Where Medicaid Ends

Churning in Health Insurance Coverage Under the ACA

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Churning

- As peoples income and circumstances change, their eligibility for programs like Medicaid, CHIP and subsidized coverage in the health insurance marketplaces may also change.
- This can lead to frequent changes in coverage and spells of being uninsured.
- Churning already occurs in Medicaid and CHIP, but the marketplaces and Medicaid expansion in the ACA change its scope.
Problems Caused by Churning

- For beneficiaries, changes in coverage or losing coverage altogether has adverse effects on access to health care.
- For state and federal governments, churning increases the administrative complexity and costs of Medicaid, CHIP, and health insurance marketplaces.

New Estimates of Churning in Coverage under the ACA

- Several published papers give estimates of churning in eligibility.
- Many did not fully model ‘affordable’ offers of employer coverage, so they overstated churning involving the health insurance marketplaces.
- These are the first public estimates of churning in coverage under the ACA that we know of.
Methods

- Uses data from the Survey of Income and Program Participation (SIPP), which follows households over time.
- We modeled eligibility for Medicaid, CHIP, and subsidized coverage based on our HIPSM model.
- Churning is over the course of a single year.
- Results are nationwide, for the ACA fully phased in, with all states expanding Medicaid.
- Publication is forthcoming. Results should be cited as SIPP-HIPSM 2013.

Churning That Directly Affects State Programs

- Medicaid ↔ Health insurance marketplaces (exchanges)
- Medicaid ↔ Uninsured
- Medicaid ↔ Employer-sponsored insurance
- Marketplaces ↔ Uninsured
9 million would be covered part of the year by Medicaid and part in the individual marketplaces.

Medicaid ↔ Marketplaces

- Several potential ways to mitigate the effects of such churning
  - Plan portability between Medicaid and the marketplaces.
    - Medicaid managed care plans in the marketplaces.
    - Delivering Medicaid through marketplace plans.
  - The Basic Health Plan option.
  - 12-month continuous Medicaid eligibility.
Medicaid Managed Care Plans in the Marketplaces

- In several states (e.g., CO, OR, RI, NY), plans based on Medicaid managed care plans will be in the marketplaces in 2014.
- Some states have encouraged this by coordinating licensure and other requirements between the two markets.
- Medicaid networks and provider payment rates may have to be raised, depending on negotiations with providers and state individual market requirements.

Marketplace Plans in Medicaid

- A proposal by Arkansas has drawn considerable attention to the idea of providing Medicaid through private plans with premium support. Other states have also expressed interest.
- So far proposals have provided few details on how they would work.
- Subject to HHS approval. In particular, the cost would have to be comparable to traditional Medicaid.
Other Ways to Mitigate Churning

- Prior research showed that a Basic Health Program would reduce churning. Draft rules for BHP will be released next month.
- New York obtained a waiver for 12-month continuous Medicaid eligibility in 2011. Continuous eligibility reduces churning in one direction, leads to increased enrollment.

10 million would be covered part of the year by Medicaid and part of the year in an employer’s plan.
Medicaid ↔ Employer Coverage

- There is more churning in coverage between Medicaid and employer coverage than between Medicaid and the marketplaces because offers of coverage deemed affordable under the law make families ineligible for subsidies.
- An offer is affordable if the worker’s contribution for single coverage is less than 9.5% of family income.

Medicaid ↔ Employer Coverage

- Could potentially be mitigated by providing Medicaid as premium assistance.
  - Beneficiaries would enroll in employer's plan, Medicaid would subsidize premium and provide additional benefits if necessary.
  - In the past, has proven difficult to make cost-effective, though, e.g., Massachusetts currently covers more than 30,000 through premium assistance.
11 million would be covered part of the year by Medicaid and uninsured part of the year

**Medicaid** ↔ **Uninsured**

- Navigators and assistors could be trained to provide information on safety net services to the uninsured, particularly for those who lose eligibility for coverage they were previously enrolled in.
- Coordination of care between Medicaid and safety net providers, to the extent that it is feasible.
6 million would be covered part of the year in the marketplaces and uninsured part of the year.

Marketplaces ↔ Uninsured

- Navigators and assistors could be trained to provide information on safety net services to the uninsured, particularly for those who lose eligibility for coverage they were previously enrolled in.
Consumer Assistance is Essential

- As long as health coverage is provided through segmented private markets and public programs, there will always be churning.
- Consumers will need assistance in making health coverage choices as their circumstances change.
  - Navigators and assistors
  - Outreach by marketplaces and Medicaid.
  - No Wrong Door

No Wrong Door

- The goal: Regardless of how a consumer seeks assistance with health coverage (Web portal, call center, etc.), he or she will be presented with all available options, including subsidies and other affordability programs, and will be able to immediately enroll in coverage.
No Wrong Door

- Under the ACA, greater coordination between programs such as Medicaid, CHIP, and subsidized marketplace coverage is mandated.
- For example, there will be a single form for all of these programs.
- However, complete integration will not be easy.

Will there be real-time Medicaid/CHIP eligibility determination and enrollment?

- In states where the federal government is responsible for enrollment in the marketplaces, coordination with the state Medicaid agency could be more complicated. In such cases, the marketplace may only be able to make an assessment of potential Medicaid/CHIP eligibility and forward information to the Medicaid agency. As is currently true for Medicaid applications, processing will not be immediate.
- This situation could also occur in state-run exchanges in 2014 and 2015 as states replace their legacy Medicaid eligibility systems.
Churning in States not Expanding Medicaid

- There will be less churning between Medicaid and the marketplace since eligibility thresholds will not be contiguous.
- Churning involving the marketplaces and being uninsured will be notably larger, since eligibility can be lost by income falling below 100% of poverty.
- Final HHS rules exempt those who would have been eligible for Medicaid under an expansion from the individual mandate.

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