

**HRSA SHAP Grant  
Discussion Document**

Business Advisory Group  
Dirigo Health Agency / Governor's Office of Health Policy and Finance  
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## **Introduction - Project Abstract**

Maine proposes to build on its current health reform programs by developing two strategies to provide subsidized coverage to a particularly challenging population – uninsured low income part-time/seasonal workers employed by large businesses.

Forty-six percent of Maine’s uninsured adult working population work less than full-time.

The Agency will develop an Insurance Exchange to connect part-time/seasonal employees with their employers’ health benefit plans and provide financial assistance toward lower income employees’ share of premium costs.

As a second strategy, the Agency will develop a new Dirigo insurance product (DirigoConnect) for low income part-time/seasonal workers who are ineligible for or do not have employer benefits. This new product will be developed with extensive consultation with business and consumer advisors and provider networks.

Legislative authorization is already in place for these expanded programs. The voucher program (Dirigo Exchange) will launch in January, 2010, and DirigoConnect in July of 2010. The target for year end enrollment for the first grant year is 3,500 workers and their dependents.

The Governor’s Office of Health Policy and Finance will lead this project. The Governor’s Office will take direct responsibility for the project goals of achieving long- term sustainability. Plans include developing of a waiver application to gain federal participation in Maine’s access programs and designing and building political support for a Shared Responsibility initiative resulting in legislation to ensure financial contributions toward health coverage costs by all state residents and businesses that do not provide benefits to all employees.

The project will be fully integrated with major quality improvement and health promotion initiatives currently underway in the state. In order for employer insurance plans to be deemed credible coverage and eligible for the Dirigo Exchange, they will have to participate in Maine’s multi-payer patient-centered medical home pilot that is scheduled for launch in fall 2009.

In Year One, 77% of the grant request will be applied directly toward the coverage costs of enrollees in the new initiatives. Funds are also requested for expert consultant support for actuarial analyses, development of a marketing strategy, development of the waiver application, and design of the Shared Responsibility legislation. The state will provide 20% match toward project costs. Project evaluation activities will be focused on measuring progress toward stated project goals and specified benchmarks. Evaluators will use enrollee surveys, data provided by the Dirigo Agency on enrollment and program costs and claims data from the insurance partner. In addition, evaluators will monitor progress on legislation and conduct key informant interviews to measure political support over time.

## **Target Population**

In Maine, part-time work has been on the rise:

- Workers working fewer than 35 hours increasing from 28% of Maine workforce in 2000 to 32% in 2008.
- *Nearly half of all uninsured workers in Maine, 41,000 (46%), are part-time or seasonal.*
- *Of these 41,000 part-time workers, 18,000 work at employers of 25 or more.*

While larger employers are more likely to offer insurance, many low income part-time/seasonal workers face significant barriers to coverage as these employees are either ineligible to enroll or – if they are eligible – are unable to afford to do so. In fact, according to the most recent Medical Expenditure Panel Survey (MEPS) data, in 2006 in Maine 40% of part-time workers in establishments with 50 or more employees were eligible for insurance, but, of this eligible group, fewer than half took up the offer.

Low income and uninsured people are more likely to experience health problems, avoid care and postpone treatment.

**This project targets the estimated 14,000 part-time workers at firms with 25 or more employees with incomes below 300% FPL.** The project would cover approximately 3,500 people in its first year.

Our projection of 3,500 enrollees is based on:

- The current average costs per large group member as reported by insurers in the state trended forward by 6% for the time period September 2009 – September 2010: \$406.11.
- The average Agency premium subsidy for current DirigoChoice enrollees in businesses: 38%.
- The average contract size for current DirigoChoice contracts and other comparable markets as reported by insurers in the state: 1.6 members per contract.
- An assumption that employers will contribute toward the cost of their employees' health insurance: at least 35%.

Based on these assumptions, the Agency calculates that its average subsidy cost per member per month will be \$188.50, representing approximately 46% of the total per member cost.

