




PACHC Memo 14-02

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September 15, 2014

TO: Chief Executive Officers of Pennsylvania Community Health Centers  and Rural Health Clinics

FROM: Cheri Rinehart, President & CEO

SUBJECT: Federal Approval of Healthy Pennsylvania

SUMMARY: Pennsylvania has received federal approval from the U.S. Department of Health and Human Services (HHS) to implement Healthy Pennsylvania effective January 1, 2015. This program includes two components: 1) restructuring the existing Medicaid program (Pennsylvania’s Medical Assistance) and 2) implementing a new insurance program for individuals below 133 percent of Federal Poverty Level (FPL).

BACKGROUND: The U.S. Supreme Court’s 2012 ruling that upheld the constitutionality of the Affordable Care Act (ACA) also concluded that expansion of the Medicaid program to those with incomes below 133 percent of Federal Poverty Level (FPL) was a state option and could not be mandated by the federal government.

Since that time, 24 states have decided to simply expand their Medicaid program to include these “newly eligible” individuals. Several other states—Arkansas, Indiana, Iowa, Michigan and Pennsylvania—proposed alternatives to the Centers for Medicare and Medicaid Services (CMS) to extend coverage to those below 133 percent FPL through 1115 waivers. Pennsylvania’s waiver is the latest to be approved and Indiana remains in negotiation with CMS. Although there are differences in the waiver proposals, all seek to implement a “Private Coverage Option (PCO)” alternative, whereby insurance would be expanded through the commercial insurance market rather than through expansion of eligibility for coverage through the state Medicaid program.

States that “opt into” Medicaid expansion are able to use federal funds for the expansion, but only for the newly eligible. Opting into Medicaid expansion allows states to receive:

- 100 percent federal funding for the newly eligible from 2014-2017, meaning no state dollars are required for the expansion of coverage to newly eligible individuals below 133 percent FPL

- 95 percent federal funding from 2017-2020, with states responsible for covering five percent of the cost of expanded coverage
- 90 percent federal funding, with a ten percent state responsibility, beyond 2020.

The funding formula for the existing Medicaid program, which in Pennsylvania is close to a 50/50 match, remains untouched.

Healthy Pennsylvania (Healthy PA) was submitted as a Section 1115 demonstration waiver, meaning that it is a five-year pilot program under the jurisdiction of CMS, but also that it qualifies for the same federal funding support for the newly eligible as states that opted into Medicaid expansion. Pennsylvania officially joined states offering a PCO with CMS approval of Healthy PA on August 28, 2014.

HEALTHY PA PRIVATE COVERAGE OPTION IMPLEMENTATION:

Enrollment. For the newly eligible under Healthy Pennsylvania, **enrollment will begin on December 1, 2014**, contingent on an individual's eligibility for insurance coverage. Healthy PA enrollment will intersect with the ACA's federal Health Insurance Marketplace open enrollment period, which begins on November 15, 2014 and runs through February 15, 2015.

Coverage. Individuals enrolled in a Healthy PA PCO **may begin receiving benefits January 1, 2015.**

Cost-Sharing. Individuals will pay the same Medical Assistance copayments that exist today through calendar year 2015 (Year 1 of Healthy PA). Beginning on January 1, 2016, eligible individuals with incomes greater than 100 percent FPL will be required to pay a monthly premium equivalent to two (2) percent of their income (estimated to be \$19.45 a month for the poorest individuals) with an \$8 co-pay for non-emergency use of emergency departments.

Penalty for Non-Payment. Individuals who fail to pay premiums by the end of a 90-day grace period will be disenrolled but will not be locked out of reapplying for coverage as originally proposed.

Work Search. CMS did not approve work search requirements as a condition of eligibility for coverage as originally proposed. However, the Corbett administration is independently pursuing a program that will incentivize individuals to receive job training and placement services while applying for benefits within Healthy PA.

