Medicaid Expansion
Kaiser Family Foundation
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RAKESH SINGH: Hello and welcome to the 10th briefing in the Kaiser Family Foundation Series for journalists covering health reform. As always, today's section is brought to you by the foundation's media fellowships program. As a reminder, this briefing is recorded and you can view and listen to an archived version of today's program online along with all previous sessions at kff.org/newsroom. Today's session, folks, is on the Affordable Care Act Medicaid Expansion.

More than half of states plus the District of Columbia has implemented the Medicaid Expansion but the ground seems to shift weekly with state developments. To help reporters understand the national landscape and to dive into some state-specific information, we have two of the foundations Medicaid experts whose full bios are available at kff.org. Robin Rudowitz, Associate Director, and Laura Snyder, Senior Policy Analyst, who both do work for the foundation's commission on Medicaid and the Uninsured will be doing brief presentations and then we will have a Q&A period from the questions you submit via the chat function on the webinar platform or via phone by pressing 1 and then 4.

Now let's dive right into the presentations and I'm going to turn it over to our first presenter Laura Snyder.

LAURA SNYDER: Thank you Rakesh. To start with, Medicaid is in a period of historic time of transformation. As
enacted, the ACA expands Medicaid to groups historically excluded from this program, up to 138-percent of the poverty level, provides new federal financing for this coverage for the first three years. Through December 31, 2016 those made newly eligible by the Medicaid Expansion will be covered at 100-percent federal match. This match will phase down gradually over time to 90-percent beginning in 2020 and remain thereafter, still well above the states traditional matching rates. The ACA also seeks to modernize and simplify enrollment processes and to support and assist states in delivery system and payment reform efforts. As I said before, the Medicaid Expansion seeks to fill in gaps in coverage and include groups that have historically been barred from the program. Prior to the Affordable Care Act individuals had to be both income eligible and categorically eligible meaning they had to be a child, a pregnant woman, a parent with dependent children, an elderly individual, or a person with disabilities. Childless adults, those without dependent children at home were historically barred from coverage in the program. The ACA expanded coverage up to 138-percent of poverty level, expanding coverage for higher income parents and those childless adults. Also as envisioned under the Affordable Care Act states are required to modernize their application and enrollment systems to get to a streamline simplified enrollment processes. This means providing multiple ways for individuals to apply for

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Medicaid including online, using electronics data verification where possible to verify information about income and residency, reaching that goal of a real-time eligibility determination within the program and no wrong door to coverage. The Supreme Court decision in June 2012 upheld the constitutionality of the Affordable Care Act but limited the Secretary of Health and Human Services ability to enforce the Medicaid Expansion effectively making this an option for state. As you can see here on the map, states have made different decisions about the Medicaid Expansion with over half of states, 29 including DC, adopting and implementing the Medicaid Expansion at this time, the most recent being Indiana where coverage began earlier this month February 1, 2015. We also see seven states listed here as adoption having been under discussion as states continue to debate this option. There isn't a time limit for states to adopt the Medicaid Expansion. They can come in and out of the Medicaid Expansion at any point in time; however, the financing levels at 100-percent federal match is by specific calendar year. These different decisions across states have implications for Medicaid spending and enrollment. As you can see here, state fiscal year '15 expansion states projected potentially higher enrollment growth than non-expansion states, 18-percent versus about 5-percent. We see also the total spending growth matches or mirrors that enrollment growth driven by the increase in federal funds for

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those made newly eligible under the expansion. As you can see state spending growth is a much lower rate in expansion states than total spending growth. In addition to the application for Medicaid spending and enrollment, the Medicaid Expansion has implications for states. As we've seen in early evidence from states as well as projections when states were debating whether to adopt the Medicaid Expansion, the Medicaid Expansion has resulted in reductions in the number of the uninsured, increased provider revenues. It also has implications for state budget savings within the Medicaid program but also outside of the Medicaid program such as state funded behavior health programs and corrections and other programs that can use state only dollars to provide the services to those who are uninsured.

It also has implications for increased state economic activity, the influx of federal dollars coming in resulting in increased revenues for providers but also increased revenue for the state and an increase in the number of jobs in the healthcare sector and outside. In recent work we have done with three states we have seen this play out. We have done a case study with three states, Connecticut, New Mexico and Washington as well as a new report released by the state of Kentucky last week has shown these savings within the Medicaid state budget as well as outside of the state budget in those programs and other programs as well as increased economic activity.

