KMA
KENTUCKY MEDICAL ASSOCIATION
Physicians Caring for Kentucky

2019 HOD REPORT

STATE-BASED INDIVIDUAL MANDATE
MEDICAID REVENUE THAT DISCOURAGES HEALTH-HARMING BEHAVIOR

CONTENT

STATE-BASED INDIVIDUAL MANDATE

1 BACKGROUND

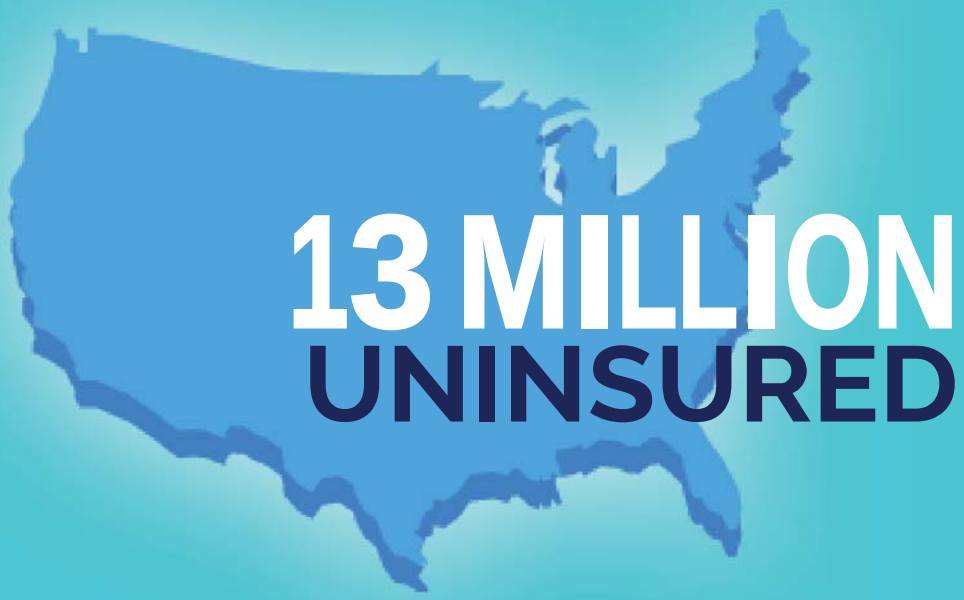
In 2018, the KMA House of Delegate's introduced resolution 2018-26 State-Based Individual Mandate– which was referred to the Board of Trustees for study.

KMA support a state-based individual insurance mandate as a way to improve access to health care, stabilize the insurance marketplace and lower the rate of rise for health insurance premiums, and to improve financial health of rural and safety net hospitals.

