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FOR YOUR INFORMATION
The Idaho Statesman
Boise, Idaho
Friday Sept. 8, 2017
by **Audrey Dutton**
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Idaho considers new health care approach for sick, working poor

Idaho health officials are taking another crack at addressing the state's Medicaid gap.

But unlike prior efforts to simply expand Medicaid or design special programs for low-income Idahoans, the new plan would help the middle class by getting health insurance rate hikes under control, its proponents say.

In its fiscal 2018 budget request to Gov. Butch Otter, the Idaho Department of Health and Welfare proposes a two-pronged overhaul dubbed the Idaho Health Care Plan. The Idaho Department of Insurance and the state's health exchange, Your Health Idaho, also worked closely with the department to develop the plan.

Insurance Director Dean Cameron called it a "win-win solution" that would lower insurance costs while providing access to health care for Idaho's working poor. Your Health Idaho Executive Director Pat Kelly called it "an Idaho solution."

"It's a very unique proposal," Cameron said. No other states have sought to make the same set of changes the Idaho agencies envision.

One of the plan's champions is Dick Armstrong, Health and Welfare's recently retired director. Armstrong is leading a health care advisory panel for the governor. It meets Sept. 14 and will discuss the proposal, he said.

"We are, No. 1, trying to stabilize the individual insurance marketplace, first and foremost. So Idaho citizens have the lowest rates possible and we have a sustainable insurance marketplace with as many [Idaho] insurance companies as possible," Armstrong said. "Then, secondarily, with that accomplished, we want to have more people insured."

The department's new director, Russ Barron, told the Statesman Thursday that the plan's engineers are "not here to say we have a green light." The changes hinge on the approval of the governor, the Legislature and two separate confirmations from the federal government.

Here's what the plan would do:

A It would allow some of Idaho's sickest adults to get insurance through Medicaid, which would take them out of the pool of customers who get insurance through Idaho's exchange.

The group would include about 2,000 to 2,500 adults who have costly diseases such as stage-4 cancer, hemophilia or cystic fibrosis. Those adults drive about 40 percent of the insurance claims for individual health insurance, according to Armstrong and Cameron. Removing them from the exchange pool would take out a large chunk of the medical spending that is driving double-digit rate increases, they said.

"This, by far, would stabilize [rising insurance rates] instantly, and in fact we would expect rate reductions," Armstrong said.

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Those adults would not be forced to switch to Medicaid; they could opt to continue buying insurance on the exchange. But switching to Medicaid would give them at least one benefit, the department said — access to Medicaid’s lower prices for medical care, especially for pharmaceuticals, while they are in treatment for health conditions that often require high-priced drugs.

It wouldn’t be the first time certain categories of patients have been waived onto public health insurance. Medicare has special eligibility for people with kidney failure. Idaho’s Medicaid program already makes an exception to cover treatment for low-income women with breast and cervical cancers.

Characterizing the new proposal as Medicaid expansion would be “a bit of a stretch,” Armstrong said. “It’s really just taking the same machinery that was in place for breast and cervical cancer and expanding it to other devastating, high-cost disease states.”

A The plan would enable working-poor Idahoans to buy health insurance plans through the exchange.

Childless adults who are below the federal poverty line — \$12,060 a year for a single person or \$16,240 for a couple — do not qualify for Medicaid in Idaho. They also don’t qualify for subsidized plans on Idaho’s health exchange. Hence, they are in the “Medicaid gap,” numbering an estimated 78,000 people.

Those folks have two options: go uninsured or pay full price for health insurance. Those who go uninsured sometimes end up in the hospital due to a medical catastrophe. When they can’t pay, their bills are ultimately borne by counties, the state and people with private health insurance.

Under the new plan, about 38,000 people who are in the Medicaid gap would qualify for federal subsidies to buy insurance on the exchange.

Senate President Pro Tem Brent Hill said he was recently briefed on the proposal and thinks it is “worth looking into.”

Hill thinks it is more politically feasible under the Trump administration, which has encouraged states to apply for Affordable Care Act waivers. He also said “some positive aspects” of the plan would make the Idaho Legislature “more amenable to this solution.”

For example, Idaho would finally recoup some of the money it is paying into the federal system, which benefits other states that have expanded Medicaid. It also keeps Idaho’s health exchange intact and is based on tax filings, so it “requires work” in order to get benefits, Hill said.

Who pays for it?

The department said its proposal would cost about \$76.5 million.

Most of that — about \$53.8 million — would come from the same federal Medicaid match that Idaho currently receives. Idaho contributes about 29 cents of each dollar in Medicaid; the rest comes from the federal government.

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The department said administrative costs would total about \$1.5 million.

Higher-income people generally would have to contribute to the cost of their Medicaid coverage, according to the budget request.

“Even though there’s some costs to this in the fairly near term, there’s going to be some significant savings,” Hill said, noting the tens of millions of dollars spent annually to cover catastrophic claims for the uninsured. “Many of those costs are going to be greatly reduced. ... There are some savings to the counties, some savings to the state.”

The Affordable Care Act’s broad-reaching Medicaid expansion would give Idaho a better deal — a 90 percent federal match. But Armstrong said those dollars come with strings attached that would make this plan impossible to pull off. And there remains uncertainty about where Congress might head on health care.

There are several political and logistical hurdles the plan would need to overcome. Idaho needs to apply for, and be granted, federal waivers to make the changes. And ultraconservative factions of the Idaho Legislature may not approve of adding anyone to Medicaid. Past proposals to aid the Medicaid gap population have all failed to gain traction in the Republican-dominated Statehouse.

If it is approved, the plan likely would take more than a year to implement.

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