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In future years states will see an increase in the state share for those who are made newly eligible by this coverage. Projections from one of the state that we talked to, Washington, that look at to that period as well as the study from Kentucky has shown generally net savings even in those later years when the federal match dropped to 90-percent. For states that have adopted the Medicaid Expansion requires both partners of the state and the federal level. At the state level this usually has required some sort of change in state law or regulation. Most states that have adopted the Medicaid Expansion up to this point have done so through the standard legislative process. There has been a few exceptions to that as well. In addition, state Medicaid agencies also have to work with their federal partners to make changes either to the Medicaid state plan, adopting a state plan amendment, or a Section 1115 Waiver. I'm going to turn it over to Robin now to talk more about those few states that have adopted the Medicaid Expansion through 1115 Waivers.

ROBIN RUDOWITZ: Thanks Laura. So picking up on the process that Laura just mentioned, most states are, in fact, implementing the Medicaid Expansion as set forth by the law. For these states to implement the expansion they just submit a state plan amendment to CMS. There is a lot of flexibility in the law to choose benefits and how these services are delivered. Medicaid Expansion doesn’t really look the same

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across even states that don't have a waiver. A limited number of states have received or are seeking approval to implement the expansion through a waiver program. Waivers are designed to provide states with an avenue to test new approaches in Medicaid that are different or not allowed under the regular federal rules of the program.

Under waivers states are allowed to implement these demonstration projects that in the view of the Secretary of HHS promote the objectives of the Medicaid program. To date, CMS has approved waivers to implement the expansion in five states. Those are Arkansas, Iowa, Michigan, Pennsylvania, and Indiana. Within these states the new governor in Pennsylvania has indicated that he intends to transition coverage from the approved waiver to a standard SPA. New Hampshire is one of the states that is seeking waiver approval. That state has already implemented the Medicaid Expansion but they have a waiver pending to transition coverage to a waiver program.

We also have governors in both Utah and Tennessee that have been negotiating a waiver with CMS but they also need state legislative approval to implement that waiver as well as federal approval. There's a lot of activity going on with waivers and while it's generally a small number of states, these states have generated a lot of attention. I will not go through all of the details of these waiver programs of which there are many. When we look across the waivers that have been

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approved as well as the proposals we do see that several themes have emerged. A number of states are using or seeking authority to use premium assistance programs. Arkansas is implementing and New Hampshire and Utah are seeking authority to use Medicaid dollars to purchase coverage for enrollees in qualified health plans in The Marketplace. In Iowa, this is now an optional provision. Indiana as well as Utah and Tennessee have proposals to use premium assistance in employer-sponsored coverage programs.

Under the Medicaid law, Medicaid generally prohibits premiums in the Medicaid program; however, a number of states have also received waiver approval to impose premiums and monthly contributions to Medicaid beneficiaries. These are primarily targeted to beneficiaries with incomes above poverty. As you can see from the chart, states have also received waiver approval to waive the coverage of certain benefits, primarily non-emergency medical transportation, which is generally a required benefit in Medicaid and these waivers are generally for a limited amount of time. A number of states are also using these healthy behavior programs, another theme that’s emerging that would encourage enrollees to comply with certain protocols like getting a health assessment and then, in turn, they would see reductions in their out-of-pocket expenditures.

Earlier this month, the waiver approval in Indiana included some provisions that had not been approved in previous

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waiver. Some of these provisions include a 6-month lockout period for individuals that don't pay their premium after a 60-day grace period; these adults would not be able to reenroll in a Medicaid program for 6 months. They also received authority to begin coverage only after enrollees make a first premium payment or after a 60-day wait period. They also, for the first time, were able to get authority to implement higher copayments than allowed by the law. These would apply to non-emergency visits to the emergency room, and just to note; the state needed special waivers to get that provision. It's not the typical waivers already approved, but it is special approval through this provision 1916(f) in the law.

I think it's important to understand what CMS has approved and what they have said that they would deny or have denied because these actions set really the guideposts and parameters for other states that are considering waiver approaches to implement in the expansion. CMS has approved a number of provisions but they have offered guidance that said that they would prohibit waivers that would impose enrollment caps or implement partial expansions. CMS has also denied proposals that would impose premiums as a condition of eligibility for beneficiaries below poverty or would waive certain requirements, benefit requirement, and also requests that would impose a work requirement as a condition of eligibility.

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I just want to take a moment to look at what happened in states that are not implementing the expansion. In states that have not expanded Medicaid, you see large gaps in coverage for adults. This is another look of that umbrella slide that was presented earlier. Without the Medicaid Expansion there are really no available coverage options for low-income adults below poverty. The ACA envisioned that low-income people would receive that coverage through Medicaid so it does not provide financial assistance to people below the poverty line for coverage in The Marketplace. When we look at who falls into that gap we see that nationwide there are just under 4 million individuals who fall into the coverage gap. Six in 10 reside into four states, Texas, Florida, North Carolina and Georgia and we see that nine in 10 live in the South.

