

# States Checking Up on Health Reform: Medicaid

Featuring Robin Rudowitz, Principal Policy Analyst at the Kaiser Family Foundation and Joy Johnson Wilson, Health Policy Director at NCSL

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# States Checking Up on Health Reform

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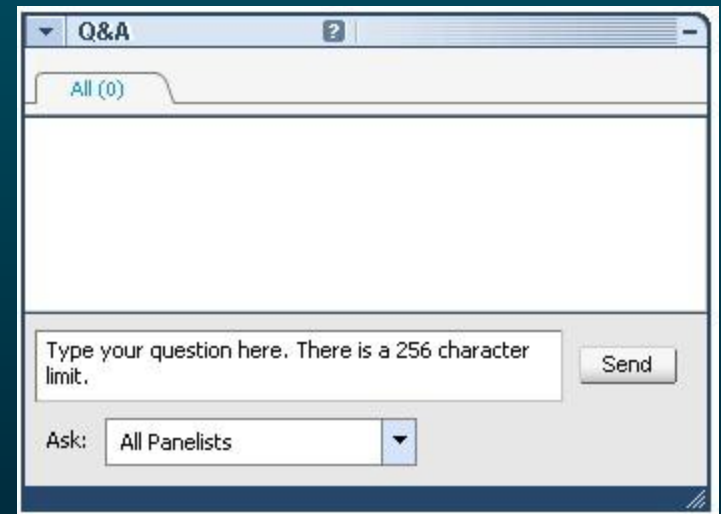
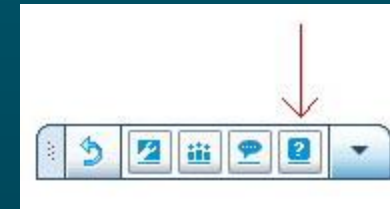
Click on the Question Mark icon (?) on the floating toolbar (as shown at the right).

This will open the Q&A window on your system only.

Type your question into the small dialog box and click the Send Button.

Questions will remain anonymous.

Q&A  
icon



# Medicaid / CHIP Provisions and Health Reform: Implications for States

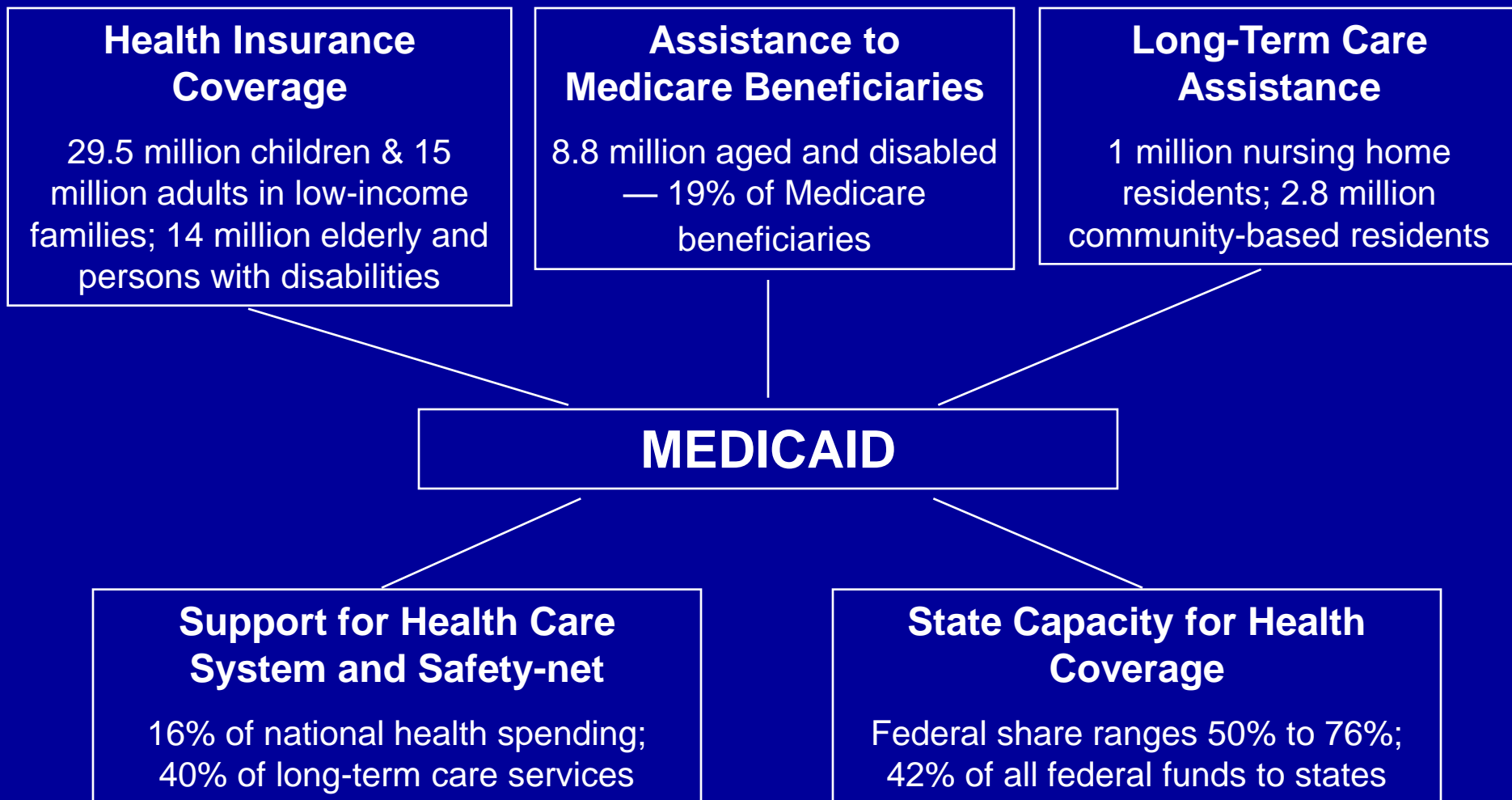
Robin Rudowitz  
Principal Policy Analyst  
Kaiser Commission on Medicaid and the Uninsured  
Kaiser Family Foundation