One segment of the workforce that would be particularly helped by this proposal is the direct care workforce, which in 2005 consisted of over 22,300 full- and part-time workers employed by agencies of various sizes. The wages and benefits received by these workers do not reflect the important role they play in our society. A survey of more than 800 direct care workers employed by 26 Maine home-care agencies, found significant barriers to health coverage:

- One in two are primary wage earners for their household, 78% earn less than \$10/hour, 35% report annual household incomes of less than \$20,000;
- 68% of those who have access to employer-sponsored coverage report they do not participate mostly because they cannot afford their share of the premium; and
- 73% work part-time or in temporary positions, and 30% work more than one job (half of which are second direct-care jobs).

With their work accounting for eight out of every ten hours of paid care received by consumers of long-term care, the assistance that the direct care workforce provides to older adults and people with disabilities or chronic health conditions has become increasingly important as Maine's population – which is already the oldest in the nation – continues to age. For over three years Maine has grappled without success with the challenge of extending coverage to this workforce, despite studies documenting the need for affordable coverage and several legislative efforts.

## Budget, Year 1 (September 2009 – August 2010)

	Federal	State	Totals
<b>Personnel</b>	\$ -	\$ 153,705	\$ 153,705
<b>Fringe Benefits</b>	\$ -	\$ 50,894	\$ 50,894
<b>Travel</b>	\$ 8,500		\$ 8,500
<b>Equipment</b>	\$ 20,800		\$ 20,800
<b>Supplies</b>	\$ 4,500		\$ 4,500
<b>Contractual</b>	\$ 1,847,470		\$ 1,847,470
<b>Construction</b>	\$ -		\$ -
<b>Other</b>	\$ 6,618,730	\$ 1,488,738	\$ 8,107,468
	\$ -		\$ -
<b>Total Direct</b>	\$ -		\$ -
	\$ -		\$ -
<b>Indirect</b>	\$ -	\$ 6,663	\$ 6,663
<b>Totals</b>	<b>\$ 8,500,000</b>	<b>\$ 1,700,000</b>	<b>\$ 10,200,000</b>

### Project Status

**Marketing Services** - \$820,000 the budget is allocated to the services of a marketing and research contractor. The State will seek consulting services to assist in developing a targeted marketing plan designed to build public support for expanded access initiatives, encourage large businesses with low-income, part-time/seasonal, uninsured employees to support the program, promote awareness of the program among low-income, part-time/seasonal, uninsured employees. The plan will define the Agency's objectives, creative strategy and approach, customer insight, value proposition and overall tactics. The Plan will include a strategy detailing how we will maximize the media buys for greatest reach. The State will seek consulting services to conduct at least 5 statewide focus groups in order to better understand the needs/barriers of employers employing part-time/seasonal employees with respect to offering health insurance from both those employers that offer insurance and those that do not. The analysis will also include insight from low-income part-time/seasonal employees and the barriers they face to accessing affordable health care coverage.

**Actuarial Supports** - \$350,000 of the budget is allocated to the purchase of actuarial support for the project. The State will seek consulting services to assist in the modeling of the program design and costs at all levels. The various actuarial models will help inform the impact analysis which will quantify take up rates as well as other key variables, including: eligibility standards; household income and or asset test thresholds; credible coverage standards, considering both premium and deductible/out-of-pocket costs; subsidy algorithms, considering the number of different employer plan designs relative to benefit levels and costs and selective provider networks with limited risk sharing provisions.

**Sustainability Consulting Services:** \$350,000 of the budget is allocated to consulting support to assist in the development of plans to sustain and grow the planned coverage expansion. The Governor's Office of Health Policy and Finance will seek experts in Medicaid and ERISA who are familiar with both the Massachusetts and Vermont expansion waivers; these contractors will assist Maine in analyzing those waivers and Maine's current Medicaid spending and policy to help develop options for Maine to explore and provide detailed analysis of cost and policy implications of those policy options. The consultant(s) will not write or negotiate any waiver requests on behalf of the State to the Federal government. We will also secure expert assistance to assist Maine in developing a proposal to establish a shared responsibility strategy that will require individuals and businesses to contribute to the cost of coverage and to examine other alternative sustainability options for the program

**Staff** - \$207,350 of this portion of the budget is allocated to additional staff. Agency is amending current staffing contract to bring on additional resources.

