



The Atlantic Commonwealth
Office of the Department of
Labor, Education, Health, and Human Services

TO: Governor Trover, Assembly of the Atlantic Commonwealth,
All Department of Labor, Education, Health, and Human Services Employees
FROM: Dewey Cheatem, Secretary of Labor, Education, Health, and Human Services
DATE: September 26, 2018
SUBJECT: Implementation of the Atlantic Commonwealth Basic Health Plan

Section 1. Short Title

This Directive shall be known as the “Implementation of the Atlantic Commonwealth Basic Health Plan Directive.”

Section 2. Background

The Atlantic Commonwealth and the federal government share costs to provide Medicaid to households under 138% of FPL. The Atlantic Commonwealth already has the most generous Medicaid benefit in the country. People between 138% and 400% of FPL are eligible to buy health insurance off the ACA’s exchanges with subsidies. The Federal Govt pays all of these subsidies.

The Atlantic Commonwealth obtained a waiver and has been offering a Basic Health Plan, a public option, to people making between 138% and 200% of FPL via the state’s Medicaid offering. It costs \$20 a month or less depending on your income. The Commonwealth is responsible for 100% of the cost of the BHP; however, it is currently fully paid for via Federal Subsidies (75%) and CSR payments (25%). The Trump administration suspended CSR payments in January 2018, but the Commonwealth has tapped the BHP trust fund to keep the plan functioning temporarily. The trust fund has a surplus because the BHP has achieved more cost savings than expected. The BHP now covers 40% of eligible households who buy coverage on the exchange, up from 26% in its first year. As the cheapest plan for the most coverage, it is likely to

continue to gain market share. As it gains in market share, CSR payments are likely to decline, but subsidies will not.

The Commonwealth has one of the lower uninsurance rates in the country, with only about 1 million uninsured. A quarter of these are eligible for subsidies on the exchanges, a third are eligible for Medicaid, and the remaining are not eligible for any subsidy.

In light of the above, the Commonwealth Assembly enacted a budget allocating \$17bn to fund the state Basic Health Plan and to keep it solvent. Upon the law taking effect, Secretary Dewey Cheatem submitted to the federal government an application for a Basic Health Plan waiver, which President Nonprehension duly approved.

Section 3. Establishment of the Basic Health Plan

- (a) The Atlantic Commonwealth Basic Health Plan is hereby enacted as outlined herein.
- (b) Pursuant to the Basic Health Plan, the Atlantic Commonwealth will provide subsidies for health insurance according to the following premium schedule, to be calculated on a pro-rated basis in a manner similar to the progressive income tax, such that, for example, an individual making \$1 more than 300% of the federal poverty line does not have to pay \$40 per month, while a person making \$1 less need only pay \$20:

% of Federal Poverty Line	Premium
0 to 138%	N/A: covered by Medicaid
139 to 300%	\$20.00 per month
301% to 310%	\$40.00 per month
311 to 320%	\$50.72 per month
321 to 330%	\$64.31 per month
331 to 340%	\$81.54 per month
341 to 350%	\$103.39 per month
351 to 360%	\$133.10 per month
361 to 370%	\$166.22 per month
371 to 380%	\$210.76 per month
381 to 390%	\$267.24 per month
\$391 to 400%	\$338.85 per month

401+%	9.55% of all taxable income
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Section 4. Severability

If any provision, or subpart thereof, of this Directive is found unconstitutional, unenforceable, or is otherwise stricken or revoked, the remainder of the Directive shall remain in full force in effect, unless such striking or removal of a provision or passage renders the entirety of the directive’s purpose unattainable, in which case the entirety of the directive shall be rendered null and void.

Section 5. Enactment

This Directive shall take effect immediately upon publication.

Signed,
Dewey Cheatem
Dewey Cheatem
Secretary of Labor, Education, Health, and Human Services