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The Future of Medicaid Expansion: States to Watch for Potential Ballot Initiatives, Other Expansion Efforts

Introduction & Overview

- Introduction, Recent Expansions and the Road Ahead
- Policy and Financial Considerations for Expansion
- Operational Considerations
- Questions

Medicaid Expansion

Mandatory expansion becomes optional - National Federation of Independent Business (NFIB) v. Sebelius, 567 U.S. 519 (2012)

36* states and DC have expanded to date

More than a handful of states used 1115 Waivers rather than a traditional expansion

*Idaho, Maine, Nebraska, and Utah are pending.

Enhanced Funding for Medicaid Expansion

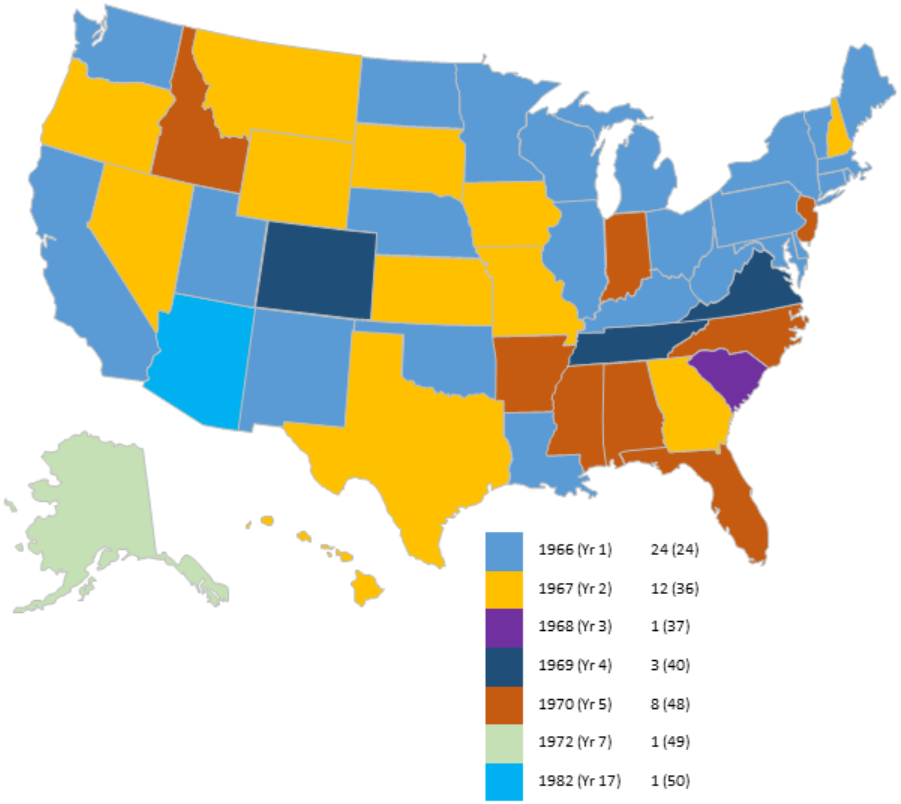
36* STATES AND DC

- 100% federal funding initially
- Federal funding decreasing to 90% by 2020, but never lower
- Much more significant than the federal match for traditional Medicaid, which is closer to 50%