**Financial Setup** - Agency and GOHPH in conjunction with the Department of Financial Services (DAFS) are in the process of establishing appropriate codes and system setup to record and report grant financial activity.

**Timeline** – See attachment A

## Goals

- Create an Exchange in the Agency to administer a voucher program that enables uninsured, low-income, part-time/seasonal workers with incomes below 300% of FPL to purchase employer sponsored insurance that meets a test of credible coverage.
- Additionally, develop a new product designed for uninsured, low income, part-time/seasonal workers for businesses that do not provide employer sponsored insurance and/or who wish to provide an option that might better serve these workers.

## Decisions

### 1) Define uninsured

- See attachment B.
- Will renewing members be considered uninsured?

### 2) Define credible coverage

See attachment C.

### 3) Define criteria for subsidy levels

- 4.a) **Income Determination** - See attachment D.
- 4.b) **Asset Test** - See attachment E.

### 4) Define part-time / seasonal

See attachment F.

### 5) Establish geographic criteria for eligibility

- Employer in Maine / Employee out of state
- Employer out of State / Employee in Maine
- Multi-site employers

### 6) Establish minimum employer contribution

Current DirigoChoice contribution requirements:

Hours	Minimum Contribution
10 – 14	20%
15 – 19	30%
20 – 24	40%
25 – 29	50%
30 +	60%

Projected enrollment assumed a minimum 35% contribution (toward employee cost).

## **7) Establish method for capturing proof of continuing coverage**

Since participants in the Exchange will purchase their insurance through their employer instead of through the Agency, the Agency will need to design a mechanism to confirm the participant's continuing enrollment in their employer's plan. Possible mechanisms:

- a) require proof from the enrollee (pay stubs, etc.)
- b) require proof from the insurance company (report)
- c) require proof from the employer (report, files)

## Attachment B – Existing Definitions of Uninsured

**DHA** definition of uninsured: individual had no coverage for any point in the past 12 months.

**CPS** definition of uninsured: did not have any type of insurance coverage for the entire previous calendar year.

**Commonwealth Care (MA)** definition of uninsured: do not already have insurance coverage that covers doctor's visits and hospitalization. Individuals are considered insured and not eligible to participate in Commonwealth Care if:

- their (or a family member's) current employer offered them health insurance coverage within the last six months

*and*

- the employer-offered health insurance covered at least:
  - 20% of the annual premium costs for a family
  - 33% of the annual premium costs for an individual

**Catamount Health (VT)** definition of uninsured: must be uninsured for 12 months before you can enroll in Catamount Health. This 12-month waiting period will NOT prevent you from enrolling, however, if you lost your health insurance for one of the following reasons:

1. retirement, getting fired, quitting your job or having your hours reduced
2. the death of a household's principle insurance policy holder
3. divorce or dissolution of a civil union
4. no longer qualifying as a dependent under the insurance plan of a parent or relative
5. no longer qualifying for, or voluntarily choosing to end, COBRA coverage
6. college or university-sponsored health insurance is no longer available because of graduation, a leave of absence or the termination of studies.
7. the lack of access to health insurance through your employer, or because the insurance offered by your employer does not cover hospital and physician services.



## Attachment D – Existing DirigoChoice Income Determination Criteria

The following is counted as income:

- Applicant gross wages, tips and salaries (before any deductions)
- Spouse or domestic partner gross wages, or tips and salaries (before any deductions)
- Net self-employment income (gross receipts minus allowable business expenses)
- Interest and investment income (dividends from stocks, bonds, annuities, trusts, mutual fund shares)
- IRA and 401K distributions
- Pensions and annuities
- Net rental income (gross rents minus allowable expenses), royalties, trusts, etc
- Unemployment compensation
- Gross child support and/or alimony received
- Farm income
- Social Security

The following deductions are allowed:

- Childcare expenses - \$200 per child per month if under 2, \$175 per child per month if 2 or older. Caregiver must be a person outside the household.
- Child support paid out (only allowed for children that will not be covered by the applicant's policy).
- Alimony paid out

Household size includes the plan applicant and all of his or her dependents (i.e., spouse, domestic partner, unmarried child under 19, student under 25, or child of any age who is disabled and dependent upon the applicant).