for

National Conference of State Legislatures (NCSL)  
States Checking Up on Health Reform Webinar Series  
November 23, 2009

Figure 6

# Medicaid Today

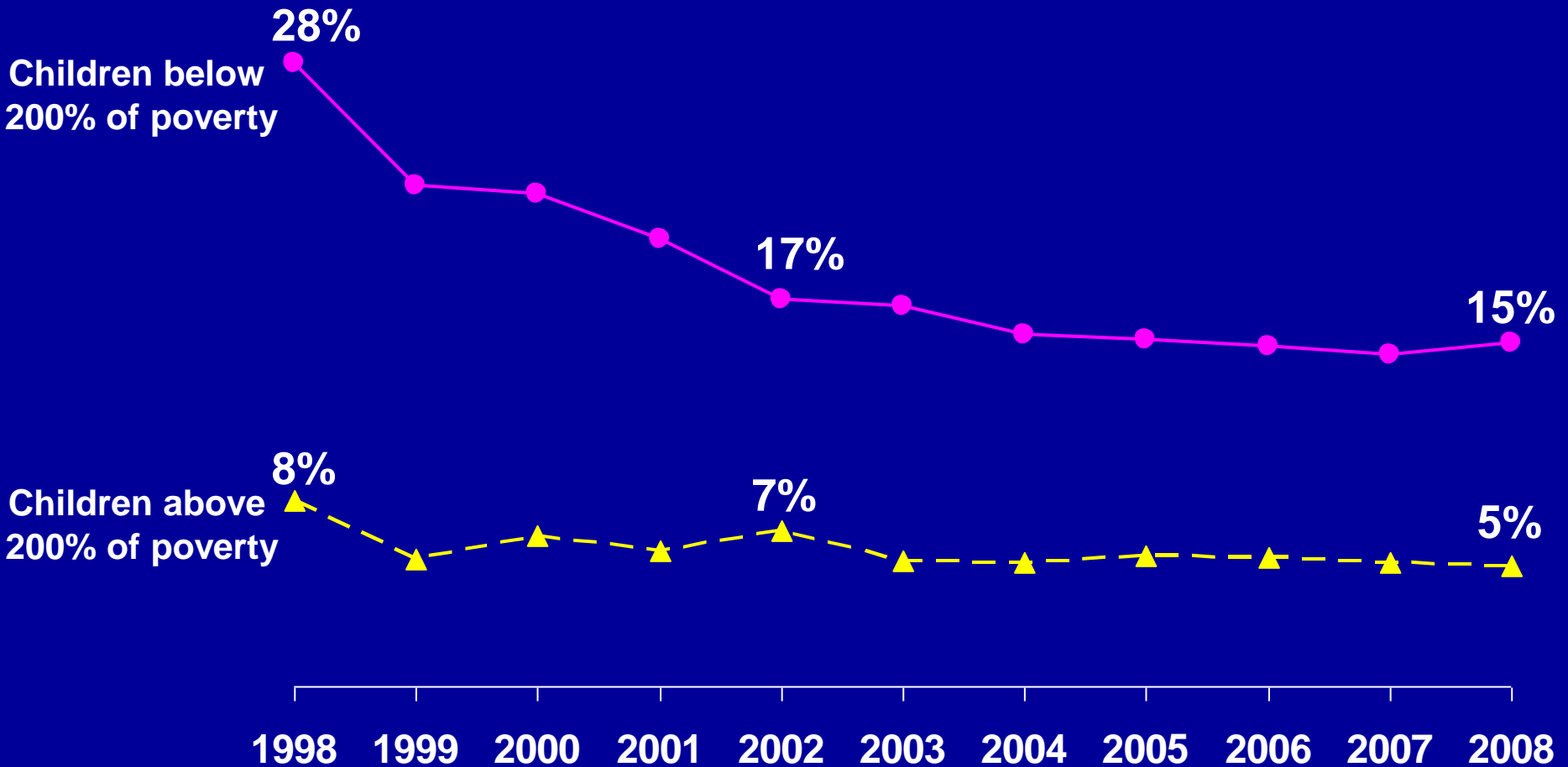


# Medicaid is a Strong Platform For Health Reform

- Serves 60 million low-income and high-needs Americans
- Most enrolled in managed care designed to promote access, enhance quality and control costs
- Lower per capita spending compared to private insurance
- Well-developed administrative structure in every state
- Foundation on which most state reform efforts built

