



# AMERICA'S ESSENTIAL HOSPITALS

**Foundation-Supported Premium Assistance Programs**

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# AGENDA

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- Overview
- Need for Additional Assistance
- Guidance to Date
- Other Considerations
- Discussion



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NEED FOR ADDITIONAL ASSISTANCE



# PREMIUMS AND TAX CREDITS

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- Tax credits available to citizens and legal residents:
  - » With incomes between 100-400 percent of the FPL
    - Exception: legal residents not eligible for Medicaid with incomes below the poverty line
  - » Who are not eligible for public coverage
  - » Who do not have access to affordable employer-sponsored coverage
- Tax credits based on premium for the second lowest cost silver plan in the exchange and area where the person is eligible to purchase coverage



# PREMIUMS AND TAX CREDITS

Table 1			
Premium Credits by Income Under Health Reform <sup>1</sup>			
Income		Expected Premium Contribution Remaining After Premium Credit	
Percentage of poverty line	Annual dollar amount (2013 \$)	Premium contribution as percentage of income	Monthly premium contribution
<b>Family of four</b>			
100 - 133%	\$23,550 - \$31,322	2%	\$39 - \$52
133 - 150%	\$31,322 - \$35,325	3 - 4%	\$78 - \$118
150 - 200%	\$35,325 - \$47,100	4 - 6.3%	\$118 - \$247
200 - 250%	\$47,100 - \$58,875	6.3 - 8.1%	\$247 - \$395
250 - 300%	\$58,875 - \$70,650	8.1 - 9.5%	\$395 - \$559
300 - 350%	\$70,650 - \$82,425	9.5%	\$559 - \$652
350 - 400%	\$82,425 - \$94,200	9.5%	\$652 - \$745
<b>Individual</b>			
100 - 133%	\$11,490 - \$15,282	2%	\$19 - \$25
133 - 150%	\$15,282 - \$17,235	3 - 4%	\$38 - \$57
150 - 200%	\$17,235 - \$22,980	4 - 6.3%	\$57 - \$121
200 - 250%	\$22,980 - \$28,725	6.3 - 8.1%	\$121 - \$193
250 - 300%	\$28,725 - \$34,470	8.1 - 9.5%	\$193 - \$272
300 - 350%	\$34,470 - \$40,215	9.5%	\$272 - \$318
350 - 400%	\$40,215 - \$45,960	9.5%	\$318 - \$364

Source: *Premium Tax Credits: Answers to Frequently Asked Questions*, CBPP, July 2013

# COST SHARING AND SUBSIDIES

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- Subsidies available to those:
  - » with incomes between 100 to 250 percent of the FPL  
and
  - » purchase a silver plan



# COST SHARING AND SUBSIDIES

Table 1

	Standard Silver – No CSR	CSR Plan for 201-250% FPL (\$22,981-\$28,725)	CSR Plan for 151-200% FPL (\$17,236- \$22,980)	CSR Plan for up to 150% FPL (up to \$17,235)
Actuarial Value	70% AV	73% AV	87% AV	94% AV
Deductible (individual)	\$2,000	\$1,750	\$250	\$0
Maximum OOP Limit (individual)	\$5,500	\$4,000	\$2,000	\$1,000
Inpatient hospital (After deductible)	\$1,500/ admission	\$1,500/ admission	\$250/ admission	\$100/ admission
Physician visit (After deductible)	\$30	\$30	\$15	\$10

Source: *Cost-sharing Charges in Marketplace Health Insurance Plans – Part II*, CBPP, Sept. 2013

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## FEDERAL GUIDANCE TO DATE



## NOT A "FEDERAL HEALTH CARE PROGRAM"

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- Oct. 30, 2013 letter to Representative McDermott
- HHS does not consider QHPs, other programs related to the federally-facilitated marketplace, and other programs under Title I of the ACA to be federal health care programs
- This includes, state-based and federally-facilitated marketplaces; the cost sharing reductions, and advance payment of the premium tax credits...



## NOV. 2013 FAQ

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- Q: Are third party payers permitted to make premium payments to issuers for QHPs on behalf of enrolled individuals?
- A: HHS has significant concerns with this practice because it could skew the risk pool...HHS discourages this practice and encourages issuers to reject such third party payments...HHS intends to monitor this practice and take appropriate action, if necessary.



## FEB. 2014 FAQ #1

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- Q: Does the Nov. 2013 FAQ apply to payments made on behalf of QHP enrollees from Indian tribes, tribal organizations, urban Indian organizations, and state and federal government programs or grantees (such as the Ryan White HIV/AIDS Program)?
- A: No...QHP issuers and marketplaces are encouraged to accept such payments.



## FEB. 2014 FAQ #2

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- Q: Does the Nov. 2013 FAQ apply to payments made on behalf of QHP enrollees from private, not-for-profit foundations?
- A: No. The concerns addressed in the Nov. 2013 FAQ would not apply to payments from private, not-for-profit foundations if:
  - » (a) they are described in the previous question (see slide #11); or
  - » (b) they are made on behalf of QHP enrollees who satisfy defined criteria that are based on financial status and do not consider enrollees' health status.
  - » In situation (b), CMS would expect that any payment cover the entire policy year



## INTERIM FINAL RULE (EFFECTIVE MAR. 14, 2014)

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- QHPs must accept third party premium and cost-sharing payments from the following entities:
  - » Ryan White HIV/AIDS Program
  - » Indian tribes
  - » Tribal organizations
  - » Urban Indian organization
  - » State and federal government programs
- Does not prevent QHPs from contractually prohibiting payments from third party payers other than those listed above
- Reiterated concerns from Nov. 2013 FAQ; did not mention private, not-for-profit foundations



## MAY 2014 SEBELIUS LETTER

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- HHS believes that existing guidance related to third-party payments of premiums and cost sharing made on behalf of Marketplace QHP enrollees by private, not-for-profit foundations is sufficient to put the public on notice that as a general matter, such payments are not prohibited by HHS' rules to the extent that they are provided in a manner consistent with the Feb. 2014 FAQ
- Does not intend to issue additional guidance in this area at this time



## WHERE WE ARE TODAY

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- Green light on foundation-supported premium assistance and cost sharing program
- But...unlike the government-sponsored programs mentioned in the May 2014 IFR...QHPs do not have to accept these payments



## OTHER CONSIDERATIONS

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- Private foundation versus public charity
- Hospital/foundation's tax exempt status
  - » Could the offering of premium or cost-sharing assistance be viewed as a private benefit or private inurement?
- 501(r) compliance
  - » Will premium assistance constitute “financial assistance” that is subject to new 501(r) requirements?
- State anti-kickback laws and other fraud and abuse considerations





# QUESTIONS?

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