- Research other states
- Check with AMA on resources and policies

2 INTRODUCTION

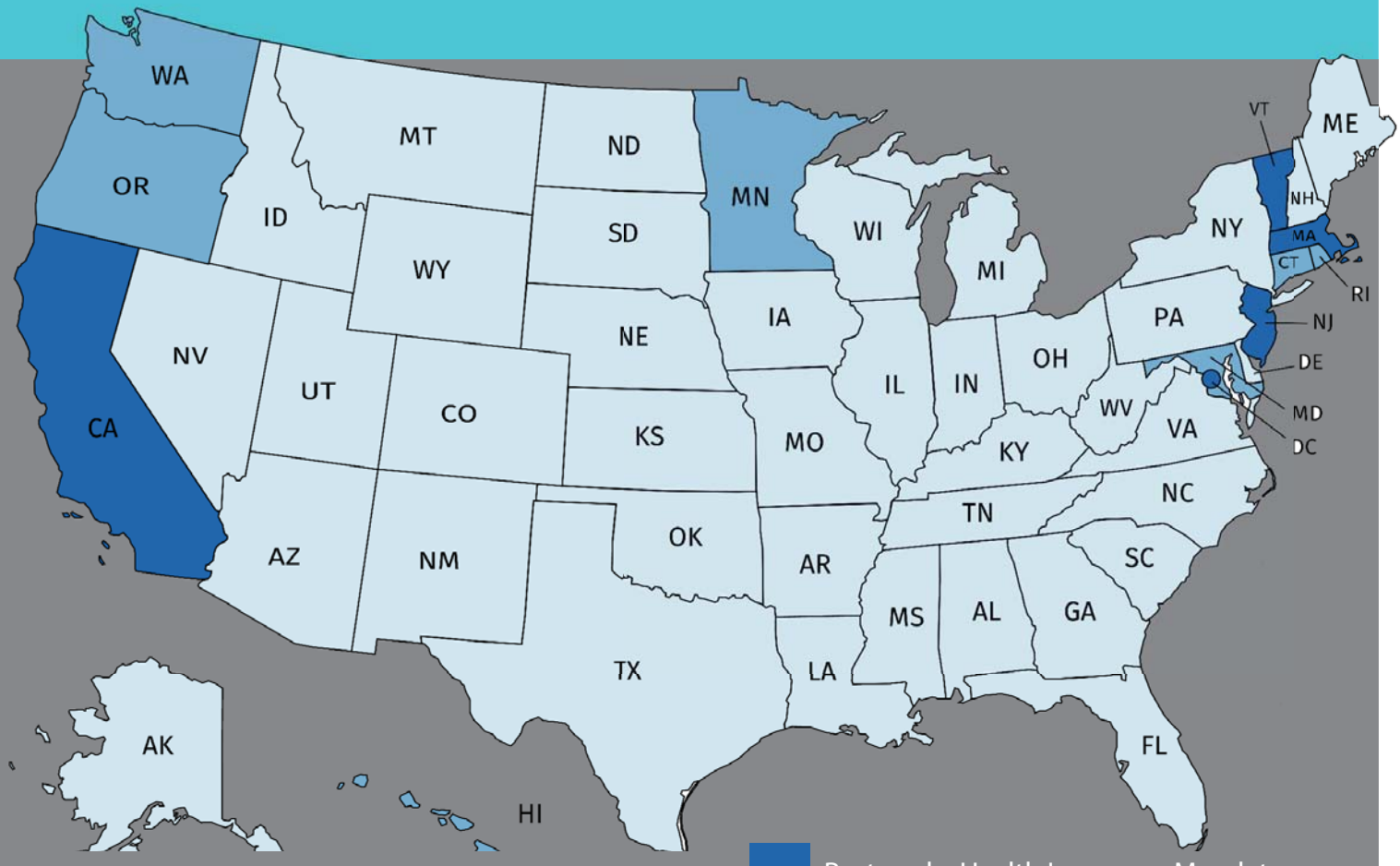
The Affordable Care Act established a federal minimum standard for health insurance. With the elimination of the federal individual mandate healthier people may stop carrying insurance. In fact, the Congressional Budget Office has estimated that 13 million people nationwide will go uninsured without the individual mandate.



3 MANDATES BY STATE

Five states: California, District of Columbia, Massachusetts, New Jersey, and Vermont passed laws to restore a health insurance mandate. Residents of these states must continue to stay on a health plan of their choise. Connecticut, Hawaii, Mayland, Minnesota, Oregon, Rhode Island, and Washington are considering an individual manate in some capcity. All other states are not actively considering an individual mandate.

INDIVIDUAL HEALTH MANDATES BY STATE



4 AMA POSITION

AMA supports expanding health insurance coverage and encourages state innovation that includes considering state-level individual mandates.

INDIVIDUAL RESPONSIBILITY TO OBTAIN HEALTH INSURANCE H-165.848

1. Our AMA will support a requirement that individuals and families earning greater than 500% of the federal poverty level obtain, at a minimum, coverage for catastrophic health care and evidence-based preventive health care, using the tax structure to achieve compliance.

