

# Missouri Health Works

Health Insurance Premium  
Assistance for Small  
Businesses

# The Current Situation for Businesses

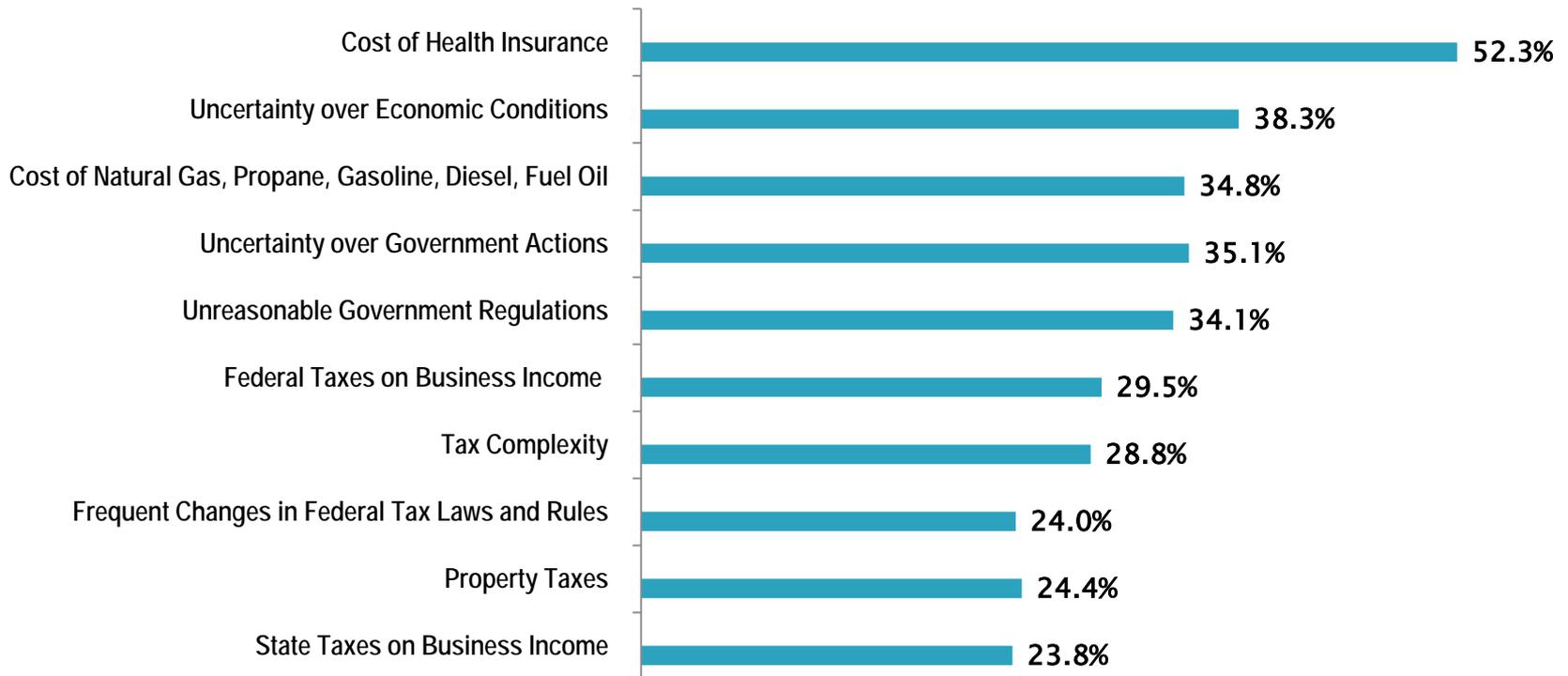
- ▶ Businesses must comply with the provisions of the Affordable Care Act (ACA).
- ▶ There are federal penalties for businesses that don't offer coverage or don't offer affordable coverage.
- ▶ Small businesses attempting to attract and retain employees may want to offer health care coverage, but cannot afford it.

