



Health Care Reform in Indian Country

Self-Governance Communication & Education

Self-Governance Tribes Striving Towards Excellence in Health Care

Advancing Sovereignty

Tribal Sponsorship under Affordable Care Act (ACA)

-- Case Study #7, DST-SGT Joint Initiative --

December 10, 2015

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Tribal Self-Governance
Advisory Committee

National Congress
of American Indians



Goals

- **Goal of effort**
 - Generate additional resources to meet the health care needs of Tribal members
 - Meet employer requirements under the Affordable Care Act
- **Goal of today's presentation**
 - Review analyses of options for the Tribe to secure additional resources through the Health Insurance Marketplace established by the Affordable Care Act (ACA)
 - Identify the estimated costs of different approaches to meeting the ACA's employer requirements (FUTURE WEBINAR)



Disclaimer

- *This analysis is for informational purposes only and is not intended as tax or legal advice.*
- *Please talk with your accountant or attorney for specific tax or legal questions related to your Tribe, Tribal entities, and individual tribal members.*

Funding

- *Funding for segments of the analysis contained in this presentation provided by Indian Health Service, National Congress of American Indians, and Tribal Self-Governance Advisory Committee.*



Section 1: Background



Current Insurance Status of Active User Population

- Nearly 45% of Active User population is uninsured
 - Health services for this population are funded out of the limited congressional appropriation to Tribe / Service Unit

Insurance Status, Active User Population, Case Study #7, April 2015		
	#	%
Medicaid	1,657	33.7%
Medicare	377	7.7%
Private / Other	689	14.0%
Uninsured	2,198	44.7%
Total	4,920	100%

Source: IHS Active User Pop 2015-04



Current Insurance Status of Active User Population

- Moving some or all of the currently uninsured individuals under other coverage categories will result in a substantial increase in health service resources

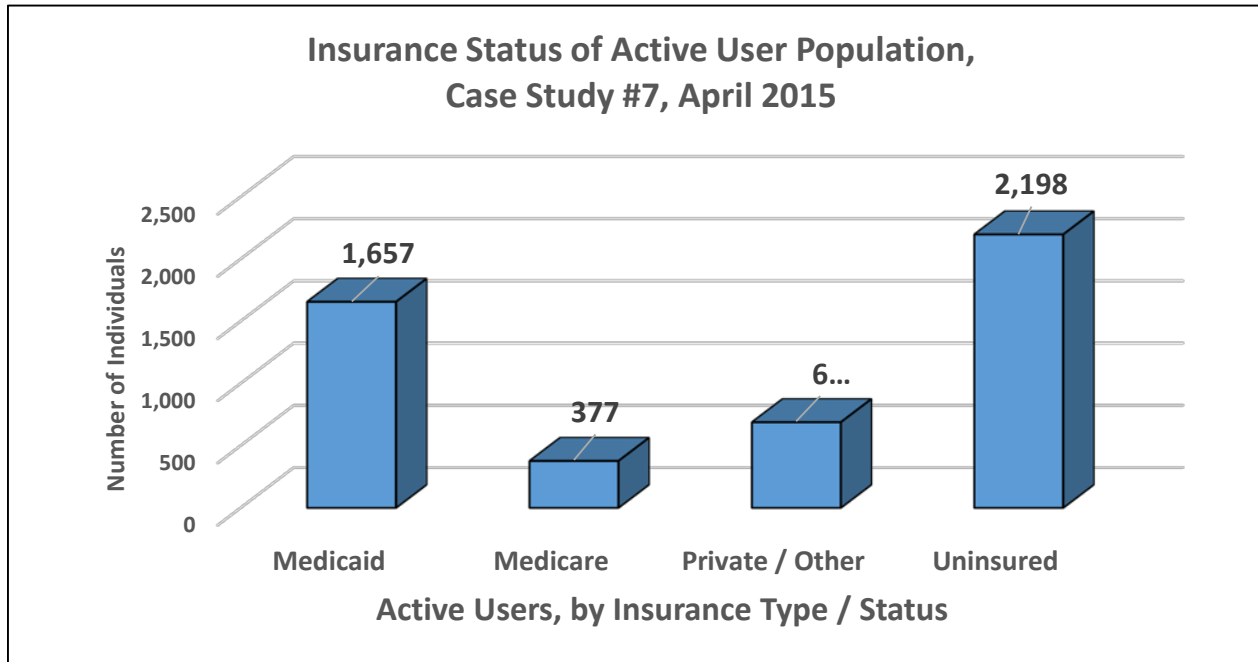


Illustration of Coverage of IHS Beneficiaries: Funding Source, by Insurance Type

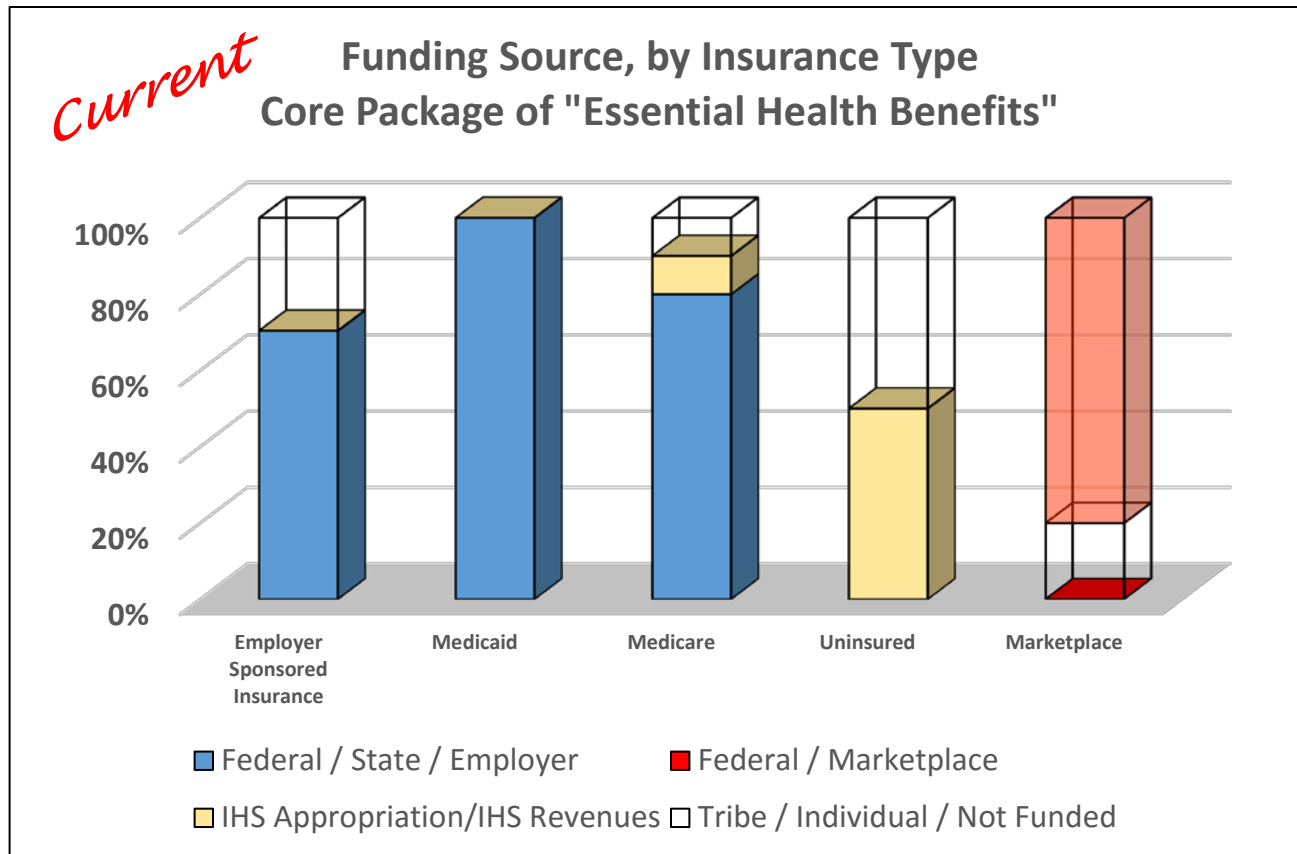
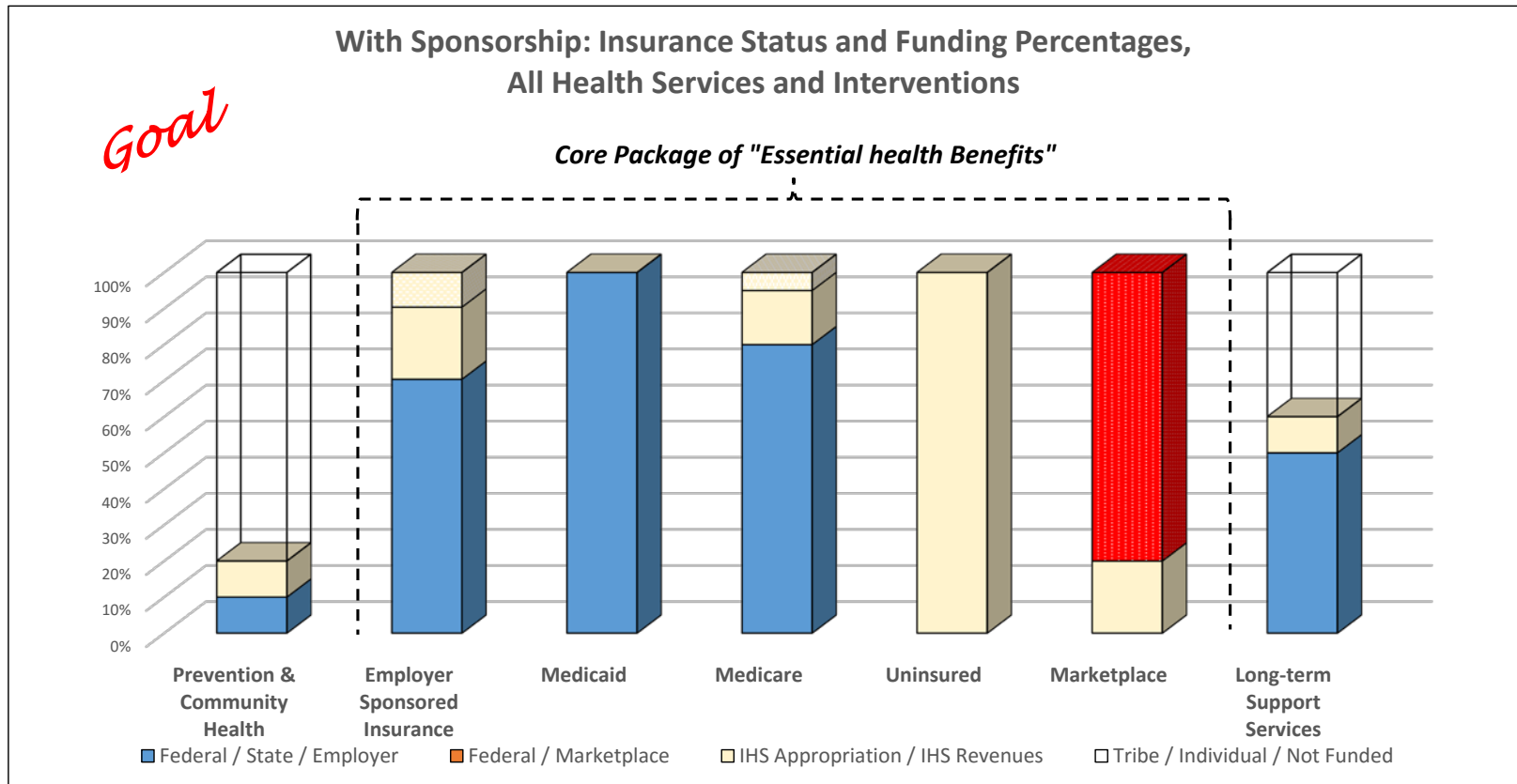


Illustration of Potential Impact of Sponsorship through Marketplace: Insurance Coverage and Funding Sources



Section 2: Opportunities and Requirements under Affordable Care Act



Opportunities and Requirements under the Affordable Care Act

- **ACA made available additional health care resources**
 - Created State option to expand Medicaid to all persons with household income under 138% federal poverty level (\$16,243 for one person household)
 - Federal government pays for 90% of the costs
 - Establish a Health Insurance Marketplace in each state
 - Create mechanism to compare health plans
 - Create mechanism to provide federal financial assistance
 - Premium tax credits
 - Cost-sharing reductions / protections
- **ACA established new requirements on employers**
 - Employers, including Tribal employers, are required to pay a portion of full-time employees' health insurance costs
- **ACA included the permanent reauthorization of the Indian Health Care Improvement Act (IHCIA)**
 - Broadened range of services that can be funded with IHS appropriations and 3rd party revenues, including permitting the purchase of health insurance coverage for IHS beneficiaries



Expanded Eligibility under Medicaid

- Medicaid coverage to become effective as of mid-2016 for the newly-eligible population
 - Eligible persons include individuals between 19 and 64 without dependent children with household income up to 138% federal poverty level (FPL)
 - Family of two can earn up to \$21,983 per year and qualify
 - Enrollment currently underway
 - American Indians and Alaska Natives will not be required to pay premiums or cost-sharing under the Medicaid expansion
 - Eligibility for other populations will remain in place
 - Children in households with income up to 208% FPL continue eligible for Medicaid / CHIP



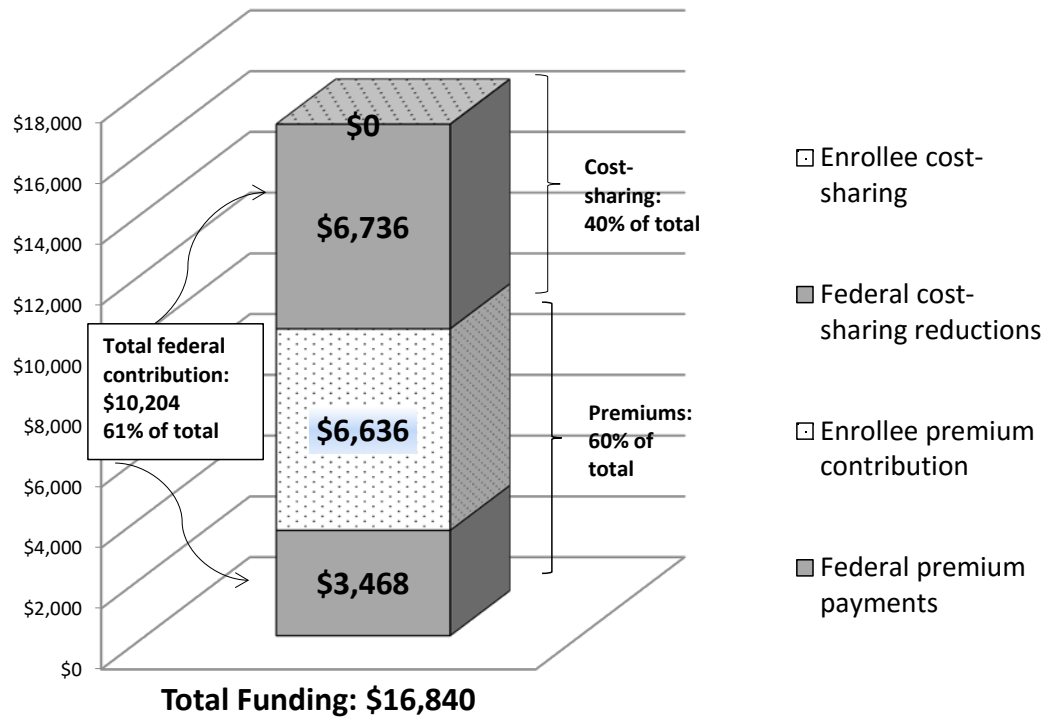
New Resources Made Available through Marketplace