2. Upon implementation of a system of refundable, advanceable tax credits inversely related to income or other subsidies to obtain health care coverage, our AMA will support a requirement that individuals and families earning less than 500% of the federal poverty level obtain, at a minimum, coverage for catastrophic health care and evidence-based preventive health care, using the tax structure to achieve compliance.

IMPROVING AFFORDABILITY IN THE HEALTH INSURANCE EXCHANGES H-165.842

Our AMA will: (1) support adequate funding for and expansion of outreach efforts to increase public awareness of advance premium tax credits; (2) support expanding eligibility for premium tax credits up to 500 percent of the federal poverty level; (3) support providing young adults with enhanced premium tax credits while maintaining the current premium tax credit structure which is inversely related to income; and (4) encourage state innovation, including considering state-level individual mandates, auto-enrollment and/or reinsurance, to maximize the number of individuals covered and stabilize health insurance premiums without undercutting any existing patient protections.

MEDICAID REVENUE THAT DISCOURAGES HEALTH-HARMING BEHAVIOR

1 BACKGROUND

In 2018, the KMA House of Delegate's introduced resolution 29:2018-30 Provider Tax – the first two resolves were adopted as amended and the third resolve was referred to the Board of Trustees for study.

A. KMA opposes any health care financing plan that imposes a provider tax on physicians.
   - Added to the policy manual

B. KMA inform physicians and legislators of harm to physician recruitment and retention (especially in Kentucky's medically underserved areas) of a provider tax on physicians.
   - Added to the policy manual
   - KMA made the provider tax one of its top priorities for the 2019 legislative session. KMA utilized its various communication tools to educate members about the provider tax and the potential harm of such a tax policy on physicians and patients.

C. KMA analyze and report back options for Medicaid funding based on other revenue sources that could also include those that discourage health-harming behavior.

2 INTRODUCTION

Created in 1965, Medicaid is a public insurance program that provides health coverage to low-income families and individuals, including children, parents, pregnant women, seniors and people with disabilities; it is funded jointly by the federal government and the states. In 2011, Kentucky contracted with three new companies to manage healthcare for a period of three years.

In 2014, through the Affordable Care Act states had the option of creating a Basic Health Program (BHP), coverage and have income between 133 percent and 200 percent of the federal poverty level (FPL).

Through an executive order the former Governor of Kentucky made the decision to expand the Medicaid population and add an additional Managed Care Organizations and in just a few years 30% of the Kentucky population has Medicaid coverage at a cost of about 7 million dollars per day. By 2019, 36 states have expanded Medicaid, with 2 states expanding Medicaid to 100% of FPL and 13 not expanded at all.

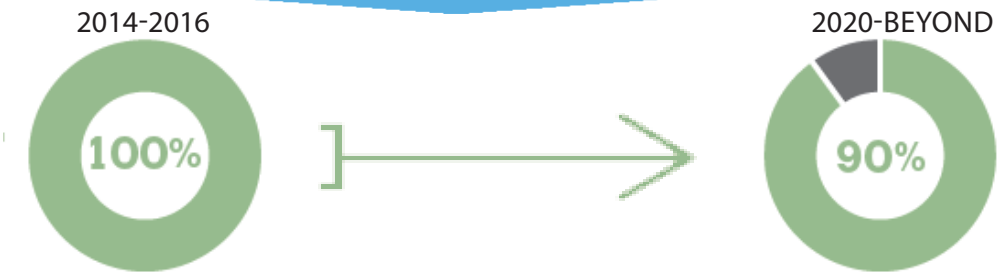
As Medicaid expansion continue through- out the US Medicaid costs continued t arise as well. Some states, like Kentucky attempted to implement Waivers as a way to collect funds to support the Medicaid program. In Kentucky, for the first time Medicaid patients would have been charged Medicaid premiums and cost-sharing for certain services. The waiver also mandated work requirements for certain able-bodied Kentuckians. Currently, the 1115 Waiver (and some other state waivers) is tied up in court and has not been implemented – so…no cost-savings has been realized.

