Medicaid: Emerging From the Pandemic; What Comes Next

Princeton Conference

October 4, 2023

Kate McEvoy, Esq.

National Association of Medicaid Directors

Medicaid currently serves one in four Americans and is highly regarded.

- 4 in 10 births. 35 million children. 2/3 of older adults and people with disabilities.
- A targeted study found that over 60% of Americans have a connection to the program.
- The Kaiser Family Foundation Health Tracking Poll found in its 2019 report that 75% of the public has a favorable view of Medicaid.

NAMD
National Association of Medicaid Directors

A critically important pandemic support

- Medicaid was already providing health insurance for more than 74 million Americans when the pandemic emerged and rapidly pivoted to engage with members, implement unprecedented flexibilities, and support members in continuing to connect with care

- Coverage of both medical and behavioral health services via telehealth, in particular, helped Medicaid programs to preserve access to care at a time of unprecedented vulnerability for low-income people

- Congress anticipated how vital Medicaid coverage would be in enacting the "continuous eligibility" requirement, and Medicaid worked exactly as intended to scale up to meet enormous new demand for coverage

NAMD
National Association of Medicaid Directors

Poised for improvement and innovation

State Medicaid programs are currently:

- Facing **workforce shortages, strain, and resource constraints**, but also . . .
- **Active in unwinding continuous coverage** and examining which interventions are most probative of smooth access to and continuity of eligibility
- **Reviewing experience with, quality and payment parity of telehealth services as well as other pandemic flexibilities** and making decisions about permanency
- **Responding to the federal government's call to action** around ACA and newly emerging eligibility standards as well as proposed access and managed care rules
- **Continuing to champion interventions health-related social needs, maternal health, behavioral health and supporting transition of justice-served individuals**

NAMD
National Association of Medicaid Directors

Important program trends: models

The Kaiser Family Foundation 2022 Medicaid Budget Survey confirmed that Medicaid programs:

- are predominantly utilizing capitated managed care models (per CMS, as of 2020 72% of members) but have continued to migrate to carve-out and self-management of pharmacy
- are mobilized around a range of health equity strategies
- took advantage of the pandemic flexibilities and the extraordinary infusion of federal funds to implement telehealth, expand the array of covered benefits (behavioral health, post-partum eligibility, adult dental) and invest in targeted rate increases (BH, nursing home and home care)

NAMD
National Association of Medicaid Directors

Important program trends: spending

- According to the Kaiser Family Foundation (KFF), Medicaid reflects nearly 1 in 6 dollars spent in the US on health care (in FY'22, a total of $799.6 b., 67.5% of which reflected federal funding), 1 in 2 dollars spent on long-term services and supports, and it is the United States' single largest payer for behavioral health services

- Medicaid's growth rate reached 12.5% in FY'22 (primarily related to a bubble of enrollment) but is expected to slow to 4.2% in FY 2023

- FY'22, Medicaid spending accounted for: 27.6% of total state spending (single largest component of total state expenditures) and 17.3% of general fund spending (the second largest category after K-12 education)

NAMD
National Association of Medicaid Directors

Important program trends: enrollment

- Over the period from 2017 to 2019, enrollment in Medicaid declined, but dramatically increased during the pandemic, under continuous coverage

- As of May, 2023, the CMS Medicaid and CHIP Enrollment Trends Snapshot indicates that Medicaid was serving 86.8 million people (35.1 million of whom were children), which represents an increase from February 2020 of 32.5%

- The Congressional Budget Office has released updated estimates of the enrollment-related impacts of unwinding, anticipating that over the 18-month period starting in April, 2023, 15.5 million people will leave Medicaid

NAMD
National Association of Medicaid Directors

NAMD's Position on Unwinding

- **The shared goal across the country is to maintain coverage for all people who remain eligible** – with a particular emphasis on children, older adults and people with disabilities - and to support people who have become ineligible in accessing coverage on the marketplace or through their employers

