

Health and Human Services Commission
Medicaid Reform Strategies for Texas

Strategy	Medicaid Opt-Out
Background:	<p>Medicaid opt-out refers to a program option allowing Medicaid eligibles (and potentially the eligible’s family members) with access to employer based health insurance to “opt-out” of the Medicaid program and “opt-in” to their employer’s insurance plan. Under an opt-out, the state pays the employee’s portion of the health insurance premium up to the projected monthly Medicaid premium for that individual. The individual opting out is responsible for paying for any additional premium amount, as well as for cost sharing and deductible requirements under the employer’s health insurance plan.</p> <p>This option is different from the Health Insurance Premium Payment (HIPP) program in the following ways: 1) Under the opt-out, Medicaid neither provides nor pays for wrap-around health care services to cover Medicaid benefits that are not available through the employer’s health insurance plan; and 2) Medicaid does not pay for cost-sharing and deductibles required in the employer’s health insurance plan. These are paid for by Medicaid in the HIPP program.</p> <p>A federal waiver would be required to implement this provision in Texas. Participation in the program is voluntary for Medicaid eligibles.</p>
Other States:	<p>Florida received approval to implement an opt-out provision in its Medicaid Reform 1115 Waiver. This option has only recently been implemented in Florida, and is being piloted in two counties. Florida's opt-out program allows Medicaid eligibles with access to health insurance through an employer to opt-out of Medicaid and opt in to employer-based health insurance plans.</p> <p>Participation in the program is voluntary, and participating eligibles have 90 days to opt back in to the Medicaid program if they change their minds. After 90 days, the eligible must stay in the employer sponsored health plan until the next open enrollment period. They may not return to Medicaid during this period.</p> <p>Florida’s Medicaid eligibles receive comprehensive choice counseling before selecting the health plan option that best meets their needs. Opt-out is presented to eligibles as an option. Choice counselors collect information on whether the eligible is employed and has access to health insurance. Interested eligibles also select an alternative plan at that time in the event they ultimately don’t qualify for their employer’s insurance plan.</p> <p>Unlike HIPP, benefits are limited to the employer’s health insurance benefit package. No additional Medicaid wrap-around services are provided to the enrollee. Enrollees are also responsible for the cost sharing requirements of the health plan. The state pays the employee's share of the premium, but no more than the Medicaid authorized premium amount for that risk group. The participating Medicaid eligible is responsible for any premium amount exceeding the Medicaid authorized payment. Premium payments can be made to the employee, directly to</p>

Health and Human Services Commission
Medicaid Reform Strategies for Texas

Strategy	Medicaid Opt-Out							
	the employer, or to the health insurance plan.							
Application to Texas – Advantages & Disadvantages:	<p>Unlike HIPP, opt-out does not require that the employer’s health insurance be less expensive than the projected Medicaid program costs, only that the Medicaid eligible is willing to pay the difference between the Medicaid agreed payment and the cost of the employer-sponsored health insurance.</p> <p>A federal waiver would be required to implement this option.</p> <p><u>Advantages:</u></p> <ul style="list-style-type: none"> • Supports private market insurance coverage. • Promotes consumer choice and responsibility. • Allows for more potential savings to Medicaid program. • Potential to cover non-Medicaid family members and reduce number of uninsured in Texas. <p><u>Disadvantages:</u></p> <ul style="list-style-type: none"> • May be less appealing to Medicaid eligibles because of potential out of pocket expenses. • Potential participation rate is unknown. • Cost of education and outreach, additional staffing and ongoing management is unknown. 							
Meets Medicaid Reform Goal(s):	Cost Reduction or Avoidance	X	Maximizes federal funds		Improves Program Sustainability		Consumer Choice/Responsibility	X
	Reduces Number of Uninsured	X	Supports Private Market Coverage	X	Improves Quality		Improves Access	
	Benefit Options							
Populations Affected:	Medicaid eligibles with access to health care insurance through their employer.							
General Revenue Impact:	Unknown at this time.							
Other Considerations	Stand Alone Option	X	This Option should be considered in conjunction with other Medicaid Reform Strategy(ies)				X	
State and Federal	Federal	1115 Waiver		X	State	Rules		X

Health and Human Services Commission
Medicaid Reform Strategies for Texas

Strategy	Medicaid Opt-Out					
Approval(s) Required:		Other Waiver(s), [LIST]			Legislation	
		State Plan Amendment				
Implementation Considerations & Timeframes:	<p><u>Affected Stakeholders</u></p> <ul style="list-style-type: none"> • Medicaid eligibles with access to employer-based health insurance. • Employers and health insurance plans. • Providers. <p><u>Systems and Resource Considerations</u></p> <ul style="list-style-type: none"> • Systems changes would be required to implement changes to the HIPP program to allow for this option. • Potential systems changes to allow for premium payments directly to employers or health insurance plans. • Additional staffing or contract costs may be required to manage additional HIPP/opt-out enrollees. • “Choice counseling” staff or additional functionality would be needed to help explain this option. <p><u>Other Considerations</u></p> <ul style="list-style-type: none"> • Unknown <p><u>Implementation Timeframes (in months)</u></p> <ul style="list-style-type: none"> • Unknown at this time 					