



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #442

Healthcare Outreach Positions (Insurance)

[LFB 2019-21 Budget Summary: Page 235, #5]

CURRENT LAW

The Office of the Commissioner of Insurance (OCI) performs various consumer protection and regulatory functions related to the insurance market. The principal operations of OCI are funded primarily from insurance industry licensing fees and assessments, credited to a program revenue account. OCI has a base PR budget of \$19,646,600 and 124.15 PR positions.

GOVERNOR

Provide \$541,300 PR annually to fund 5.1 PR positions, beginning in 2019-20, to provide health insurance education and outreach activities, including assisting individuals with enrolling in the health insurance exchange.

DISCUSSION POINTS

1. The federal Affordable Care Act (ACA) requires each state to have a health insurance exchange to facilitate the purchase of health insurance policies by individuals and families who do not have employer-sponsored health coverage. States have the option of developing their own exchange or participating in a federally-facilitated exchange. Individuals can use the health insurance exchange to compare plans available in their area, determine their eligibility for premium tax credits and cost-sharing reduction assistance, and enroll in coverage. About two-thirds of the states, including Wisconsin, participate in the federally-facilitated exchange, while one-third have established their own exchange.

2. While the exchange provides consumers with basic information on the available plans,

such as monthly premiums and cost sharing requirements, the enrollment process can be confusing for many. Some individuals are unfamiliar with insurance concepts, like premiums, deductibles, copayments, and coverage networks. Others may be unaware of the availability of premium tax credits to help purchase coverage. Consequently, some people who would otherwise qualify for assistance and would choose to have insurance coverage remain uninsured due to a lack of understanding of the enrollment process.

3. To help address some of these barriers to enrollment, the ACA established a navigator assistance program. Grants under the program support the operations of navigator organizations, which are entities that perform education activities regarding health insurance exchange enrollment and facilitate enrollment by individuals. Under federal rules, a navigator cannot be a health insurance issuer and may not receive direct or indirect benefit from a health insurance issuer in connection with enrollment activities.

4. The federal Centers for Medicare and Medicaid Services (CMS) administers the navigator assistance program for the states that participate in the federally-facilitated insurance exchange. Grants are awarded in the fall, prior to the health insurance exchange open enrollment period, and are provided directly to navigator entities, rather than to the state.

5. Navigator assistance funding is used by grantees to employ individual navigators to provide direct enrollment assistance, but also to develop outreach and educational materials and sponsor enrollment events. Typically, navigator entities partner with existing organizations and government entities to increase awareness of both exchange-based insurance options as well as public assistance programs.

6. State law requires individual navigators to be licensed and navigator entities to be registered with OCI. Navigators must meet minimum training requirements and must pass a licensing exam.

7. CMS reduced the total amount of funding available through the federal navigator assistance program from \$62.9 million in 2016 to \$10.0 million in 2018. In that period, the total amount of grants awarded to Wisconsin navigator entities went from \$1,338,300 to \$200,000, a reduction of \$1,138,300.

8. While there were previously several entities that received federal navigator assistance funds, just one entity received a direct grant in 2018. That entity is Covering Wisconsin, an organization affiliated with the University of Wisconsin System, which is formally the grant recipient. Covering Wisconsin works with local organizations to provide navigation assistance statewide, with a particular focus on rural populations, low-income populations who are uninsured or have low literacy.

9. In reducing the federal navigator grants, CMS argued that the need for continued assistance had declined as the public has become more familiar with the exchange and health insurance options. In addition, the agency believes that now private insurance brokers are fulfilling the role of enrollment assistance that was formerly done by navigator entities.

10. Navigator entities argue that unlike insurance brokers, they are guided by a mission to target underserved groups who would otherwise remain uninsured. Also, in addition to providing information and assistance with exchange coverage, navigators have a broader focus of helping individuals who may be eligible for government healthcare programs. Furthermore, navigator entities continue to provide assistance to individuals following enrollment, which may include, for instance, helping individuals understand premium and cost-sharing requirements.

11. Nationwide, enrollment in exchange plans has declined in each of the past three years, with a total reduction of about 10% during that time. Although many factors may contribute to the decline, some have suggested that a reduction in the outreach and assistance provided by navigators may be one reason. As evidence, they cite data on the divergent enrollment trends in states using the federally-facilitated exchange in comparison to states with their own exchanges, which were unaffected by the decrease in navigator assistance grants. In 2019, for instance, plan selections during the open enrollment period fell by 3.8% in states using the federal exchange, while enrollment increased by 0.9% in the other states.

12. The percentage reduction in exchange enrollment has been larger in Wisconsin than the nationwide average. Between 2016 and 2019, the number of plans selected during open enrollment declined by 14.2%. In 2019, the number of plans selected declined by 9.0% from the prior year. The enrollment decline has been greatest among the lowest income groups, which are the primary target of the navigator programs. Between 2016 and 2019, exchange enrollment among individuals with household income between 100% and 150% of the federal poverty level declined by 33%.

