

# Policy Brief

Building Quality Affordable Health Care for ALL New Yorkers



Health Care For All New York

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## The Basic Health Program: Offering more affordable coverage to low-income New Yorkers

### What is the BHP Option?

The Basic Health Program (BHP) is a provision in the ACA, which allows states to develop a new insurance program to cover:

- Adults between 133 and 200 percent of the federal poverty level (FPL) (\$25,795 to 39,060 per year for a family of three in 2013); and
- Lawfully present immigrants up to 200 percent of FPL not eligible for federal Medicaid funding.

To pay for the BHP, the State would be given 95% of the funds the federal government would have spent subsidizing these adults in the Marketplace. This saves the State money and lowers costs for consumers.

BHP coverage must be as affordable and comprehensive as what these adults would have gotten on the Marketplace.

The BHP can start as early as 2015. **The Governor should include the BHP in New York's 2014 budget, to ensure that the program can launch as early as possible.**

### Why should New York offer a BHP?

**It's more affordable for low-wage workers.** Premium subsidies on the marketplace are making coverage more affordable and reducing the number of uninsured. But, many families will still find premiums difficult to afford. Forty percent of low- and moderate-income New Yorkers have credit card debt, 26 percent have medical debt, and 32 percent report have no savings at all, leaving these residents with little or no disposable income with which to pay for health insurance.<sup>1</sup> A BHP would have no or a very low premium, with very low out-of-pocket costs for consumers.

**State budget savings.** New York currently offers public health

insurance to low-income working adults and poor immigrants through an expanded Medicaid program. With a BHP, the State would be able to transfer the cost of covering these groups to the federal government, without raising consumer health costs or cutting benefits.

**Less churning.** If the State implements a BHP so the same health plans serve all low-income adults below 200 percent FPL, 16 percent fewer people would bounce back and forth each year between Medicaid plans and subsidized coverage in the Marketplace.



Photo credit: Phillip Greenberg

**A Basic Health Program will ensure affordable coverage for adults with low-incomes**

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**No paybacks to the IRS.** In the Marketplace, consumers who get premium subsidies and then end up earning more money than expected may owe money to the Internal Revenue Service at the end of the year. If they get BHP coverage instead, they will not face this risk.

## What should New York's BHP look like?

**Comprehensive and affordable coverage.** New York's BHP should offer greater benefits and lower-cost sharing than is available to consumers on the Marketplace. If New York creates a BHP, those who qualify will not have the option to enroll in a Marketplace plan. The BHP must offer the best, most affordable coverage possible, because enrollees will have fewer plans to choose from.



Delaying a Basic Health Program in New York will increase costs for low-income consumers and the State.

**Continuous enrollment and eligibility.** Individuals should be allowed to enroll in a BHP at any point in the year, as they can under New York's Medicaid program. Individuals should also remain eligible for one year from the date they enroll. People who earn between 133 and 200 percent of FPL frequently experience income changes throughout the year. A change in income shouldn't mean they have to bounce between insurance plans mid-year.

## State-only BHP for undocumented immigrants

Undocumented immigrants can't get coverage under the ACA. This poses a significant financial and public health risk to our State. Immigrants in New York are three times as likely to be uninsured as the rest of the population. The uninsured are less likely to receive preventive care and are at higher risk for serious health issues.<sup>2</sup> New York has a strong history of providing coverage to all immigrants, and should continue to do so under the BHP.

## Are other states interested in pursuing this option?

Yes. Officials in California, the District of Columbia, Massachusetts, Minnesota, Rhode

Island, Utah, and Washington State have expressed serious interest in the BHP. Combined with New York, these states have more than 2 million low-income adults who would qualify for a BHP.

1. Community Service Society of New York, The Unheard Third Survey, "Hardships and Personal Worries for Low-Income New Yorkers," December 2010, available at <http://www.cssny.org/userimages/downloads/UnheardThird2010HardshipsandPersonalWorries.pdf>.
2. The Kaiser Commission on Medicaid and the Uninsured. "Key Facts about the Uninsured Population," September 2013, available at: <http://kaiserfamilyfoundation.files.wordpress.com/2013/09/8488-key-facts-about-the-uninsured-population.pdf>