Figure 8

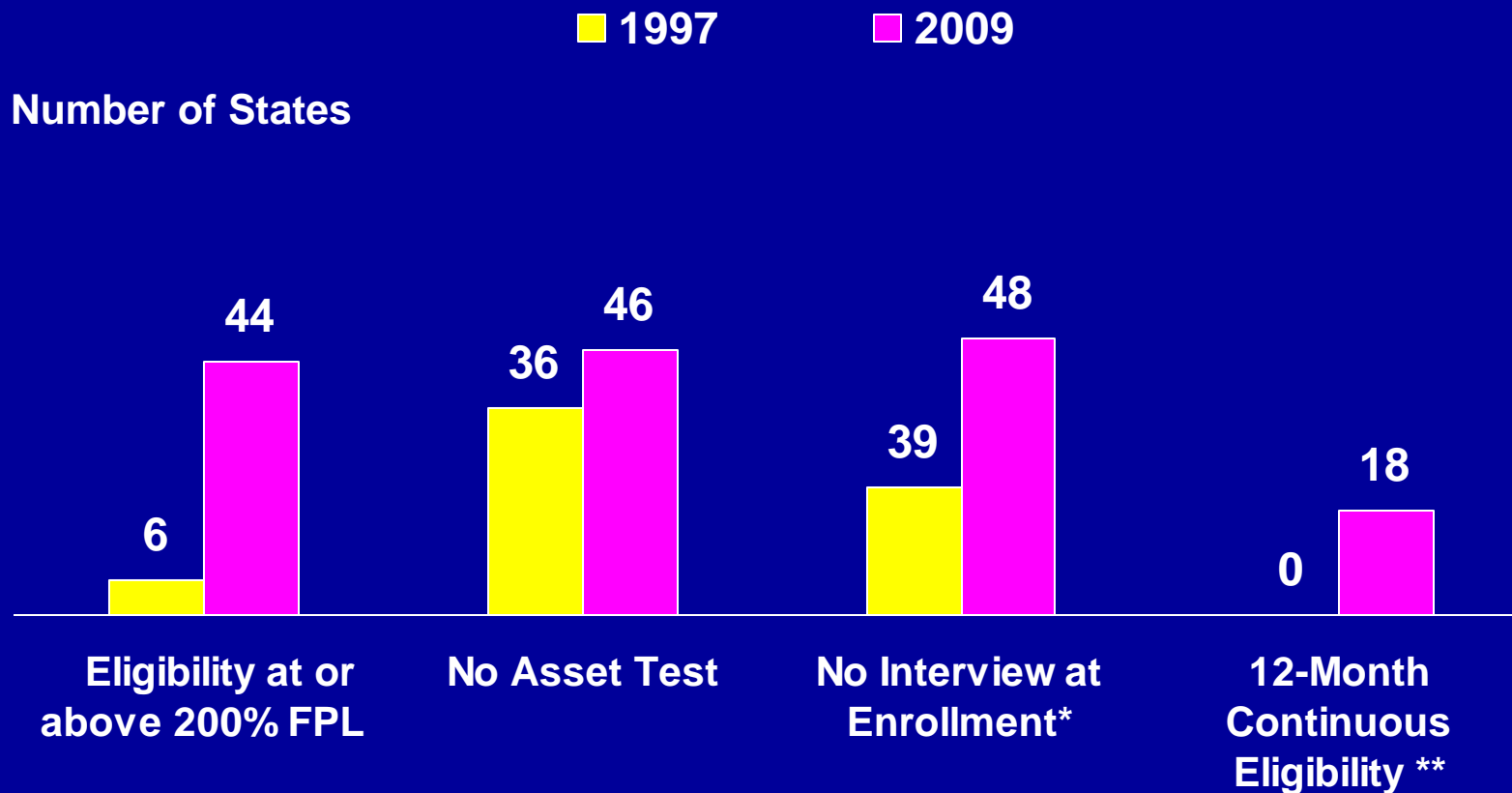
# Percentage of Children Without Health Insurance, By Poverty Level, 1998-2008



Children includes all individuals under age 19.  
Source: KCMU analysis of National Health Interview Survey data.