13. The decline in the number of people enrolled in exchange plans suggests that the number of people who are uninsured may have increased. People who are uninsured are at greater risk of having untreated health conditions, and are more vulnerable to accumulating debt for unpaid medical bills.

14. In response to a reduction in exchange enrollment and a reduced federal role through the navigator assistance program, the administration proposes to create healthcare outreach positions. OCI envisions that the positions would administer a health insurance outreach and education program for the purpose of increasing insurance literacy among consumers of all types of health coverage, including employer-sponsored plans and the various government plans. OCI indicates that despite being responsible for consumer protection functions related to insurance, the Office does not currently have staff dedicated to public outreach and education on insurance matters. OCI believes that this education and outreach function would complement the activities of the current navigator entities and insurance brokers and agents.

15. The 5.1 positions and \$541,300 in annual funding that would be provided by the bill equals the positions and funding that would be deleted under a separate budget item in OCI. With the expiration of a federal grant to support insurance rate review, OCI requested, and the Governor recommended, that the 5.1 federal positions that the grant supported (which are vacant), as well as the corresponding expenditure authority associated with that grant, be deleted. However, although both the position and funding amounts that would be provided for the healthcare outreach initiative are equivalent, the proposed healthcare outreach initiative would be performing different duties. Consequently, the two items may be considered independently.

16. The administration indicates that if approved, OCI would plan to reallocate 0.9 position from existing authorized positions to provide a total of 6.0 positions for the program. Of the funding provided by the bill, \$333,600 annually would be budgeted for position salary and fringe benefits, and \$207,700 annually would be budgeted for supplies and services associated with these positions, including travel and other program costs. This would match the budget allocation for the federal rate review funding.

17. With the decline in federal navigator assistance, the Committee may agree that a more robust state role in providing healthcare education and outreach is needed. The proposed OCI initiative would establish a state role for providing health insurance consumer education, to either supplement or replace some of the activities that had previously been done by federally-funded navigators (Alternative 1).

18. Instead of creating OCI positions for healthcare outreach, the Committee could decide to allocate the \$541,300 to grants for entities that meet the criteria for navigator grants, to supplement federal funds. If federal funding level remains the same in 2019 and 2020 as in 2018 (\$200,000), then the grant supplement would make a total of about \$740,000 available for Wisconsin navigator entities. Although this would not fully restore the 2016 funding level, it would provide slightly over half of what navigator entities were awarded in that year (Alternative 2).

19. The Committee could decide to provide an additional \$600,000 in funding for supplemental grants, which when added to the funding in the bill, would provide \$1,141,300 and be approximately equal to the reduction in federal navigator funding between 2016 and 2018 (Alternative 3).

20. The Committee could also decide that providing additional funding to increase the state's role in health insurance outreach is not a priority when weighed against other uses of available funding. In this case, the Committee could delete the proposed funding and positions (Alternative 4).

21. OCI's PR appropriation is funded with revenues collected from fees and assessments on insurance industry entities. However, the amount collected generally exceeds OCI's PR-funded expenditures by \$20 million to \$25 million per year. Under current law, the amount of collections that exceeds expenditures (minus a 10% reserve that remains in the PR account) is deposited in the general fund (treated as GPR-earned revenue). Therefore, any increases or decreases to PR expenditures has a secondary effect of decreasing or increasing the general fund balance, respectively. Alternative 3 would result in a decrease in GPR-earned revenue, while Alternative 4 would result in an increase in GPR-earned revenue.

ALTERNATIVES

1. Approve the Governor's recommendation to provide \$541,300 PR annually to fund 5.10 PR positions, beginning in 2019-20, to provide health insurance education and outreach activities, including assisting individuals with enrolling in the health insurance exchange.

ALT 1	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
PR	\$1,082,600	5.10	\$0	0.00

2. Modify the Governor's recommendation by deleting 5.10 PR positions and instead authorizing OCI to provide \$541,300 annually for grants to entities that meet the criteria for federal navigator grants, to supplement federal funds.

ALT 2	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
PR	\$1,082,600	0.00	\$0	-5.10

3. Modify the Governor's recommendation by deleting 5.1 PR positions and increasing funding by \$600,000 PR annually to provide a total of \$1,141,300 PR annually for grants to entities that meet the criteria for federal navigator grants, to supplement federal funds.

ALT 3	Change to Base			Change to Bill		
	Revenue	Funding	Positions	Revenue	Funding	Positions
PR		\$2,282,600	0.00		\$1,200,000	- 5.10
GPR-REV	-\$1,200,000			-\$1,200,000		

4. Take no action.

ALT 4	Change to Base			Change to Bill		
	Revenue	Funding	Positions	Revenue	Funding	Positions
PR		\$0	0.00		-\$1,082,600	- 5.10
GPR-REV	\$0			\$1,082,600		

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