Medicaid Moving Forward: Opportunities and Challenges

Diane Rowland, Sc.D.
Executive Vice President, Henry J. Kaiser Family Foundation
Executive Director, Kaiser Commission on Medicaid and the Uninsured

National Medicaid Congress
Arlington, VA
May 31, 2013
Figure 1

**Medicaid Today**

Health Insurance Coverage
31 million children & 16 million adults in low-income families; 16 million elderly and persons with disabilities

Assistance to Medicare Beneficiaries
9.4 million aged and disabled — 20% of Medicare beneficiaries

Long-Term Care Assistance
1.6 million institution-based beneficiaries; 2.8 million community-based beneficiaries

Support for Health Care System and Safety Net
16% of national health spending; 40% of long-term care spending

State Capacity for Health Coverage
For FY 2013, FMAPs range from 50 – 73.4%

NOTE: FMAP is Federal Medical Assistance Percentage
Medicaid plays a critical role for selected populations.

### Percent with Medicaid Coverage

- **Families**
  - Nonelderly Below 100% FPL: 45%
  - Nonelderly Between 100% and 199% FPL: 27%
  - All Children: 35%
  - Children Below 100% FPL: 70%
  - Parents Below 100% FPL: 40%
  - Births (Pregnant Women): 41%

- **Elderly and People with Disabilities**
  - Medicare Beneficiaries: 20%
  - Nonelderly Adults with Functional Limits: 15%
  - People with HIV in Regular Care: 50%
  - Nursing Home Residents: 63%

**NOTE:** FPL—Federal Poverty Level. The FPL was $22,350 for a family of four in 2011.

**SOURCE:** Kaiser Commission on Medicaid and the Uninsured (KCMU) and Urban Institute analysis of 2012 ASEC Supplement to the CPS; Birth data from Maternal and Child Health Update: States Increase Eligibility for Children’s Health in 2007, National Governors Association, 2008; Medicare data from MCBS Cost and Use file, 2009; Functional Limitations from KCMU Analysis of 2011 NHIS data.
Medicaid provides access to care that is comparable to private insurance and better than access for the uninsured.

NOTES: In past 12 months. Respondents who said usual source of care was the emergency room were included among those not having a usual source of care. All differences between the uninsured and the two insurance groups are statistically significant (p<0.05).
SOURCE: KCMU analysis of 2011 NHIS data.
NOTE: Acute Care includes payments to managed care plans.
SOURCE: Medicaid estimates from Urban Institute analysis of data from the Medicaid Statistical Information System (MSIS), Medicaid Financial Management Reports (CMS Form 64), and Kaiser Commission on Medicaid and the Uninsured and Health Management Associates data. NHE and private health insurance data from Centers for Medicare & Medicaid Services Office of the Actuary, National Health Statistics Group.
Medicaid Eligibility Milestones, 1965-2011

Medicaid eligibility levels are still limited for certain populations.

Minimum Medicaid Eligibility under Health Reform - 138% FPL
($26,951 for a family of 3 in 2013)

SOURCE: Based on the results of a national survey conducted by the Kaiser Commission on Medicaid and the Uninsured and the Georgetown University Center for Children and Families, 2013 and MACPAC Report to the Congress on Medicaid and CHIP, Table 11, March 2013.
NOTE: FPL-- Federal Poverty Level. The FPL was $22,350 for a family of four in 2011. Data may not total 100% due to rounding. SOURCE: KCMU/Urban Institute analysis of 2012 ASEC Supplement to the CPS
Figure 8

Medicaid Tomorrow

- **Health Insurance Coverage for Certain Individuals**
- **Shared Financing States and Federal Govt.**
- **Assistance for Duals / Long-Term Care**
- **Support for Health Care System**

**Minimum Floor for Health Insurance Coverage Up to 138% FPL**

**Additional Federal Financing for Coverage**

**New and Expanded Options HCBS for Long-Term Care / Coordination for Duals**

**Delivery System Reforms**

NOTE: HCBS refers to home and community-based services.
The ACA expands coverage by building on Medicaid and creating new Marketplaces with premium subsidies.