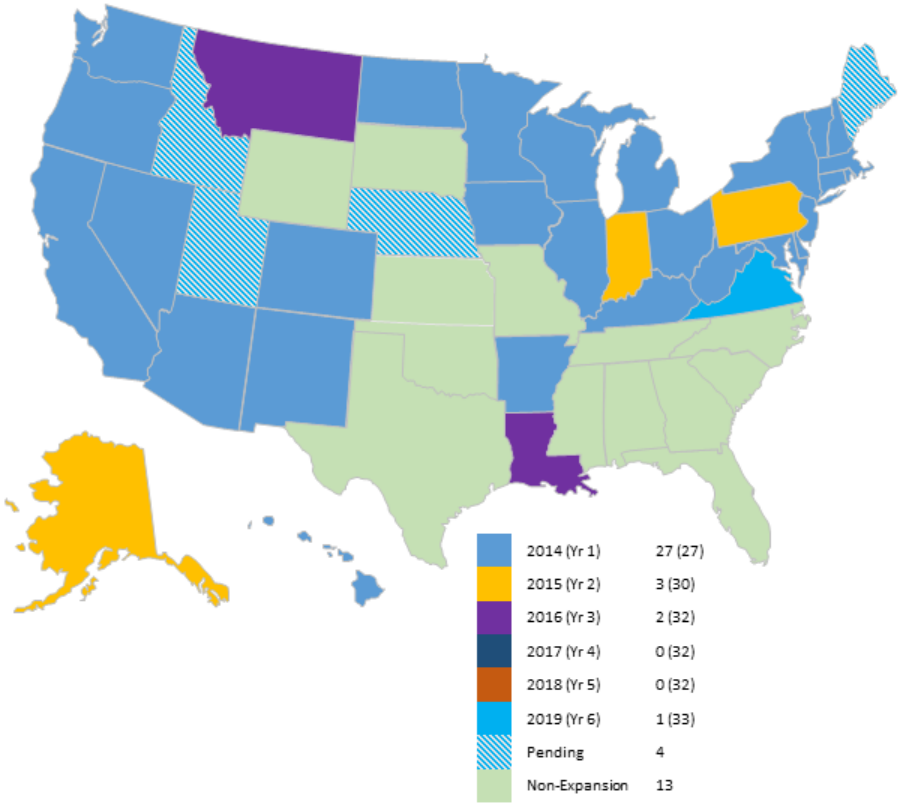
*Idaho, Maine, Nebraska, and Utah are pending.

State Adoption of Medicaid v. Medicaid Expansion

STATE ADOPTION OF MEDICAID PROGRAMS (1966-1982)



STATE ADOPTION OF MEDICAID EXPANSION (2014-Present)



Nichols, L. (2015, May). *Health Reform Beyond the ACA – Which Way from Here*. Presented at HMA Annual Meeting, Loudon, VA.

