Alternative Paths to Medicaid Expansion

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The goal of the ACA is to make coverage more available, more reliable, and more affordable.
The ACA Medicaid expansion fills current gaps in coverage.

Medicaid Eligibility Today
Limited to Specific Low-Income Groups

Medicaid Eligibility in 2014
Extends to Adults ≤138% FPL*

Elderly & Persons with Disabilities
Children
Pregnant Women
Parents
Adults

*138% FPL = $15,856 for an individual and $26,951 for a family of three in 2013.
Due to the Supreme Court ruling, states effectively have the option to implement the Medicaid expansion.

NOTES: Data as of March 26, 2014. *AR, IA and MI have approved waivers for Medicaid expansion (MI plans to implement Apr. 2014). IN and PA have pending waivers for alternative Medicaid expansions. WI amended its Medicaid program to cover adults up to 100% FPL, but did not adopt the expansion. NH has passed legislation approving the Medicaid expansion to begin in July 2014.

SOURCES: Based on data from CMS here, and KCMU analysis of more recent state legislation, public statements mad by Governors, or issuance of waiver proposal.
In states that are not implementing the ACA Medicaid expansion, there are large gaps in coverage available for adults.

NOTE: Applies to states that do not expand Medicaid. In most states not moving forward with the expansion, adults without children are ineligible for Medicaid.
The majority of states moving forward with the expansion are not seeking a waiver.

- Most states implementing the Medicaid expansion through State Plan Amendment (SPA)
  - In compliance with federal law, but no state will implement the ACA the same way due to flexibility around benefits, cost-sharing, delivery systems, etc.

- Limited number of states are seeking waivers for alternative approaches to implement the ACA
  - 3 Section 1115 Waivers approved to implement the Medicaid expansion (AR, IA, MI)
  - PA waiver pending

- A few states continue to use waivers to maintain coverage in place prior to the ACA
1115 Waiver authority is for demonstrations that promote the objectives of the Medicaid program.

- Waivers are intended to allow for “experimental, pilot, or demonstration projects” that, in the view of the Secretary of HHS, “promote the objectives” of the Medicaid program.
- Authorizes the HHS Secretary to: waive state compliance with certain federal Medicaid requirements and provide federal matching funds for costs that would not otherwise be matched under Medicaid.
- Section 1115 waivers have been required to be budget neutral by the federal government.
- Waiver approval involves negotiations between a state and HHS.
- As required by the ACA, HHS issued regulations to ensure better transparency and meaningful opportunities for public input into the 1115 waiver process.
- Waivers are typically approved for a 5 year period and can be extended, typically for 3 years.
The ACA eliminates the need for waivers to cover adults.

• Waivers prior to the ACA
  – Some states used Section 1115 waivers to expand coverage to childless adults, who could not otherwise be covered
  – To meet budget neutrality requirements and because few other options for coverage were available, some states were able to impose premiums, cost-sharing, enrollment caps and more limited benefits than allowed under current law

• Waivers post-ACA
  – The ACA expands Medicaid to nearly all individuals with incomes below 139% FPL and provides significant federal funding for the expansion eliminating the need for waivers
  – In states that do not implement the Medicaid expansion, large gaps in coverage will remain for poor adults and states will forgo significant amounts of federal financing
CMS has issued guidance about the use of Section 1115 Waivers to implement the ACA Medicaid expansion.

- No partial expansions
- No enrollment caps
- Limited number of waiver to test premium assistance
  - States ensure wrap-around coverage for benefits and cost sharing;
  - Beneficiaries have a choice of at least two Marketplace plans;
  - Demonstrations can only include enrollees eligible for benefits that are closely aligned with Marketplace benefits packages (e.g., not medically frail); and
  - Demonstrations end by December 31, 2016
- 1916(f) not 1115 must be used to waive cost-sharing rules
  - State must be testing a unique and previously untested use of copayments
  - Demonstrations limited to no longer than two years
Some key themes have emerged in recent ACA expansion waivers.

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<thead>
<tr>
<th>Premium Assistance</th>
<th>Premiums</th>
<th>Healthy Behavior Incentives</th>
<th>Benefit Changes</th>
<th>Work Requirements</th>
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<tr>
<td>Arkansas (approved)</td>
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<td>Iowa (approved)</td>
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<td>Michigan (approved)</td>
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<td>Pennsylvania (proposed)</td>
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CMS has approved and denied some provisions in recent waivers.

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<thead>
<tr>
<th></th>
<th>Approved (AR, IA, MI)</th>
<th>Not Approved</th>
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<tbody>
<tr>
<td>Premium Assistance</td>
<td>Mandatory enrollment in QHPs (exemptions for medically frail), demonstrations end 12/2016</td>
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<tr>
<td>Premiums</td>
<td>For individuals &gt;100% FPL, up to 2% income</td>
<td>For individuals &lt;100% FPL</td>
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<td>Healthy Behavior Incentives</td>
<td>Tied to reductions in premiums and cost-sharing</td>
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<tr>
<td>Benefit Changes</td>
<td>Non-emergency transportation (1 year)</td>
<td>Benefits wrap for premium assistance, EPSDT, freedom of choice for family planning</td>
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<td>Cost Sharing</td>
<td></td>
<td>Amounts above current law</td>
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<tr>
<td>Work Requirements</td>
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<td>*As a condition of eligibility</td>
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Waivers continue to be used to maintain coverage prior to the ACA (not eligible for enhanced matching funds).

- Waivers for coverage / assistance to those covered prior to the ACA > 138% FPL
  - MN, DC – may transition to Basic Health Plan
  - MA, NY, VT – use Medicaid to provide assistance to purchase QHP coverage

- Waivers to maintain coverage for those under 100% FPL
  - IN, OK – one year extensions with some modifications (i.e. transition coverage > 100% FPL to Marketplace)
  - WI – waiver for childless adult coverage under 100% FPL
Looking forward….

• Will more states move forward with the expansion?
  – While the matching rates are set in statute with 100% match set for 2014-2016, there is no deadline for states to participate in the Medicaid expansion

• Will additional states seek waivers to implement the expansion?
  – What other provisions will CMS allow waivers for?

• How public notice and transparency rules work and what will be effect of public input to the waiver process?

• What type of evaluations will be conducted on ACA expansion waivers and will they be timely?