

Subsidized Insurance Is Available For the Working Poor As An Alternative to Medicaid

By Lindsay Atkinson, Policy Researcher
Idaho Freedom Foundation

Purpose

In November, Idahoans will vote on Proposition Two, regarding the expansion of Medicaid. If this expansion is passed, it will extend health coverage to people whose income is 0 to 100 percent and 101 to 133 percent of the Federal Poverty Level. The existing 5 percent “income disregard” that is allowed by the federal government would extend Medicaid coverage to individuals/families with incomes up to 138 percent of the FPL. This means, an unmarried individual who makes up to \$16,753 a year will become eligible for Medicaid in Idaho.

A key factor to consider before assuming that Medicaid would be the best coverage for people in the 101 to 133 percent bracket is: People in this bracket are eligible for subsidies to purchase health insurance. If voters approve Medicaid expansion in November, the subsidies will end.

Those in this 101 to 133 percent bracket are currently eligible for assistance in obtaining private health insurance. Among the options currently available to them is the Your Health Idaho exchange website, where they can see the tax credits and savings that they may benefit from as they obtain private healthcare coverage. In this document, we will analyze various age and income situations for individuals and families in order to determine the current healthcare assistance that exists for Idahoans who earn 101 to 133 percent of the FPL. We undergo this task in order to analyze the current cost burden of obtaining health insurance for those in the 101 to 133 percent bracket, as a precursor for understanding the effect that Medicaid expansion may have.

Federal Poverty Level

To begin, we will review the Federal Poverty Level (FPL) guidelines, to see what income range is associated with each poverty level range. Outside of Alaska and Hawaii, the current FPL guidelines are as listed in Table 1 on the following page.

Table 1. Federal Poverty Level Guidelines

Family Unit Size	Income (\$) at FPL¹	Income (\$) at 101% FPL	Income (\$) at 133% of FPL	Income (\$) at 138% of FPL
1	12,140	12,261	16,146	16,753
2	16,460	16,625	21,892	22,715
3	20,780	20,988	27,637	28,676
4	25,100	25,351	33,383	34,638
5	29,420	29,714	39,129	40,600
6	33,740	34,077	44,874	46,561
7	38,060	38,441	50,620	52,523
8	42,380	42,804	56,365	58,484
9+	+ 4,320 per additional person			

Your Health Idaho Search Parameters

Utilizing these FPL guidelines and the associated incomes per family size, we ran sample searches to see what assistance those earning 101 to 133 percent of the FPL are currently offered in Idaho. Most of the assistance that those in this bracket currently receive include the Advanced Premium Tax Credit, which allows for lower monthly insurance premiums, and, under the Silver level health plans, lower copays, deductibles, and out-of-pocket costs.

For our research, we used the YourHealthIdaho.org website and focused our parameters on two age brackets for the primary policy holder: 18 to 34 and 35 to 64. For our primary policy holder, we used the ages of 33 and 55.

Search Parameters for Primary Policy Holder

Zip Code Entered: 83705

County: Ada

Birth Date Entered for 18 to 34 Bracket: 01/01/1985 (33 years old)

Birth Date Entered for 35 to 64 Bracket: 01/01/1963 (55 years old)

Tobacco Use: None

Native American: No

¹ The FPL data was collected from the 2018 Annual Update of the HHS Poverty Guidelines, last updated January 18th, 2018 on the Federal Register website.

We also included a spouse for the primary policy holder for the family scenarios. For these searches, we made the spouse the same age as the primary policy holder.

Search Parameters for Spouse

Birth Date Entered for Spouse in 18 to 34 Bracket: 01/01/1985 (33 years old); same as primary

Birth Date Entered for Spouse in 35 to 64 Bracket: 01/01/1963 (55 years old); same as primary

Tobacco Use: No

Native American: No

For the scenarios where the family unit size is three, we included the addition of one dependent. For the scenarios where the family unit size is four, we included the addition of two dependents. We adjusted the age of the dependents to that which would be reasonable for the given age of the primary policy holder. We made the dependents children under 18 years of age. We then unchecked the box labeled "Seeking Coverage" on the entry for the dependent(s), as children under 18 years of age within these income levels should be eligible for Medicaid. Thus, the parents are likely not seeking coverage for the children under their own insurance.