Information as of November 13, 2018

Recent Expansions the Road Ahead

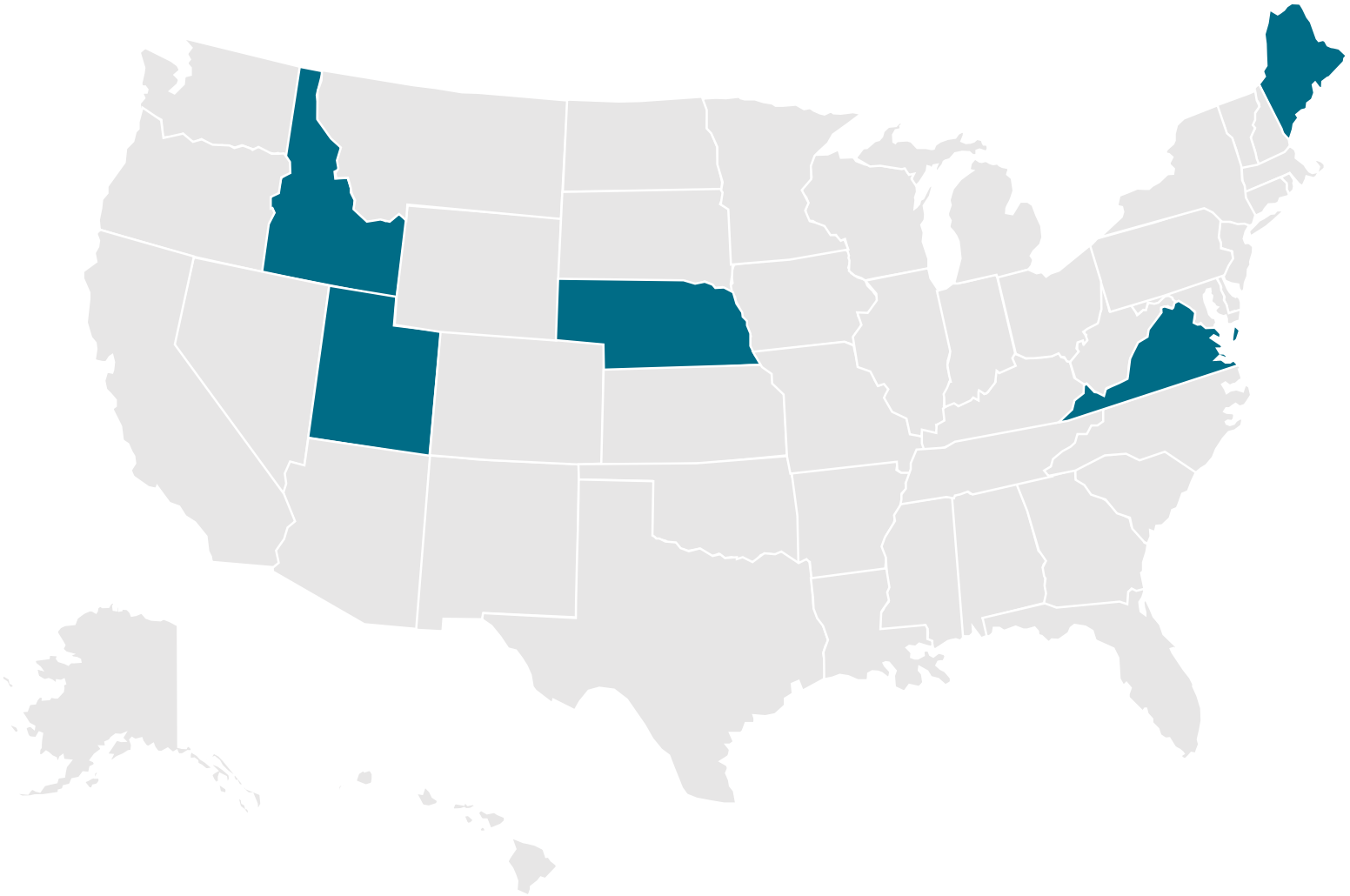
Recent expansion states

States on the horizon for expansion

Beyond expansion – California

Recent Expansion States

- IDAHO
- MAINE
- NEBRASKA
- UTAH
- VIRGINIA



Ballot Initiative Expansion States

MAINE, IDAHO, NEBRASKA, AND UTAH

- Maine voters passed expansion in 2017; Governor Janet Mills is proceeding without work requirements
- Idaho, Nebraska, and Utah voters passed expansion in 2018; all three states have Republican governors and legislatures
- Currently, there is movement in both Idaho and Utah to alter the expansions passed by the voters