(Example of family of three; \$70,315 in household income)

Source and Distribution of Funding for Marketplace Coverage, 2016
 - American Indian or Alaska Native Family -

Three-person household; annual income of \$70,315 (350% FPL)

(3 enrollees; Green Bay, Brown County, Wisconsin; bronze-level coverage)



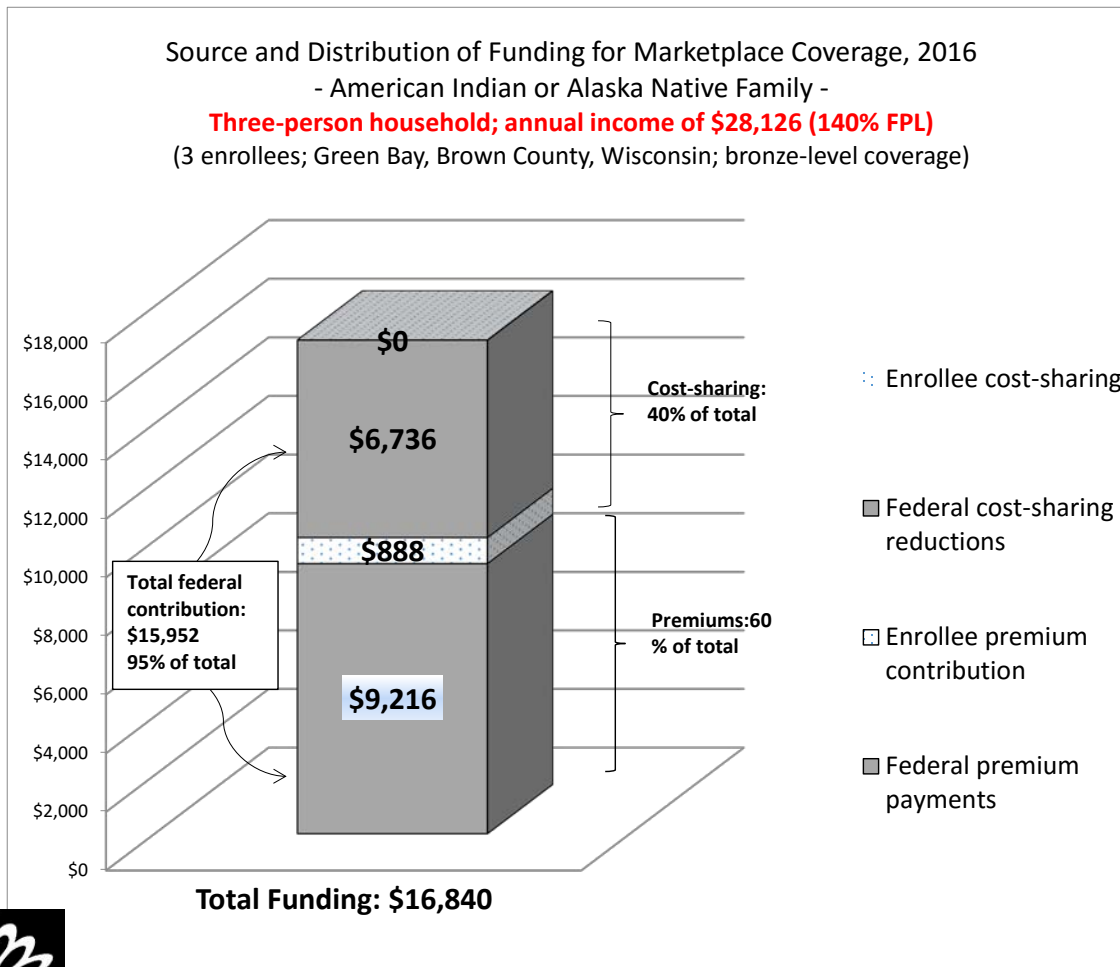
Two types of Federal government assistance through the Marketplace

- Premium tax credits
- Cost-sharing reductions (CSRs)
 - General CSRs
 - Two Indian-specific CSRs
 - No cost-sharing (“zero”)
 - No cost-sharing with referrals (“limited”)



New Resources Made Available through Marketplace

(Example of family of three; \$28,126 in household income)



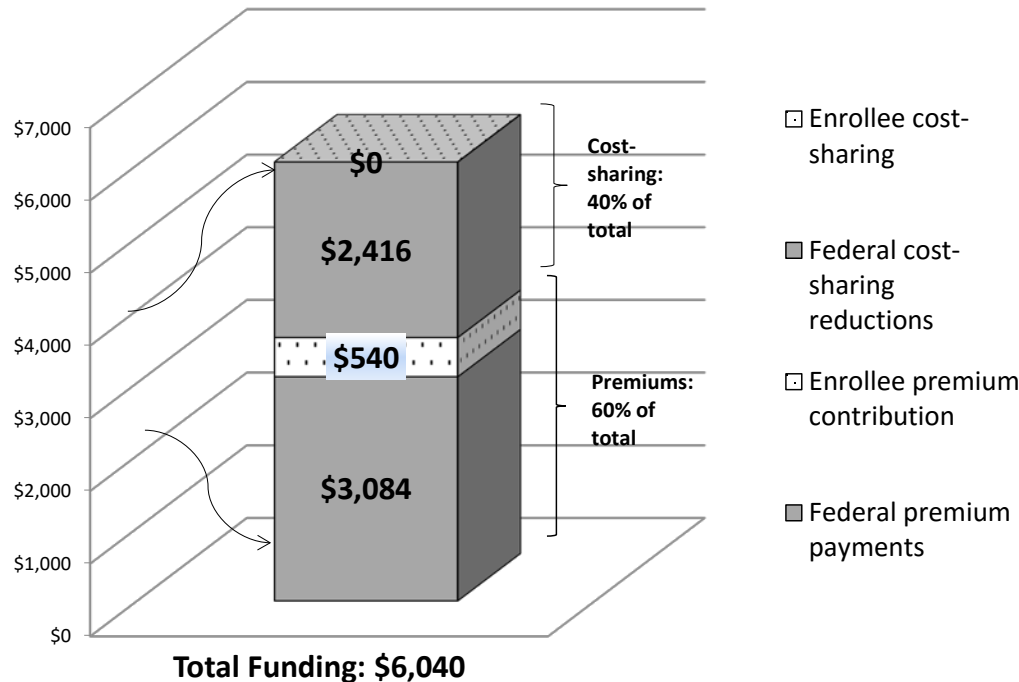
- AI/ANs are encouraged to enroll in bronze level plans
 - Premiums are lowest
 - Federal contribution for CSRs is greatest
- Families with AI/AN and non-AI/AN members enroll in separate plans to maximize cost-sharing protections



New Resources Made Available through the ACA

(Example of individual; \$16,478 in household income)

Source and Distribution of Funding for Marketplace Coverage, 2016
 - American Indian or Alaska Native Family -
One-person household; annual income of \$16,478 (140% FPL)
 (Green Bay, Brown County, Wisconsin;
bronze-level coverage; one 40-year-old enrollee)



- For households with income over 400% FPL, premium tax credits are not available
 - \$97,000 family of four
 - 47,080 for individual
- AI/AN households of any income level are eligible for comprehensive cost-sharing protections



ACA Established New Requirements on Employers

- All employers, including Tribal governments, with 50 or more full-time equivalent employees have coverage and reporting requirements under the ACA
 - Requirements started January 1, 2015
- Employers are required to:
 - (1) Offer and pay for a portion of coverage --
 - (a) For full-time employees (persons who work an average of 30 or more hours per week), offer and pay for a portion of coverage if employee enrolls in employer-provided insurance
 - (b) For dependents of full-time employees, offer coverage but no requirement to pay for coverage
 - (c) For spouses of full-time workers, no requirement to offer coverage
 - OR --
 - (2) Pay \$2,000 to federal government for each FT employee
 - Calculated monthly at 1/12th of \$2,000 (or \$167 per month)



Greater Flexibility for Use of IHS Appropriated Funds under Reauthorized IHCA

- Reauthorized IHCA allows for expenditure of congressionally-appropriated funds and third party revenues from Medicaid, CHIP and Medicare to purchase health insurance coverage for IHS beneficiaries, referred to as Tribal “Sponsorship”
- On TribalSelfGov.org, a TSGAC memo is available on authorities to purchase health insurance for IHS beneficiaries, titled “Tribal Sponsorship through a Marketplace”



Health Care Reform in Indian Country

Self-Governance Communication & Education

Self-Governance Tribes Striving Towards Excellence in Health Care

Tribal Sponsorship through a Marketplace¹

January 12, 2015

This brief seeks to provide guidance to Tribes that might use federally-appropriated funding or third party revenues to purchase health insurance for Tribal members² enrolled through a Marketplace.

Indian Tribes, Tribal organizations, and urban Indian organizations (T/TO/Us) can pay for health insurance coverage on behalf of their Tribal members enrolled through a Marketplace (“Tribal sponsorship”).



DST-SGT Joint Initiative on Sponsorship (1)

- In May 2015, the first joint meeting took place of the Direct Service Tribes (DST) Advisory Committee and the Tribal Self-Governance (SGT) Advisory Committee to IHS
- One initiative generated was the “DST-SGT Joint Initiative on Sponsorship”
 - Goal of Joint Initiative is to ensure that each Tribe, no matter where on the direct service – self-governance spectrum, is able to use a portion of the congressional IHS appropriation for the Tribe for the purpose of Sponsorship of Tribal members
 - Tribes have authority whether to conduct Sponsorship of Tribal members or not
- DSTs, SGTs and IHS have created a set of tools to facilitate Sponsorship, including—
 - Contract language options for authorizing Sponsorship by Tribes
 - Agreement with IHS that a portion of funds currently managed by IHS can be transferred to Tribe to conduct Sponsorship
 - Or Tribe can use appropriations and 3rd party revenues the Tribe is managing
 - Working to ensure that IHS Areas provide regular reports on aggregate revenues generated at IHS facilities from a Tribe’s sponsorship of Tribal members through a Marketplace



Joint Initiative (2)

- As part of the Joint Initiative, analyses are being conducted with a few Tribes on options for Sponsorship
 - Analyses are designed to facilitate participating Tribe's decision-making on Sponsorship
 - Analyses will be shared (after removing identifying information) to provide examples to other Tribes of potential results of conducting Sponsorship
- In addition, analyses are being conducted with a set of Tribes on Employer Options under the Affordable Care Act
 - These analyses assist participating Tribes in determining how best to meet the employer requirements under the ACA
 - These analyses also will be shared with other Tribes
 - These analyses are also informing efforts underway with the Treasury Department to secure relief from ACA's employer mandate on Tribal governments



Section 3: Analyses of Options for Sponsorship of Tribal Members through Marketplace



Income Distribution of Uninsured Active Users

- Of the 2,198 uninsured Active Users, approximately 700 - 900 are expected to be Medicaid eligible
- The remaining uninsured are candidates for Marketplace enrollment
 - Those with income 138% - 400% FPL eligible for premium tax credits
 - Those of any income level who meet the definition of Indian are eligible for comprehensive cost-sharing protections

Insurance Status, Active User Population, Case Study #7, April 2015		
	#	%
Medicaid	1,657	33.7%
Medicare	377	7.7%
Private / Other	689	14.0%
Uninsured	2,198	44.7%
Total	4,920	100%

Source: IHS Active User Pop 2015-04

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Source: IHS Active User Pop 2015-04



Calculation of Average Health Service Expenditures under Marketplace Coverage

- Premium for bronze plan covers 60% of average health spending
- Cost-sharing covers 40% of average health spending
- With comprehensive cost-sharing protections paid for by the federal government, total health spending for AI/AN enrollees averages \$4,868

Average Annual Health Service Payments for Marketplace Enrollment	
Case Study #7; 40-Year-Old, Non-Smoker; Bronze Level Coverage; 2016	
Premium for 40 yr old (annual): BC BS Basic 103, a Multi-State Plan	\$2,988
Actuarial value of bronze plan	60%
Actuarial value of Indian-specific cost-sharing protections	40%
Average payments for health services (excluding administrative costs; including 15% induced utilization)	\$4,868



Net Returns from Marketplace Enrollment

Calculation of Hypothetical Net Returns from Marketplace Enrollment

Case Study #7; 40-Year-Old, Non-Smoker; 2016

1 Enrollee; No Premium Tax Credits (Household of any income)	2-person HH; 2 Enrollees; 150% FPL (\$23,895 household income)	3-person HH; 3 Enrollees; 250% FPL (\$50,225 household income)
Average health services: \$4,868	Average health services: \$9,736	Average health services: \$14,604
Premium payment (annual): \$2,988	Premium payment (annual): \$0	Premium payment (annual): \$1,624
Net gain (\$): \$1,880	Net gain (\$): \$9,736	Net gain (\$): \$12,979
Net gain (%): 63%	Net gain (%): --	Net gain (%): 799%

- If not eligible for premium tax credits and pay full premium, average net gain from enrollment is \$1,880 (total health services provided less premium paid) due to federal cost-sharing assistance
- With premium tax credits, average net gain increases
 - For example, a middle income family (\$50,225) with three enrollees would pay a premium of \$1,624 and have \$14,604 in average health service spending, for a net gain of \$12,979



Modeling of Sponsorship Options

- Medicaid expansion replaces Sponsorship of lowest income individuals
 - Marketplace enrollees under 100% FPL are not eligible for premium tax credits

Per Person Premium Contributions by Income Level					
Case Study #7; 2016					
	Total uninsured 2,198	HH Size			
		<u>Scenario 1</u> 1-enrollee; 1-person HH	<u>Scenario 2</u> 2-enrollees; 2-person HH	<u>Scenario 3</u> 3-enrollees; 3-person HH	<u>Scenario 4</u> 3-enrollees; 4-person HH
<u>Mid-point of group</u>		Premium Contributions: <i>Per enrollee</i> amounts			
\$0	47	\$2,988	\$2,988	\$2,988	\$2,988
\$5,001	217	\$2,988	\$2,988	\$2,988	\$2,988
\$15,000	415	\$0	\$2,988	\$2,988	\$2,988
\$25,000	364	\$928	\$0	\$0	\$0
\$35,000	336	\$2,583	\$479	\$0	\$0
\$45,000	166	\$2,988	\$1,264	\$271	\$203
\$55,000	106	\$2,988	\$1,865	\$815	\$611
\$65,000	134	\$2,988	\$2,988	\$1,307	\$980
\$75,000	47	\$2,988	\$2,988	\$1,630	\$1,223
\$80,000+	365	\$2,988	\$2,988	\$2,988	\$2,949