Figure 9

# Progress in Children's Access to Medicaid and CHIP Coverage



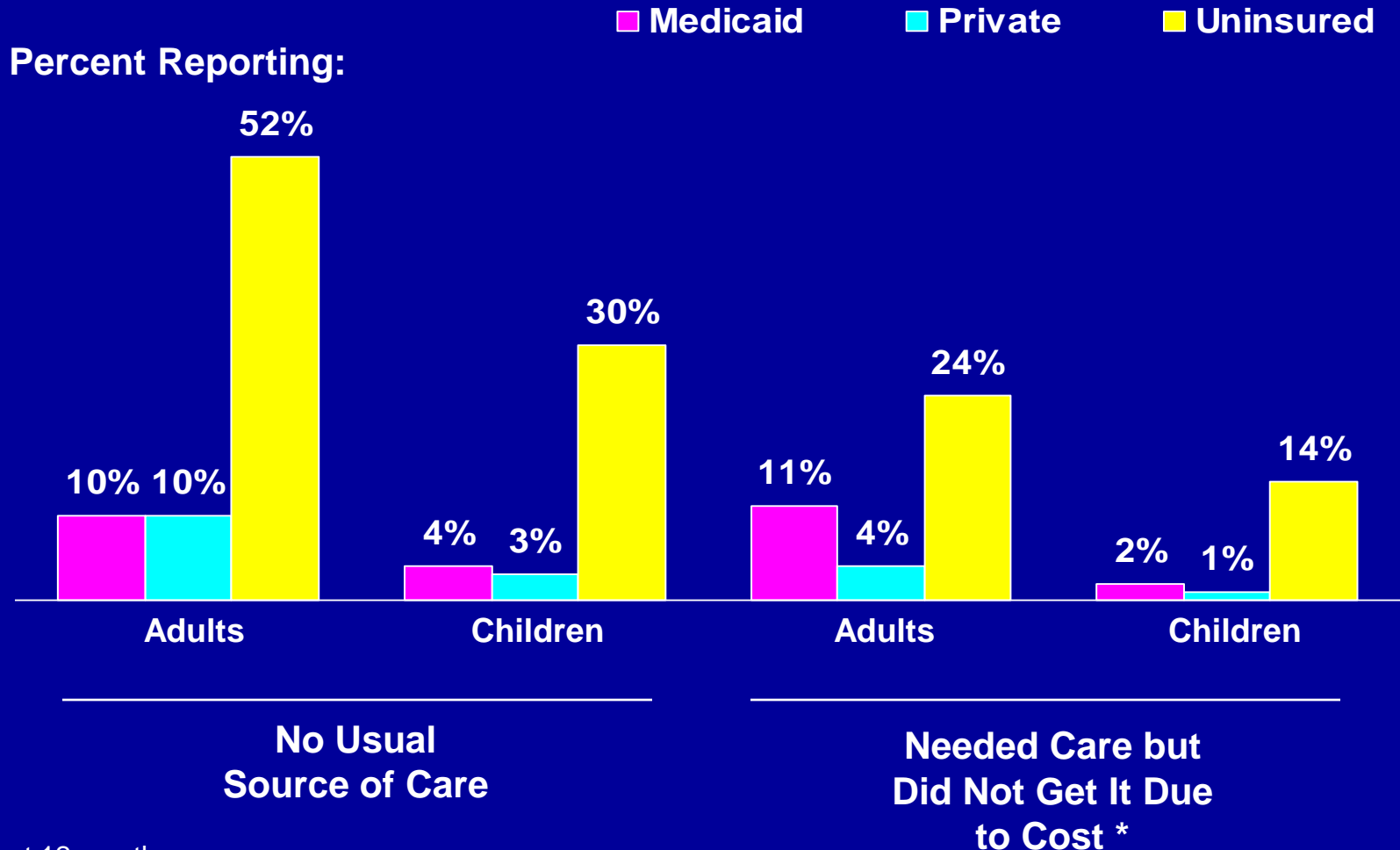
\*Earliest data measuring 12-Month Renewal period collected in July 2000

\*\*Not an option – earliest data measured in November 1998; in 2006 an additional 11 states apply Continuous Eligibility to their CHIP program

SOURCE: Based on a national survey conducted by the Center on Budget and Policy Priorities for KCMU, 2009.

Figure 10

# Access to Care: Medicaid Comparable to Private Insurance



\* In the past 12 months

NOTE: Respondents who said usual source of care was the emergency room were included among those not having a usual source of care