PARTIAL EXPANSION

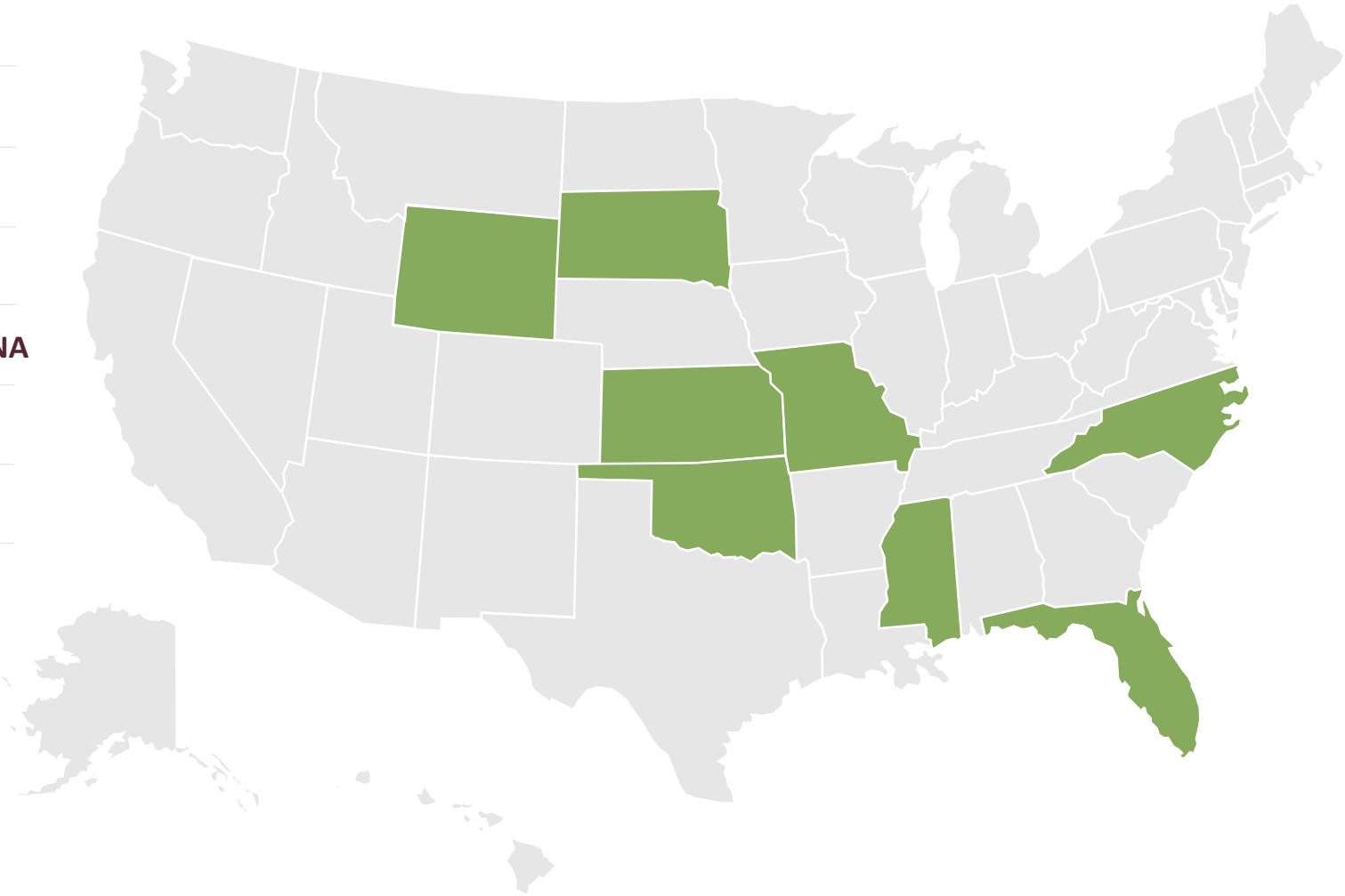
- Beyond work requirements, Utah is also requesting a partial expansion
- Utah is seeking to cap its expansion enrollment at 100% of the FPL rather than the required 138%, and still receive the advanced federal match of 90%
- Approval of one partial expansion could have a possible domino effect, and it may include states that have already expanded Medicaid asking for a partial expansion

VIRGINIA

- May 2018, the VA legislature passed a budget with Medicaid expansion
- January 1, 2019 expansion started
- Approximately 423,000 people gained coverage through the expansion
- Work requirement waiver submitted to CMS and federal comment period closed on January 6, 2019

Possible Future Expansions

- FLORIDA
- KANSAS
- MISSISSIPPI
- MISSOURI
- NORTH CAROLINA
- OKLAHOMA
- SOUTH DAKOTA
- WYOMING



Possible Future Expansions

BALLOT INITIATIVE STATES

- Florida ~1.3 million
- Mississippi ~210,000
- Missouri ~352,000
- Oklahoma ~233,000
- South Dakota ~43,000
- Wyoming ~27,000

Numbers for additional people covered from https://www.healthinsurance.org/medicaid/

POTENTIAL LEGISLATIVE EXPANSIONS

- Kansas ~150,000
- Governor Laura Kelly has made expansion a top priority, and she has introduced an expansion proposal that is nearly identical to the bill that former Governor Sam Brownback vetoed in 2017
- North Carolina ~626,000
- Medicaid expansion bills have been introduced in the State House and Senate, and Governor Roy Cooper supports expansion
- Governor Cooper stated that expansion can be done without state tax dollars because the hospitals have agreed to make up the 10% state match

Numbers for additional people covered from https://www.healthinsurance.org/medicaid/