3 | EXPANSION

A 50-state* look at Medicaid expansion: 2019

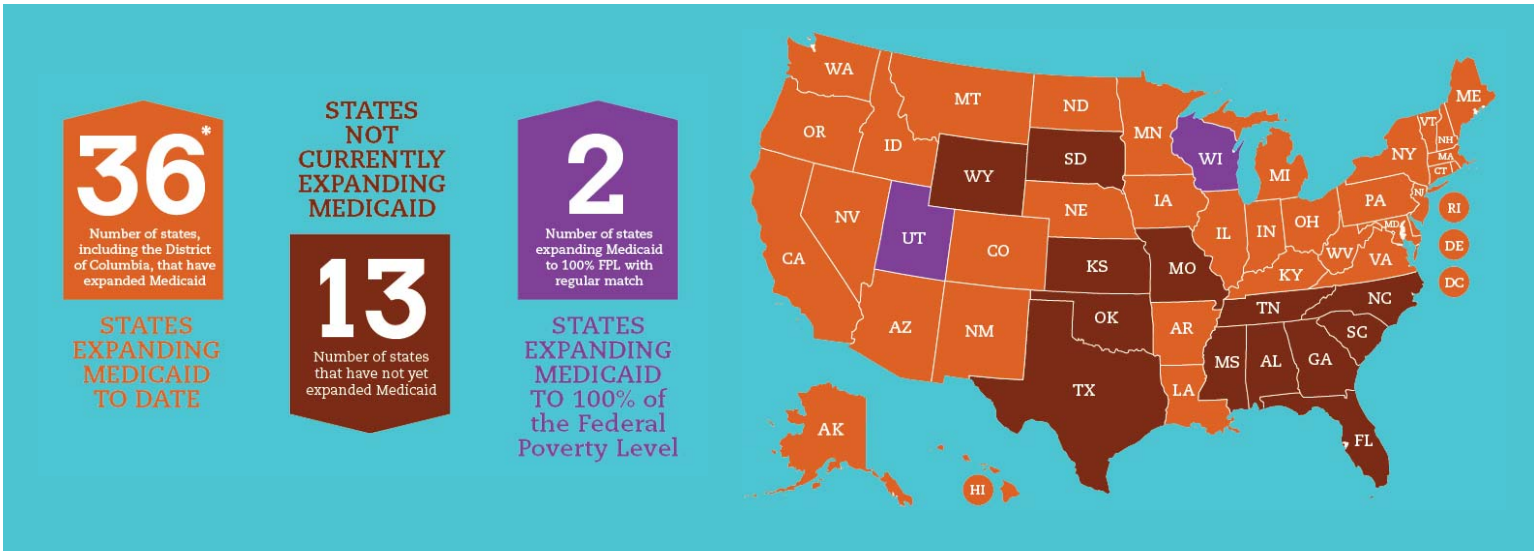
One of the most important provisions of Affordable Care Act is the expansion of health coverage to low-income families through the Medicaid program. Here are basic facts on where states stand on Medicaid expansion.

FEDERAL GOVERNMENT AND MEDICAID EXPANSION



The federal government covered 100% of the costs of Medicaid expansion in 2014, 2015, and 2016.

In 2020 and beyond, the government will cover 90% of the costs of Medicaid expansion.



Notes: *Includes the District of Columbia.
Status in States that have approved, but not yet fully implemented, expansions:

Idaho, Nebraska and Utah passed ballot measures to expand Medicaid on November 6, 2018. Idaho's measure requires the state to submit a plan for expansion to the federal government within 90 days and to implement the provisions of the ballot measure "as soon as practicable"; Nebraska's measure requires the state to submit an expansion plan to the federalgovernment by April 1, 2019; Utah's measure was repealed and replaced with SB96.

Virginia passed a state budget bill that included Medicaid expansion and the governor signed it into law in June 2018. Coverage began January 1, 2019.

Maine adopted expansion through a ballot initiative in November 2017. Governor Paul LePage delayed implementation through the end of his term. Newly elected Governor Janet Mills has moved forward with implementing expansion. Coverage began in January 2019.