Search Parameters for Dependent(s)

Dependent One

Birth Date for Dependent of a Primary Policy Holder 33 years of age: 01/01/2013 (5 years old)

Birth Date for Dependent of a Primary Policy Holder 55 years of age: 01/01/2003 (15 years old)

Tobacco Use: No

Native American: No

Dependent Two

Birth Date for Dependent of a Primary Policy Holder 33 years of age: 01/01/2008 (10 years old)

Birth Date for Dependent of a Primary Policy Holder 55 years of age: 01/01/2001 (17 years old)

Tobacco Use: No

Native American: No

In addition, the YourHealthIdaho.org website asks the following questions:

- What is the average number of doctor visits per year for an individual member of your household?
 - Our Answer:
 - 3-4 times²

- What is the average number of ongoing monthly prescriptions per year for an individual member of your household?
 - Our Answer:

² Medscape states that the average number of doctor visits per person per year in the USA is 3.

- For a primary policy holder of 33 years of age: 5-11³
- For a primary policy holder of 55 years of age: 12 or more⁴

Answers to these questions are very inconstant from case to case, so our chosen responses are estimates based on statistics cited on Medscape and Statista, two statistic collection websites.

Your Health Idaho Search Results

After running these formed scenarios through YourHealthIdaho.org, we collected the estimated tax credit, estimated monthly premium for the cheapest plan, and estimated price under the lowest Silver Plan. Table 2 expresses this data for different single-adult scenarios. Table 3 expresses this data for different family-unit scenarios.

Table 2. Health Insurance for Individuals Based on FPL

	Estimated Tax Credit	Estimated Monthly Premium for the Cheapest Plan	Price Under the Lowest Silver Plan⁵	% of Yearly Income the Silver Plan Would Take
Age: 33 Income: \$12,261	\$413/month	\$0/month	\$11/month	1.1
Age: 55 Income: \$12,261	\$787/month	\$0/month	\$2.25/month	0.2
Age: 33 Income: \$16,146	\$392/month	\$0/month	\$32/month	2.4
Age: 55 Income: \$16,146	\$766/month	\$0/month	\$23.25/month	1.7

Table 3. Health Insurance for Spouses Based on FPL

	Estimated Tax	Estimated	Price Under the	% of Yearly
--	----------------------	------------------	------------------------	--------------------

³ Statista estimates 9.7 prescriptions for a person 33 years of age and 19.2 for a person 55 years of age. Yet, there was no information regarding if a prescription was ongoing, so 4 prescriptions were deducted from each given estimate to account for non-recurring prescriptions, such as antibiotics.

⁴ Ibid

⁵ A Silver Plan is the type of plan needed for access to the lowest deductibles, copays, and out-of-pocket costs.

	Credit	Monthly Premium for the Cheapest Plan	Lowest Silver Plan⁶	Income the Silver Plan Would Take
Age: 33 Income: \$20,988 Family Size: 3	\$832/month	\$0/month	\$16/month	0.9
Age: 55 Income: \$20,988 Family Size: 3	\$1,579/month	\$0/month	\$0/month	0.0
Age: 33 Income: \$25,351 Family Size: 4	\$825/month	\$0/month	\$23/month	1.1
Age: 55 Income: \$25,351 Family Size: 4	\$1,572/month	\$0/month	\$6.50/month	0.3
Age: 33 Income: \$27,637 Family Size: 3	\$794/month	\$0/month	\$54/month	2.3
Age: 55 Income: \$27,637 Family Size: 3	\$1,541/month	\$0/month	\$37.50/month	1.6
Age: 33 Income: \$33,383 Family Size: 4	\$779/month	\$0/month	\$69/month	2.5
Age: 55 Income: \$33,383 Family Size: 4	\$1,526/month	\$0/month	\$52.50/month	1.9

Then we analyzed a longer description of the lowest priced Silver Plan which, across all scenarios, was the Mountain Health Co-Op Link Silver Option 2. The Silver Plan offers the lowest deductibles, copays, and out-of-pocket costs, though it may not be the cheapest plan. The results are provided on the following pages, in Tables 4 and 5.

Table 4. Silver Plan for Individuals Based on FPL

	Details of the Lowest Priced Silver Plan
--	---

⁶ A Silver Plan is the type of plan needed for access to the lowest deductibles, copays, and out-of-pocket costs.

