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Promoting Enrollment of Low Income Health Program Participants in *Covered California*

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SUMMARY: In 2014, over 500,000 California residents will transition from the Low Income Health Program to health coverage provided by Medi-Cal or subsidized health plans offered in *Covered California*. This policy note focuses on the transition plans for the 27,000 higher income enrollees that will be eligible for sizeable federal subsidies in the state-based health insurance exchange, *Covered California.* A successful transition with high rates of participation relies on collaboration between the Department of Health Care Services, the local Low Income Health Programs (LIHPs) and *Covered California*. Enrollees will be moving into a complex system of premium payment, plan choice, subsidies and cost-sharing reductions and their engagement in the transition is necessary to result in enrollment in health plans by January 1, 2014. Recommendations to promote success include: applying administrative LIHP and DHCS data to ease the enrollment process in *Covered California*, collaborating in communication with LIHPs and other county programs, and targeted outreach with personal assistance for potential enrollees.

Background: Low Income Health Program

Due to the Affordable Care Act (ACA), an estimated 2.4 million Californians with incomes up to 200 percent of Federal Poverty Level (FPL) will be newly eligible for no-cost or subsidized health coverage in 2014 through the Medi-Cal expansion and subsidized health plan offerings in California's Health Insurance Exchange, *Covered California*.[1] In 2010, the Centers for Medicare and Medicaid Services approved California's "Bridge to Reform" §1115 Medicaid Demonstration Waiver, which created the Low Income Health Program (LIHP). Counties receive partial federal reimbursement for providing health services through the LIHP to residents who will be newly eligible for coverage in 2014. Over 500,000 of the newly eligible individuals have enrolled in the LIHP since its inception in July of 2011 and will transition to Medi-Cal, California's Medicaid program, and *Covered California* by January 1, 2014.[2]

LIHP enrollees are split into two income-based categories: Medicaid Coverage Expansion (MCE) enrollees with family incomes up to 133% of the FPL and Health Care Coverage Initiative (HCCI) enrollees with incomes above 133% and up to 200% FPL. Nineteen LIHPs operate to service LIHP-MCE enrollees in a total of 53 counties, yet few counties chose to offer services to HCCI enrollees.[3] In December 2012, 26,375 of the 499,678 current enrollees, or five percent, were enrolled in the LIHP-HCCI program.[4] LIHP-HCCI enrollment at the time of transition is estimated to be 30,000. Assuming some limited enrollment growth and the current income distribution remaining

unchanged, approximately 27,000 will be eligible for coverage options through *Covered California* by December 2013.[5]

Additional background information on LIHP and the transition of LIHP-MCE enrollees to Medi-Cal is presented in: *Smooth Transitions into Medi-Cal: Ensuring Continuity of Coverage for Low Income Health Program Enrollees*.

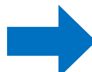
Background: LIHP-HCCI

The LIHP-HCCI program builds on a previous Coverage Initiative program undertaken by ten California counties from 2007-2010.[6] Each of the ten counties created a Coverage Initiative program to serve individuals with family incomes up to 200% of FPL who were ineligible for Medi-Cal. Under the 'Bridge to Reform' §1115 Waiver of 2010 which created the LIHP, all California counties had an option to provide services to individuals with incomes up to 200% FPL and receive 50% federal reimbursement for the services provided.

Four counties that had participated in the 2007-2010 Coverage Initiative program chose to operate LIHP-HCCI programs: Alameda, Contra Costa, Orange and Ventura. The remaining six counties that participated in the 2007-2010 Coverage Initiative program transitioned their enrollees to LIHP, but opted not to open their LIHP enrollment to new HCCI enrollees. All other counties chose not to participate in the LIHP-HCCI. LIHPs choosing to offer an HCCI program component had to ensure that LIHP -MCE enrollees would have priority over LIHP-HCCI enrollees.

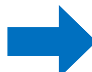
Exhibit 1. LIHP-HCCI enrollment by county as of December 2012

LIHP-HCCI Program Enrollment December 2012	
County	No. of Enrollees
Alameda	8,990
Contra Costa	2,120
Orange	9,745
Ventura	2,934
Total	23,789



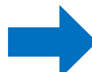
Four counties are enrolling new LIHP-HCCI participants and continue to serve enrollees from the past Coverage Initiative program.

