Exchanges and Medicaid: Key Issues for Implementing the ACA

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Overview

1. Context
2. Eligibility and Enrollment
3. Continuity of Coverage and Care
4. Purchasing/Quality Strategy
5. Provider Payment and Supply
6. Governance and Infrastructure
Medicaid: From Welfare Program to Health Insurer

Medicaid authorized as welfare-related program
Medicaid de-linked from cash assistance
Medicaid covers over 50 million people, most in working families

1965  1996

2010  2011-2013  2014  2019

4 “State Health Subsidy Options” available under the ACA
• Medicaid for individuals <133% FPL
• CHIP for children between 133% FPL and state ceiling
• Subsidies for Qualified Health plans for individuals between 133-400% FPL
• Basic Health Plan for individuals between 133-200% FPL (Optional)

Adapted from: Bachrach, Deborah. Medicaid’s Role in the Exchange. Presentation Delivered March 16, 2011
Medicaid and the Health Insurance Market

Projected Coverage in 2019 (People < 65 yrs.)

- Medicaid/CHIP: 42% (51 million)
- Nongroup/Individual: 20% (24 million)
- Private through Exchange: 20% (25 million)
- Employer Sponsored Coverage: 18% (22 million)
- Other: 43%

Source: Congressional Budget Office estimates, March 18, 2010
Income Fluctuations Among Those Below 400% FPL

Eligibility and Enrollment

- Exchanges are required to determine eligibility for and coordinate enrollment in Medicaid, CHIP, and state health subsidy programs using: (ACA §1413)
  - A single, streamlined eligibility form for all programs
  - A “secure, electronic interface”
  - Multiple access points: internet, mail, phone, in person

- New MAGI standard for Medicaid and subsidies
  - Point-in-time vs. income tax return eligibility determinations

“...[S]ystem transformations should be undertaken in full partnership with Exchanges ... Extensive coordination and collaboration would be required between Exchanges and Medicaid.” NPR for Federal Funding for Medicaid Eligibility Determination & Enrollment Activities, 11/8/10
Eligibility and Enrollment

- Key eligibility considerations for states:
  - Data gathering/sharing
    - Verification through state and federal databases
    - Information sharing vs. full process integration between Medicaid/CHIP and Exchange
  - Additional state eligibility regulations
    - Elimination of excessive requirements (ex. fingerprinting)
    - Continuous eligibility standards
  - Coordination with current public programs
    - Use of current applications and processes
    - Coordination with other public benefit programs (ex. Food Stamps)
    - Screen for non-MAGI populations
Eligibility and Enrollment

Key enrollment considerations for states

- Administrative efficiency
- Coverage continuity
- Consumer education
- Household variability
- Overlap between QHPs and Medicaid managed care plans
Achieving Continuity of Coverage & Care

- States may investigate the degree to which Medicaid with their Exchanges could and should interact
  - Through integration of Medicaid in the Exchange, states can:
    - Facilitate transitions
    - Leveraging buying power
    - Facilitate other policy goals (i.e. quality improvement)

- Continuum of integration strategies
  - Contracted plans
  - Provider networks
  - Basic health plan
  - Benefits
Achieving Continuity of Coverage & Care

- **Benefit Design**
  - Health needs of covered populations
  - Enhanced FMAP
  - Ease of administration
  - “Essential benefits package” vs. Medicaid “benchmark” coverage

- **Risk Adjustment**
  - The Secretary will develop, a risk adjustment program that will apply to all plans in the individual and small group market both inside and outside of the Exchange (ACA §1343)
  - States may consider using a similar adjustment program for Medicaid
Purchasing/ Quality Strategy

- States may use their power as purchasers in Medicaid and the Exchange to achieve critical policy goals
  - Alignment of standards and requirements across the “continuum of coverage”

- Plan contracting
  - Managed care plans – contracting through Medicaid agencies or purchasing through the Exchange?
  - Incentives for QHPs to offer Medicaid/CHIP and/or for Medicaid-only plans to become QHPs?

- Health plan certification
  - Standardization of all Exchange plans including Medicaid?
  - Application of current Medicaid plan requirements/ certification processes to QHPs?
Purchasing/Quality Strategy

- **Quality and Reporting**
  - The Secretary will develop guidelines for payment structures that incentivize quality improvement strategies (ACA §1311(g))
    - QHPs must report to Exchange plans on activities they have conducted to implement these strategies
  - QHPs may only contract with hospitals that utilize patient safety evaluation systems and a comprehensive discharge program (ACA §1311(h))
  - States may strategize on how best to leverage these requirements and develop a multi-payer approach to quality improvement in the Exchange that includes Medicaid/CHIP and QHPs
Provider Supply and Payment—Two Different Worlds?

- 32 million “newly insured” individuals competing for strained provider supply
- Low Medicaid reimbursement
- State range in degree to which Medicaid and commercial networks are separate
  - Incentives for providers and plans that participate in both Medicaid and commercial insurance plans?

**Medicaid-to-Medicare Physician Fee Index, 2008**

- Physician fees relative to the national average.
- Source: Statehealthfacts.org
Governance & Infrastructure

- Exchange governance: What should be the role of the Medicaid and insurance agencies?
  - Different capabilities of each (ex. plan contracting)
  - To what degree would a contractual relationship promote administrative efficiency?

- Systems and administration
  - Facilitated integration with eligibility and enrollment functions
  - Determination of the extent to which Medicaid/CHIP infrastructure can be a platform for Exchange development
  - Realization of efficiencies through integration

- Federal funding opportunities
  - 90% Medicaid match for enhancement of eligibility systems
  - 75% match for Exchange operations
Resources and Contact

http://www.nashp.org
http://www.statereforum.org/
http://www.maxenroll.org/

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Thanks to: