

DEPARTMENT OF HEALTH & HUMAN SERVICES

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FACT SHEET

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PROPOSED RULE FOR ESTABLISHMENT OF THE BASIC HEALTH PROGRAM

On Friday September 20, 2013, the Centers for Medicare & Medicaid Services (CMS) issued a proposed rule establishing the standards for the Basic Health Program. The program provides states the option to establish a health benefits coverage program for low-income individuals who would otherwise be eligible to purchase coverage through the Health Insurance Marketplace. This proposed rule sets forth a framework for Basic Health Program eligibility and enrollment, benefits, delivery of health care services, transfer of funds to participating states, state administration and federal oversight.

Overview

Section 1331 of the Affordable Care Act provides states with a new coverage option, the Basic Health Program, for individuals who are citizens or lawfully present non-citizens, who do not qualify for Medicaid, the Children's Health Insurance Program (CHIP) or other minimum essential coverage and have income between 133 percent and 200 percent of the federal poverty level (FPL). People who are lawfully present non-citizens who have income that does not exceed 133 percent of FPL but who are unable to qualify for Medicaid due to such non-citizen status, are also eligible to enroll.

Consistent with the statute, benefits will include at least the ten essential health benefits specified in the Affordable Care Act. The monthly premium and cost sharing charged to eligible individuals will not exceed what an eligible individual would have paid if he or she were to receive coverage from a qualified health plan (QHP) through the Marketplace. A state that operates a Basic Health Program will receive federal funding equal to 95 percent of the amount of the premium tax credits and the cost sharing reductions that would have otherwise been provided to (or on behalf of) eligible individuals if these individuals enrolled in QHPs through the Marketplace.

To promote coordination between the Basic Health Program and other insurance affordability programs, rather than establish new and different rules for the Basic Health Program, we have proposed, when possible, to align Basic Health Program rules with existing rules governing coverage through the Marketplace, Medicaid, or CHIP. The proposed rule will be followed by publication of a payment notice that will propose the payment methodology for Basic Health Program along with data specifications. States will have an opportunity to comment on the payment notice before the methodology is finalized and applied to state data to determine the state's federal Basic Health Program funding amount.

This rule proposes: (1) the procedures for certification of a state-submitted Basic Health Program Blueprint, and standards for state administration of the Basic Health Program consistent with that Blueprint; (2) eligibility and enrollment requirements for standard health plan coverage offered through the Basic Health Program; (3) the benefits covered by such standard health plans as well as requirements of the plans; (4) federal funding of certified state Basic Health Programs; (5) the purposes for which states can use such federal funding; (6) the parameters for enrollee financial participation; and (7) federal oversight of Basic Health Program funds.

The proposed rule is intended to enable states to implement programs effective on or after Jan 1, 2015.

Key Provisions of the Final Rule

State establishment of a Basic Health Program. The proposed regulation establishes the "Basic Health Program Blueprint" as the vehicle by which states will seek Secretarial certification to implement a Basic Health Program, consistent with the process for State-based Marketplaces. The regulation proposes fundamental elements of a Basic Health Program consistent with the statute, including statewide operation, and enrollment of all eligible individuals and prohibition on enrollment caps and waiting lists.

Eligibility and Enrollment. The proposed regulation establishes that eligibility determinations must be performed by government agencies. It lays out the eligibility criteria tying most standards to those used by the Internal Revenue Service to determine advance premium tax credits and cost sharing reductions. Additionally, it provides a state option to use the annual open enrollment model as in the Marketplace or the continuous enrollment model as in Medicaid and most CHIP programs. States are required to use the single streamlined application, and to ensure coordination between other insurance affordability programs.

Standard Health Plan. The rule proposes outlining the competitive contracting process and other contracting requirements as provided for in statute for the provision of standard health

plans under Basic Health Program. It defines the types of entities that can contract with the state to provide a standard health plan to Basic Health Program enrollees. The rule proposes the minimum benefit standard (the essential health benefits) and makes provisions for additional benefits.

Enrollee Financial Responsibilities. Consistent with the statute, the proposed rule provides that monthly premiums may not exceed the monthly premium the individual would have paid had he/she enrolled in the second lowest cost Marketplace silver plan. It establishes cost-sharing standards consistent with the Marketplace's, including protections for American Indian/Alaskan Natives and the prohibition of cost sharing for preventive health services.

Financing of Basic Health Program. The proposed rule establishes state Basic Health Program trust funds for receipt of federal deposits, sets the parameters on the permitted uses of funding, and proposes the process through which HHS will annually develop and finalize the Basic Health Program funding methodology and state payment amounts.

Oversight. The proposed rule promotes program integrity and establishes standards for both state and federal oversight of the Basic Health Program. Standards are proposed for voluntary program termination by the state as well as Secretarial termination of Basic Health Program certification.

This proposed rule, can be found at <http://www.ofr.gov/inspection.aspx>.