Past Coverage Initiative program enrollees now being served by LIHP December 2012	
County	No. of Enrollees
Kern	414
Los Angeles[1]	185
San Diego	85
San Francisco	1,039
San Mateo	152
Santa Clara	711
Total	2,586



Six counties, which participated in the Coverage Initiative program from 2007-2010, transitioned enrollees to LIHP, but opted not to open their LIHP-HCCI program to new enrollees. LIHP-HCCI enrollment in these counties may decrease prior to 2014.

Total 26,375



Number of individuals with incomes above 133% FPL enrolled in LIHP in December 2012.

[1] Los Angeles County data are self-reported.

Update on LIHP-HCCI Enrollment

In December 2012, LIHP-HCCI enrollment nearly reached the total expected to transition to *Covered California* in 2014 (27,000). Exhibit 1 provides an overview of the current LIHP-HCCI programs and their enrollment as of December 2012. LIHP-HCCI enrollment is not expected to increase dramatically before the transition. In counties without active HCCI programs, enrollment will likely decrease as some enrollees experience income changes and older enrollees qualify for Medicare.

Covered California, The Health Insurance Exchange of California

California was one of the first states to develop a state-based health insurance exchange authorized by the ACA, which has been conditionally approved to operate by the U.S. Department of Health and Human Services. The exchange, named *Covered California*, is a virtual marketplace that allows citizens and lawfully residing immigrants, who do not have access to affordable employment-based coverage and are not eligible for Medi-Cal or other public coverage, to purchase subsidized health insurance if they earn up to 400% of FPL. *Covered California* health plans are also available to small employers through the Small Business Health Options Program (SHOP).[7]

The California Simulation of Insurance Markets (CalSIM) model predicts that 840,000 to 1.2 million individuals with family incomes below 400% FPL will purchase insurance offered through *Covered California* and receive income-based premium tax credits to subsidize the out-of-pocket cost of coverage in 2014.[8] While CalSIM estimates that 840,000 Californians with incomes up to 200% FPL will be eligible for premium tax credits, enrollment in *Covered California* is expected to range from 36 to 54% (between 300,000 and 450,000 individuals) in 2014.[9] The lower range of take-up represents the response if minimal outreach is performed while the upper range represents the response anticipated with targeted outreach and communications and a strong effort made to engage the newly eligible.

LIHP-HCCI Enrollees Qualify for Subsidized Health Coverage in *Covered California*

LIHP-HCCI enrollees are among those eligible for premium subsidies and cost-sharing reductions to lower their total cost of health care services. Premium contributions for this group may be as low as $40 per individual or $82 for a family of four according to the UC Berkeley Center for Labor Research and Education's Premium Calculator (Exhibit 2). For LIHP-HCCI enrollees, subsidized monthly premium contributions vary by family size and annual household income; the total out-of-pocket expenditures are limited for deductibles, co-payments and other cost sharing.

Paying for health services will not be completely new to the LIHP-HCCI enrollees, but the requirement to pay a monthly premium and also a share of the services will be a significant change. LIHP-HCCI programs have various cost structures and none charge a monthly premium for enrollment. The maximum annual cost sharing amount may not exceed 5% of family income. LIHP-HCCI enrollees with incomes above 150% FPL are those most likely to have experience with cost sharing for health services such as prescriptions, emergency room visits and outpatient visits. Preparing enrollees for the change in payment type

Exhibit 2. Expected costs of subsidized insurance plans in *Covered California* for LIHP-HCCI enrollees

	Single Individual	Family of Four
Federal Poverty Level	Up to 200%	Up to 200%
Annual Income	$15,870—22,900	$32,520-47,000
Monthly premium contribution	$40—120	$82—246
Annual limit on out of pocket costs*	$2,250	$4,500

*Annual limit applies to: deductibles, co-payments, and other cost sharing.
Source: http://laborcenter.berkeley.edu/healthpolicy/calculator/index.shtml

and frequency will be an important aspect of promoting a successful transition.