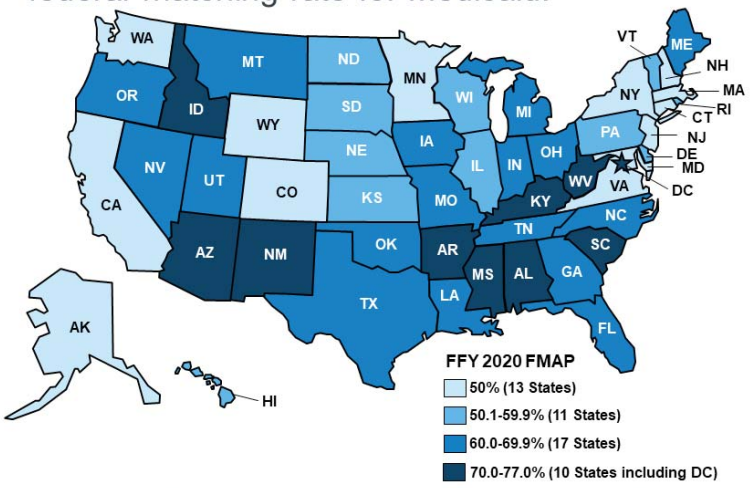
Infographics from FamiliesUSA.org

PRIMARY SOURCE OF MEDICAID FUNDING

Medicaid represents $1 out of every $6 spent on health care in the US. Together, states and the federal government spent about $476 billion on Medicaid in 2014. In 2017, spending for the new adult expansion group was $76 billion, with the federal government paying $72 billion. The federal government contributes at least $1 in matching funds for every $1 a state spend on Medicaid. The fixed percentage of the federal government pays is called the FMAP and varies by state with poorer states like Kentucky receiving larger amounts (up to 77%) for each dollar they spend than wealthier states.

Figure 1

States with lower per capita incomes have a higher federal matching rate for Medicaid.



NOTE: FMAP percentages are rounded to the nearest tenth of a percentage point. These rates are in effect Oct. 1, 2019-Sept. 30, 2020.
SOURCE: Federal Register, November 28, 2018 (Vol 83, No. 229), pp 61159, available at: https://www.govinfo.gov/content/pkg/FR-2018-11-28/pdf/2018-25944.pdf.

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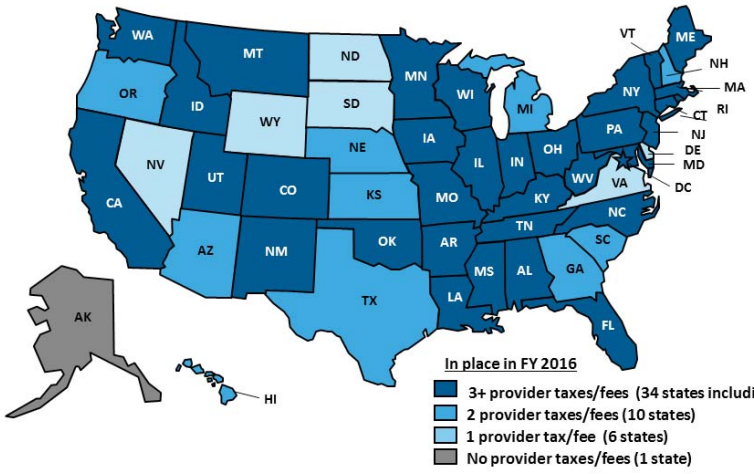
Even with the FMAP it is not enough to cover Medicaid costs and all states (except Alaska) use "provider tax" or 'fees" to fund Medicaid programs. Even though regulations exist on how the provider taxes/fees may be used the federal government typically allows the states to use these tax the provider to pay the provider.

Figure 1

States with provider taxes or fees in place in FY 2016



NOTES: Includes Medicaid provider taxes as reported by states. It is possible that there are other sources of revenue from taxes collected on health insurance premiums or health insurance claims that are not reflected here.
SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2016.