- **Loss of the comprehensive protections of Medicaid coverage is significant** and we all acknowledge that our continuum of health care insurance options remains fragmented

- **State and territory Medicaid leaders remain actively and dynamically at work**, learning from unwinding data and experience, issue spotting and responding to feedback from members and partners, and proactively collaborating with CMS and myriad partners

- **All states are required to observe extensive procedural protections for members**, including the types of contacts that are required, fair hearing processes and a new 90-day reconsideration period during which people can be reinstated to coverage without further administrative obligations

NAMD
National Association of Medicaid Directors

Observations About Unwinding

- **Despite extensive communications and engagement efforts, consumer literacy and response rates remain a significant challenge.**

- **Coverage losses deserve careful review.** We must all be vigilant about examining the experience and circumstances of people losing coverage through procedural terminations, especially where they are children.

- **Unwinding has activated state and territory Medicaid leaders and their teams to pay close attention to each and every interval to promote coverage continuity for eligible people**, from ex parte through reconsideration and even restoration of coverage through presumptive eligibility, where despite multiple modes of contact a member has not responded to renewal inquiries.

NAMD
National Association of Medicaid Directors

- **Issue spotting and course correction is difficult for states, territories and the federal government.** This is because of the great variability of circumstances for individuals and families served by Medicaid, the complexity of rules that govern program eligibility, and differences in the state and territory systems that support enrollment.

- **There are significant, unrealized opportunities to scale and standardize systems solutions.**

- **It remains difficult to capture the full story of what is happening with coverage.** While over forty states and territories are publishing data dashboards and reports that are helping to provide insight, until we have more detailed national data on migration to Medicare, the marketplace and employer-sponsored insurance, we will be hampered in telling a more complete story.

NAMD
National Association of Medicaid Directors

Initial Observations About Federal Rules

- **The proposed rules on access and managed care**, which focus on rate transparency, timely access to specified services, transparency of rate schedules, member and stakeholder engagement, and ensuring that older adults and people with disabilities receive the home and community-based services on which they rely, **reflect shared values of states around what constitutes a high performing Medicaid program and important companion pieces to historical and new eligibility standards**

- That said, we are **concerned about the feasibility, systems lift and timelines for implementation**

- **It is exceptionally important that states and their MCO and provider partners have the lead time and bandwidth to plan for and implement** the process and systems changes that will be required to achieve the aims of both rules

NAMD
National Association of Medicaid Directors

Notes on Innovation

- **A critical mass of states are continuing to expand modes and means of providing services through 1115 waivers (justice-served individuals, HRSN) –** see this helpful KFF waiver tracker for details

- **All states are prioritizing and investing in behavioral health** (e.g. mobile crisis, community-based clinic care, peer supports, an effective continuum that addresses discharge delay), prioritizing children and young adults

- **Many states are building out maternal health interventions** (e.g. post-partum eligibility, coverage of doulas and lactation consultants, behavioral health supports, payment bundles), with special emphasis on women of color

NAMD
National Association of Medicaid Directors

Two central challenges with innovation include:

- **the lift and long timelines associated with 1115 approval processes -** waivers in the pipeline are overwhelming CMS' current capacity

- **lack of identified sources of capital for up-front costs,** following sunset of the Delivery System Incentive Program (DSRIP) and State Innovation (SIM) models, as well as the Financial Alignment Demonstration, and lack of Medicaid-premised CMMI models

NAMD
National Association of Medicaid Directors

In conclusion

State Medicaid programs are emerging from the PHE strong, but strained, and are focusing on:

- Embedding engagement and learning from members' experience of the program
- Continuity of coverage for all eligible people
- Forecasting the census-related and financial impacts of the unwind
- Attaining consistent nationwide compliance with ACA and new eligibility standards as well as implementing the ultimate requirements of the access and managed care rules
- Amplifying historical work on health-related social needs, behavioral and maternal health

NAMD
National Association of Medicaid Directors