Under Modeling of Sponsorship, Broad Income Eligibility Generates Greatest Net Gain in Health Service Resources

- Tribes have the authority to set the eligibility criteria for Sponsorship programs

Sponsorship Eligibility Scenarios: Net Gain in Health Service Resources								
Case Study #7; 2016								
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	Household Income Eligibility Scenarios	Uninsured Tribal Members	Average Per Enrollee Premium Contributions	Aggregate Premium Sponsorship Costs (no Medicaid Expansion)	Aggregate Premium Sponsorship Costs (w/ Medicaid Expansion)	Estimated Health Service Payments	Net Gain in Health Service Resources (no Medicaid expansion)	Net Gain in Health Service Resources (w/ Medicaid expansion)
Option 1:	\$0 - \$60,000	1,651	\$1,709	\$2,423,078	\$704,262	\$8,037,999	\$5,614,922	\$7,333,738
Option 2:	\$20,000 - \$40,000	700	\$499	\$341,931	\$341,931	\$3,409,062	\$3,067,131	\$3,067,131
Option 3:	\$20,000 - \$60,000	972	\$937	\$704,262	\$704,262	\$4,733,078	\$4,028,816	\$4,028,816
Option 4:	\$0 - \$80,000+	2,198	\$1,922	\$3,891,911	\$2,173,095	\$10,698,937	\$6,807,026	\$8,525,842
Option 5:	\$20,000 - \$80,000+	1,519	\$1,571	\$2,173,095	\$2,173,095	\$7,394,016	\$5,220,920	\$5,220,920
	Potential Medicaid Expansion Eligible	679	\$2,739	\$1,718,816	\$0	\$3,304,921	\$1,586,105	\$3,304,921

* Table drawn from Preliminary Sponsorship Analysis - Case Study #7 - DM 2015-12-05a

** \$40,000 equates to between 200% and 300% federal poverty level depending on family size.



Section 4: Employer Options

FUTURE WEBINAR



Section 4: Hybrid Approach: Matching Sponsorship with Employer Options



Creating a Hybrid Approach: Employer Option Matched with Sponsorship Option

HYBRID APPROACH:

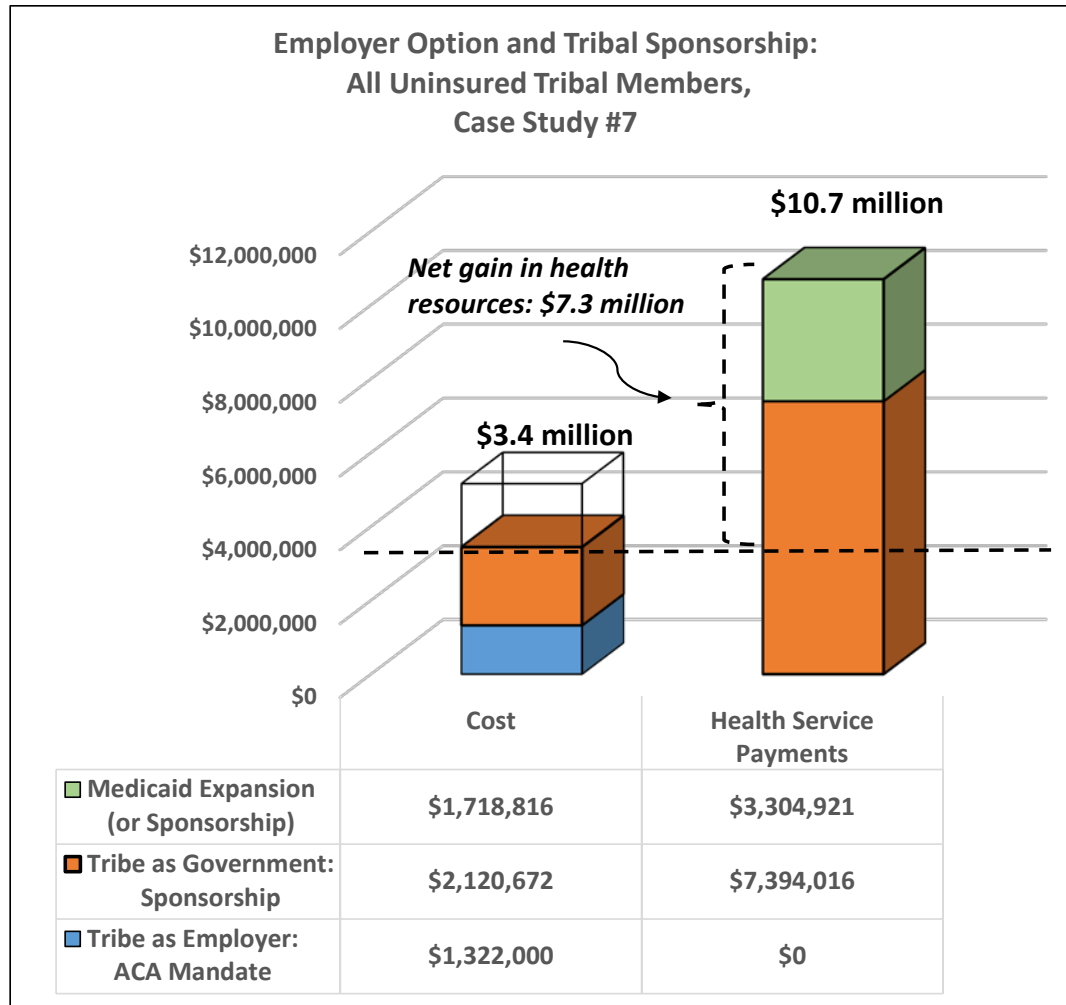
- **As Employer** – *FUTURE WEBINAR*
 - Select preferred employer option (by Tribal employer for Tribal employees)
- **As Tribal Government** –
 - Design and implement Sponsorship program (by Tribal government for Tribal members)

GOALS:

- Minimize costs to Tribe
- Maximize health service resources to Tribal health system and Tribal members



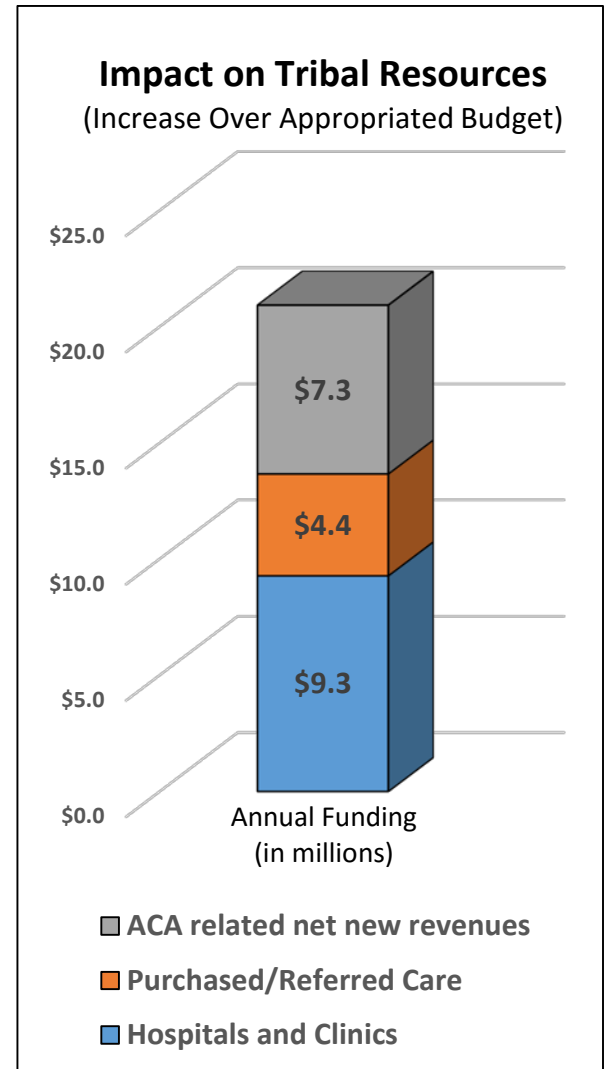
Net Impact: Employer & Sponsorship Costs versus Increased Health Service Payments



