Medicaid in 2006: A Yellow Brick Road?

National Health Policy Forum Briefing
May 16, 2006
Barbara Coulter Edwards
Health Management Associates
bedwards@healthmanagement.com
State 1115 waiver focus:

- Benefit redesign and cost sharing to encourage:
  - Consumer engagement
  - Cost control
- Expansions: employer buy-in, disability populations
- Managed care: overcome barriers (UPL), promote service integration, disease management
DRA 2005 Provisions: Acute Care

- Focus on benefit and cost-sharing options for states: flexibility!
- Two states have already received new reform SPAs under DRA (WVa, Ky)
- Advocates worried – will consumers lose valuable protections, access?
- $1.8 b/5 years in savings from state benefit/cost-sharing “flexibility”
Just a few exceptions…

- Benefit redesign flexibility does not apply to:
  - Spend-down/medically needy
  - Blind or disabled, duals
  - Medically frail/special needs
  - Hospice
  - Institutionalized
  - Foster care children
  - TANF parents
  - Mandatory pregnant women
  - “New” eligibility groups

- And EPSDT is still required (wrap-around)
And a few limits…

- Premiums only allowed above 150% FPL
- Cost-sharing not allowed for:
  - Preventive services, kids under 18
  - Pregnancy-related services
  - Hospice patients
  - Institutionalized populations
  - Emergency services, family planning
  - Breast/Cervical cancer program
- “Nominal” only for under 100%
Health Opportunity Accounts are restricted, too…

- Demos cannot apply to
  - ABD
  - Hospice patients
  - Pregnant women
  - LTC consumers
Reality?

- Only 12 states + DC cover adults over 150% FPL
- 8 states cover only mandatory children; 12 states have expanded optional coverage only for infants
- 6 states already impose Medicaid premiums on children, using waivers
- 28 states already impose premiums on children in separate SCHIP programs
Elderly = 9%
Disabled = 17%
Adults = 26%
Children = 48%

Elderly = 23%
Disabled = 46%
Adults = 13%
Children = 19%

2006 U.S. Total = $59.7 m
2006 U.S. total = $299 b

Note: expenditure distribution based on spending for medical services only and excludes DSH, supplemental provider payments, vaccines for children and administration. Source: HMA estimates based on CBO Medicaid Baseline, March 2006.
Likely state responses...

- New premium and cost-sharing
  - Limited applicability to current Medicaid populations
- Co-pay enforcement
  - Many states advocated for this: personal responsibility
- WV, Ky – benefit redesign to encourage “healthy” consumer behavior
- Many will still want 1115 waivers!
States must keep focused on disability!

- Florida and West Virginia – starting reforms with healthy populations, but want to engage ABD
- Managed care for those with disabilities, LTC remains a key strategy
  - SNPs may offer managed care options for duals!
- DRA provisions on LTC: consumer direction options, system transformation, asset transfers, 1915 waivers
- Rx, behavioral health, co-morbidities