



Medicaid in 2006: A Yellow Brick Road?

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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...

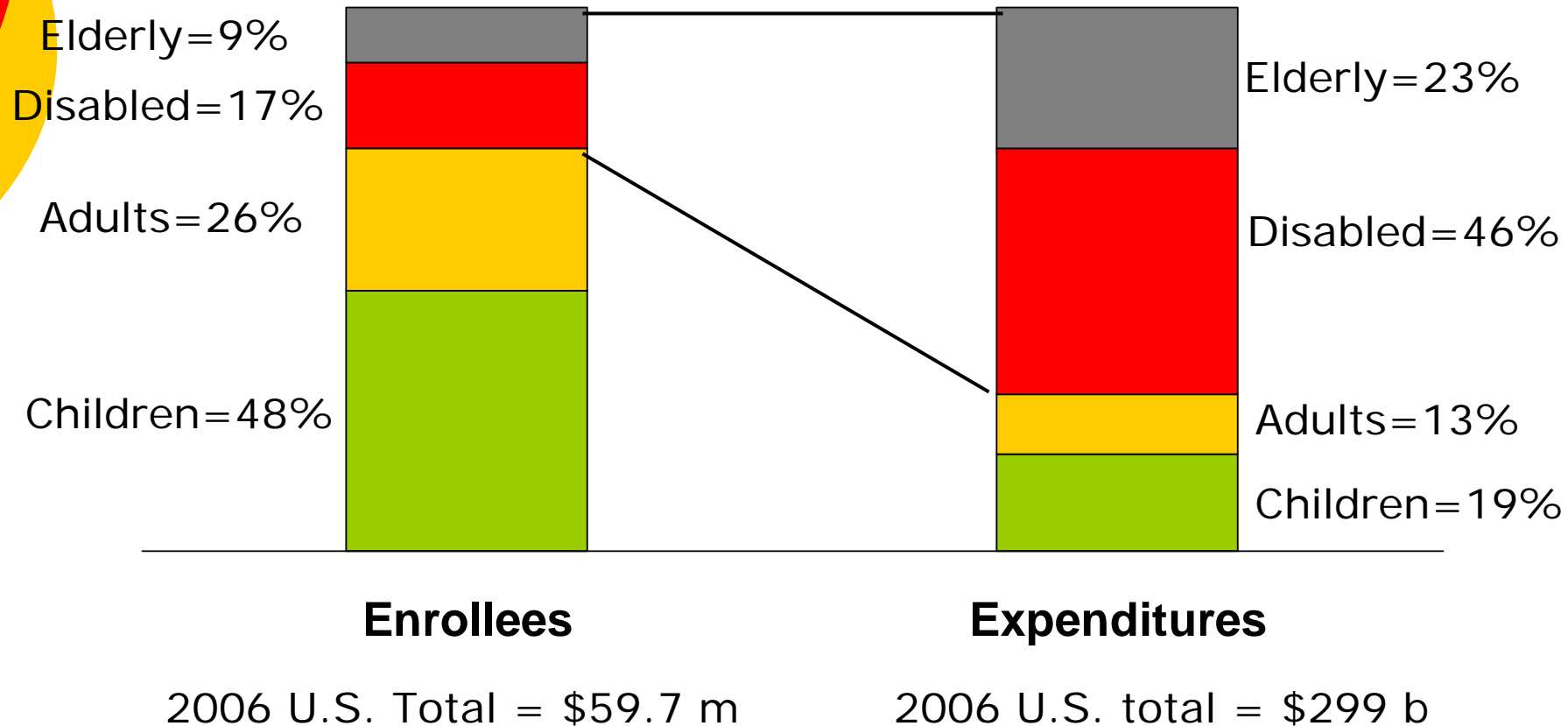
- Demos cannot apply to
 - ABD
 - Hospice patients
 - Pregnant women
 - LTC consumers



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

Reality?



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
- WVa, 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