Matched Policies Result in Substantial Increases in Resources

- Meeting employer requirements and undertaking broad sponsorship results in --
 - Near universal insurance coverage of Active Users
 - 55% (or \$7.4 million) increase in funding over appropriated funding levels

Case Study #7: Increase over IHS Appropriation (excluding public health functions)		
Program Component	Appropriated Funds (millions; estimated)	Percentage Increase over Appropriation
Hospitals & Clinics	\$9.3	
Purchased / Referred Care	\$4.4	
Total IHS Appropriated Budget	\$13.7	
ACA Related Net New Revenues	\$7.3	53%
Total	\$20.9	



ROI Template:

Calculating Returns from Sponsorship Programs

- An Excel-based template was created to assist in calculating the return-on-investment (ROI) for Sponsorship programs
- The template with instructions can be accessed on the TribalSelfGov.org website
 - <http://tribalselfgov.org/health-reform/webinars/sponsorship-options/>

ROI TEMPLATE:

Worksheet for Calculating Financial Return to Sponsoring Tribe/Tribal Health Organization (THO)
from Enrolling Members in Marketplace Coverage

Instructions for Calculating Return on Investment (ROI) from Tribal Sponsorship¹

This ROI Template is for the purpose of assisting a Tribe/THO engaged in Tribal Sponsorship in evaluating the financial results from Tribal Sponsorship.

- “Tribal Sponsorship” is defined as a Tribe or THO paying the health insurance premiums on behalf of Tribal members who enroll in coverage through a Health Insurance Marketplace.



ROI Template

- In calculating the benefits from Sponsorship, it is important to consider:
 - Revenues received
 - Purchase / Referred Care savings
 - Additional health services not PRC eligible
 - Premium payments and administrative costs

Tribal Sponsorship of Members for Marketplace Coverage*											ESTIMATED REVENUES (E) or ACTUAL CASH COLLECTIONS (C):		C			
"ROI Report": Net Financial Impact on Tribal Health Organizations During Reporting Period [DATES OF REPORTING PERIOD]**											DISCOUNT ON CHARGES*** (for estimate of revenues):		30%			
	A	B	C	D	E	F	G	H	I	J	K (C*discount)	L	M (K-J)	N (M / J)	O	P (O - J)
Sponsoring THO	Coverage Years (equivalents) [enrollee months divided by 12]	Distribution of Sponsored Enrollees	Gross Revenues, by THO Provider (during coverage period)	Estimated P/RC Savings	Total Gross Revenues and P/RC Savings, by THO Provider	% Distribution of Recorded Charges & P/RC Savings, by THO Provider	Premium Payments (allocated)	Tax Credit Repayment Reserves (allocated)	Central Administrative Costs (allocated)	Total Sponsorship Program Costs (allocated)	Estimated Revenues (Recorded charges discounted by figure shown above)**	Actual Cash Collections (Revenues) to Date (as of [])	NET RETURN: (Estimated) Revenues & P/RC Savings minus Total Sponsorship Program Costs	Return on Investment (ROI) ∞ (after repaid investment)	THO Funding Commitments (as of [])	Unexpended THO Program Funding (as of [])
THO #1	4.0	6.5%	\$62,000	\$78,000	\$140,000	18.96%	\$8,817	\$1,058	\$7,054	\$16,929	\$43,400	\$54,807	\$115,878	\$6.84	\$20,000	\$3,071
THO #2	1.4	2.3%	\$2,000	\$3,200	\$5,200	0.70%	\$359	\$43	\$287	\$688	\$1,400	\$2,201	\$4,713	\$6.84	\$20,000	\$19,312
THO #3	10.3	16.9%	\$284,000	\$43	\$284,043	38.48%	\$17,804	\$2,137	\$14,243	\$34,184	\$198,800	\$268,124	\$233,983	\$6.84	\$40,000	\$5,816
THO #4	9.4	15.4%	\$45,000	\$3,400	\$48,400	6.56%	\$1,820	\$218	\$1,456	\$3,494	\$31,500	\$24,009	\$23,915	\$6.84	\$30,000	\$26,506



Tribal Option: Steps to Sponsor Tribal Members

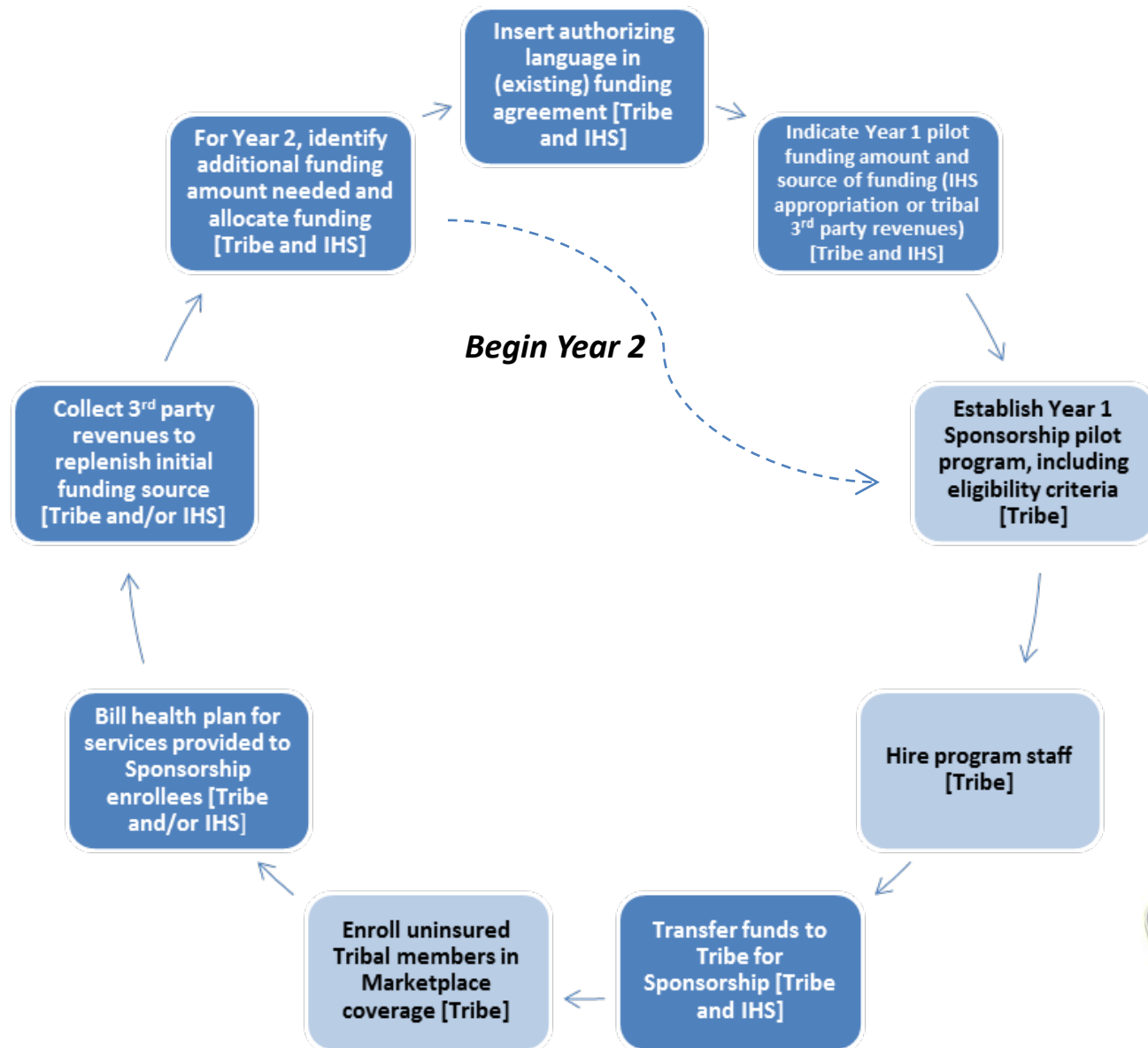
The Tribe, along with IHS, could implement the following steps to initiate sponsorship of Tribal members in Marketplace coverage –