Other LIHP-HCCI enrollees will be income eligible for Medi-Cal

LIHP-HCCI enrollees have incomes above 133% and up to 200% of FPL. However, *Covered California*'s income eligibility for this group begins above 138% FPL. This means that some LIHP-HCCI enrollees will be eligible for the Medi-Cal expansion rather than subsidized coverage through *Covered California*.[10] Review of current enrollee income levels shows that approximately 90 percent, an estimated 27,000, of LIHP-HCCI enrollees will be income-eligible for *Covered California*.[11] A few LIHP-HCCI enrollees may be ineligible for subsidies in *Covered California* because their employer or a family member's employer offers coverage considered affordable under the ACA. However, employer decisions in late 2013 will drive what insurance coverage options are available to those enrollees.

Transition Planning for LIHP-HCCI Enrollees is Underway

The 'Bridge to Reform' §1115 Waiver Special Terms and Conditions require the development of a transition plan to move LIHP enrollees into new options for affordable coverage. Planning for the transition of LIHP-HCCI enrollees to *Covered California* is likely to be more complex than the LIHP to Medi-Cal transition because of new, streamlined income determination methods required by the ACA, the availability of tax credits and cost sharing reductions, and the need to choose a private health plan. During 2012, California focused primarily on planning for the transition of LIHP-MCE enrollees to Medi-Cal due to their large number (currently over 470,000) and the limited information that was available regarding *Covered California* health plans and the California Healthcare Eligibility Enrollment and Retention System (CalHEERS). More detailed planning for the *Covered California* transition is now underway. A summary of current transition plans for the LIHP-HCCI enrollees is provided below.

Communication and Outreach

Communication plans that have already been developed by the Department of Health Care Services (DHCS) and *Covered California* include:

- LIHP enrollees will receive notification that the LIHP will be ending December 31, 2013. A general notice will be provided and include information about *Covered California* and the Medi-Cal expansion.
- A LIHP Transition Planning Workgroup has been initiated by DHCS to involve stakeholders in the process of developing communication and outreach materials, as well as providing insight and feedback on other Medi-Cal and Exchange related policy and operational decisions. Group members include advocates, community-based organizations, LIHPs, as well as key DHCS departments and consultants.
- *Covered California* is establishing plans for extensive outreach and marketing to California residents with incomes up to 400% of FPL, which will also reach LIHP enrollees.

Promoting Enrollment

To facilitate the transition to new coverage options in 2014, LIHP-HCCI data from the Medi-Cal Eligibility Data System (MEDS) will be provided to *Covered California* for targeted outreach to LIHP-HCCI enrollees.[12] *Covered California* customer service representatives will assist HCCI enrollees in completing the eligibility determination process through CalHEERS. Based on the outcome, HCCI enrollees will be incorporated into transition activities for *Covered California* or follow steps to be enrolled in Medi–Cal. CalHEERS will also determine eligibility for subsidies and the premium tax credit amount. CalHEERS utilizes Modified Adjusted Gross Income (MAGI) guidelines to assess eligibility, a new requirement created by the ACA.

Recommendations to Promote a Smooth Transition

A successful LIHP-HCCI transition depends on active engagement of LIHP enrollees in choosing appropriate subsidy assistance levels and choosing a health plan. Recommendations below describe methods to enhance engagement and promote purchasing of health insurance plans through *Covered California*.

Recommendation 1: Collaborate with LIHPs for Communication and Outreach Activities

Covered California has the opportunity to promote enrollment by working closely with the counties serving the majority if LIHP-HCCI enrollees: Ninety-two percent of LIHP-HCCI enrollees are found within Alameda, Contra Costa, Orange, San Francisco and Ventura counties. The

following strategies could be incorporated into *Covered California* communication and outreach in these counties:

- Develop joint communications with the LIHPs so that current LIHP-HCCI enrollees hear about *Covered California* from the LIHP, an organization they associate with their personal health care. Examples of joint communications to enhance enrollment include:
  - The first targeted outreach mailing explaining that the LIHP coverage is ending and how to pursue coverage within *Covered California* beginning in October 2013 during open enrollment.
  - A letter to LIHP providers about the transition and a Frequently Asked Questions document to support the providers' ability to answer questions from LIHP enrollees.
- Engage LIHPs in reaching out to those previously enrolled in LIHP or those on LIHP waiting lists, as these individuals would not be included in mailings to current enrollees about *Covered California* or Medi-Cal.
- Prepare LIHPs to be the point-of-contact for questions until October 2013 when *Covered California* can enroll new beneficiaries. After October 1st, the LIHP enrollees can contact *Covered California* directly and talk to Service Center staff.
- Create a special toll-free number leading to Service Center staff knowledgeable about LIHP, and provide notice that because of current or past eligibility for LIHP, they are likely to be eligible for subsidies.
- Provide enrollment assisters in the LIHP-HCCI counties with information so they can answer questions and guide previous LIHP enrollees into appropriate programs.