Age: 33 Income: \$12,261	Plan Name: Mountain Health Co-Op Link Silver Option 2 \$11/month Price Before Credit: \$424/month Office Visits: \$10 Generic Drugs: \$5 Deductible: \$0 Out-of-Pocket Max: \$1250
Age: 55 Income: \$12,261	Plan Name: Mountain Health Co-Op Link Silver Option 2 \$2.25/month Price Before Credit: \$789.25/month Office Visits: \$10 Generic Drugs: \$5 Deductible: \$0 Out-of-Pocket Max: \$1250
Age: 33 Income: \$16,146	Plan Name: Mountain Health Co-Op Link Silver Option 2 \$32/month Price Before Credit: \$424/month Office Visits: \$10 Generic Drugs: \$5 Deductible: \$0 Out-of-Pocket Max: \$1250
Age: 55 Income: \$16,146	Plan Name: Mountain Health Co-Op Link Silver Option 2 \$23.25/month Price Before Credit: \$789.25/month Office Visits: \$10 Generic Drugs: \$5 Deductible: \$0 Out-of-Pocket Max: \$1250

Table 5. Silver Plan for Spouses Based on FPL

	Details of the Lowest Priced Silver Plan
--	---

<p>Age: 33 Income: \$20,988 Family Size: 3</p>	<p>Plan Name: Mountain Health Co-Op Link Silver Option 2 \$16/month Price Before Credit: \$848/month Office Visits: \$10 Generic Drugs: \$5 Deductible: \$0 Out-of-Pocket Max: \$2500</p>
<p>Age: 55 Income: \$20,988 Family Size: 3</p>	<p>Plan Name: Mountain Health Co-Op Link Silver Option 2 \$0/month Price Before Credit: \$1,578.50/month Office Visits: \$10 Generic Drugs: \$5 Deductible: \$0 Out-of-Pocket Max: \$2500</p>
<p>Age: 33 Income: \$25,351 Family Size: 4</p>	<p>Plan Name: Mountain Health Co-Op Link Silver Option 2 \$23/month Price Before Credit: \$848/month Office Visits: \$10 Generic Drugs: \$5 Deductible: \$0 Out-of-Pocket Max: \$2500</p>
<p>Age: 55 Income: \$25,351 Family Size: 4</p>	<p>Plan Name: Mountain Health Co-Op Link Silver Option 2 \$6.50/month Price Before Credit: \$1,578.50/month Office Visits: \$10 Generic Drugs: \$5 Deductible: \$0 Out-of-Pocket Max: \$2500</p>
<p>Age: 33 Income: \$27,637 Family Size: 3</p>	<p>Plan Name: Mountain Health Co-Op Link Silver Option 2 \$54/month Price Before Credit: \$848/month Office Visits: \$10 Generic Drugs: \$5 Deductible: \$0 Out-of-Pocket Max: \$2500</p>
<p>Age: 55 Income: \$27,637 Family Size: 3</p>	<p>Plan Name: Mountain Health Co-Op Link Silver Option 2 \$37.50/month Price Before Credit: \$1,578.50/month Office Visits: \$10 Generic Drugs: \$5 Deductible: \$0 Out-of-Pocket Max: \$2500</p>

Age: 33 Income: \$33,383 Family Size: 4	Plan Name: Mountain Health Co-Op Link Silver Option 2 \$69/month Price Before Credit: \$848/month Office Visits: \$10 Generic Drugs: \$5 Deductible: \$0 Out-of-Pocket Max: \$2500
Age: 55 Income: \$33,383 Family Size: 4	Plan Name: Mountain Health Co-Op Link Silver Option 2 \$52.50/month Price Before Credit: \$1,578.50/month Office Visits: \$10 Generic Drugs: \$5 Deductible: \$0 Out-of-Pocket Max: \$2500

Conclusion

When you consider that most of the predicted Medicaid expansion is going to cover able-bodied, childless single adults, it is important to note that even in the most expensive of all the scenarios for the individual plan, the individual is only paying \$32/month. This most expensive cost scenario was for the sample we ran of a single 33 year old making \$16,146 a year. This \$32/month would be their monthly cost under a Silver Plan, bringing their health insurance cost to \$384 a year, which is approximately 2.4% of their annual income.

The most expensive of the Silver Plans out of all the scenarios we ran for spouses seeking coverage was for a couple 33 years of age, making \$33,383 a year and having two dependents. Their cost came to \$69/month. That is \$828 a year, approximately 2.5% of their annual income.

In none of these scenarios is health insurance costing those in this bracket more than 2.5% of their annual income. Yet, in November, when Idahoans go to the polls to vote on Proposition Two, they are voting on whether to expand Medicaid coverage to this group that is already being offered assistance. To take away their current assistance, that has already significantly lowered their burden for the monthly cost for health insurance, and replace it with Medicaid. A switch that will take away their current assistance through the exchange and will also cause them to lose their choice regarding which insurance company and plan they want. A choice that the exchange currently offers them, but Medicaid will not.