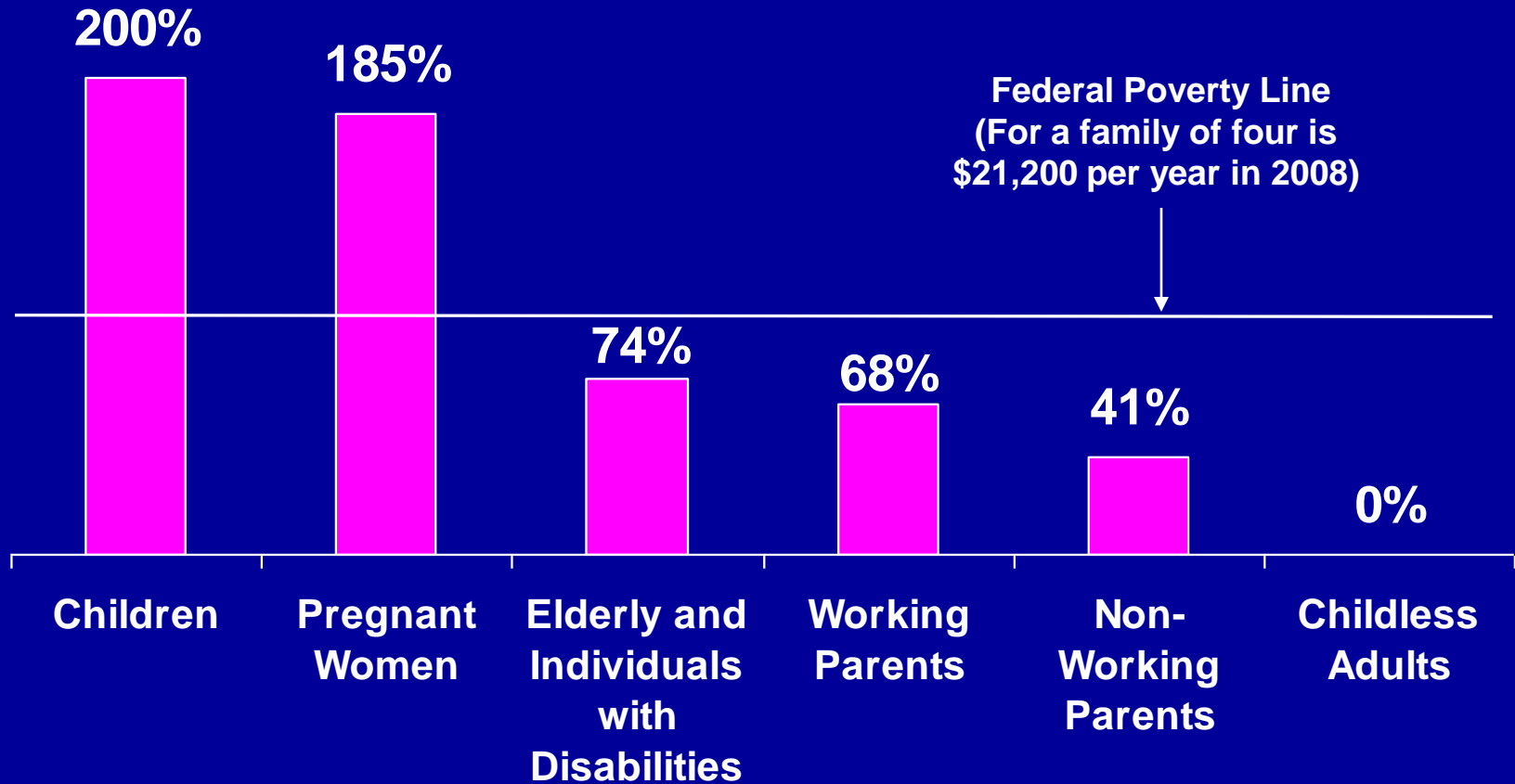
SOURCE: KCMU analysis of 2008 NHIS data

# Challenges for Medicaid in Health Reform

- Expand reach to cover more low-income individuals
- Reduce variation across states
- Increase participation
- Improve provider rates
- Improve care coordination and management
- Provide adequate federal financing

Figure 12

# Median Medicaid/CHIP Income Eligibility Thresholds, 2009

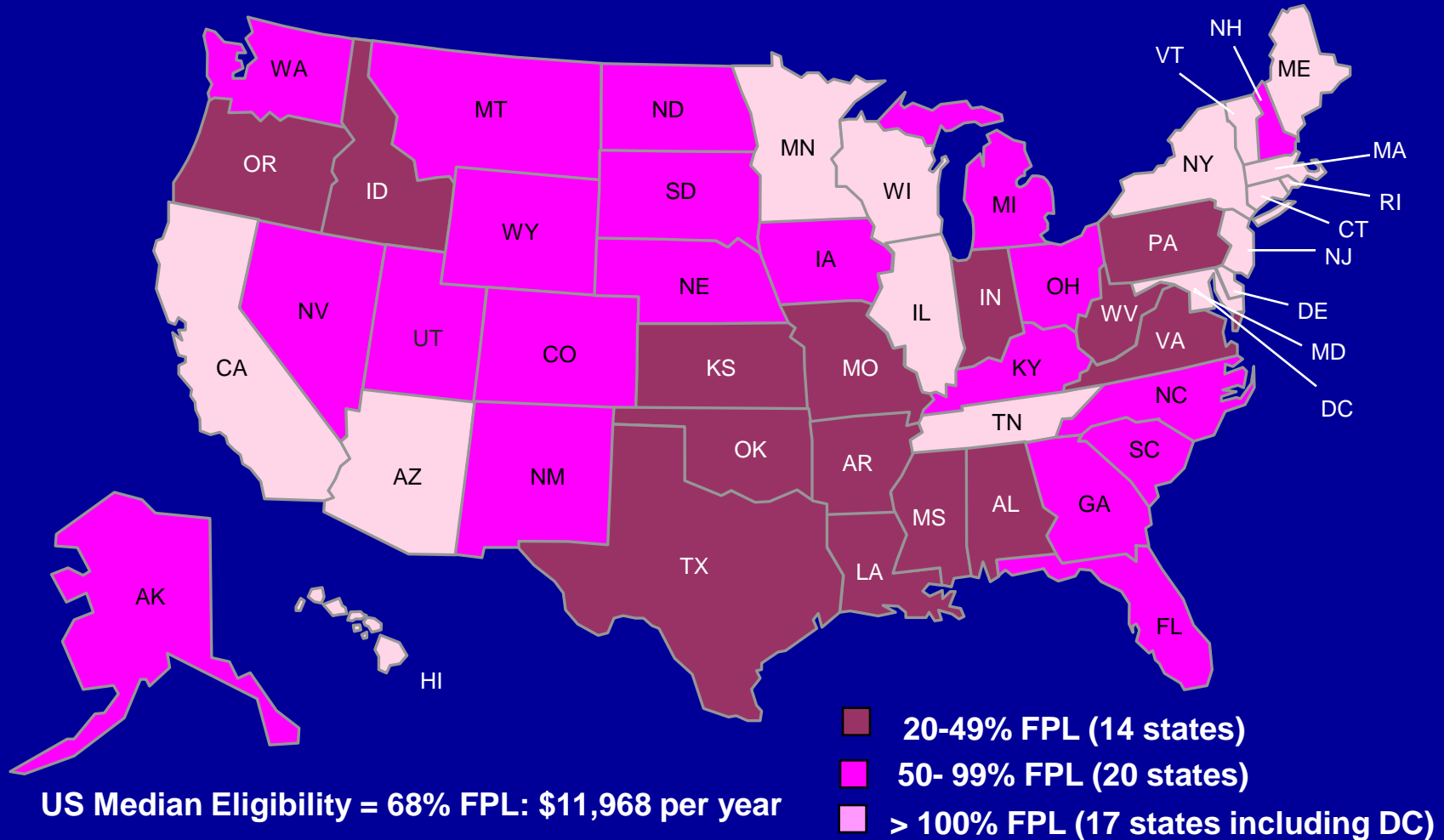


Note: Medicaid income eligibility for most elderly and individuals with disabilities is based on the income threshold of Supplemental Security Income (SSI).

