

The Coverage Gap

Frequently Asked Questions



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How many Idahoans don't have affordable access to health insurance even with Idaho's new health care exchange and current Medicaid?

The most recent estimate is that approximately 78,000 Idahoans fall into "the coverage gap" because they earn too much to qualify for traditional Medicaid, but not enough to qualify for tax credits to purchase private health insurance. The majority of these Idahoans are employed, but either earn lower-wages or have jobs where wages and hours fluctuate.

What specific recommendations did the Governor's Medicaid Redesign Workgroup make?

The Workgroup recommended the **Healthy Idaho Plan** to redesign Idaho's Medicaid system and integrate it with the state's Your Health Idaho insurance exchange. Under this public/private, or "hybrid" option, Idahoans earning 100-138 percent of the federal poverty level – for example, a family of four that earns up to \$32,913 per year – will get help purchasing private coverage in the health exchange. Idahoans below 100 percent of the federal poverty level – for example, a family of four making \$23,850 per year – will access coverage through state-run managed care contracts. The initial costs are covered by federal funds and are heavily subsidized after that, ultimately saving Idaho millions of dollars.

Is Direct Primary Care part of the proposed Medicaid Redesign plan for Idaho?

The Governor's Workgroup did recommend a pilot program for Direct Primary Care to accompany Medicaid Redesign.

How does Medicaid Redesign help me if my family and I already have affordable health insurance?

Having a large population of uninsured Idahoans means higher health care costs and higher health insurance premiums for those with insurance. If more Idahoans are covered, it will mean lower health care costs for residents and businesses.

How are parents unfairly penalized in the current system?

A single, childless worker at minimum wage qualifies for help to purchase coverage in the exchange. If that same worker is a parent and the sole-earner for the family, the family's income falls below the poverty level. This penalizes single parents for having a job since they have to choose between working and Medicaid eligibility.

How do we all pay for the uninsured now?

In Idaho, those without insurance rely on the state's Catastrophic Health Insurance Fund and the counties' indigent funds. That means our tax dollars fund health care for the uninsured in the form of property taxes, state taxes and higher insurance premiums.

How does Medicaid Redesign save lives?

Conservative estimates indicate that expanding access to health insurance in Idaho could save between 76 and 179 lives a year. That estimate is based on national research, applied to Idaho coverage gap numbers, which show a real correlation between lack of access to health care and premature death.¹

How does Medicaid Redesign help the mentally ill?

In the last year, 75,000 Idahoans experienced a severe mental illness. Some 41,000 Idahoans are seriously impaired by their mental illness, but Medicaid currently covers only 9,000 of them. By redesigning Medicaid, the mentally ill would have access to essential community-based mental health services to keep our residents healthy and productive.²

Is Medicaid investment efficient?

Idaho's Medicaid program is incredibly efficient and cost-effective. Every \$1 of State General Fund invested in Medicaid yields over \$4 of investment by the Department of Health and Welfare because of the federal match. Of that spending, 97 percent goes directly to health care services for Medicaid participants, with just 3 percent going to administrative costs.³

How will Medicaid redesign provide a needed economic boost for Idaho?

Medicaid redesign would create nearly 15,000 new jobs in its first year and not just in health care. The spillover effects of the new economic activity will provide a boost for a variety of local businesses. In fact, Idaho will see approximately \$700 million in new economic activity each year.⁴

How does Medicaid redesign save money for Idaho?

Redesigning Medicaid and closing the coverage gap would save Idahoans millions of dollars in state and local funds over several years.⁵ The state will likely reap additional savings that are difficult to estimate, including reduced costs for corrections, law enforcement, emergency response, and the courts, since these systems are often the only response available for untreated mental and behavior health problems. The economic boost will also generate new tax revenues that are above and beyond the calculated savings.

How can Idaho be sure that funding will continue if we close the Coverage Gap?

