Health Savings Accounts

- Ohio Medicaid provides health care coverage for low-income individuals. Some require
 ongoing assistance related to a disability or other health condition that prevents work. But
 for many, Medicaid meets a temporary need as they work to move up and out of poverty.
 Ohio Medicaid encourages personal responsibility for these individuals by requiring them
 to enroll in private-sector health plans, pay copayments, keep personal information
 current, and redetermine eligibility every year.
- On February 2, 2015, Governor Kasich <u>proposed to assess premiums</u> for adults in the Medicaid expansion group who are not disabled and have income above 100 percent of poverty. Premiums are the norm for private insurance and coverage on the federal marketplace exchange. Ohio Medicaid proposed to calculate monthly premiums similar to premiums on the exchange, approximately \$20 per month for individuals in this income range, and capped not to exceed two percent of household income. Other states enacted similar policies with federal approval under Section 1115 of the Social Security Act.
- During consideration of the budget, the Ohio House proposed and the Senate agreed to replace the Administration's premium proposal with a new *Healthy Ohio Program* (Section 5166.40). The legislature's plan requires the Medicaid director to seek a federal waiver to mandate enrollment in a Health Savings Account (HSA) for every non-disabled adult enrolled in Medicaid regardless of income. Each *Healthy Ohio* enrollee is required to deposit two percent of family income up to a \$99 annual limit into an HSA administered by their health plan, and the Ohio Medicaid program is required to deposit an additional \$1,000 annually into each person's account. *Healthy Ohio* enrollees also are subject to copayments, but only if there is a balance in their HSA. Health plans are not allowed to pay for any service for a *Healthy Ohio* enrollee until the individual's HSA is depleted.
- At several points during the process, the Administration cautioned legislators that the House plan, as proposed, includes provisions that to date have not been approved by the federal government. For example, no state has received federal approval to terminate a person's Medicaid eligibility for not paying premiums or contributions to a health savings account for Medicaid enrollees with income below 100 percent of poverty. Only one state (Indiana) has received federal approval to test HSAs in Medicaid, and the Indiana waiver does not terminate Medicaid eligibility for people below 100 percent of poverty if they fail to contribute. However, the Administration also respects that the *Healthy Ohio Program* is a priority for the legislature, and will make the best possible case in seeking a federal waiver to implement the program.
- Over the next few months, Ohio Medicaid will draft the waiver request, seek public input as required by federal regulations, and submit the waiver to the federal Centers for Medicare and Medicaid Services (CMS).