Arc Guide to Cost Effective Health Insurance (CEHI)

When applicants are requesting Medical Assistance (MA) coverage, they must disclose if they’re enrolled in or have access to private insurance on the healthcare application. County agencies must evaluate private policies to which applicants may have access to determine if other entities are responsible for providing coverage or paying medical costs. The “Cost Effective Health Insurance” process can benefit both the applicant and the county: the applicant may be eligible for MA to cover private insurance costs like co-pays, deductibles and coinsurance, and the county may save public funds by helping the applicant maintain private insurance coverage primary to MA by covering out-of-pocket costs.

Cost effective coverage
Cost effective coverage is other health coverage for which the amount paid for premiums, co-pays, deductibles and other costs is likely to be less than what MA would pay for an equivalent set of services.

Eligible insurance policies could include, but aren’t limited to:
- Group healthcare coverage (for eligible employees through their employer)
- Individual healthcare coverage
- COBRA
- Medicare (Part A & Part B)
- TRICARE (insurance for military personnel & their families)

Process
Applicants looking for MA, MinnesotaCare or a Qualified Health Plan complete an online MNsure application (www.mnsure.org) or a paper MNsure application.

Applicants with certified disabilities looking for disability-based MA, MA for Employed Persons with Disabilities or help paying Medicare costs complete an Application for Certain Populations (DHS 3876) and return it to their county of residence along with required proofs.

On each application above, applicants must provide information about other coverage that they are enrolled in or have access to. Applicants note the policyholder’s name, policy number, insurance company name, type of insurance (i.e. medical, vision, dental), start/end dates and any dependents covered by the policy. Applicants also need to submit copies of health insurance cards to the processing agency.

When the county financial worker processes the healthcare application, they will make a referral to the county’s Cost Effective unit for follow up. A Cost Effective worker sends the applicant a notice and packet of information to complete and return. (Please note: the forms each county uses may vary slightly).

For further information or advocacy services, contact The Arc Greater Twin Cities at (952) 920-0855 or visit www.arcgreatertwincities.org. This document is not legal advice, and should not be construed as such. Thus, no information herein should replace the sound advice of an attorney.

November 2016
Forms include:

- **Cost Effective Insurance Information - Employer or Insurance Company**
  
  Applicants/enrollees provide this form to their employer’s Human Resources representative or to their insurance company’s agent.

- **Cost Effective Insurance Referral Applicant/Enrollee**
  
  Applicants/enrollees complete and return this form, with copies of Explanation of Benefits from the past year, to their county agency.

Once all forms are returned to the Cost Effective unit, the worker reviews the policy and makes a cost-effective determination. The worker notifies the applicant by mail of the county’s decision.

- If the policy is deemed cost effective, the applicant is required to stay enrolled in the private plan and is eligible to have MA reimburse co-pays, deductibles, premiums and coinsurance.
- If the policy is **not** cost effective, the applicant may disenroll from the private plan and get all coverage through MA.

**Premium reimbursement**

- Counties may either pay premium reimbursements directly to the employer/insurance provider or to the policy holder/applicant.
- Applicants/enrollees must provide verification of premiums paid using a paystub or other acceptable proof clearly showing the premium amount, like a bank statement.
- Premium reimbursements are only paid for MA eligible applicants/enrollees in a household (with some exceptions).

**Additional Information**

Applicants/enrollees who are enrolled in a cost-effective policy are excluded from receiving their MA services and coverage through a Managed Care Organization. They receive Fee for Service or “straight” MA. (See the **ArcGuide to Medical Assistance Managed Care** for more information.)

If an applicant/enrollee’s private insurance changes for any reason, they must notify the county agency immediately. Cost Effective workers may need additional information to review the policy and make a new cost effective determination.