STATE PUBLIC OPTION ACT

Introduced by Senators Brian Schatz and Ben Ray Luján | Rep. Kim Schrier, M.D.

To establish a Medicaid public option to provide Americans with the choice of a high-quality, low-cost health insurance plan.

THE ISSUE — Millions of Americans lack access to quality, affordable health care

The *Affordable Care Act* (*ACA*) provided historic insurance gains in the United States, with more than 30 million Americans now insured through the ACA.[1] Additionally, consumers have better protections with coverage for preexisting conditions, and young adults can stay on their parents' plans until age 26.

Even with the progress of the *ACA*, over 30 million people remain uninsured, in part due to instability in the insurance markets and the lack of Medicaid expansion by several states.[2] Additionally, many Americans have premiums and cost-sharing that are unaffordable.

THE SOLUTION — A Medicaid public option

Medicaid is an efficient federal/state partnership program that provides comprehensive coverage at relatively lower cost. The program is highly rated by patients, effective, and provides state-level flexibilities for innovation, including allowing states to adapt services and models of care based on state and beneficiaries' needs.

The *State Public Option Act* will allow states to create a Medicaid buy-in program so that all residents, regardless of income, can obtain a state-driven, high-quality Medicaid health insurance plan.

SECTION BY SECTION

Section II. Medicaid Buy-In Option

Structure

- Creates an option for states to expand Medicaid eligibility to all residents not enrolled in another insurance plan. Certain enrollees are subject to premiums or cost-sharing charges, with limitations noted below.
- Maintains residents' benefits and cost-sharing protections as under the original Medicaid program, given that they are otherwise eligible for Medicaid under different state option eligibility criteria.
- Requires states that take up the Medicaid buy-in option to offer the plans on the health insurance exchanges, and states may do so under an established enrollment period.
- Provides states with a 90 percent increased Federal Medical Assistance Percentage (FMAP) match for administrative expenses associated with the buy-in.

[1] https://www.cms.gov/newsroom/press-releases/new-hhs-data-show-more-americans-ever-have-health-coverage-through-affordable-care-act
[2] https://www.cdc.gov/nchs/data/nhis/earlyrelease/insur202009-508.pdf
[3] https://www.kff.org/health-reform/poll-finding/kff-health-tracking-poll-january-2020/

Coverage Package

- Requires that the buy-in benefits package be at least equal to benchmark coverage and that plans provide coverage of the *ACA*'s Essential Health Benefits.

Premiums

- Permits states to impose premiums, deductibles, cost-sharing, or other similar charges.
    - Requires that premium rates be adjusted solely based on factors and weighting allowable under the *ACA*.
    - Allows eligible individuals to apply their Advance Premium Tax Credits (APTCs) toward a plan under the Medicaid buy-in.
    - Requires that premiums cannot exceed 8.5 percent of household income for those who are ineligible for APTCs.
- Requires that cost-sharing protections including out-of-pocket limits are consistent with those in the *ACA*.

Financing

- Directs states to first use premium revenues and APTCs to pay for buy-in enrollees' medical assistance expenditures. States then share risk with the federal government as follows:
    - To the extent that the state has excess *expenses* associated with the buy-in program, the federal and state governments must share any excess expenses at the regular FMAP rate.
    - To the extent that the state has excess *revenues* associated with the buy-in program, the state must share the savings with the federal government at a rate of 50 percent of any excess revenues.

Section III. Beneficiary Access and Satisfaction

Data Collection

- Provides $200 million for the development of standardized, state-level metrics of access to, and satisfaction with, providers under Medicaid. The Agency for Healthcare Research and Quality may award funds to states for implementing the metrics, and the agency must consult with the Center for Medicaid and CHIP Services and State Medicaid Directors to update the metrics every three years.

Section IV. Increased Primary Care Payments

- Extends and makes permanent the *ACA*'s primary care payment increase to Medicare levels for more primary care providers. This section corresponds to the *Ensuring Access to Primary Care for Women & Children Act* (S. 1833), a bill introduced by Senators Brown and Murray.

Section V. State Incentives to Expand Medicaid

- Incentivizes states to expand Medicaid by allowing them to receive the same full federal matching funds as states that had expanded Medicaid under the *ACA*. This section corresponds to the *SAME Act of 2021* (S. 245), a bill introduced by Senators Warner and Warnock.

Section VI. Coverage of Reproductive Health Services

- Requires states to include coverage of comprehensive reproductive health care services in their Medicaid buy-in option plans.