- Insert “sponsorship” language in existing Tribe-IHS contract / funding agreement
- Identify funding source for Sponsorship program, such as–
 - For Direct Service Tribes: Purchased/Referred Care (PRC) program or H&C funds controlled by IHS
 - For Self-Governance Tribes: Appropriations or third party revenues
- Indicate amount of funding required in Year 1
- Tribe establishes enrollee eligibility criteria for Sponsorship program
- Transfer funds to Sponsorship program
- Enroll initial tribal members

Suggestion is to move quickly to establish Sponsorship program, but start as a pilot and build capacity and expertise over time.



DST-SGT Joint Initiative: Process and Funding Flow



Options for Tribes, as Employers and Tribal Governments

Tribal Employer: ACA Requirements / Options

For Full-Time *Employees*:

Option 1: “PLAY”

- Offer and pay for health insurance for full-time (FT) employees
- Offer health insurance for dependents
 - No requirement to contribute
- No requirements for spouses

Option 2: “PAY”

- Pay \$2,000 for each FT employee to federal government

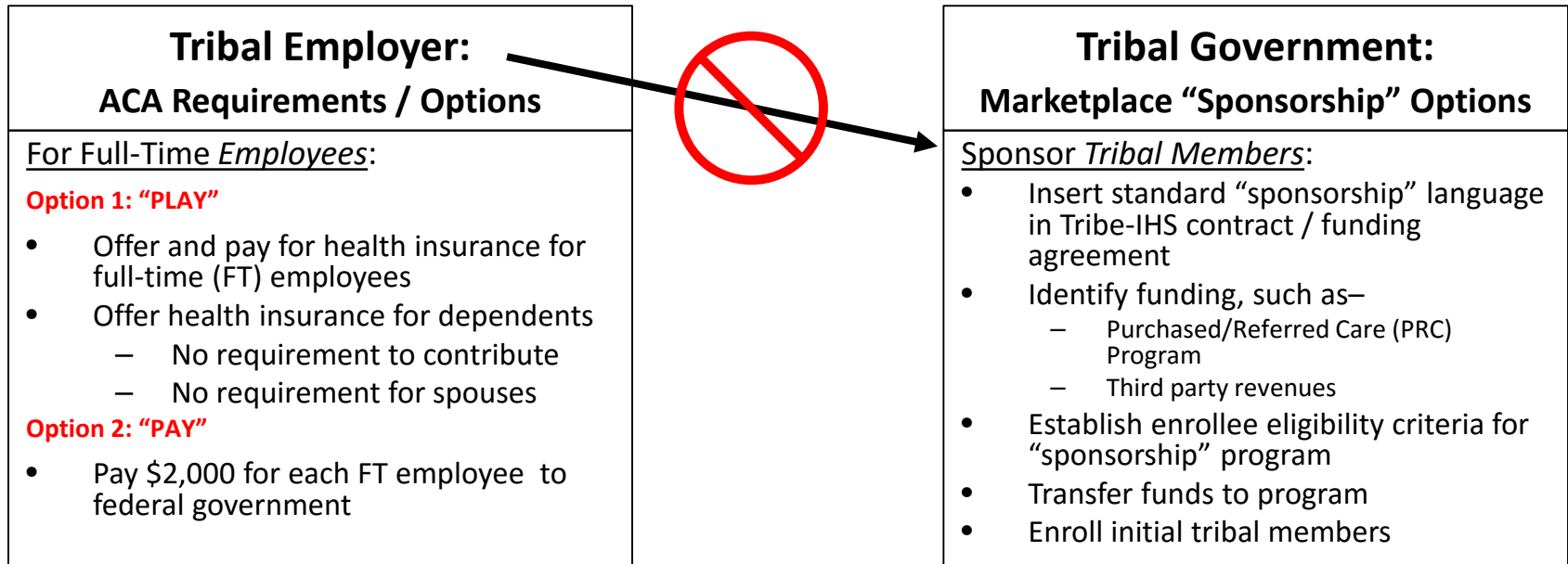
Tribal Government: Marketplace “Sponsorship” Option

For *Tribal Members*:

- Insert standard “sponsorship” language in Tribe-IHS contract / funding agreement
- Identify funding, such as—
 - Purchased/Referred Care (PRC) Program
 - Third party revenues
- Establish enrollee eligibility criteria for “sponsorship” program
- Transfer funds to program
- Enroll initial tribal members



Prohibition on Meeting Employer Requirements by Paying Premiums of Employees in Marketplace