# Current Situation– continued

- ▶ Small businesses in Missouri are paying federal taxes, but are getting few of the benefits under the ACA.
- ▶ Health insurance requirements can be especially problematic for businesses that rely on lower–wage workers.
  - Cost of benefit relatively high to cost of labor
  - May discourage hiring full time (30 hr wk) workers

# Problems of Greatest Concern for small businesses

**The "Cost of Health Insurance" continues as the number one small-business problem, a position it has held for 25 years.**

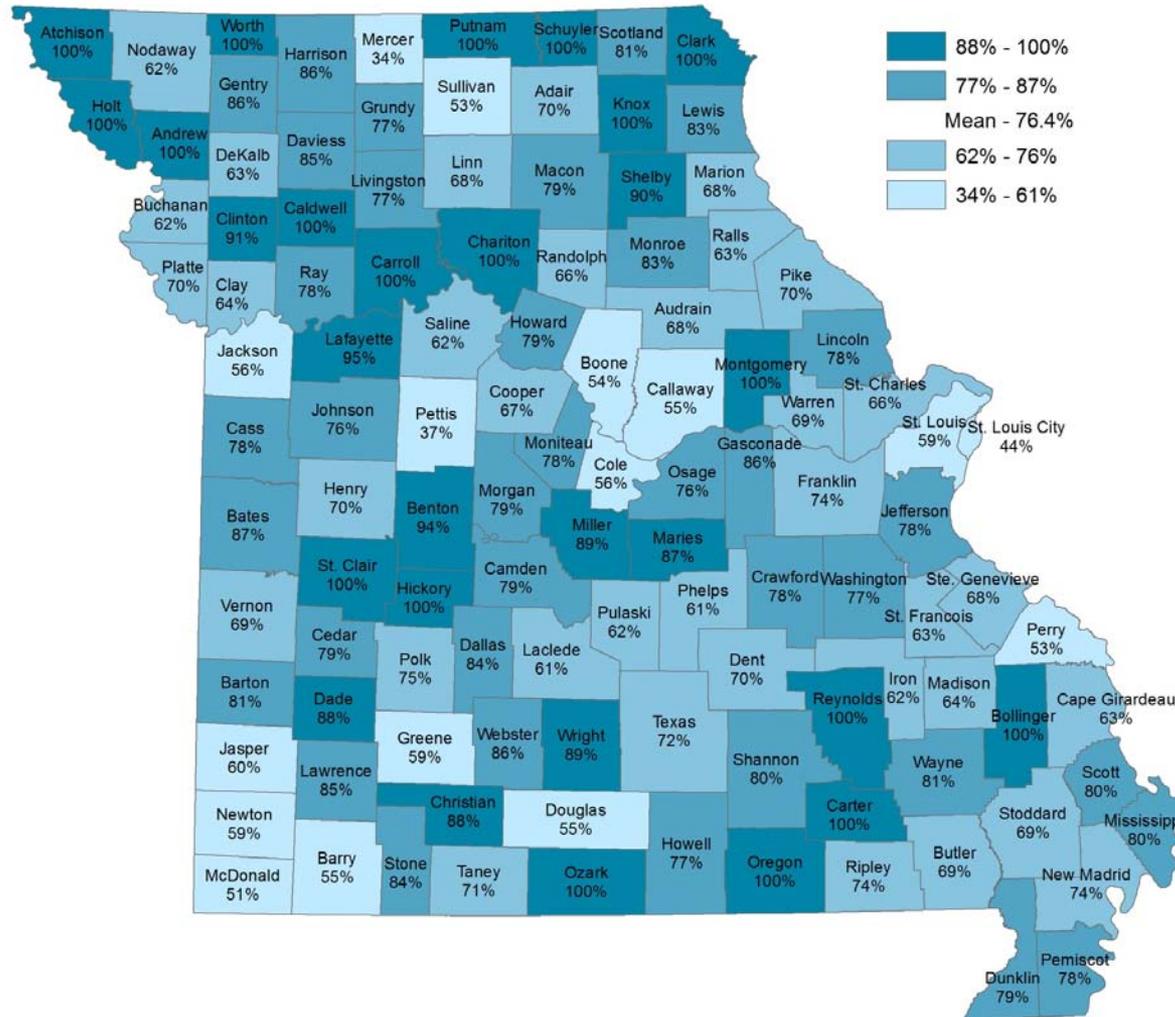


\*National Federation of Independent Businesses  
2012 Small Business Problems and Priorities