Transportation Services. CMS did grant a one-year delay to transportation service requirements. These will be mandated beginning in 2016.

Healthy PA Insurers. Nine commercial insurers responded to DPW's request for applications to serve as Healthy PA insurers. They are:

Region 1: United Healthcare, UPMC, Gateway Health, Vista

Region 2: UPMC, Gateway Health, Vista, Keystone Health Plan West/Highmark

Region 3: Geisinger Health Plan, United Healthcare, Vista

Region 4: United Healthcare, Aetna Better Health, UPMC, Vista, Keystone Health Plan West/Highmark, Gateway Health

Region 5: United Healthcare, UPMC, Gateway Health, Vista

Region 6: Geisinger Health Plan, United Healthcare, Gateway Health, Vista, Capital Blue Cross

Region 7: Geisinger Health Plan, United Healthcare, UPMC, Gateway Health, Vista, Capital Blue Cross

Region 8: United Healthcare, Aetna Better Health, Health Partners, Gateway Health, Vista


Region 9: United Healthcare, Aetna Better Health, Gateway Health, Vista, Capital Blue Cross



[Source: Department of Public Welfare presentation on Healthy Pennsylvania, August 28, 2014](#)

The plans offered through the Healthy PA PCO will include at a minimum the ACA’s Essential Health Benefits (EHB) as established in [Pennsylvania’s EHB benchmark plan](#). This will keep the program in compliance with the ACA but also assure more affordable benefits that are commensurate with the Health Insurance Marketplace.

Note: It is important to note that although nine plans responded to DPW’s original request for applications to participate in the Healthy PA plan, that does not mean that all nine will sign contracts with DPW and participate. The insurers were asked to respond to the RFA before the waiver was approved and its details released, and some will choose not to participate, as Highmark has already done. PACHC has heard that several other insurers are in negotiation with the state and are also considering withdrawing from the program.

Community Health Center  and Rural Health Clinic Participation and Payment. The approved waiver confirms the commitments made by the Corbett administration to Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs): FQHCs/RHCs that choose to participate in Healthy PA must be accepted as in-network providers and be reimbursed at their prospective payment system (PPS) rate. We are seeking answers to a number of implementation questions we have regarding these provisions, but here is a summary of what we know or have been told to date:

FQHC/RHC Payment: Unlike for Medical Assistance and the Children’s Health Insurance Program, the administration is requiring the **insurers** to pay PPS to FQHCs/RHCs with claim submission. That is, the PPS rate is to be paid directly to you when claims are submitted, not through a wrap payment from either the insurer or DPW.

Insurer FQHC/RHC Contracts: Although the Healthy PA RFA insurers responded to clearly indicated FQHCs/RHCs are to be paid their PPS rates, some insurers either overlooked or are attempting to circumvent the requirement and have attempted to contract with FQHCs/RHCs at reimbursement rates below PPS. Please ensure that you have a separate contract for Healthy PA plans even, or especially, if the insurer has other products in which you participate. Insurers should not be extending contract language from other plans to Healthy PA plans using the “all products” clauses many insurance contracts contain.

Primary Care Caps. There are no primary care visit caps within the approved waiver.

HEALTHY PA WAIVER IMPACT ON MEDICAL ASSISTANCE:

As stated earlier, Healthy PA will affect the existing Medical Assistance program in addition to establishing the new program. The changes include:

- 1- **Consolidation of Plan Options from 14 into Two.** The existing program will consolidate the current 14 benefit plans into two plans: a high-risk and low-risk plan. This will not be done through the 1115 waiver, but will be submitted by the administration through a separate State Plan Amendment (SPA). The SPA is a separate federal approval process and is needed to implement any caps for the newly structured high/low-risk plans. CMS has acknowledged that they are coordinating with state officials on this SPA and expect that it will be approved and implemented within the January 1, 2015 effective date. Pennsylvania is expected to publish the SPA in the *Pennsylvania Bulletin* for public consumption in the near future and PACHC will notify members of its content.
- 2- **Medically frail individuals will be placed in the high-risk category automatically.** However, we are awaiting clarification as to how determinations for medical frailty will be made.