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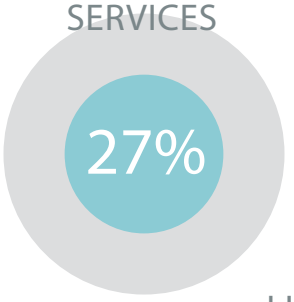
4 PROVIDER TAX

Most states (except Alaska where there is no provider tax) have been slow to consider other sources of funding, instead most simply continue to increase provider taxes and fees. Federal law recognizes 18 healthcare categories of providers that make up Kentucky's healthcare economy and a provider tax is utilized in 5 of the18 categories.

PROVIDERS TAXED IN KENTUCKY

HOSPITALS

NURSING FACILITY SERVICES



SUPPORTS FOR COMMUNITY LIVING

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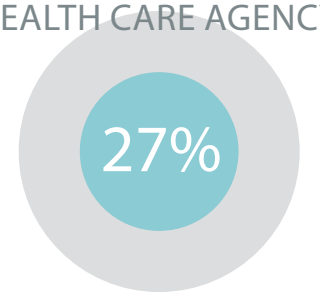
LICENSED HOME HEALTH CARE AGENCY



PROVIDERS NOT TAXED IN KENTUCKY

PHYSICIAN SERVICES

OUTPATIENT PRESCRIPTION DRUGS

SERVICES OF MCO

DENTAL SERVICES

PODIATRIC SERVICES

CHIROPRACTIC SERVICES

PSYCHOLOGICAL SERVICES

THERAPEUTIC/ THERAPIST SERVICES

NURSING SERVICES

OTHER LABORATORY & X-RAY SERVICES

EMERGENCY AMBULANCE SERVICES

OPTOMETRIC

AMBULATORY SURGICAL CENTERS SERVICES

5 OTHER FUNDING

Most states have been slow to consider other sources of funding, instead most simply continue to increase provider taxes and fees. A handful of states have tapped into taxes and fees that will discourage health harming behavior.