# Missouri Health Works

## The Opportunity

- ▶ Use federal dollars to help pay a portion of the employer's cost of health care premiums.
- ▶ For businesses with fewer than 150 employees.
- ▶ For employees with incomes up to 138% of the federal poverty level.
  - \$27,310 annually for a family of 3
  - \$13/hour if one person working 40 hrs/week



Percentage of employees who work at firms with fewer than 150 employees

# How It Would Work

- ▶ States can use federal \$s to pay for health insurance for low-income working adults.
- ▶ Use those \$s in a smarter way – helping small businesses pay the cost of premiums.
- ▶ By covering part of premium cost, provide a less expensive option for employers.

# How It Would Work (continued)

- ▶ Local chambers could help businesses sign up through the Department of Economic Development.
- ▶ Employees would be required to take this more cost-effective private option, rather than enroll in traditional Medicaid.

# How It Would Work (continued)

- ▶ Federal/State share must be “cost effective”.
  - May not exceed what it would cost to provide benefits through Medicaid Program
  - Estimated at 60% of the cost of the premium
  - Could go below 60% (to meet cost effective requirement) and still save businesses money
  
- ▶ Require employee to share in cost; lesser of:
  - 15% of cost or 2% of income for those below 100% of the federal poverty level
  - 15% of cost or 5% of income for those from 100–138% of the FPL

# Who Would Pay

## Examples – \$400 monthly premium

<b>Family of 3, 95% of the FPL (\$10.33/hour @ 35 hr week)</b>	<b>Currently</b>	<b>MO Health Works</b>
Employer	\$300	\$100
Employee	\$100	\$30
Federal/State	\$0	\$270

<b>Family of 3, 125% of the FPL (\$13.59/hour @35 hr week)</b>	<b>Currently</b>	<b>MO Health Works</b>
Employer	\$300	\$100
Employee	\$100	\$60
Federal/State	\$0	\$240

# States Participating

- ▶ Option has been available to states for a long time.
  - Opportunity to reform and expand Medicaid makes the option more viable
- ▶ Penalties for businesses because of ACA make timing to enact this option more critical.
- ▶ Federal resources provided through ACA make it economically feasible for states.

# States Participating (continued)

- ▶ States have similar programs including:
  - Arkansas
  - Iowa – requires use of employer insurance, if available
  - Kentucky
  - Maryland – pays some employer costs
  - Minnesota
  - Nevada
  - New Mexico
  - Oklahoma – pays some employer costs (4,296 small businesses participating)
  - Oregon