BEYOND EXPANSION

- 2014 – embraced ACA and the Medicaid expansion as one of the original expansion states
- 2016 – expanded Medicaid coverage to undocumented children under the age of 19
- 2018 – passed law prohibiting the state from seeking work requirements
- 2019 – proposed extending Medicaid coverage to undocumented children under the age of 26

POLICY AND FINANCIAL CONSIDERATIONS FOR EXPANSION

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INGREDIENTS FOR SHORT TERM MOVEMENT

FINANCIAL AND POLICY SIDE

1

Rural hospitals are struggling
Kentucky example, Alabama and Texas discussions

2

Businesses want a healthy workforce
low income coverage helps make a complex health care system make more sense

3

Waiver flexibilities
are custom made for non-expansion states

4

Substantial financial implications at stake
A: All federal funds
B: Direct general fund

FINANCIAL CONSIDERATIONS AT STATE:

Federal Fund Growth in Expansion States Outpaced Growth in Non-Expansion States by 10X

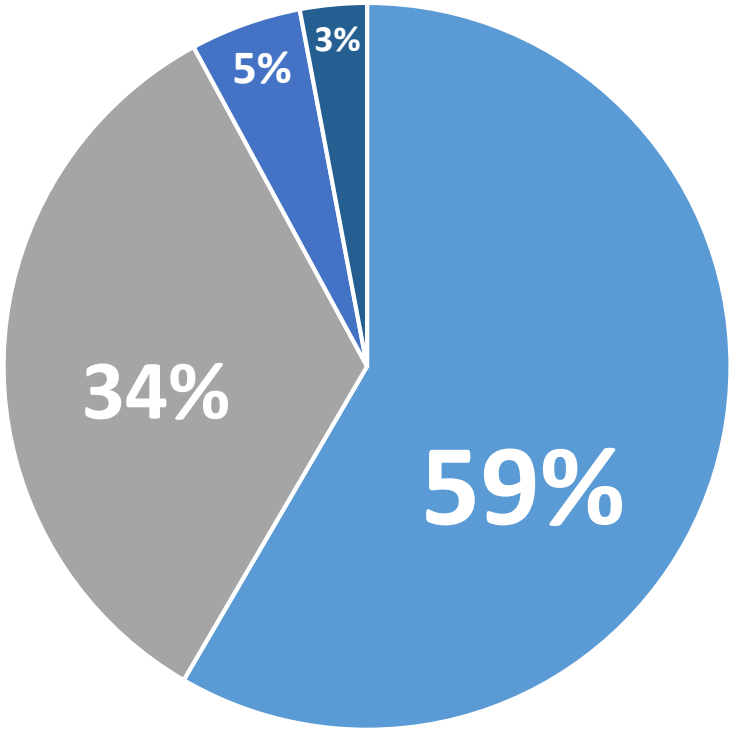
	Federal Fund Growth ($) 2014 – 2017	Federal Fund Growth (%) 2013 – 2017	Federal Fund Growth Per Capita
Non-Expansion *(13 states)*	$4.5 billion	3.05%	$43
Expansion* *(37 states)*	$97 billion	27.61%	$440

*Idaho, Maine, Nebraska, and Utah are pending, and Wisconsin covers some childless adults, but has not expanded Medicaid through the ACA and does not receive the enhanced expansion funding.

KEY INGREDIENT:

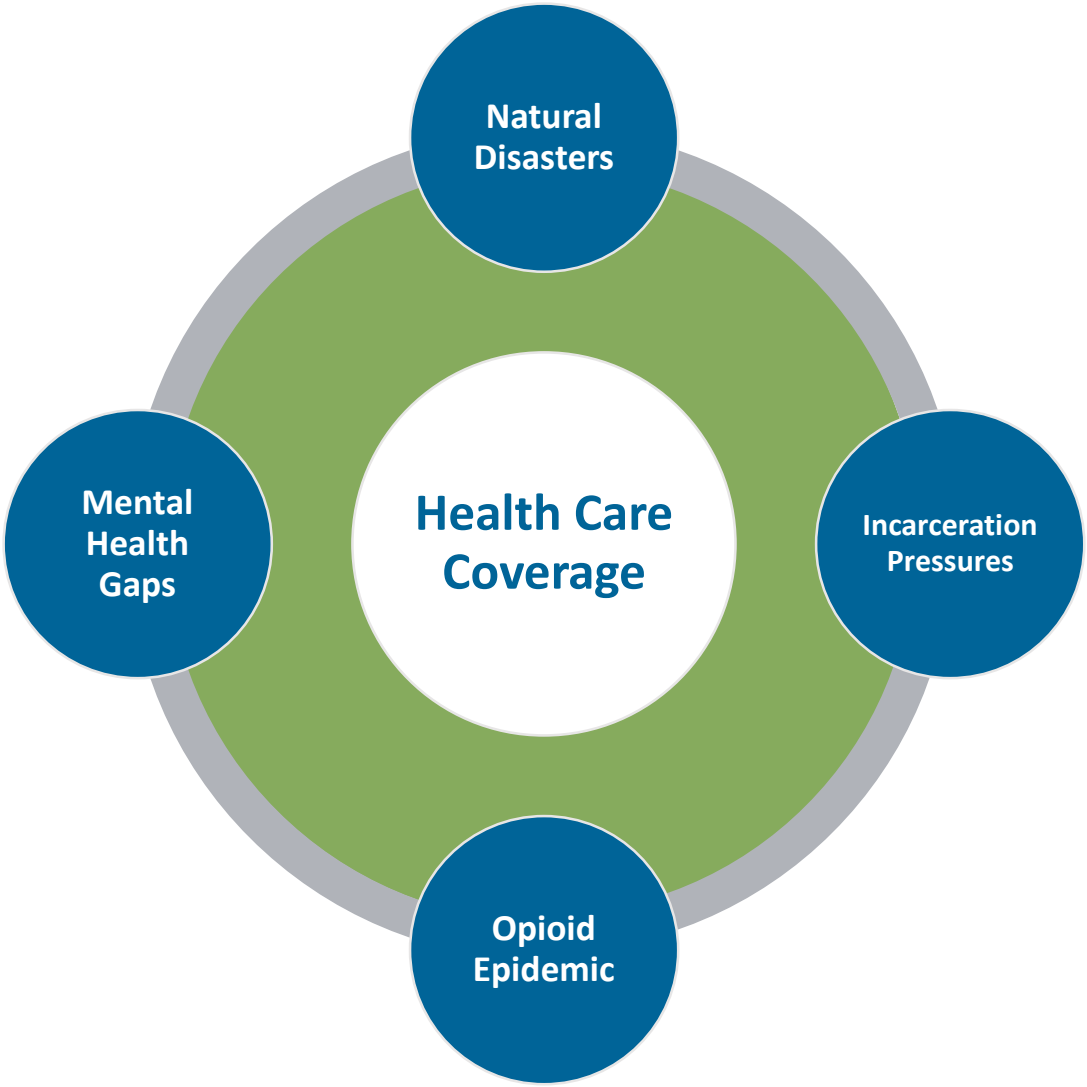
Majority Support Medicaid Expansion in Non-Expansion States

- Expand Medicaid to cover more low-income uninsured people
- Keep Medicaid as it is Today
- Don't know/refused
- Other/Neither



Source: Kaiser Family Foundation, Health Tracking Poll – November 2018: Priorities for New Congress and Future of the ACA and Medicaid Expansion