Federal funding to close the coverage gap is guaranteed at 100 percent until 2016, and tapers to cover 90 percent of the costs, on an ongoing basis, after 2020. Since the Center for Medicaid and Medicare Services (CMS) was founded in 1965, funding for its programs has never been rescinded.⁶

Would the cost of redesigning Medicaid in Idaho significantly contribute to the federal deficit?

No. Between 2016 and 2018, the cost of redesign in Idaho would be minute, ranging from .118% to .126%. That means the investment of federal dollars for Idaho's Medicaid redesign would represent 1/1000th of the United States budget deficit. If the federal deficit is a thousand spilled marbles, picking up one marble is not going to make much of an impact.⁷

Who decides whether Idaho will redesign Medicaid and when?

The Idaho Legislature must vote on whether Idaho will take advantage of federal funds to provide an affordable insurance option to Idahoans in the coverage gap.

How many states have redesigned Medicaid?

Thirty states (including Washington, DC) redesigned their Medicaid systems as of July 2015. Idaho lawmakers will have another opportunity to close the coverage gap by passing the Healthy Idaho Plan again in early 2016.

What does Idaho lose if we wait to redesign Medicaid?

If Idaho does not redesign Medicaid, we will send \$1.2 billion in taxpayer money over the next eight years to states that have chosen to take advantage of the available federal dollars.⁸ Idaho will also forego a cost-saving solution to several problems: unequal access to affordable health coverage, needless medical bankruptcies, and untreated illness for Idahoans.

End Notes

1. University of Idaho College of Business and Economics, Peterson, Steven, "The Economic Impacts of Medicaid and Proposed Medicaid Expansion," http://www.healthandwelfare.idaho.gov/Portals/0/AboutUs/FromTheNewsroom/0814_PetersonMedicaidExp.pdf (August 14, 2014).
2. Disability Rights, Baugh, Jim, "Medicaid Redesign Idaho: Presentation to Workgroup," <http://www.healthandwelfare.idaho.gov/Portals/0/Medical/MoreInformation/08142014%20Medicaid%20Redesign%20for%20People%20with%20Disabilities%20Jim%20Baugh.pdf> (August 14, 2014).
3. Idaho Department of Health and Welfare, Hettinger, Lisa, "The Facts About Idaho Medicaid," <http://www.healthandwelfare.idaho.gov/Portals/0/Medical/MoreInformation/08-14-2014%20Medicaid%20Overview%20Lisa%20Hettinger.pdf> (August 14, 2014).
4. University of Idaho College of Business and Economics, Peterson, Steven, "The Economic Impacts of Medicaid and Proposed Medicaid Expansion," http://www.healthandwelfare.idaho.gov/Portals/0/AboutUs/FromTheNewsroom/0814_PetersonMedicaidExp.pdf (August 14, 2014).
5. Milliman, Birrell, Justin, Diederich, Benjamin, "Idaho Medicaid Expansion Population and Cost Forecast, Including Direct Primary Care Model," <http://www.healthandwelfare.idaho.gov/Portals/0/Medical/MoreInformation/08-14-2014%20Milliman%20Analysis.pdf> (August 14, 2014).
6. Milliman, Birrell, Justin, Diederich, Benjamin, "Revised Financial Impact Review of the Patient Protection and Affordable Care Act on the Idaho Medicaid Budget Including State and Count Costs Offsets," November 7, 2014.
7. Congressional Budget Office, "An Update to the Budget and Economic Outlook: 2014 to 2024," <https://www.cbo.gov/publication/45653> (August 2014) and Milliman, Birrell, Justin, Diederich, Benjamin, "Revised Financial Impact Review of the Patient Protection and Affordable Care Act on the Idaho Medicaid Budget Including State and Count Costs Offsets," November 7, 2014.
8. University of Idaho College of Business and Economics, Peterson, Steven, "The Economic Impacts of Medicaid and Proposed Medicaid Expansion," http://www.healthandwelfare.idaho.gov/Portals/0/AboutUs/FromTheNewsroom/0814_PetersonMedicaidExp.pdf (August 14, 2014).



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