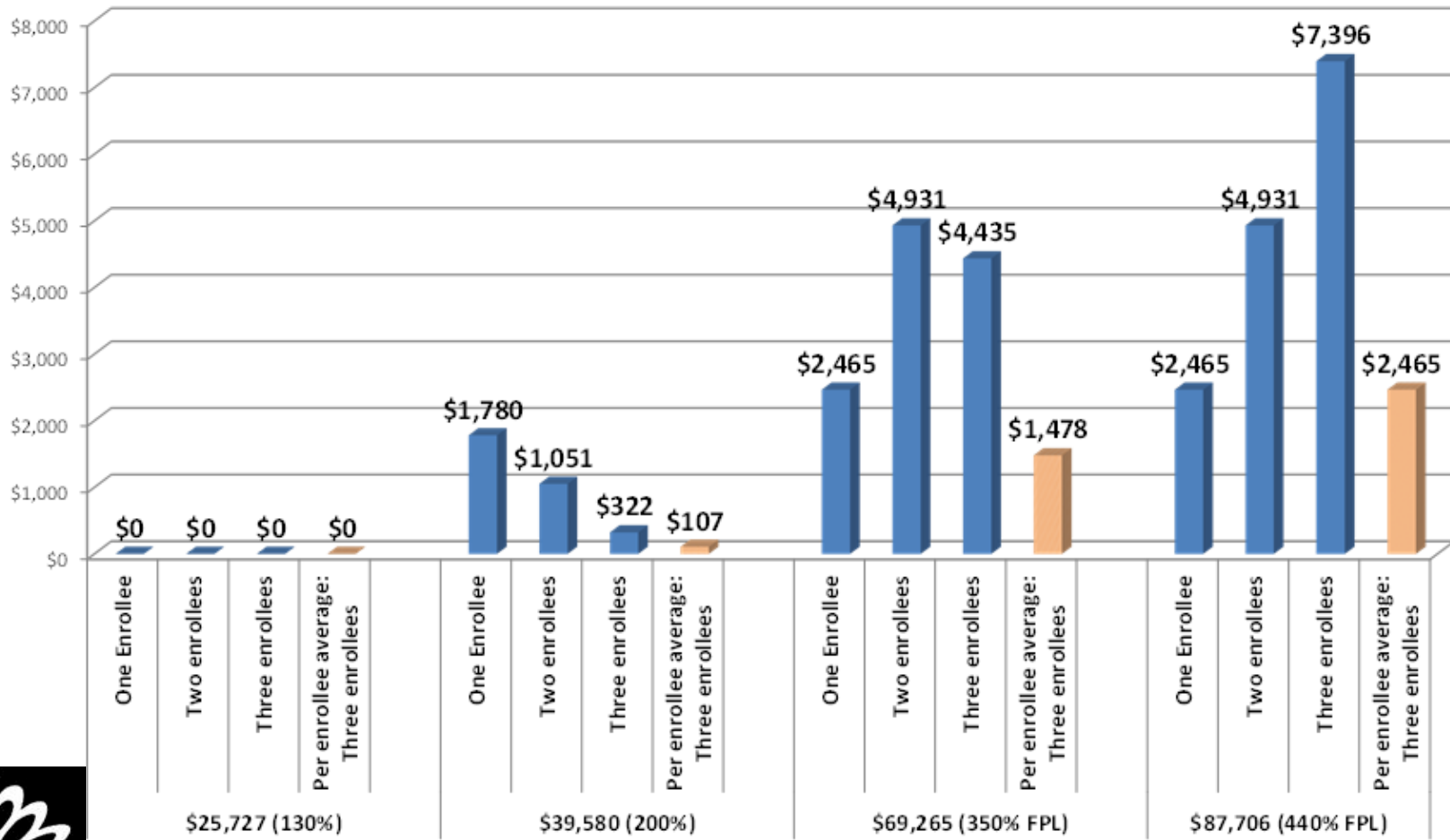


- Tribal employers and other employers are not permitted to meet their requirements as employers by paying for premiums of employees – as employees—enrolled in coverage through a Marketplace
 - Potential fine of \$100 per day per employee if employer sponsoring Marketplace enrollees
- Tribes, as employers, have option to "play" or "pay" for FT *employees*
- Tribes, as governments, have option to "sponsor" tribal *members*

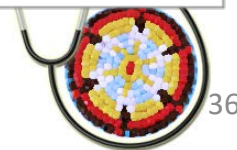


Total Household Costs for Marketplace Enrollment: American Indians and Alaska Natives, 2015

(family of 3; bronze-level coverage; by income; by enrollees; 40-year old non-smokers;
premiums and out-of-pocket costs)



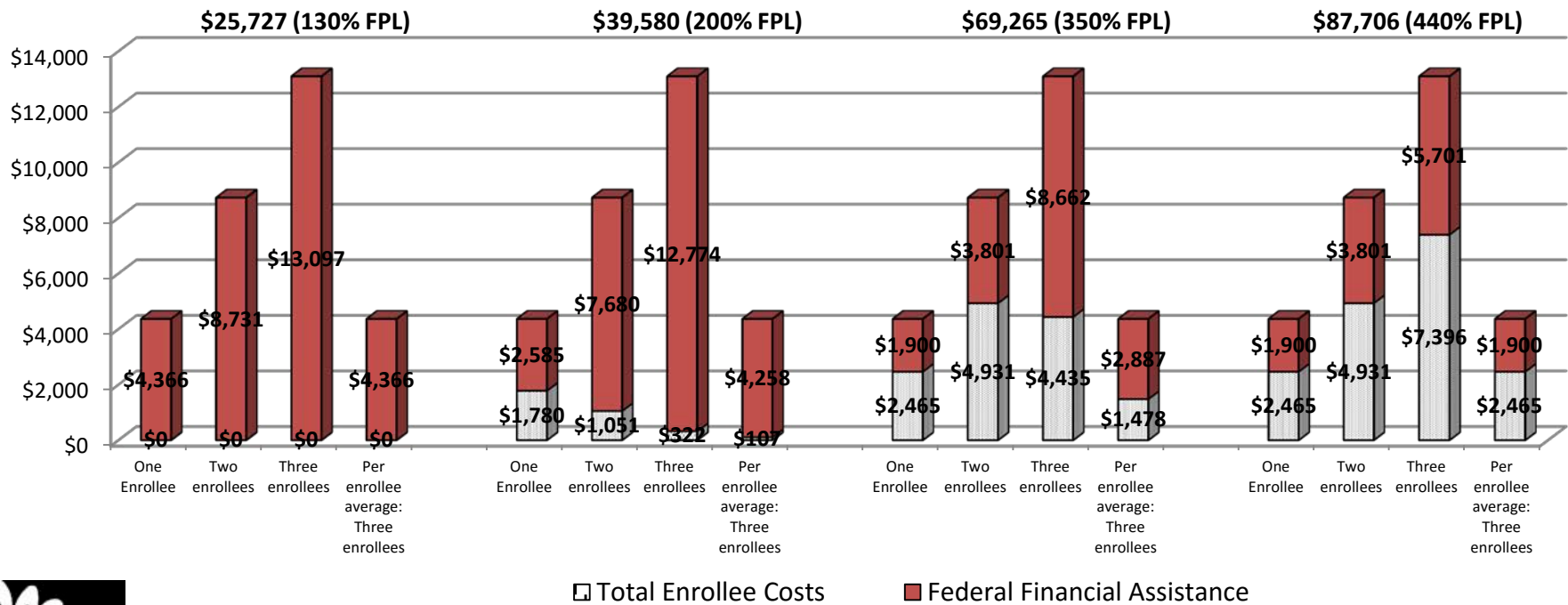
SOURCE: Analysis of Kaiser Family Foundation, "Analysis of 2015 Premium Changes in the ACA's Health Insurance Marketplaces", September 2014, Issue Brief.



AI/AN enrollment in bronze-level plans: premiums, cost-sharing, and average health care expenditures

Distribution of Funding - Marketplace Enrollment: American Indians and Alaska Natives, 2015

(family of 3; bronze-level coverage; by income; by number of enrollees)



SOURCE: Analysis of Kaiser Family Foundation, "Analysis of 2015 Premium Changes in the ACA's Health Insurance Marketplaces", September 2014, Issue Brief.



Accessing ACA and Federal Regulations and Guidance

- Affordable Care Act (ACA)
<http://housedocs.house.gov/energycommerce/ppacacon.pdf>
- Code of Federal Regulations (CFR)
<http://www.ecfr.gov/cgi-bin/ECFR?SID=7f8540b42be198e365873efe5f15dcb8&page=browse>
- Guidance document: CCIIO 2015 Issuer Letter
<http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/2015-final-issuer-letter-3-14-2014.pdf>
- Tribal Self-Governance Advisory Committee materials
<http://tribalselfgov.org/health-reform/webinars/>



Acronyms

Acronyms:

- IHCP: Indian health care provider, sometime referred to as I/T/U
- I/T/U: IHS, Tribe, Tribal health organization, urban Indian organization
- THO: Tribal health organization
- ACA: Patient Protection and Affordable Care Act
- PTCs: Premium tax credits
- APTCs: Advanced payment of premium tax credits
- CSRs: Cost-sharing reductions
- CSVs: Cost-sharing variations
- IHS: Indian Health Service
- HHS: (Federal) Department of Health and Human Services
- CMS: Centers for Medicare and Medicaid Services, HHS
- CCIIO: Center for Consumer Information and Insurance Oversight, CMS/HHS
- QHP: Qualified Health Plan
- FFM: Federally-Facilitated Marketplace
- ECP: Essential community providers