To wrap up, I think, as you probably have lots of question. We will continue to ask questions and monitor the situation with the expansion as we look forward. We will certainly be looking to see if more states will adopt the expansion and how they might implement the expansion. We will be looking to see if there are additional waiver proposals. We will continue to watch to see what the effect of the expansion will be both on Medicaid enrollment and spending as well as the effect on the uninsured, state budget, state economies as well as on providers. We will be watching what happens with the current Medicaid Waivers to see what the effects are on

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beneficiaries in terms of access to care and on outcomes. We will also be watching these states to learn about states' ability to administer a lot of these complex programs and track what's going on. We will want to see what happens with Medicaid cost growth and compare that in expansion and non-expansion states and also track what happens with individuals who fall into the coverage gap. With that I think we will stop and take questions.

RAKESH SINGH: If I could now ask the operator to go over the instructions for asking questions one more time.

OPERATOR: Thank you. Ladies and gentleman if you would like to register a question please press * followed by the one on your telephone key pad. If your question has been answered and you would like to withdraw your registration, please press the # key. One moment for your first question.

RAKESH SINGH: I would also like to say that we have other experts in the room aside from Robin and Laura. If there is a question that is more appropriate to them, we will ask them to respond. I would also like to remind you all that there are many available resources on this topic on www.kff.org including some new materials, one that’s an overview of actions taken by state lawmakers regarding Medicaid Expansion, a brief on the ACA and Medicaid Expansion Waivers, as well as many other resources.

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We have our first question from J.C. Derrick [misspelled? 00:16:31]. Among those states who have not adopted Medicaid Expansion, what is the most commonly cited reason for doing so?

ROBIN RUDOWITZ: This is Robin. I would say, I think the Expansion is under debate still in a number of states. Some of the states that have opposed have certainly been on ideological grounds so states where there's a large opposition to the Medicaid program as well as to the Affordable Care Act or Obama Care. Some states have cited some concerns about cost and when the state share for the newly eligible takes effect after 2016. Some states are concerned about the federal government's commitment to maintaining that high match. However, to not maintain that high match, the federal government would need to amend the entire ACA law to change that federal commitment.

RAKESH SINGH: Next question is from Mary Silver. What about the economic effects for hospitals in states that did not expand Medicaid?

ROBIN RUDOWITZ: One of the provisions in the ACA was a reduction in the Medicaid disproportionate share payments. These are payments that had provides hospitals that serve a large number of uninsured and Medicaid patients with these additional subsidies to help support those costs. Under the ACA there was anticipation that states would expand Medicaid and

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that hospitals would get additional revenue from that expansion and then these DSH payments would be cut over time. The DSH cuts apply across all states. In states that don't expand hospitals may still face these reductions and disproportionate share payments as well as these hospitals not having access to increase revenue from the Medicaid Expansion.

RAKESH SINGH: The next question comes from Annie Feidtght [misspelled? 00:19:07]. Republicans make the argument that the federal match will drop below 90-percent. Any sense of how likely that is to happen? I think that might be a tough one to predict. Anyone want to tackle the legal basis behind the 90-percent number?

LAURA SNYDER: This is Laura Snyder. Rakesh is right, we can't predict what will happen in the future but I can tell you that the 90-percent match, as Robin said, is in federal statute. It would take an act of Congress to change that matching rate. That would require that The House of Representatives at the federal level and the Senate both sign off on that change and that it is signed into law by the President. Those are some obstacles to changing that for [inaudible 00:19:56] overcome.

RAKESH SINGH: Once again, please chat your questions or queue up on the phone. I am going to take a minute to ask a question that may be on the minds of some reporters and that is implications for Medicaid of the King versus Burwell case, if

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insurance markets become unworkable because of the ruling, could some of those people be covered by Medicaid Expansion? Any takers?

ROBIN RUDOWITZ: The law provided for tax credits for individuals above 138-percent of the poverty level. The Medicaid Expansion under the law the states get additional federal matching rates for adults up to 138-percent of the poverty level. To go above that states would need to offer coverage, would need to pay their regular match.

RAKESH SINGH: I think that’s a good explanation of mechanism for how states could potentially move forward. Next question comes from Nathaniel Wexel [misspelled? 00:21:28]. Do you see 1115 Waivers as the only way forward for those states that have yet to expand? How much flexibility to states have with CMS to develop an Expansion Waver program?