Covered California could also consider working closely with counties not currently operating a LIHP-HCCI program, but operating other county-based health coverage programs. A share of enrollees from these county programs will be eligible for *Covered California* and some may also qualify for subsidies. Collaborating on communication and outreach may offer *Covered California* an opportunity to reach a larger group of beneficiaries who may not have had the opportunity to be enrolled in a LIHP.

Recommendation 2: Utilize LIHP Data for the Enrollment Process and Provide Personalized Follow-up

Covered California could build on the current plans for targeted outreach to LIHP-HCCI enrollees by using the same information to pre-fill *Covered California* enrollment data fields. This will reduce the number of steps required to enroll in coverage and allow enrollees to focus on choosing a health plan and understanding premium tax credits. Making this information available to Service Center staff assisting with enrollment will also speed the enrollment process.

Given the concentration of HCCI participants in a small number of counties, *Covered California* should promote enrollment through preparing specialized assisters in the counties with HCCI enrollees. Specialized assisters could perform follow-up phone calls to gather additional information and support LIHP enrollees in enrolling in new coverage.

Conclusion

LIHP-HCCI enrollees will need to be engaged in the process of transition from LIHP to *Covered California.* Through collaborative communication, timely facilitation of the enrollment process and providing additional support to enrollees, *Covered California* can enhance enrollment of the eligible LIHP-HCCI participants.

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Notes

1. Analysis of the UCB-UCLA California Simulation of Insurance Markets (CalSIM) version 1.8 model.
2. The Governor's budget introduces the potential for LIHPs and Medi-Cal Managed Care Plans to offer bridge plans within *Covered California.* This would not extend the current Low Income Health Program, so a transition by LIHP enrollees to *Covered California* will be required. http://www.ebudget.ca.gov/pdf/BudgetSummary/HealthCareReform.pdf
3. The County Medical Services Program (CMSP) operates LIHPs in 35 counties while all other LIHPs are administered by single counties.
4. UCLA analysis of Low Income Health Program enrollment data as of December 31, 2012. LIHP enrollment data updates available at: http://healthpolicy.ucla.edu/programs/health-economics/projects/coverage-initiative/blog/default.aspx
5. Estimate based on LIHP-HCCI enrollment trends from the first twelve months of the LIHP. Data source: UCLA LIHP Evaluation Data from coverageinitiative.ucla.edu.
6. The original Health Care Coverage Initiative program was part of California's 2005-2010 §1115 Safety Net Care Financing Demonstration Waiver.
7. Small employers are those with 50 employees or fewer through 2015 or 100 employees or fewer beginning in 2016; Unaffordable coverage is defined as an out-of-pocket premium contribution of more than 9.5% of household income for single coverage; California residents must be citizens or legal residents to purchase health insurance within *Covered California*.
8. Analysis of the UCB-UCLA California Simulation of Insurance Markets (CalSIM) version 1.8 model.
9. Enrollment by this population is expected to grow and by 2019, 68-86% (630,000 to 900,000 individuals) of those with incomes over 138% of FPL and up to 200% of FPL are expected to enroll in *Covered California*. Enrollment estimates based on analysis of the UCB-UCLA California Simulation of Insurance Markets (CalSIM) version 1.8 model.
10. The Affordable Care Act introduced new Medi-Cal eligibility guidelines: a five-percent income disregard will be applied to all new Medi-Cal applicants. The income disregard raises the effective income eligibility level for Medi-Cal from 133% to 138% of FPL.
11. Estimate based on LIHP enrollment trends from the first 12 months of program operation.
12. Planned data transfer processes are described in the Policy Note accompanying this report: *Smooth Transitions into Medi-Cal: Ensuring Continuity of Coverage for Low Income Health Program Enrollees*.