**Health Insurance Coverage of the Nonelderly, 2011**

- **56%** Employer-Sponsored Coverage
- **18%** Uninsured
- **21%** Medicaid*
- **6%** Private Non-Group

**266.4 Million Nonelderly**

**Income**

- **≤138% FPL** Medicaid (51%)
- **139-399% FPL** Subsidies (39%)
- **≥400% FPL** (10%)

**47.9 Million Uninsured**

*Medicaid also includes other public programs: CHIP, other state programs, Medicare and military-related coverage. The federal poverty level for a family of three in 2011 was $18,530.

Percentages may not total 100% due to rounding.

SOURCE: KCMU/Urban Institute analysis of 2012 ASEC Supplement to the CPS.
NOTE: The June 2012 Supreme Court decision in National Federation of Independent Business v. Sebelius maintained the Medicaid expansion, but limited the Secretary’s authority to enforce it, effectively making the expansion optional for states. 138% FPL = $15,856 for an individual and $26,951 for a family of three in 2013.
The ACA streamlines enrollment processes to make it easier to obtain coverage, regardless of whether states expand.

Multiple Ways to Enroll

Single Application for Multiple Programs

Use of Electronic Data to Verify Eligibility

Real-Time Eligibility Determinations

Dear _____,

You are eligible for...

Data Hub

$ 

#
The federal government will fund the vast majority of Medicaid expansion costs.

NOTE: Projections assume all states expand Medicaid.
But much is at stake in states’ decisions.

Executive Activity on the Medicaid Expansion Decision, May 9, 2013

- Supports Expansion (29 states, including DC)
- Opposes Expansion (20 states)
- Weighing Options (2 states)

SOURCE: Based on a KCMU review of State of the State addresses, FY 2014 budgets proposals, and other public statements made by governors.
The Medicaid expansion will significantly increase eligibility for parents in many states.

NOTE: Eleven states (CT, HI, IL, MA, ME, MN, NJ, NY, RI, VT, WI) and DC already offer coverage to parents at or above 133% FPL; under the ACA an income disregard of 5 percentage points will be applied to this limit increasing the effective income limit to 138% FPL.

SOURCE: Based on the results of a national survey conducted by the Kaiser Commission on Medicaid and the Uninsured and the Georgetown University Center for Children and Families, 2013.
Figure 15

Coverage gains for childless adults under the Medicaid expansion would be even larger.

NOTE: Map identifies the broadest scope of coverage in the state.
SOURCE: Based on the results of a national survey conducted by the Kaiser Commission on Medicaid and the Uninsured and the Georgetown University Center for Children and Families, 2013.
Many uninsured individuals are below the Medicaid expansion limit and not eligible for Marketplace subsidies.

**Share of the Nonelderly Uninsured < 100% FPL by State, 2010-2011**

United States: 35% Uninsured <100% FPL

14% - 29% (17 states, including DC)
30% - 35% (15 states)
36% - 44% (19 states)

Moving Forward with Delivery System Reforms

• The U.S. faces shortfalls in access to care, especially primary care.
  • Access has been deteriorating for insured, as well as uninsured
  • National primary care physician shortage

• Medicaid beneficiaries experience access gaps due to provider payment issues and other barriers.

• The majority of Medicaid spending is for high need/high cost populations.

• States are experimenting with ways to incentivize high-quality care through coordinated, patient-centered delivery systems and innovative payment models.
Nearly 2/3 of Medicaid beneficiaries are enrolled in comprehensive managed care.

Total = 57.1 million Medicaid beneficiaries

Note: MCO is managed care organization, PCCM is Primary Care Case Management, and FFS is fee-for-service. Data as of July 1, 2011.
SOURCE: CMS 2011 Medicaid Managed Care Enrollment Report
States are continuing to implement comprehensive Medicaid managed care arrangements.

