Affordable Care Act Overview for Medicaid

Joint HHS Committee Hearing
January 15, 2013
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Minnesota Department of **Human Services**

Presentation Overview

- Background on Medicaid and Minnesota's Programs
- Highlights of the Affordable Care Act (ACA) and Provisions
- ACA changes to Medicaid

Minnesota's Public Health Care programs

- Medical Assistance – Minnesota's Medicaid program – approximately 768,000 enrollees
- MinnesotaCare – subsidized state insurance program – approximately 127,000
- MA is the supplement to Medicare for over 100,000 elderly Minnesotans who are also eligible for Medicare but have low incomes and need assistance with cost sharing

Minnesota's Public Health Care programs

- Both MA and MinnesotaCare receive federal financial participation, meaning the cost of the program is split between Minnesota and the federal government
  - Generally, Minnesota pays 50%, federal 50%

Medicaid

What is Medicaid?

- Medicaid is a public health care program for individuals and families with low incomes jointly funded and regulated by the state (Minnesota) and federal (Centers for Medicare and Medicaid Services or CMS) governments.

- The Federal Medical Assistance Percentage or **FMAP** is the percentage of federal funding a state receive for its Medicaid program. Minnesota's regular FMAP is 50%.

What is Medicaid? cont.

- Federal law requires state Medicaid programs to cover certain categories of individuals and services. Beyond that, states have some flexibility in the design and implementation of their Medicaid programs.
- Minnesota's Medicaid program is called Medical Assistance (MA)
- Most of MinnesotaCare is also a Medicaid program authorized under a federal waiver of traditional Medicaid rules
  - Such as paying premiums, which enrollees on MinnesotaCare do

Medical Assistance (MA)

- **MA or Medicaid is funded through a combination of:**
  - State payments from the General Fund
  - Federal funding received under Medicaid and the Children's Health Insurance Program (CHIP)
- **MA populations with joint federal and state funding:**
  - Children under 18, up to 150% FPG
  - Children, 19 and 20, up to 100% FPG
  - Pregnant women, up to 275% FPG
  - Parents, up to 100%
  - Persons who are age 65 and older, blind or disabled, 100%
  - Adults without children (effective March 1, 2011), 75% FPG
- **MA populations that are fully state-funded:**
  - Certain residents of Institutions for Mental Diseases (IMDs)

Medical Assistance (MA) cont.

Enrollment and Cost Projections for FY2014			
Group	Avg. Monthly Enrollees	Total Cost (1,000s)	Per Capita (PMPY)
Families with Children	489,151	$2,325,000	$4,753
Elderly and Disabled	185,923	$2,336,000	$12,564
Adults w/o Children	93,674	$1,061,000	$11,327
TOTAL	768,748	$5,722,000	$7,433

MinnesotaCare

MinnesotaCare

- MinnesotaCare is a health care program for individuals and families who do not have access to affordable health insurance.
- Enrollees typically are working individuals and families. Most pay a premium for MinnesotaCare coverage.
- MinnesotaCare premiums are based on income

MinnesotaCare

- **MinnesotaCare is funded through a combination of**:
  - State payments from the Health Care Access Fund
  - Enrollee premiums (sliding scale based on income)
  - Federal funding received under an waiver called Prepaid Medical Assistance Project Plus (PMAP+) waiver and CHIP
- **MinnesotaCare populations with joint federal and state funding**:
  - Children under 21, under 275% FPG
  - Pregnant women, to 275% FPG
  - Parents, to 275% FPG
  - Adults without children, to 200% FPG
- **MinnesotaCare populations that are fully state-funded**:
  - MN Healthy Contribution adults, between 200 and 250% FPG
  - Lawfully present non-citizens who do not qualify for federal funding due to immigration status
  - Legal guardians and foster parents

MinnesotaCare cont.

Enrollment and Cost Projections for FY2014			
Group	Avg. Monthly Enrollees	Total Cost (1,000s)	Per Capita (PMPY)
Families with Children	91,038	$384,082	$4,219
Adults w/o Children	36,082	$261,637	$7,251

Medicaid and the Affordable Care Act

Affordable Care Act (ACA) framework

- Requirement for individuals to have health coverage
- Establishment of health insurance exchanges, with subsidized coverage
- Opportunities for states to expand Medicaid coverage
- Ensure a seamless system of coverage
- Delivery reforms
- All have an impact on Medicaid….

