

	<b>Public Sector Solution (H. 861)</b>	<b>Private Sector Solution (Gov and MA)</b>
<b>Administration</b>	H. 861 allows bidding out CH for full risk, shared risk or no risk, for defined set of benefits. <u>If no private sector insurers provide suitable bid, CH would be run by state “self-insuring” the defined set of benefits with third-party administrator.</u> CH program may purchase aggregate “reinsurance” which would limit the cost to the state if total claims for enrolled individuals reach a defined \$ amount. (Reinsurance does not protect the state from more people enrolling than were budgeted; it only protects against actual health care claims above a certain amount.)	Plan plan operates entirely through private insurance, either employer-sponsored plans or individual plans in the private insurance market. A commission, authority or agency of the state, with stakeholder involvement, would certify privately insured plans that are eligible for the state’s subsidy.
<b>What the state is paying for?</b>	State is paying for subsidies for all eligible individuals <u>for a particular set of benefits</u> , defined in law and by regulation.	State is paying for subsidies for all eligible individuals for <u>their insurance plan</u> if it meets requirements defined in law and by regulation
<b>What could make this plan exceed its budget?</b>	<p>Because the solution defines an entitlement to a subsidized package of benefits, any miscalculation of the subsidies, <u>or the cost of the defined benefits</u>, or the revenue sources, could cause a budget problem.</p> <ol style="list-style-type: none"> <li>1. Revenues – revenue sources produce less than projected</li> <li>2. Subsidies – more \$ required than projected because: <ol style="list-style-type: none"> <li>a. More people enrolled than were projected</li> <li>b. Incomes are lower requiring higher subsidies than projected</li> <li>c. Benefit plan is higher in cost than projected requiring higher subsidies to deliver defined benefit to those eligible</li> </ol> </li> </ol>	<p>Because the solution defines an entitlement to a subsidy only, any miscalculation of the subsidies or the revenue sources could cause a budget problem.</p> <ol style="list-style-type: none"> <li>1. Revenues – revenue sources produce less than projected</li> <li>2. Subsidies - more \$ required than projected because <ol style="list-style-type: none"> <li>a. More people are eligible than were projected</li> <li>b. Incomes are lower requiring higher subsidies than projected</li> </ol> </li> </ol>

	<p>3. Cost of benefits higher than projected because:</p> <ul style="list-style-type: none"> <li>a. Inflation higher than projected</li> <li>b. Utilization higher than projected</li> <li>c. Demographics worse than projected (older, sicker)</li> </ul>	
<p><b>What happens when/if the budget is exceeded?</b></p>	<p>Agency of Administration must make a recommendation to cap enrollment to Health Access Oversight Committee, which may or may not accept the recommendation. (H. 861)</p>	<p>In the event that the office determines that appropriations for the premium assistance program for eligible individuals under subdivision (a)(2)(A)(iii) of this section are insufficient to meet the projected costs of enrolling new program participants, the office may suspend or terminate new enrollment for such eligible participants in the program or restrict enrollment to lower income eligible individuals. (H. 701)</p>
<p><b>What would fix a budget shortfall?</b></p>	<ul style="list-style-type: none"> <li>1. Revenue: Increase rates for current revenue sources or add new revenue sources</li> <li>2. Subsidies <ul style="list-style-type: none"> <li>a. Limit the number of people who can be subsidized (cap)</li> <li>b. Change income eligibility levels for subsidies</li> <li>c. Reduce amount of subsidies for each income level</li> <li>d. Reduce cost of benefit plan to reduce level of subsidy required</li> </ul> </li> <li>3. Cost of benefits <ul style="list-style-type: none"> <li>a. Reduce what benefits are covered</li> <li>b. Reduce payment schedule to hospitals and doctors</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>1. Revenue: Increase rates for current revenue sources or add new revenue sources</li> <li>2. Subsidies <ul style="list-style-type: none"> <li>a. Limit the number of people who can be subsidized (cap)</li> <li>b. Change income eligibility levels for subsidies</li> <li>c. Reduce amount of subsidies for each income level</li> </ul> </li> </ul>