SOURCE: Based on a national survey conducted by the Center on Budget and Policy Priorities for KCMU, 2009.

Figure 13

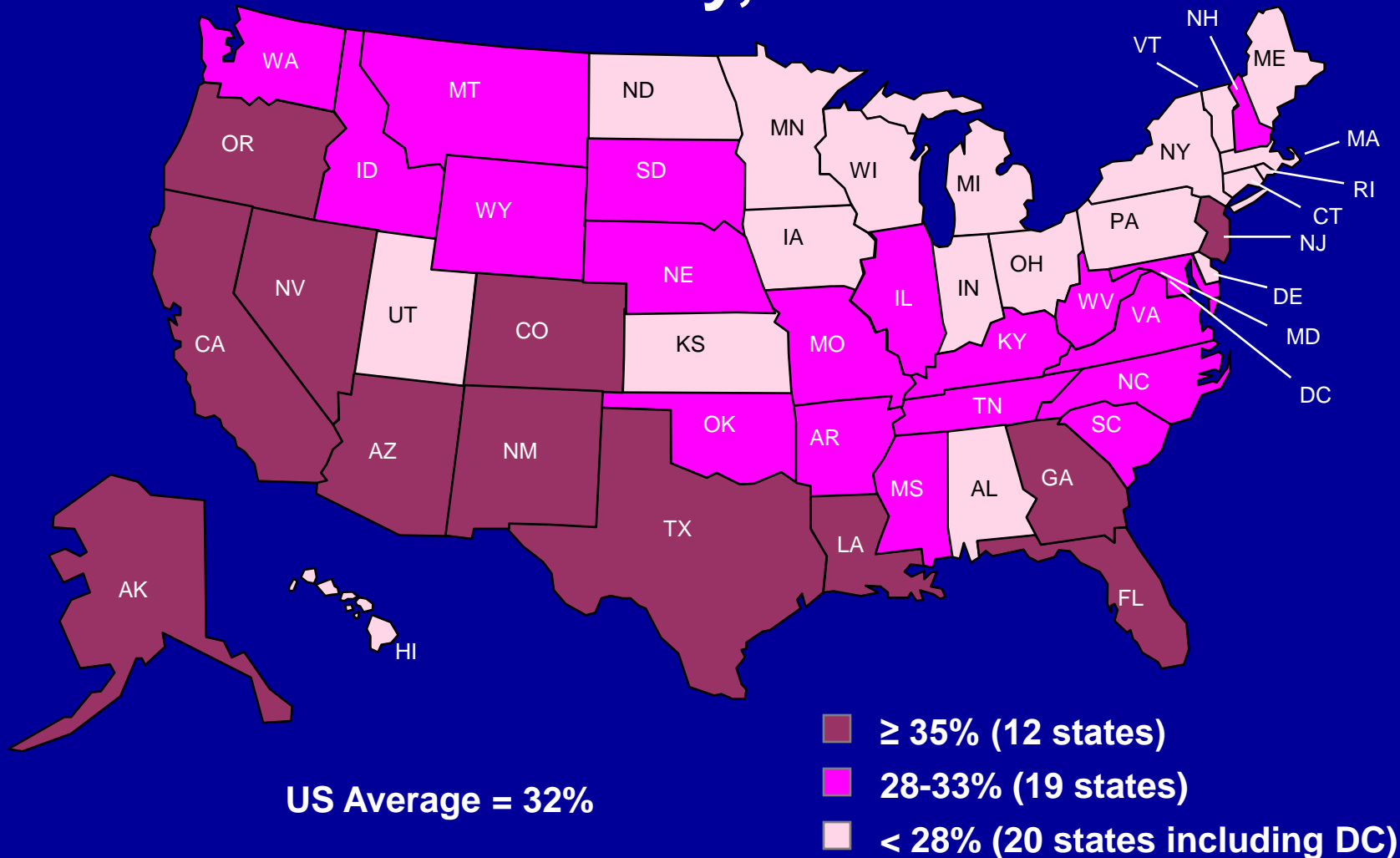
# Medicaid Eligibility for Working Parents by Income, January 2009



\*The Federal Poverty Line (FPL) for a family of three in 2008 is \$17,600 per year.  
SOURCE: Kaiser Commission on Medicaid and the Uninsured, *Where are States Today: Medicaid and State-Funded Coverage Eligibility Levels for Low-Income Adults*. October 2009.

Figure 14

# Uninsured Rates Among the Low-Income Nonelderly, 2007-2008



SOURCE: Urban Institute and KCMU analysis of the March 2008 and 2009 Current Population Survey. Two-year pooled estimates for states and the US (2007-2008).

