

Health insurance available through Covered California could cost more than some people living with HIV/AIDS can afford, undermining an important HIV prevention strategy: adherence to medication and engagement in care.

Question:

Californians living with HIV/AIDS who get their health care through the federal Ryan White program will be eligible to enroll, if they qualify, into private health insurance. How much will the new coverage cost these individuals, and could this cost be a barrier to care?

People living with HIV/AIDS (PLWHA) who adhere to their drug regimens can reduce their viral load to undetectable levels, making them less likely to transmit HIV, and creating a public health imperative to reduce barriers to care and treatment for PLWHA.

Over 5,500 PLWHA in California who access care and treatment at little or no cost through the Ryan White Program will be newly-eligible for coverage offered through Covered California beginning January 2014. Federal and state financial assistance may help many of these individuals cover much of the costs associated with the Covered California plans, including: (a) federal premium assistance, for those earning below 400% of the federal poverty level (FPL); (b) federal cost-sharing reductions, for those earning below 250% FPL, and (c) the California Office of AIDS Health Insurance Premium Payment (OA-HIPP) and AIDS Drug Assistance (ADAP) programs, for those earning less than approximately 435% FPL for a single individual. Even with this financial support, many people will face significantly higher costs in private health plans than they do currently in the Ryan White program.

While California's 5,500 eligible PLWHA should not have to pay costly monthly premiums, thanks to OA-

HIPP, their other out-of-pocket costs may be more than their limited incomes can bear. PLWHA are more likely to have hospitalizations, comorbidities, and other medical needs related to their HIV status, and they may have other non-HIV conditions, especially as PLWHA are aging.

These individuals could decide not to enroll into a health plan offered through Covered California and could continue to get coverage through Ryan White. However, because health coverage is mandated in health care reform and Ryan White is not considered to be health coverage under the Affordable Care Act, these individuals face the same tax penalties as anyone who remains uninsured by choice. Therefore, they will either pay out-of-pocket expenses in private insurance or pay tax penalties for not enrolling into private health insurance.

What we found

Using three hypothetical case studies, this analysis arrives at two key findings that may inform Office of AIDS policies

on OA-HIPP and the transition of ADAP clients into Covered California:

- For anyone earning *more than* 200% of the Federal Poverty Level (FPL) who also qualifies for OA-HIPP, the best-available option to reduce their annual out-of-pocket costs is enrollment into a Covered California Platinum Tier Plan. This involves a high monthly premium, but more limited – \$4,000 annual – out-of-pocket costs.
- A significant variable in out-of-pocket expenses for PLWHA is the timing of medical visits, hospitalizations, and medications not on the ADAP formulary. ADAP will reimburse the costs of HIV medication co-pays and deductibles as well as some other non-HIV medications that are included on the ADAP formulary, and these ADAP-reimbursed co-pays and deductibles could quickly meet annual out-of-pocket maximums. However, an individual who is hospitalized early in the year, before those maximums are met, could pay much more out-of-pocket than if they are hospitalized later in the year after ADAP has already met the out-of-pocket limit.

Summary of Recommendations

- The State should remove as many cost barriers to care as possible by covering co-pays and deductibles for Ryan White beneficiaries moving into Covered California health insurance plans, as permitted by state and federal statute.
- The State Office of AIDS should work closely with Covered California to educate the statewide cadre of enrollment workers on the OA-HIPP program and other federal subsidies available to Ryan White beneficiaries.

Summary of Case Study Findings

Case Study One	Case Study Two	Case Study Three
<ul style="list-style-type: none"> • 25 years old • Lives in Los Angeles • Earning \$17,350 per year • Recently diagnosed and no co-morbidities 	<ul style="list-style-type: none"> • 40 years old • Lives in Sacramento • Earning \$35,000 per year • Living with HIV 20 years and expects one hospitalization 	<ul style="list-style-type: none"> • 60 years old • Lives in San Francisco • Earning \$24,129 per year • Living with HIV 30 years and has diabetes
Findings		
Best available enrollment option: <ul style="list-style-type: none"> • Silver Tier Plan 	Best available enrollment option: <ul style="list-style-type: none"> • Platinum Tier Plan 	Best available enrollment option: <ul style="list-style-type: none"> • Platinum Tier Plan
Estimated annual subsidies received: <ul style="list-style-type: none"> • Federal premium assistance: \$1,344 • OA-HIPP premium support: \$936 to \$1,716 • Federal cost-sharing reductions: \$4,100 	Estimated annual subsidies received: <ul style="list-style-type: none"> • Federal premium assistance: \$672 • OA-HIPP premium support: \$4,776 to \$7,572 • Federal cost-sharing reductions: \$0 	Estimated annual subsidies received: <ul style="list-style-type: none"> • Federal premium assistance: \$7,562 • OA-HIPP premium support: \$4,618 to \$5,818 • Federal cost-sharing reductions: \$0
Estimated annual out-of-pocket: <ul style="list-style-type: none"> • \$250 	Estimated annual out-of-pocket: <ul style="list-style-type: none"> • \$2,000 	Estimated annual out-of-pocket: <ul style="list-style-type: none"> • \$2,000

Recommendations

HRSA, the federal Health Resources and Services Administration, oversees the Ryan White Program. Recent HRSA guidance allows Ryan White funds to be used by grantees, such as California’s State Office of AIDS, to cover co-pays and deductibles for private insurance purchased by PLWHA through Covered California. The State Office of AIDS should follow this guidance and allow its OA-HIPP and ADAP programs to cover out-of-pocket expenses for PLWHA, to the extent permissible under federal and state statute, and not just co-pays and deductibles for medications included in the ADAP formulary. HRSA is urging states to make all reasonable efforts to enroll eligible Ryan White beneficiaries into the health insurance exchanges. Therefore, this paper recommends that California’s Office of AIDS explore mechanisms to pay those co-pays and deductibles, outside of co-pays and deductibles for medications included in the ADAP formulary. Otherwise, out-

of-pocket costs could discourage eligible Ryan White beneficiaries from enrolling into the private health insurance options created by healthcare reform.

This paper also recommends that the Office of AIDS work closely with Covered California to educate a statewide cadre of enrollment workers on the OA-HIPP program and other federal subsidies available to Ryan White beneficiaries. These enrollment workers will need a clear understanding of how income levels and subsidies may affect plan choice and out-of-pocket expenses. They will also need education to inform Ryan White beneficiaries about how and when to access services during the plan year to reduce expenses before they reach their annual out-of-pocket maximums.

Variables that impact costs

While the case studies above provide examples of costs that could be

incurred by Ryan White clients enrolling into private health insurance through Covered California, a number of variables impact those costs, which are detailed in our longer report.

Resources

In developing the case studies, the authors of this report relied primarily on three sources of information:

- Covered California “Health Insurance Companies and Plan Rates” booklet.
- The Covered California “Standard Benefit Plan Designs” charts.
- Jacques Chambers, an independent consultant and insurance and benefits specialist.

California HIV/AIDS Policy Research Centers:

- University of California, San Francisco
- San Francisco AIDS Foundation
- Project Inform
- University of California, Los Angeles
- AIDS Project Los Angeles
- L.A. Gay & Lesbian Center