Putting Medicaid into Reform and Reform into Medicaid

CINDY MANN, JD
DIRECTOR
CENTER FOR MEDICAID AND STATE OPERATIONS
CENTERS FOR MEDICARE & MEDICAID SERVICES
NATIONAL CONFERENCE OF STATE LEGISLATORS
DECEMBER 11, 2009

The Need for Reform

- Rising costs and growing gaps in coverage hurt States, businesses, families
- System not sufficiently focused on assuring quality and value for dollars spent
ESI Coverage of the Nonelderly: Rates and Number of People (in Millions) 2000-2008


46 Million Uninsured People

*200% of the Federal Poverty Level (FPL) for a family of four in 2009 was $44,050 per year.
SOURCE: KCMU/Urban Institute analysis of March 2009 CPS.
Putting Medicaid into Reform: Eligibility Expansion

Important “nuances” and differences between Senate and House bills, but in general:

- In 2013/2014, nonelderly individuals with incomes up to 133% or 150% FPL ($24,400 or $27,500 for a family of 3) will be eligible for Medicaid.
- Regular federal match for currently eligible groups and a much higher match rate for new groups (100% for the first 2-3 years).
- Children above these minimums are either covered in the Exchange (House) or with CHIP funds (Senate); in either case federal government picks up all or most of the cost.
- States maintain current coverage until the Exchange; Senate bill allows roll back of adult coverage above new minimum after Exchange is in place.

Beyond Eligibility- Putting Reform Into Medicaid

- Universal coverage
- Assuring quality care in efficient and effective ways
- Accountability
**Universal Coverage**

- Reform is predicated on the principle that everyone who is eligible is enrolled; and that coverage is stable
- Simplified Medicaid rules and other features of reform will make this easier
- Need to rethink enrollment/renewals
- Essential to make a system out of different components

**Uninsured Rates for Children 2007-2008**

- < 9% (21 states including DC)
- 9-12% (21 states)
- > 12% (9 states)

Access, Quality, Costs

- Addressing access issues
- Quality should drive decisions
  - Continuous coverage
  - Care coordination and accountability
  - HIT
- Payment reform

Accountability

- Individuals expected to enroll
- Payment and delivery system reform
- Clear focus on all aspects of program integrity
- Data collection and analysis
Challenges

- **State budgets**
  - Significant boost in federal funding but also new State Medicaid costs
  - Consider along with
    - Shift to the federal government of all/most responsibility for coverage over new minimums
    - Decline in uncompensated care and more primary/preventive care
    - Reductions in other State costs

- **Access/workforce**
- Successfully retooling our payment and care delivery approaches
- Continuing the progress in long-term care
- Becoming “universal” while recognizing the unique circumstances of low-income people
New Opportunities

- Opportunity to Focus
  - Greater uniformity/simplicity in program rules makes room for states to focus on costs and quality

- Opportunity to Innovate
  - New ideas in payment, quality, technology will be tested

- Opportunity to Collaborate
  - Build the new system together across States and constituencies. Bring all parties -- States, the federal government, beneficiaries, providers – to the table.

**“Rebrand” Medicaid?**

**Views and Knowledge Gaps Among Low-Income Parents**

<table>
<thead>
<tr>
<th></th>
<th>95%</th>
<th>45%</th>
<th>55%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Think Medicaid/CHIP a Good Program</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Don't know if/ Don't think eligible</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do not know how to enroll</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Medicaid Has Always Been a Cornerstone for Reform

States have continually relied on Medicaid to meet new demands and initiate reforms
- Improving infant mortality rates
- Providing coverage for those living with HIV/AIDS
- Covering people with disabilities in the labor market, families of children with special needs, and providing community based long-term care
- Developing new care coordination models
- Initiating Electronic Health Records (EHRs)

Success with Children’s Coverage

States embraced CHIP and improved Medicaid along the way
- Reduced # of uninsured children by 1/3
- Assured access to care
- Evidence of important improvements for children
**Medicaid/CHIP Coverage of the Nonelderly:**
Rates and Number of People (in Millions)
2000-2008


**Impacts on Access to Care for Children who Enroll**

Source: Kenney, G. "The Impacts of the State Children's Health Insurance Program on Children Who Enroll: Findings from Ten States." Health Services Research 2007;1520-1543. Established enrollees are those who have been enrolled in SCHIP for 5 months or more. Previously uninsured recent enrollees are those who were uninsured for 6 months prior to enrolling in SCHIP and have been enrolled for less than 3 months. Note: ** significant at .01 level.
Impacts on Number of Asthma Attacks and Hospitalization Rates for Asthma

<table>
<thead>
<tr>
<th>Any Hospitalizations for Asthma, %</th>
<th>Mean Number of Asthma Attacks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before Enrolling in CHIP</td>
<td>After One Year of CHIP</td>
</tr>
<tr>
<td>11%</td>
<td>3%**</td>
</tr>
<tr>
<td>9.5</td>
<td>3.8*</td>
</tr>
</tbody>
</table>

Note: * significant at .05 level; ** significant at .01 level

By 2019
- The number of uninsured people will grow by more than 30 percent in 29 States and by at least 10 percent in every State.
- The amount of uncompensated care provided will more than double in 45 States.
- Businesses in 27 States will see their premiums more than double.

http://www.healthreform.gov/reports/statehealthreform/ohio.html
No Time to Waste

- Implementation dates vary for different features in the bills, but much to do as soon as legislation is enacted.
- Consider improvements that will help position your State and your Medicaid program for reform.
- Families need help with coverage now more than ever.

States Are Continuing to Improve Coverage

Despite the economy:
- More than half the States (26 States) advanced health coverage for low-income populations in 2009.
- Nineteen States expanded or improved children’s coverage; 47 States now cover children with family incomes at 200% FPL or higher.
Uninsured Rate Among Children in Virginia by Area, 2008

Percent Uninsured
- 2.4% - 6.2%
- 6.3% - 8.4%
- 8.5% - 16.6%

Source: Urban Institute data estimated from the American Community Survey, 2008

Note: Shaded areas represent FMAPs which control on counties, census block groups and zip code areas, unless otherwise noted.

New CHIPRA and ARRA Opportunities

- New and increased federal funding for CHIP
- New “Performance Bonuses” for Medicaid
- New enrollment eligibility and enrollment options and federal outreach grants
- New quality standards and demonstrations
- New federally-financed incentive payments to local hospitals and providers to adopt health information technology
- New increase in federal match rate (FMAP)
And It’s a New Day at CMS

- Mission is to make Medicaid and CHIP the best programs they can be.
- For CMS -- as well as for States -- beneficiaries are our focus.
- New way of doing business with States: Federal leadership and financial support are essential but ultimately success is only possible if we are fully supporting State efforts to run the best possible programs.