

It is estimated that more than 740,000 New Yorkers will continue to be enrolled in the Essential Plan in 2018. 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 \$1,450 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 Essential Plan, implementation of the program will result in overall benefits to consumers and the State.

On October 12, 2017, the current federal administration announced that it would no longer make cost sharing reduction (CSR) subsidy payments to Qualified Health Plans for qualified individuals in the individual marketplace. On November 21, 2017, CMS informed the Department of Health that they would not be making payment of CSR funds starting with the January-March 2018 calendar quarter – impacting the Trust Fund by approximately \$266 million in that quarter and growing to \$1.1 billion in State Fiscal Year (SFY) 2018-19 and \$1.2 billion in SFY 2019-20. The Attorney General represented New York in three court cases involving the CSR funding. Two cases– *House v. Hargan* and *State of California v. Trump* involved CSR funding for health plans. The third case, *State of New York & State of Minnesota v U.S.*

¹ CDC. Health insurance coverage: Early release of estimates from the National Health Interview Survey, January–September 2017. National Center for Health Statistics. February 2018. Available <https://www.cdc.gov/nchs/data/nhis/earlyrelease/insur201802.pdf#page7>

Department of Health and Human Services was filed in January seeking restoration of the CSR portion of the BHP payments to the states. All three cases have been resolved. CMS issued a revised BHP Payment Methodology² for calendar year 2018 to account for the elimination of the CSR portion of the payments as part of the resolution of the case. New York received \$574,081,235 for the first three quarters of 2018 under the settlement. This was in addition to the payments already received for those quarters. The fourth quarter payment in the amount of \$1,099,581,761 was issued using the new methodology.

² Final Administrative Order, August 24, 2018. Available at <https://www.medicaid.gov/basic-health-program/downloads/final-admin-order-2018-revised-payment-methodology.pdf>