

# MEDICAID EXPANSION: KEY ELEMENTS OF SB 405

## Background

In 2015, the Legislature passed Senate Bill 405 to expand Montana's Medicaid program as allowed by the federal Patient Protection and Affordable Care Act (ACA). Known as the Montana Health and Economic Livelihood Partnership (HELP) Act, SB 405 also included some elements that are not typical of the Medicaid program. Some of the elements placed requirements on new enrollees, while others were optional for them.

This briefing paper discusses the unique aspects of SB 405 in the areas of participation, administration, and workforce development, as well as other non-Medicaid provisions of the bill.

## Participation Requirements

ACA allowed states to expand their Medicaid programs to nondisabled, childless adults ages 19 to 64 with incomes of up to 138% of the federal poverty level. As part of Montana's expansion, SB 405 required the new enrollees to pay premiums and make copayments for the services they receive. It also required people with incomes above 100% of the federal poverty level to pay a "taxpayer integrity fee" if they have assets above a certain level.

Following is a closer look at each of these requirements.

- **Premiums:** SB 405 created an annual premium of 2% of an expansion enrollee's income, to be billed monthly. Money from the premiums is deposited in the state general fund. If a person fails to pay the premium within 90 days of being notified that the premium is overdue, the Department of Public Health and Human Services must notify the Department of Revenue of the failure to pay. The Revenue Department is to collect the overdue amount by assessing it against the person's annual income tax, withholding it from future tax returns, or pursuing a civil action. And people with incomes above 100% of the poverty level must be disenrolled from the program if they fail to pay the premiums.

However, people who meet two out of the following four criteria are exempt from disenrollment if they fail to pay the premium:

- discharge from military service within the previous 12 months;
- enrollment in postsecondary education;
- participation in a workforce program or activity set up under the HELP Act; or
- participation in one of several healthy behaviors.

- **Copayments:** SB 405 required people to pay the maximum copayment allowed under federal law, with some exceptions. Copayments are not required for preventive health care services, generic drugs, immunizations that reflect federal guidelines, and medically necessary health screenings ordered by a health care provider. Federal law also provides some exceptions to copayment requirements.

- **Taxpayer Integrity Fee:** Under federal law, assets cannot be considered when determining whether a person meets the income guidelines for Medicaid expansion. However, SB 405 created a “taxpayer integrity fee” to be assessed by the Department of Revenue if a taxpayer is participating in Medicaid expansion and has assets that exceed:
  - a primary residence;
  - one vehicle; and
  - a total of \$50,000 in cash and cash equivalent.

The taxpayer integrity fee is \$100 a month plus \$4 a month for each additional \$1,000 in assets above the primary home, vehicle, and \$50,000 cash.

## Administration of the Program

Before expansion, DPHHS administered most aspects of the Medicaid program, including contracting with the health care providers who serve patients. SB 405 required the state to use a private company to run the expansion program. This third-party administrator (TPA) is responsible for setting up a provider network, collecting premiums from enrollees, providing program information to enrollees, and processing the medical bills submitted by providers. Enrollees, in turn, are required to use the provider network established by the TPA.

SB 405 exempted certain enrollees from receiving services through the TPA arrangement. Exemptions included people who have exceptional health care needs, who need continuity of care that would not be available or cost-effective through the TPA network, or who live in a geographical area that lacked enough providers under the TPA arrangement.

## Workforce Development

Federal Medicaid law doesn’t allow states to require enrollees to have a job or participate in work activities. But SB 405 created an optional workforce development program in an effort to provide enrollees with a means to improve their job situations.

SB 405 required the Department of Labor and Industry to provide Medicaid expansion enrollees with the option of participating in an employment or re-employment assessment and other workforce development activities. The program is to focus on specific workforce needs in Montana with a goal of “increasing the earning capacity, economic stability, and self-sufficiency of program participants so that, among other benefits, they are able to purchase their own health insurance coverage.” (39-12-101(3)(c), MCA)

## Other Provisions

SB 405 also made changes to other areas of health care-related laws. It:

- set the rates for health care services to people in the custody of the Department of Corrections or in a DPHHS institution at Medicaid rates if they aren’t covered by insurance, Medicaid, or another governmental program;
- changed medical malpractice laws to require plaintiffs to accomplish service of their lawsuit within 6 months after filing it and to change the deadline for filing a lawsuit from 3 years to 2 years;
- required DPHHS to make efforts to reform the Medicaid program; and
- created a Medicaid Oversight Advisory Committee of legislators, state agency representatives, and public members to review the Medicaid program, monitor the expansion effort, and make recommendations to the Legislature.

All provisions of the bill will terminate on June 30, 2019, unless the Legislature takes action to extend them.