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Expanding Access to Public Insurance Plans

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Proposals to expand access to public health insurance plans are being put forward to provide a way to supplement efforts to strengthen insurance markets under the Affordable Care Act (ACA) or to replace the ACA marketplaces and/or other health insurance programs altogether.

Goals of these proposals vary and include increasing access to affordable coverage, exerting downward pressure on provider prices, increasing plan availability, and reducing the number of uninsured. This issue paper from the American Academy of Actuaries Health Practice Council briefly outlines four approaches aiming to achieve such goals and highlights the key design elements that would need to be specified for an approach to be fully evaluated and implemented. Note that there are not clear lines demarcating these options, and particular proposals could have elements of more than one approach. In addition, different proposals often use different terminology to describe similar approaches. The nomenclature used in this paper attempts to accurately reflect each approach and could differ from the terms used in particular proposals.

INCLUDING A GOVERNMENT-FACILITATED PLAN IN THE ACA MARKETPLACES

Under this option, a government-facilitated or administered health plan would compete with other plans in the ACA marketplaces. The public plan would generally follow the requirements of the ACA marketplaces, including the issue, rating, and benefit coverage rules, and would be part of the single risk pool. The difference would be that the government-facilitated plan would likely use provider payment rates based on Medicare or Medicaid, or some rate between those levels and commercial payment levels.

CREATING A MEDICAID BUY-IN

Under a Medicaid buy-in, all or certain individuals not currently eligible for Medicaid would be able to enroll directly into Medicaid and pay any applicable premiums. It would be administered by states or by private entities such as managed care organizations. Unlike a government-facilitated plan in the ACA marketplaces, it would likely operate outside of the exchange, would not be part of the ACA single risk pool, and would not necessarily be subject to the same rules as ACA plans.

CREATING A MEDICARE BUY-IN

Under a Medicare buy-in, all or certain individuals not currently eligible for Medicare would be able to enroll directly into Medicare and pay any applicable premiums. It would have many similarities to a Medicaid buy-in, but rather than being administered by states, it would be administered by the federal government or by private entities such as managed care organizations. It would likely operate outside of the exchange, would not be part of the ACA single risk pool, and would not necessarily be subject to the same rules as ACA plans.

MEDICARE FOR MORE OR FOR ALL

Rather than creating a Medicare buy-in option, other approaches would more directly expand Medicare. These approaches range from extending Medicare eligibility by lowering the eligibility age (e.g., to age 55), extending Medicare eligibility to

all U.S. residents, or extending Medicare eligibility to all and also restructuring the program to provide more comprehensive coverage.

When designing or evaluating a proposal to expand access to public health insurance plans, it's important for the goals of the proposal to be explicit. Regardless of the policy goal, many major and minor design elements need to be specified. These include:

- Who is the eligible population? Would the plan be available to all or would certain subgroups of the population or areas of the country be targeted? Would employers be allowed to enroll their workers in the public plan?
- Would coverage in the plan be an option among other coverage choices or the sole coverage source available?
- How would the program be funded and what entities would bear the financial risk?
- Who would administer the program?
- Would the program rely solely on public coverage (e.g., traditional Medicare) and/or include private plan choices [e.g., Medicaid managed care, Medicare Advantage (MA)]?
- What benefits would be covered and what patient cost-sharing would be required?
- If other coverage options are available, would the public plan follow the same rules governing private plans competing for the same enrollees? Would the plan be part of the ACA single risk pool?
- How would provider payment rates be set? Would there be a provider network?
- How would premiums be determined and how would they vary among enrollees? Would premiums and/or cost-sharing be subsidized for low-income enrollees?
- Would the new plan be implemented all at once or phased in over time?

How these details are decided would affect the viability of the plan and the impacts it would have on coverage availability and affordability, not only of the public plan, but also of other coverage sources. ■