Size	Subsidy / FPL Levels (2009 Enrollment)			
	B < 150%	C < 200%	D < 250%	E < 300%
1	\$ 15,600	\$ 20,800	\$ 26,000	\$ 31,200
2	\$ 21,000	\$ 28,000	\$ 35,000	\$ 42,000
3	\$ 26,400	\$ 35,200	\$ 44,000	\$ 52,800
4	\$ 31,800	\$ 42,400	\$ 53,000	\$ 63,600
5	\$ 37,200	\$ 49,600	\$ 62,000	\$ 74,400
6	\$ 42,600	\$ 56,800	\$ 71,000	\$ 85,200
7	\$ 48,000	\$ 64,000	\$ 80,000	\$ 96,000
8	\$ 53,400	\$ 71,200	\$ 89,000	\$ 106,800

Dollar amounts represent upper limit of subsidy level, e.g., a single household could have an income of \$15,599.99 to qualify for B.

## Attachment E – Agency DirigoChoice Asset Test

All DirigoChoice applicants and renewing members will be required to provide asset information if they wish to be enrolled in any subsidy level B-E.

### Which Assets Are Counted?

Assets counted for Groups B-E are assets owned by the applicant/member and/or spouse or domestic partner who lives with the applicant/member, as well as assets owned jointly with another person.

They include:

- Cashable assets: This includes savings and checking accounts, certificates of deposit (CDs), credit union shares, stocks, bonds, annuities, mutual funds, Keogh or profit sharing plan assets.
- Lump sum payments (for example gifts, inheritances, lottery winnings, insurance settlements such as property damage claims, accidents, injury and death benefits)
- Real estate: You do not have to list the home and land where you live, but list any other property you own (for example, a second home, camp, land not attached to your primary home). Exclusions for real property may include rental property, jointly held real estate when the property cannot be sold because the other owner refuses to sell, or if a good faith effort is being made to sell at a reasonable price. Exclusions for income producing property may include fishing/lobster boat, commercial truck, machinery, livestock.
- Vehicles: List all vehicles you own. Include the estimated value (for example, the “Blue Book” value) as well as any amount you still owe on the vehicle.
- Recreational vehicles: List all types of motorized vehicles (for example, boat, motorcycle, snowmobile, ATV). Include the estimated value (for example, the “Blue Book” value) as well as any amount you still owe on the vehicle.

**How Do Assets Affect the Subsidy Level?** The charts below show how subsidy levels are affected by countable assets. The “1<sup>st</sup> Stage Level” is the subsidy based on income only. The subsequent table shows how that subsidy is affected based on the value of assets. For example, an applicant whose household size is 1, whose income would qualify for a B level subsidy, and who had \$32,000 in assets would have a final subsidy level of D.

If the applicant has qualified for a subsidy based on income (i.e., an initial placement of B-E), the Agency makes a final placement based on assets as detailed below:

Single						Family				
Income Level	B	C	D	E		Income Level	B	C	D	E
Asset Amount						Asset Amount				
< \$15,000	B	C	D	E		< \$30,000	B	C	D	E
< \$29,999	C	D	E	F		< \$59,999	C	D	E	F
< \$44,999	D	E	F	F		< \$89,999	D	E	F	F
< \$59,999	E	F	F	F		< \$119,999	E	F	F	F
>= \$60,000	F	F	F	F		>= \$120,000	F	F	F	F

## **Attachment F – Existing Definitions of Part-Time and Seasonal Workers**

**Bureau of Labor / Department of Census** definition of part-time: working less than 35 hours a week.

**Social Security** definition of seasonal work: work that, because of its nature or of factors peculiar to the industry in which it is performed, is available, at approximately the same time or times every year, for part or parts only of the year; or work that is intermittent; and that is to be performed for a period of less than 12 months; and that is to be performed for a specified period or a period that can reasonably be calculated by reference to the completion of a specified task; and for which the person performing the work does not accrue leave entitlements.

Examples of seasonal work are fishing, fruit picking, shearing and work in an industry that is subject to Christmas shutdowns.