CALIFORNIA

Cigarette Tax

GEORGIA

Super Speeder Fee of $200

ILLINOIS

Cigarette Tax

LOUISIANA

Tax on HMOs

NEW HAMPSHIRE

Liquor Tax

NORTH DAKOTA

Cut Provider Reimbursement Rates

OHIO

Ground Ambulance Provider Assessment

OREGON

Health Insurance Taxes and Tobacco Tax

2019 MEDICAID BOARD STATE FUNDING CHART

PRIMARY SOURCE OF TAXES

OTHER TAXES AND METHODS

MEDICAID EXPANSION

STATE	PRIMARY SOURCE OF TAXES	OTHER TAXES & METHODS	MEDICAID EXPANSION
AL	THREE OR MORE PROVIDER TAXES/FEES		NO - REVIEWING EXPANSION
AK	NO PROVIDER TAX OR FEE		YES - EXPANSION INCLUDED 40,000
AZ	TWO OR MORE PROVIDER TAXES/FEES		YES - EXPANSION INCLUDED 350,000
AR	THREE OR MORE PROVIDER TAXES/FEES	WAIVER - WORK REQUIREMENTS AND PREMIUMS - PENDING COURT DECISION	YES - EXPANSION INCLUDED 250,000
CA	THREE OR MORE PROVIDER TAXES/FEES	CIGARETTE TAXES	YES - EXPANSION INCLUDED 1.4 MILLION
CO	THREE OR MORE PROVIDER TAXES/FEES		YES -EXPANSION INCLUDED 160,000
CT	THREE OR MORE PROVIDER TAXES/FEES		YES - OPTED TO EXPAND ELIGIBILITY EARLY
DE	TWO OR MORE PROVIDER TAXES/FEES		YES - EXPANSION INCLUDED 10,000
DC	THREE OR MORE PROVIDER TAXES/FEES		YES - EXPANSION INCLUDED 35,000
FL	THREE OR MORE PROVIDER TAXES/FEES		NO - EXPANSION REJECTED BY GOV.
GA	TWO OR MORE PROVIDER TAXES/FEES	A "SUPER SPEEDER" FEE OF $200.00 IS COLLECTED FROM ANY DRIVER WHO IS CONVICTED OF DRIVING AT EXCESSIVE SPEEDS DEFINED BY GEORGIA CODE. THE COLLECTED FEES ARE USED TO FUND A TRAUMA CARE SYSTEM.	NO - CONSIDERING PARTIAL MEDICAID EXPANSION THAT IMPOSE WORK REQUIREMENTS.
HI	TWO OR MORE PROVIDER TAXES/FEES		YES - EXPANDED UNDER ACA
ID	THREE OR MORE PROVIDER TAXES/FEES	WAIVER - TO SUBSIDIZED EXCHANGE PLANS	YES -EXPANSION INCLUDED 62,000 UNINSURED
IL	THREE OR MORE PROVIDER TAXES/FEES	CIGARETTE TAXES	YES - EXPANSION INCLUDED 342,000 UNINSURED
IN	THREE OR MORE PROVIDER TAXES/FEES	ALTERNATE PLAN - CHARGE PREMIUMS AND LOCK OUT RESIDENTS THAT FAIL TO PAY PREMIUMS	YES - ALTERNATE EXPANSION PLAN
IA	THREE OR MORE PROVIDER TAXES/FEES	ALTERNATE PLAN - CHARGE PREMIUMS AND LOCK OUT RESIDENTS THAT FAIL TO PAY PREMIUMS	YES - EXPANSION INCLUDED 100,000 UNINSURED
KS	TWO OR MORE PROVIDER TAXES/FEES		NO - EXPANSION REJECTED BY GOV.
KY	THREE OR MORE PROVIDER TAXES/FEES	WAIVER - WORK REQUIREMENTS AND PREMIUMS - PENDING COURT DECISION	YES -EXPANSION INCLUDED 650,000 UNINSURED
LA	THREE OR MORE PROVIDER TAXES/FEES	TAX ON HMOS	YES -EXPANSION INCLUDED 400,000 UNINSURED
ME	THREE OR MORE PROVIDER TAXES/FEES		YES -EXPANSION INCLUDED 80,000 UNINSURED

STATE	PRIMARY SOURCE OF TAXES	OTHER TAXES & METHODS	MEDICAID EXPANSION
MD	THREE OR MORE PROVIDER TAXES/FEES		YES - EXPANSION INCLUDED 165,000 UNINSURED
MA	THREE OR MORE PROVIDER TAXES/FEES	WAIVER - TO SUBSIDIZED EXCHANGE PLANS	YES -EXPANDED UNDER ACA
MI	THREE OR MORE PROVIDER TAXES/FEES	COST-SHARING FOR MEDICAID PATIENTS	YES -COST SHARING
MN	THREE OR MORE PROVIDER TAXES/FEES		YES - EXPANSION INCLUDED 35,000 UNINSURED
MS	THREE OR MORE PROVIDER TAXES/FEES		NO - LEGISLATURE BLOCKED EXPANSION.
MO	THREE OR MORE PROVIDER TAXES/FEES		NO - LEGISLATURE BLOCKED EXPANSION.
MT	THREE OR MORE PROVIDER TAXES/FEES	ALTERNATIVE MEDICAID EXPANSION PLAN, WHICH REQUIRES THE EXPANSION POPULATION TO PAY PREMIUMS AND COPAYMENTS. THIS IS SET TO EXPIRE IN NOV. 2019 UNLESS RE-AUTHORIZED BY THE STATE LEGISLATURE. FUNDING INCLUDES HIGHER TAX ON TOBACCO.	YES - EXPANSION INCLUDED 70,000 UNINSURED
NE	TWO OR MORE PROVIDER TAXES/FEES		YES -EXPANSION INCLUDED 90,000 UNINSURED
NV	ONE PROVIDER TAX/FEE		YES -EXPANSION INCLUDED 78,000 UNINSURED
NH	TWO OR MORE PROVIDER TAXES/FEES	LIQUOR TAXES AND WAIVER THAT ALLOWS TO MOVE RESIDENTS IN PRIVATE COVERAGE	YES -EXPANSION INCLUDED 300,000 UNINSURED
NH	TWO OR MORE PROVIDER TAXES/FEES	LIQUOR TAXES AND WAIVER THAT ALLOWS TO MOVE RESIDENTS IN PRIVATE COVERAGE	YES -EXPANSION INCLUDED 300,000 UNINSURED
NJ	THREE OR MORE PROVIDER TAXES/FEES		YES - EXPANSION INCLUDED 300,000 UNINSURED
NM	THREE OR MORE PROVIDER TAXES/FEES		YES
NY	THREE OR MORE PROVIDER TAXES/FEES		YES -EARLY EXPANSION
NC	THREE OR MORE PROVIDER TAXES/FEES		NO AND A LEGAL CHALLENGE IF EXPANSION IS PLANNED.
ND	ONE PROVIDER TAX/FEE	CUT PROVIDER REIMBURSEMENT RATES	YES
OH	THREE OR MORE PROVIDER TAXES/FEES	GROUND AMBULANCE ASSESSMENT FEE	YES
OK	THREE OR MORE PROVIDER TAXES/FEES		NO - EXPANSION REJECTED BY GOV.