# Missouri Health Works

## The Benefits

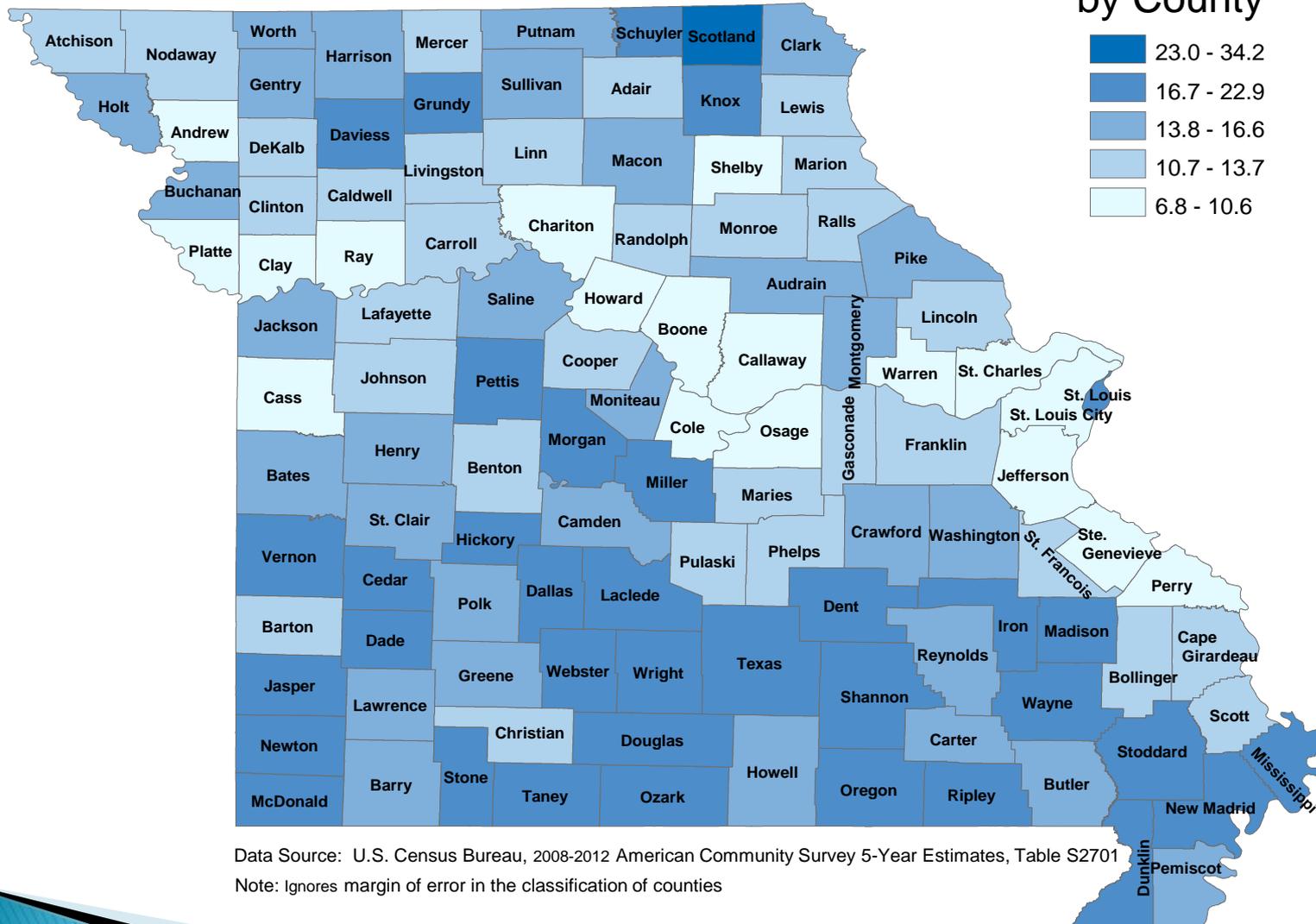
- ▶ Reduces business costs.
- ▶ Helps small businesses provide health care coverage to their employees.
- ▶ Encourages low income Missourians to work.
- ▶ Includes cost sharing requirements for employees.
- ▶ Reduces employee sick days by providing insurance coverage for preventative care.

# Benefits (continued)

- ▶ Uses federal dollars to pay 100% of the federal/state share initially, gradually stepping down to 90% thereafter.
- ▶ Helps businesses avoid ACA penalties.
- ▶ Requires employees to use this more cost efficient health care rather than traditional Medicaid.
- ▶ Reduces the number of uninsured.

# HEALTH INSURANCE COVERAGE STATUS

Percent Uninsured by County



Data Source: U.S. Census Bureau, 2008-2012 American Community Survey 5-Year Estimates, Table S2701

Note: Ignores margin of error in the classification of counties

# Steps Needed

- ▶ State legislation authorizing the program, including:
  - Increasing Medicaid eligibility to 138% of the FPL
  - Authorizing health insurance premium assistance for small businesses
- ▶ Small business participation.
- ▶ Local chamber involvement.

# How Can We Accomplish?

- ▶ Support from small businesses and local chambers will go a long way in convincing the state legislature to authorize this option.
  - 75 business groups in Missouri have endorsed Medicaid expansion
- ▶ Communicating with your local legislators.
- ▶ Explaining opportunity to your local small business owners.

**QUESTIONS?**