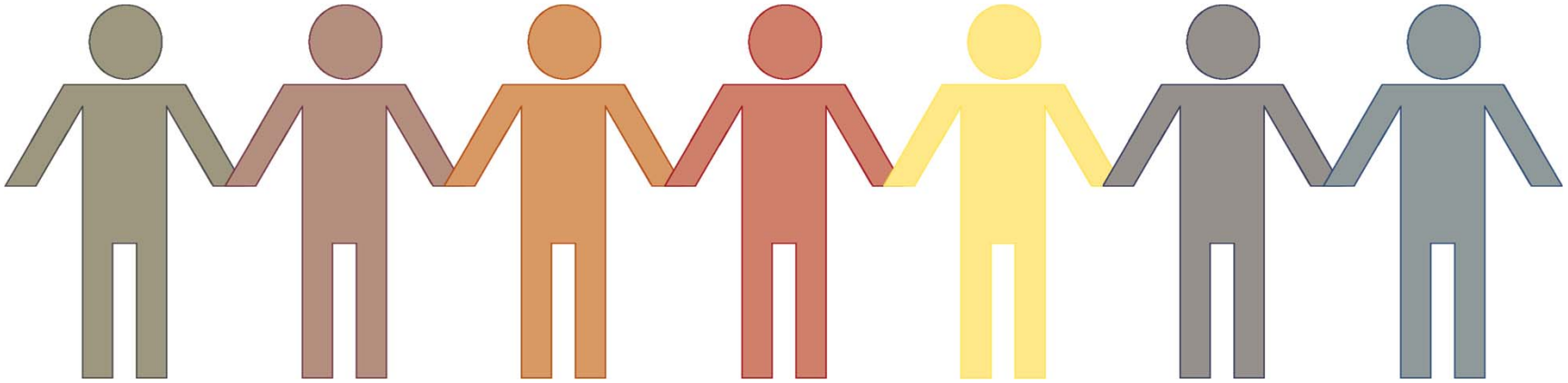
New Health Insurance Exchanges

- Health Plan Marketplace – for individuals, families and small employers
- Determine eligibility for all Insurance Affordability Programs
- Estimated Usage – Exchange will serve 1.2 million people by 2016.

Medicaid Impact:

- Majority of Medicaid enrollees (approx. 700,000) will go through the Health Insurance Exchange to determine eligibility and view health plan and provider choices

Medicaid – the largest insurance exchange customer



Uninsured

Medicaid Eligible Enrollee

Individual Consumers (subsidized and unsubsidized)

Small Business Owner/Employees

Minnesota Department of Commerce

The ACA and Medicaid

- Medicaid changes required by federal law
- Medicaid Expansion Option
- New Coverage Options

- Other Medicaid changes

Medicaid changes required by federal law

Medicaid changes

Beginning January 1, 2014, Medicaid has new Eligibility and Enrollment Requirements to streamline process and eliminate coverage gaps

- New income counting method
- Streamlined online application and verification
- Improved renewal process
- Other eligibility changes to maintain coverage

Requirements consistent across Medicaid and Exchange

Medicaid changes

New method to count income – Modified Adjusted Gross Income (MAGI) uses income and household information on tax returns following IRS rules to count income for Medicaid (and Premium Tax Credits) eligibility

Populations subject to the MAGI methodology:

- Pregnant Women and Infants
- Children
- Parents
- Adult Expansion ("Adult Group") to 133% FPL

- No asset test.

Medicaid changes required

- Applications
  - Must accept applications online, by mail and by phone and in person
  - Electronic data verification

- Renewal changes
  - 12 month eligibility
  - *Ex-parte* renewals
  - Pre-populated renewal forms

Medicaid changes required

- Expand MA for former foster care children
- Spousal impoverishment extended to all HCBW recipients
- Presumptive eligibility at hospitals
- MOE for children and pregnant women

Medicaid Expansion Option

Medicaid Expansion Option

ACA provides States with option to expand Medicaid coverage effective January 1, 2014, or earlier

- Expansion option includes individuals with income up to133% FPG who are:
  - Age 19 to 65
  - Not pregnant
  - Not entitled to or enrolled in Medicare and
  - Not otherwise eligible for Medicaid
- Requires Alternative Benefit Set

Medicaid Expansion Option

- The new adult expansion group would include:
  - Childless Adults (0% to 133% FPG)
  - Parents (100% to 133% FPG)
  - 19 and 20 year olds (100% to 133% FPG)

- Minnesota is currently covering these populations in either MA or MinnesotaCare and receiving 50% federal match.