STATE	PRIMARY SOURCE OF TAXES	OTHER TAXES & METHODS	MEDICAID EXPANSION
OR	THREE OR MORE PROVIDER TAXES/FEES	MEASURE 101 - THE STATE WILL CONTINUE IMPLEMENTING TAXES ON HEALTH INSURANCE AND HOSPITAL REVENUE TO FUND EXPANSION AND A TOBACCO TAX INCREASE PROPOSED IN 2019 TO FUND MEDICAID	YES
PA	THREE OR MORE PROVIDER TAXES/FEES		YES - EXPANSION INCLUDED 600,000 UNINSURED
RI	THREE OR MORE PROVIDER TAXES/FEES		YES
SC	TWO OR MORE PROVIDER TAXES/FEES		NO - LEGISLATURE BLOCKED EXPANSION.
SD	ONE PROVIDER TAX/FEE		NO - EXPANSION REJECTED BY GOV.
TN	THREE OR MORE PROVIDER TAXES/FEES		NO - GOV. IS NO LONGER CONSIDERING EXPANSION.
TX	TWO OR MORE PROVIDER TAXES/FEES		NO -EXPANSION REJECTED BY GOV.
UT	THREE OR MORE PROVIDER TAXES/FEES	WAIVER - REDUCE FPL 100%, WORK REQUIREMENTS AND CAP ON ENROLLMENT	YES - PARTIAL EXPANSION INCLUDED 90,000 UNINSURED
VA	ONE PROVIDER TAX/FEE	WAIVER - WORK REQUIREMENTS AND PREMIUMS	YES - EXPANSION INCLUDED 400,000 UNINSURED
VT	THREE OR MORE PROVIDER TAXES/FEES		YES - EXPANSION INCLUDED 47,000 UNINSURED
WA	THREE OR MORE PROVIDER TAXES/FEES		YES
WV	THREE OR MORE PROVIDER TAXES/FEES		YES - EXPANSION INCLUDED 91,500 UNINSURED
WI	THREE OR MORE PROVIDER TAXES/FEES		YES
WY	TWO OR MORE PROVIDER TAXES/FEES		NO - LEGISLATURE BLOCKED EXPANSION.

REFERENCES

- KAISER FAMILY FOUNDATION
- CENTERS FOR MEDICARE AND MEDICAID
- KENTUCKY MEDICAID
- COMMONWEALTH FUND
- FAMILIES USA
- US HEALTH POLICY
- NATIONAL CONFERENCE OF STATE LEGISLATORS (NSCL)