ROBIN RUDOWITZ: This is Robin again. I don't think that that's the only way forward, for states to move forward with the expansion. Certainly a number of states have looked to use waivers to make the program uniquely state specific and to adopt provisions that can't, otherwise, be adopted under the program rules. In terms of guidelines, that's the analysis with the chart and the other slide that looks at what CMS has approved and not approved, I think, again, sets these guideposts for what other states might expect if they are thinking about pursuing a waiver. For example, if they wanted

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to pursue a waiver that would only provide coverage up to 100% of the poverty level, CMS has stated that that is a waiver that they would not approve and allow states to access the enhanced ACA matching rates. I think there is a lot that states who are considering waiver proposals can learn from states that have gone down this path.

RAKESH SINGH: I think we have another question from Annie Spike [misspelled? 00:23:23]. In Alaska, Medicaid Expansion is a line item in the budget for receipt of federal funds not individual legislation. Does that make it more likely the governor here could expand on his own if the legislature doesn’t approve it? I don't know if we can get into that kind of detail but I want to talk it out to our experts.

LAURA SNYDER: This is Laura Snyder. The adoption of the Medicaid Expansion depends on a number of things that are very state specific including how the Medicaid program was incorporated into the state law and regulation as well as how state budgets work in that state, the requirements for appropriating federal funds and things of that nature. I don't think I can speak specifically to Alaska, unfortunately. All I can tell you is that it varies across states in those different terms. We have a brief that walks through, actually I think it's one of the listed resources that walks through a couple of different ways that states have looked at the Medicaid Expansion, either adopted or other legislative reactions to the

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Medicaid Expansion that walks through some of the examples that states have done to date. Again, every state is unique and different so I don't know how applicable those things are to Alaska but, hopefully, that will provide a little more information about the different pathways states have taken to date. Rakesh, it's back to you.

RAKESH SINGH: I think that some questions disappeared. Let me go back to the chat question. Carolyn Bigda [misspelled? 00:25:43]. Are people restricted to open enrollment periods when states do Medicaid Expansion or can you sign up at any time?

ROBIN RUDOWITZ: That’s a great question and it gives us the opportunity to clarify that there is no open enrollment period in Medicaid and individuals can apply and be found eligible for the program at any time, unlike coverage in the Marketplace.

RAKESH SINGH: Another chat question. What is the biggest challenge for states that have Expanded Medicaid?

ROBIN RUDOWITZ: In some states, the biggest challenge has been getting it approved and figuring out how to move forward with the expansion. I think we are going to watch what happens with states over time. We want to make sure states have been making progress but still struggling with implementing the vision of the simplified enrollment processes, which was a dramatic change from where many states were prior to the ACA. Moving to a much more electronic data-matching enrollment

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process has certainly been a challenge and many states have made a lot of progress with that. Certainly, states that have expanded are seeing large increases in enrollment so making sure that individuals are getting enrolled and getting access to providers and getting the coverage that they need, and understanding what that coverage means for them is, I think, another round of where states are spending some time.

RAKESH SINGH: We have a couple of questions from Tammy Luby [misspelled 27:50] about another issue that has popped up in some states and that is, there is a backlog for enrollment into the Medicaid program in some states, what's the status, if we know of those backlogs in various states and was it less of a problem this year?

ROBIN RUDOWITZ: There was, I think, some significant backlogs in eligibility determination a while back. They were related—in many instances related to systems issues. They were also related to states that were relying on the FFM or the Federally Facilitated Marketplace and the transition of files from that system to the state Medicaid systems. Stats have been working and CMS has been working closely with states to address these backlogs. There were some states that had received notices from CMS and had to submit mitigation plans and states are continuing to work through those backlogs and seem to be addressing and making progress. They were mostly related to the first open enrollment period for the Marketplace and they have

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not been as acute with this as the second open enrollment period.

RAKESH SINGH: Great. As we are waiting for any other questions, I remind you to chat them or queue up on the phone. If we don't get any more questions we will wrap up early. I want to provide an opportunity for our experts to bring up any other issues or comments that they have before we make that decision. I'm going to remind everyone that we have plenty of resources on www.kff.org and that you can always contact us if you have questions as developments warrant in various states. There's a lot of state-specific information that is available on our site and we weren't able to dive into every little state detail regarding the Medicaid Expansion.

ROBIN RUDOWITZ: Rakesh?

RAKESH SINGH: Yes.

ROBIN RUDOWITZ: Just to follow up on that, we also have for individuals that are interested in specific state waivers, we do have a separate summary sheet for each one of the waivers and then as noted in the new resources an updated piece that pulls together the themes. For each one of the waivers that are proposed or approved we do have separate in-depth summaries of those.

RAKESH SINGH: Thank you Robin and Laura and thank you all for listening in. Please again, feel free to contact us if you have questions in the future on this issue as there are a
lot of decisions being made at the state level and the landscape will change.

Thank you very much. Operator, I think we are going to wrap up.

[END RECORDING]