Medicaid Expansion Option

- Minnesota adopted the ACA early expansion option effective March 1, 2011.
- Includes low-income childless adults up to 75% FPG covered with a 50% federal match prior to January 1, 2014.
- State also receives 50% federal match for childless adults between 75% FPG and 200% FPG in MinnesotaCare.

Medicaid Expansion Option

- Full vs. Partial Medicaid Expansion
  - Currently covering childless adults up to 75% FPG
  - Currently covering parents and young adults up to 100% FPG
  - CMS will not allow enhanced federal funding for partial expansions
- Opt-in and Opt-out
  - CMS has clarified that states that choose to pick up the expansion option can drop the option at a later date
  - States may also elect to begin the expansion after January 1, 2014.

Medicaid Expansion Option

Enhanced Federal Funding for New Adults

- Up to 100% FMAP for newly enrolled individuals that:
  - Are over age 18
  - Not eligible under the State Plan or Federal Waiver as of December 1, 2009

- Enhanced FMAP at 100% for 2014-2016
  - phases down to 90% in 2020 and thereafter

Medicaid Expansion Option

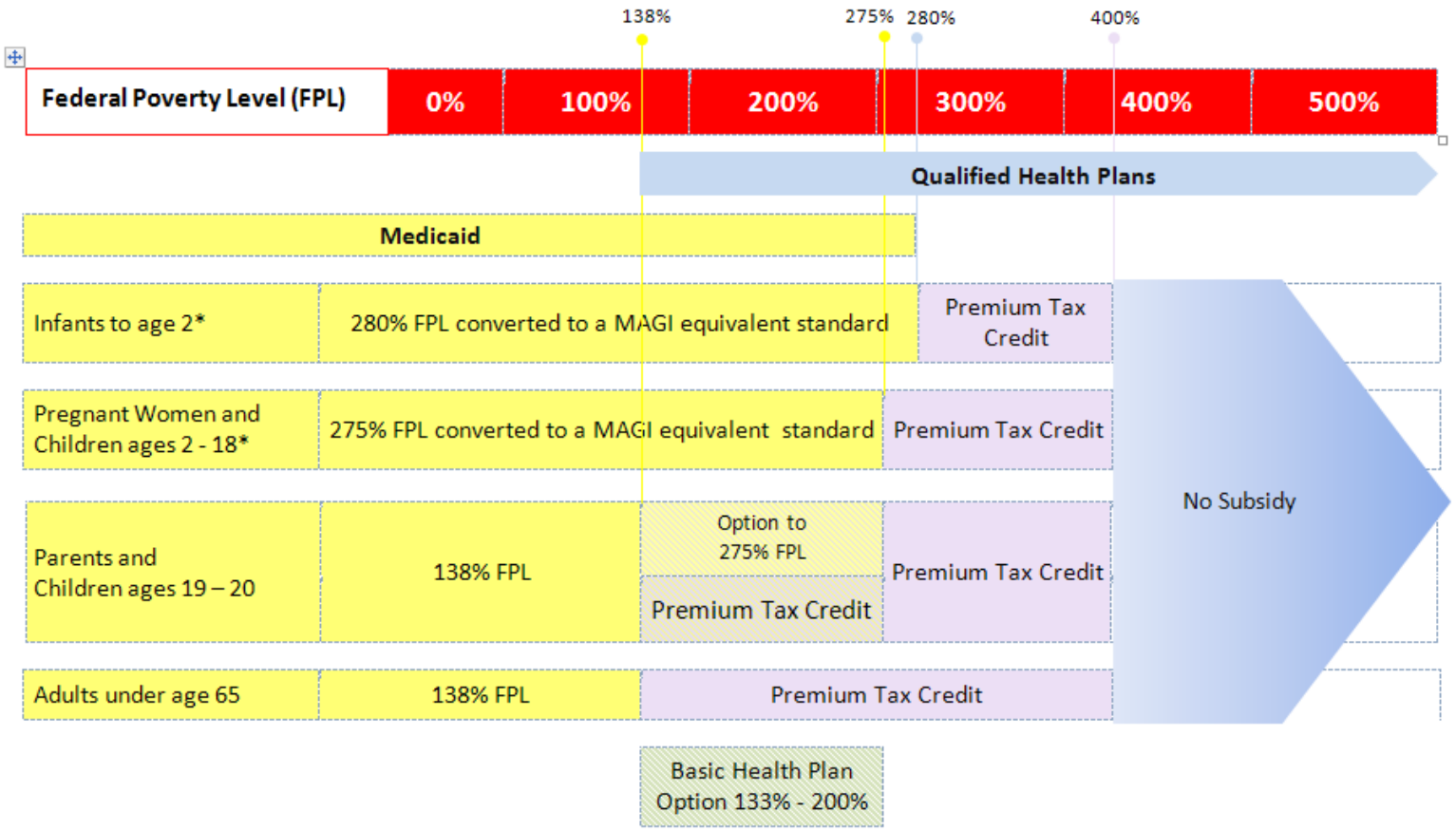
Enrollment and Budget Impacts:

- Early Expansion for childless adults to 75% FPG
  - 84,000 Minnesotans including those previously enrolled in GAMC and MinnesotaCare.
- Continuing to 133% FPG
  - Additional 57,000 Minnesotans including some currently covered in MinnesotaCare.
- Combination of early and full expansion will save the state budget over $1 billion for 2011-2015 fiscal period.

Income Limits
Current vs. 2014

Group	Current MA Income Limit	Current MinnesotaCare Income Limit	Possible MA Income Limit Jan. 1, 2014
Pregnant Women	275% FPG	275% FPG	275% FPG
Infants (0-2)	280% FPG	275% FPG	280% FPG
Children (2-18)	150% FPG	275% FPG	275% FPG
Children (19-20)	100% FPG	275% FPG	133% FPG
Parents	100% FPG	275% FPG	133% FPG
Adult Group	75% FPG	250% FPG	133% FPG
Elderly & Disabled	100% FPG	N/A	100% FPG

Minnesota Coverage Options



*Income standard in effect on June 1, 1997, must be maintained to comply with the CHIP maintenance of effort.

What about the above 133% FPG population in 2014?

- MinnesotaCare in 2014
  - Who would be left in MinnesotaCare under an MA Expansion?
    - Parents 139%–275% FPG
    - 19–20 year olds 139%–275% FPG
    - Childless adults 139% – 250% FPG
      - Adults 200% – 250% currently in Healthy Contribution MN
    - Eligible non-citizens 0% – 275% FPG
- Federal financing of MinnesotaCare unclear
  - Waiver that funds program expires at end of 2013
- State will need to examine options and determine best action for above 133% population

Range of options for the above 133% FPG population

- Those individuals go into the exchange
- Those individuals go into the exchange, with "wrap around" additional cost sharing and premium buy downs
- Continue to operate MinnesotaCare, but with improvements to make coverage better
  - Use Basic Health Plan financing to continue the program
  - Extend current waiver (fiscal implications)
  - Some hybrid (need guidance from CMS)

Basic Health Plan Option

- Allows state to receive federal funding equal to 95% of the value of tax credits and cost-sharing reductions
- Must comply with Essential Health Benefit (EHB) requirements
- Eligibility for Medicaid, BHP and Tax Credits are mutually exclusive

- Could be used to provide funding for MinnesotaCare moving forward
- CMS has not issued guidance on the BHP yet

MinnesotaCare in 2014

If we were to retain MinnesotaCare in 2014:

ACA Compliance Issues

- Benefit set for childless adults and higher income parents
  - Inpatient limit in MinnesotaCare
  - Deductibles and cost-sharing in Healthy Contribution MN
- Insurance Barriers

◦ Health Program Compatibility Issues

- Income counting and household composition methodology (gross income vs. MAGI)
- Insurance Affordability Test

Other ACA Changes

- Changes in Benefits
- Changes in Payment Options
- Program Integrity Improvements

Other ACA Changes

New ACA benefit changes already implemented in Minnesota's program:

- Freestanding Birth Centers
- Hospice Care for Children
- Tobacco Cessation Counseling

Other ACA Changes

- Physician Pay Bump
  - Effective January 1, 2013 – December 31, 2014
  - Primary care providers
  - Medicare rates
  - Full federal funding on difference between Medicaid and Medicare rates
- Expansion of Health Homes option
- Expansion of prescription drug rebate program to managed care organizations

Other ACA Changes

Program Integrity Requirements:

- Expansion of Recovery Audit Contractor program
- Provider screening for enrollment
- Face-to-face encounter requirement for durable medical equipment
- Concurrent termination of providers for Medicaid and Medicare

Moving Forward Under ACA

- Expanded Coverage
- Streamlined applications and renewals
- New Coverage Options
- New Benefit Packages
- Increased Federal Funding

Next Steps on Options

- Federal regulations and guidance still to come
- On-going discussions between Minnesota, HHS and CMS
- Continued and on-going discussions with Legislators