It is important to be aware that health center payment for the non-expansion population (that is, individuals covered through ACCESS or one of the Medicaid managed care plans) will continue as is. That is, the Medicaid MCOs will reimburse you under your contract terms and you will submit a quarterly wraparound/payment reconciliation report to DPW to be made whole to PPS. Note: Eligible encounters for individuals covered by a Healthy PA plan should NOT be included on your quarterly wraparound report; Healthy PA encounters should be paid at your PPS rate by the insurers.

MEMBER ACTION: Answers to a lot of the implementation questions you and we have are not yet available, but we will ensure that as implementation decisions are made you are aware so you can be prepared. For the time being, PACHC strongly advises the following:

- **DO NOT** sign any contracts with an MCO for a Healthy PA plan for reimbursements below your PPS rate. As stated above, PPS is preserved in Healthy PA and PACHC is happy to provide the language from the RFA for you to share with insurers to validate this fact. Please notify PACHC of any plans that request that you contract below PPS.

- Prepare your outreach/enrollment staff with the eligibility and enrollment details for Healthy PA as they become available. The program should be an affordable option for many who were unable to qualify for coverage during the first Health Insurance Marketplace open enrollment period.
- Monitor PACHC's weekly *News You Can Use* newsletter for updates and also participate in our Annual Conference & Clinical Summit October 7-9. Like last year, the conference includes an Outreach & Enrollment track for enrollment assisters (both Certified Application Counselors and Navigators) and this year the track includes specific information on Healthy PA plans and enrollment presented by the Pennsylvania Health Law Project (PHLP).
- Monitor www.healthypa.com for additional resources and information posted by the administration as the program enters the implementation phase.
- Take advantage of additional training on the Healthy PA plan that the administration might choose to offer.
- Avoid the problems we encountered with CHIP PPS reimbursement by ensuring you have processes and systems in place to accurately track Healthy PA plans and eligible encounters. If you can't track it, you are not going to be reimbursed accurately.
- Ask questions. Don't assume we have considered and are already trying to seek an answer to a question you might have. We would much prefer to hear the same question multiple times than to miss raising an important issue with the administration that could have a significant impact on health centers.

PACHC ACTION: PACHC's goal is to keep you informed and up-to-date on Healthy PA and changes to the current Medical Assistance program so you can make informed decisions.

- PACHC is seeking clarification from the administration on how aspects of Healthy PA will be implemented, such as the impact that this may have on credentialing processes.
- PACHC is seeking authorization for health center-based enrollment assisters to assist with Healthy PA enrollment in addition to the enrollment assistance they currently provide for Medical Assistance, CHIP and the Health Insurance Marketplace.
- PACHC is urging the administration to require a Healthy PA "identifier" or prefix code so that you are able to accurately track who is covered by a Healthy PA plan in order to accurately bill insurers and so your DPW wraparound reports do not include Healthy PA plan encounters.
- PACHC's Legislative/Regulatory/Policy Committee and Payment Policy Committee will review respective aspects of this plan for input and guidance moving forward, so if you are not already a member of these committees, send an email to Jim Willshier indicating your interest.
- As mentioned above, we are offering education on Healthy PA in the outreach and enrollment track at the PACHC Annual Conference & Clinical Summit. In addition, DPW Bureau of Managed Care Director Jolene Calla and Secretary of Welfare Beverly Mackereth will be joining us at the conference to provide information and respond to questions.

FOR MORE INFORMATION: Please continue to follow PACHC's *News CHCs Can Use* newsletter for updates. Please contact our Director of Policy and Partnership, Jim Willshier, at jim@pachc.org or (717) 761-6443, ext. 206, with questions or insights.