KAISER COMMISSION ON  
**Medicaid and the Uninsured**

# Expanding Medicaid is a Key Element of Leading Health Reform Proposals

- Medicaid expansion to create national floor of coverage
- Subsidies to purchase exchange coverage for low- to moderate-income individuals
- Individual mandate
- Employer requirements and incentives/ provisions for small employers
- Health insurance market reforms

# Key Medicaid /CHIP Coverage Provisions

- Establish a national floor for Medicaid eligibility
  - House: 150% FPL / Senate: 133% FPL
- Maintenance of Effort
  - House: MOE for children and adults
  - Senate: MOE for children through 2019, adults through 2014 when exchange is operational
- Simplify enrollment processes and coordinate eligibility determinations with exchange
- Role of CHIP
  - House: Ends 12/31/2013
    - Separate CHIP Programs: <150% FPL transitioned to Medicaid and > 150% FPL transitioned to Exchange
    - M-CHIP Programs: Continued indefinitely; > 150% FPL financed at enhanced CHIP match rate in Medicaid
  - Senate: Continues through 2019, must be reauthorized by 2013

# Other Key Medicaid / CHIP Provisions

- Extends ARRA through July 2011.
- Significant federal funds for new coverage:
  - House: 100% FMAP for 2013-2014, then 91%
  - Senate: 100% FMAP for 2014-2016
    - 2017-2018: FMAP + 30.3 / 31.3 for expansion states and 34.3 / 33.3 for other states
    - 2019 and beyond: FMAP + 32.3 (not to exceed 95%)
    - EMAP + 23 for CHIP
- Payment Reforms: Increase payment rates for primary care providers (House), Innovation Center, MACPAC
- Federal Savings: Reduce Medicaid DSH payments, changes to prescription drugs
- Duals and LTC

## Looking Ahead

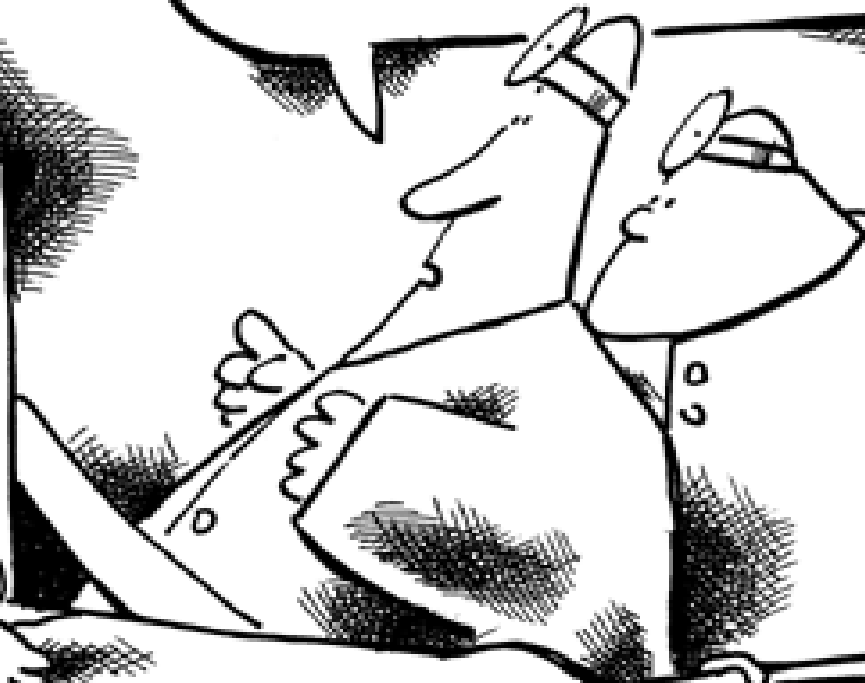
- Current recession placing strains on Medicaid
- States may face some new costs, but:
  - Costs for Medicaid/CHIP and uninsured expected to rise in the absence of health reform as ESI continues to erode
  - Additional federal funds expected to exceed state contributions
  - Increased coverage yields positive outcomes and reduces uncompensated care costs
- Capacity to implement health reform varies across states and states will need additional support
- Need to wait and see what happens in the Senate and in conference committee

HEART MONITOR



00

HE'S STABLE... NO,  
DOWN, UP, DOWN, STABLE,  
WAY UP, WAY DOWN!  
UP... STABLE... DOWN... UP...



Health Reform

HEALTH CARE  
COVERAGE.

TUES

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13  
LEP

# States Checking Up on Health Reform: Medicaid & CHIP

Joy Johnson Wilson, Health Policy Director  
National Conference of State Legislatures  
November 23, 2009



# Medicaid: Foundation for Reform

- Robin has described the new role Medicaid and CHIP are expected to play in our reformed health care system.
- This presentation will briefly describe other changes proposed for Medicaid and CHIP in the health reform proposals.

