

Office of Affordable Health Care

DRAFT Outline for Study of a Publicly Administered Public Option in Maine

1. Goals and mechanics of a public option

- a. Review of legislative study requirement and expressed focus on affordability
- b. Discussion of current state of coverage and affordability in Maine using Urban Institute baseline report.
- c. Review of how premiums and out of pocket costs are currently set in the commercial market.
- d. Options to potentially control costs to lower premiums and/or OOP in a public option, and discussion of applicability to Maine:
 - i. Increasing competition in a specific insurance market.
 - ii. Enrolling more eligible individuals, improving the risk pool.
 - iii. Controlling costs by constraining provider prices.
 - iv. Subsidizing coverage with state dollars.
 - v. Strengthening standardization to lower out of pocket costs.
 - vi. Reducing cost via administrative simplification.
- e. The role of waivers.
 - i. Explain 1115 and 1332 waiver parameters and mechanics
 - ii. Discuss current reinsurance waiver
 - iii. How waivers may interact with a public option model
 - iv. Political and timing considerations

2. Design considerations

- a. Who is eligible for the plan? Who is it targeting?
 - i. People ineligible for other coverage programs due to immigration status?
 - ii. Individuals? Small businesses? Large businesses?
 - iii. People who would be unsubsidized without enhanced federal APTC?
 - iv. People who are uninsured because of premiums?
 - v. People who are insured but struggling with cost because of OOP?
- b. What is the benefit structure of the plan?
- c. How is the plan sold? On the Marketplace or off-Marketplace (and associated implications for eligibility)
- d. How is the plan priced?
 - i. How would reimbursement to providers be set?
 - ii. Would the plan operate on a fee-for-service basis, or incorporate value-based purchasing?
 - iii. What are the implications of the plan's pricing on the Marketplace benchmark plan, and therefore available subsidies?
- e. Who administers the plan?
 - i. Fully state-administered

- ii. Contracted through bidding
 - iii. Required of issuers
- f. How does the plan ensure care?
 - i. How would the plan ensure an adequate network?
 - ii. How would the plan monitor quality?
 - iii. How could the plan promote health equity?

3. Review of two possible structures for a publicly administered plan.

- a. Medicaid buy-in (either via an expansion of eligibility, or a premium-supported plan built on Medicaid benefits, rates, and provider participation)
 - i. Discuss difference in cost-sharing and benefit package between commercial insurance and Medicaid
 - ii. Compare provider contracting differences between MaineCare and commercial networks
 - iii. Process of estimating an actuarially sound premium for the plan, depending on structure
 - iv. Federal requirements related to the expansion of Medicaid above 133% FPL
 - v. Managing potential consequences of adverse selection when mirroring MaineCare benefits and cost-sharing
 - vi. Impact on individual and small group risk pool from reduced enrollment
- b. Fully state-administered health plan offered on the Marketplace
 - i. Discuss how provider reimbursement would be structured – negotiated rates, benchmarked to Medicare, etc.
 - ii. Considerations related to provider participation
 - iii. Benefit design and compliance with AV and Clear Choice requirements
 - iv. Focus on impact on the individual market and benchmark plan
 - v. Discuss operational/administrative considerations, provide estimate for start-up and ongoing costs

4. Conclusion and recommendations.

- a. Importance of clarifying specific desired outcomes.
- b. Consideration of how various public options advance that outcome.
- c. Review of potential start-up costs and ongoing operational costs of a public option.
- d. Overview of in-depth model study process and requirements.

5. Appendix: review and discussion of models from other states – including unique characteristics of the state to consider

- a. Expansion of Medicaid eligibility (NM)
- b. Basic Health Program (OR)
- c. Public option w/ direct reimbursement cap (WA)
- d. Public option w/ premium reduction targets (CO)