STATE POLICY AND FINANCIAL PRESSURE POINTS AND RELATIONSHIP TO HEALTH CARE COVERAGE

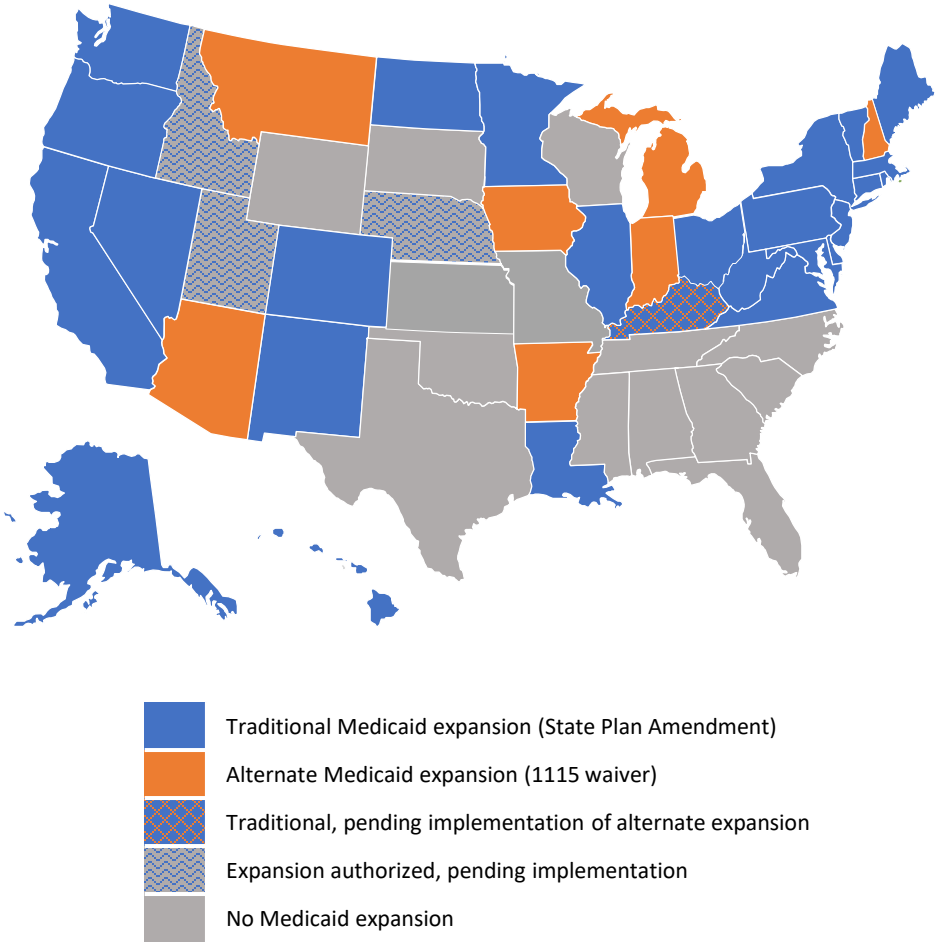


OPERATIONAL CONSIDERATIONS

VEHICLES TO EXPAND MEDICAID

States have two primary options to expand their Medicaid programs:

- **State Plan Amendment:** Minimal flexibility; Minimal administrative complexity
- **Section 1115 Waiver:** Options for more flexibility; Potential for more administrative complexity; Additional application, oversight, and evaluation requirements



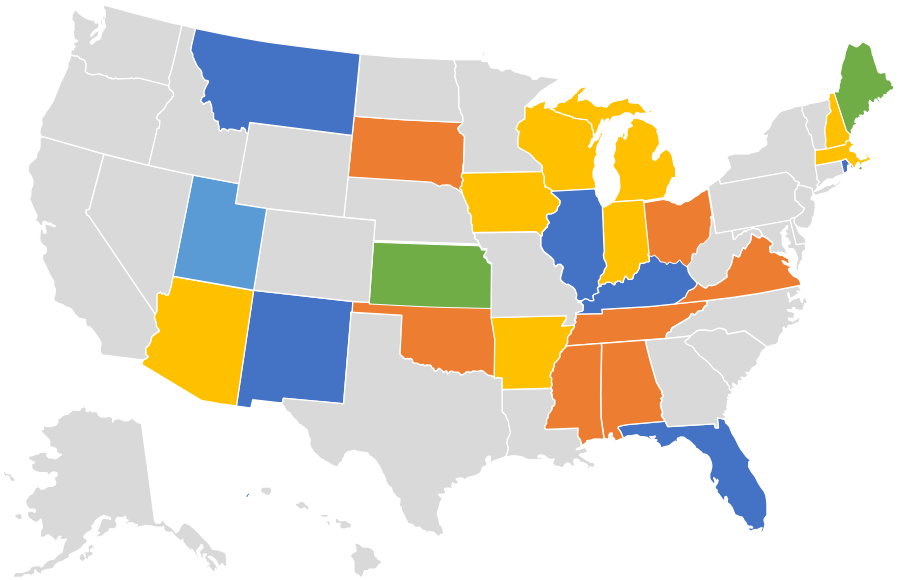
USING SECTION 1115 WAIVERS:
POLICY PRIORITIES VARY BY STATE

STATE WAIVERS CAN:

- Combine policies and initiatives
- Build from other state experiences
- Drive to lower costs, improve outcomes
- Soften lines between public and private health coverage
- Encourage new partnerships to maximize resources, borrow and enforce policies

Interest in "personal responsibility" concepts:

- Community engagement/ Work requirements
- Premiums and cost sharing
- Member accounts
- Benefit limits
- Eligibility limits
- Premium assistance



Status of "personal responsibility" waivers
Approved
Approved and pending elements
Pending
Approved and rejected or withdrawn elements
Rejected or withdrawn
No "personal responsibility" waiver submitted to CMS

PROCESS AND TIMELINE: SECTION 1115 WAIVER

Section 1115 waivers offer greater flexibility, but have additional requirements to obtain and maintain them. They can also be more complex to design and administer.

SAMPLE SECTION 1115 WAIVER PROCESS AND TIMELINE:

Legislation	Varies by state
Plan and draft document	Est. 30-120 days
Public comment period, tribal notice	Min. 30 days
Review public comments, update document based on comments and submit to CMS	Est. 15 days
CMS reviews for completeness	Max. 15 days
Federal public comment period	Min. 30 days
CMS reviews public comments and document content	Est. 120 days
CMS follow-up, negotiation, and approval	Est. min. 180 days
Update vendor contracts	Varies by state
Procurement process for new vendor(s)	Varies by state
Ramp-up period (outreach and education, systems updates, documentation edits)	Min. 120 days
Estimated total time to complete and implement	***Minimum 12-18 months***

ADDITIONAL CONSIDERATIONS: FEDERAL COMPLIANCE

BUDGET NEUTRALITY

+ Required for 1115 waivers
+ Impacted where requesting funding authority
+ Example: Indiana only has to report budget neutrality on the SUD component of its waiver
+ Partial expansions bring new considerations

PROPER NOTICES AND SUFFICIENT OUTREACH

+ Required for all Medicaid programs
+ **In particular, recommend special attention to:**
  + Ensuring eligibility system functionality
  + Timely and informative adverse action notices
  + Timely and efficient appeals notices and processing

SUPPORTS

+ Encouraged particularly for community engagement initiatives
+ Ensure provider ability to verify member eligibility
+ Provide sufficient member and stakeholder education
+ Develop member “on-ramps” to return to coverage

EVALUATION

+ Required for every waiver
+ Recommend planning for data and evaluation needs during implementation
+ States required to submit evaluation design plan with community engagement waiver request

MEDICAID EXPANSION FUNDING SOURCES

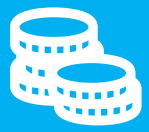
States with a Medicaid expansion are currently responsible for paying a portion of the cost.

While many are paying the state share with general funds, some states are using other funding sources to cover part or all of the state share.

State	Source of Funding
Arizona	hospital fee
California	cigarette taxes, hospital fee
Colorado	hospital fee
Indiana	cigarette taxes, hospital fee
Louisiana	tax on HMOs
Minnesota	provider fee
Montana	cigarette taxes (sunsetting in 2019)
New Hampshire	liquor taxes
Oregon	tax on hospitals and health plans
Virginia	hospital fee

What part(s) of Medicaid would you want to change?

Common areas of interest:

				
Eligibility	**Benefits**	**Incentives**	**Cost sharing**	**Work initiative**
What groups are targeted?	Are there changes to the benefit packages?	Offer enhanced benefits for preferred behaviors? Offer reduced cost sharing for preferred behaviors?	Introduce premiums? Target copayments?	Voluntary or mandatory participation? What is the scope of the initiative?

For each part of Medicaid you would want to change:

Identify the goal of the change | **Define the change:** Who, What, When? | **Consider the intersection of policy and operations**

ANY QUESTIONS?

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