# Financing Issues

## House

- ARRA Extension (6 mo.)
- Reimbursement Rate Approval and Reporting
- Supplemental Payments to Nursing Facilities
- Delay in MCO Provider Tax Elimination
- QI Program Reauthorization
- Graduate Medical Education

## Senate

- State Financial Hardship Exemption from Maintenance of Effort
- Special Adjustment to FMAP Related to Disaster Recovery

# Benefits/Services

- House
  - Enhanced Match for Translation and Interpretation Services
  - Nonemergency Transportation Services
  - Nurse Home Visitation
- Senate
  - Concurrent Care for Children (Hospice)
  - Medical Power of Attorney for Former Foster Care Children
- House & Senate
  - Family Planning
  - Therapeutic Foster Care

# Demonstration/Pilot Programs

- House
  - Accountable Care Organizations Pilot
  - Medical Homes Pilot
- Senate
  - Global Payments
  - Accountable Care Organization Demonstration (Pediatric)
  - Integrated Care (Hospital-Based)
- House & Senate
  - Medicaid Reimbursement for the Stabilization of Emergency Medical Conditions by Non-Publicly Owned or Operated Institutions for Mental Diseases (IMDs).

# Provider Provisions

- House
  - Phase-In Medicare Rates for Primary Care Providers in Medicaid (Enhanced FMAP)
  - Mandatory Inclusion of Podiatrists and Optometrists
  - Inclusion of Public Health Clinics in the Vaccines for Children (VFC) Program
  - Medicaid Reimbursement for School-Based Clinics
- House & Senate
  - Optional Coverage of Freestanding Birth Centers

# Disease Prevention & Wellness

- House
  - Medical Home - Demonstration (House)
- Senate
  - Incentives for Healthy Lifestyles
  - Medical Home - State Option (Senate)
- House & Senate
  - Coverage of Prevention Services (No cost-sharing)
  - Tobacco Cessation

# Prescription Drug Provisions

- House
  - Orphan Drug Coverage Option
- Senate
  - Changing the Status of Some Excludable Drugs
  - Increase the Generic Drug Rebate Amount
- House & Senate
  - Changes to Medicaid Payments for Prescription Drugs
  - Apply Rebates to New Formulations of Existing Drugs
  - Increase the Brand Name Drug Rebate Amount
  - Extension of Discounts to MCO Enrollees

# Long Term Care

- House
  - Food Services in LTC Facilities
  - Adult Day Services
  - CLASS Act - Medicaid as Secondary Payor
- Senate
  - Funding for Aging and Disability Resource Centers
  - Spousal Impoverishment & HCB Programs
  - HCB Care - State Incentives
  - Money Follows the Person Authorization
- House & Senate
  - Community First Choice Option (House provision is a Sense of the Congress statement)

# Dual-Eligibles

- Senate
  - Waiver Authority for Dual-Eligible Demonstrations
- House & Senate
  - Improved Coordination and Protection for Dual-Eligibles

# Quality Initiatives

- House & Senate
  - Quality Measures for Adult Medicaid Beneficiaries
  - Nonpayment for Certain Health-Care Acquired Conditions (Mirrors Medicare Provision)
  - Minimum Medical Loss Ratio for Medicaid Managed Care Organizations
  - Establishment of Center for Medicare and Medicaid Innovation within the Centers for Medicare and Medicaid Services (CMS)

# Program Integrity

- House
  - Denial of Payment for Litigation-Related Misconduct
- House & Senate
  - Mandatory State Participation in the National Correct Coding Initiative
  - Nationwide Program for National and State Background Checks on Direct Patient Access Employees for Long-Term Care Facilities and Providers

# CLASS Act

- Establishes a new, voluntary, self-funded public long-term care insurance program, to be known as the CLASS Independence Benefit Plan, for the purchase of community living assistance services and supports by individuals with functional limitations.
- Employer-based offering (voluntary, opt-out)
- Requires the Secretary to develop an actuarially sound benefit plan that ensures solvency for 75 years.
- Allows for a five-year vesting period for eligibility of benefits.
- Creates benefit triggers that allow for the determination of functional limitation.
- Provides cash benefit that is not less than an average of \$50 per day.
- No taxpayer funds will be used to pay benefits under this provision.

# Medicaid and CHIP Payment and Access Commission (MACPAC)

- Senate
  - Authorizes \$11 million for MACPAC for FY 2010. Of this total, \$9 million would come from Medicaid funds, and \$2 million would come from CHIP funds. Funding in subsequent years would be subject to appropriation of such sums as are necessary.
  - Expands MACPAC's mission to include assessment of adult services in Medicaid, including for dual eligibles, and more detailed reporting requirements to states and Congress. Requires this assessment to be done in consultation with the Medicare Payment Advisory Commission (MedPAC).

# Medicaid and CHIP Payment and Access Commission (MACPAC)

- House
  - Provides \$11.8 million in start-up funds for the Medicaid and CHIP Payment and Access Commission, which will be directed to study state Medicaid policies on nursing facilities and pediatrics.

# Any Questions?

- From the audience?
  - Use Q and A option
- After the call
  - [joy.wilson@ncsl.org](mailto:joy.wilson@ncsl.org)
- This program was recorded and will be made available on line.



# Additional Resources

## Resources from NCSL

- NCSL Federal Health Reform Website  
<http://www.ncsl.org/default.aspx?tabid=17639>
- Register for Additional Health Reform Webinars  
<http://www.ncsl.org/Default.aspx?TabID=714&tabs=2638,121,928#2638>

## Resources from the Kaiser Family Foundation

- Health Reform Webpage  
<http://healthreform.kff.org/>
- Side-by-side comparison of health reform proposals  
<http://www.kff.org/healthreform/sidebyside.cfm>
- Side-by-side comparison of Medicaid and CHIP provisions  
<http://www.kff.org/healthreform/7952.cfm>