Comprehensive Medicaid Managed Care Penetration by State, July 2011

U.S. Overall = 67%

NOTE: Includes enrollment in MCO, PCCM, HIO, and PACE. Data as of July 1, 2011.
SOURCE: CMS 2011 Medicaid Managed Care Enrollment Report
Additional Focus on Delivery and Payment in the ACA

- Increased Medicare and Medicaid payments for primary care
- Investment in community health centers
- Health care workforce development
- Emphasis on prevention
- Promoting coordinated care for beneficiaries with complex needs
  - Health homes for Medicaid beneficiaries with chronic conditions
- New options for home and community-based long-term services and supports
Figure 21

Medicaid PCP fees increase two-fold or more in six states that account for over 1/3 of Medicaid beneficiaries.

U.S. Overall = 73%

NOTE: TN has no Medicaid FFS program.
NOTE: Several states are in more than one status category: ¹ SPA approved and planning grant awarded (AL, ID, ME, NC, and WI). ² SPA approved and a separate SPA officially submitted to CMS (IA). ³ SPA approved and separate SPA under CMS review (RI). ⁴ SPA under CMS review and planning grant awarded (WV).

The elderly and people with disabilities are high-need and high-cost populations.

Enrollees
Total = 62.7 Million

Expenditures
Total = $346.5 Billion

NOTE: Percentages may not add up to 100 due to rounding.
SOURCE: KCMU/Urban Institute estimates based on data from FFY 2009 MSIS and CMS-64, 2012. MSIS FFY 2008 data were used for PA, UT, and WI, but adjusted to 2009 CMS-64.
Long-term care is a major share of Medicaid spending for the elderly and people with disabilities.

**Figure 24**

![Bar chart showing Medicaid spending for different groups](chart.png)

 SOURCE: Kaiser Commission on Medicaid and the Uninsured and Urban Institute estimates based on FFY 2009 MSIS and CMS-64 data. MSIS FFY 2008 data was used for PA, UT, and WI, but adjusted to 2009 CMS-64.
States’ Participation in Six Key Medicaid Long-Term Services and Supports (LTSS) Options Provided or Enhanced by the ACA

NOTE: Number of states that are participating, used to participate, or have plans to participate in FY 2013 or FY 2014 as of May 2013.
Duals Account for 38% of Medicaid Spending, FFY 2009

**Medicaid Enrollment**
- Adults: 26%
- Children: 49%
- Dual Eligibles: 15%
- Other Elderly and People with Disabilities: 10%

**Total = 62.7 Million**

**Medicaid Spending**
- Prescribed Drugs: 0.4%
- Long-Term Care: 25%
- Medicare Acute: 7%
- Other Acute: 2%
- Premiums: 3%

**Total = $358.5 Billion**

**SOURCE:** Kaiser Commission on Medicaid and the Uninsured and Urban Institute estimates based on data from FFY 2009 MSIS and CMS-64 reports, 2012. 2008 MSIS data was used for PA, UT, and WI, because 2009 data were unavailable.
Figure 27

State demonstration proposals to integrate care and align financing for dual eligible beneficiaries, May 2013

*CO, CT, IA, MO, and NC proposed managed FFS models. NY, OK, and WA proposed both capitated and managed FFS models; however NY has withdrawn its managed FFS proposal. All other states proposed capitated models. WA’s MOU is for its managed FFS model only; its capitated proposal remains pending with CMS. HI’s proposal remains pending, but it does not anticipate implementation in 2014.

Final Thoughts

- ACA provides a historic opportunity to fill longstanding gaps in Medicaid coverage for people with low incomes.
- Overall success in reducing the uninsured will be driven by state actions.
- If a state does not expand Medicaid, many low-income adults in that state will likely remain uninsured.
- Outreach and the enrollment experience will be key for translating expanded eligibility into increased coverage and streamlining eligibility.
- Delivery system reforms and addressing payment and financing issues may further improve access and incentivize high-quality care, especially for high-need/high-cost populations.
- New options for long-term care will facilitate care in the community.