

# Alternative Approaches to Implementing the ACA Medicaid Expansion

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Figure 1

The goal of the ACA is to make coverage more available, more reliable, and more affordable.

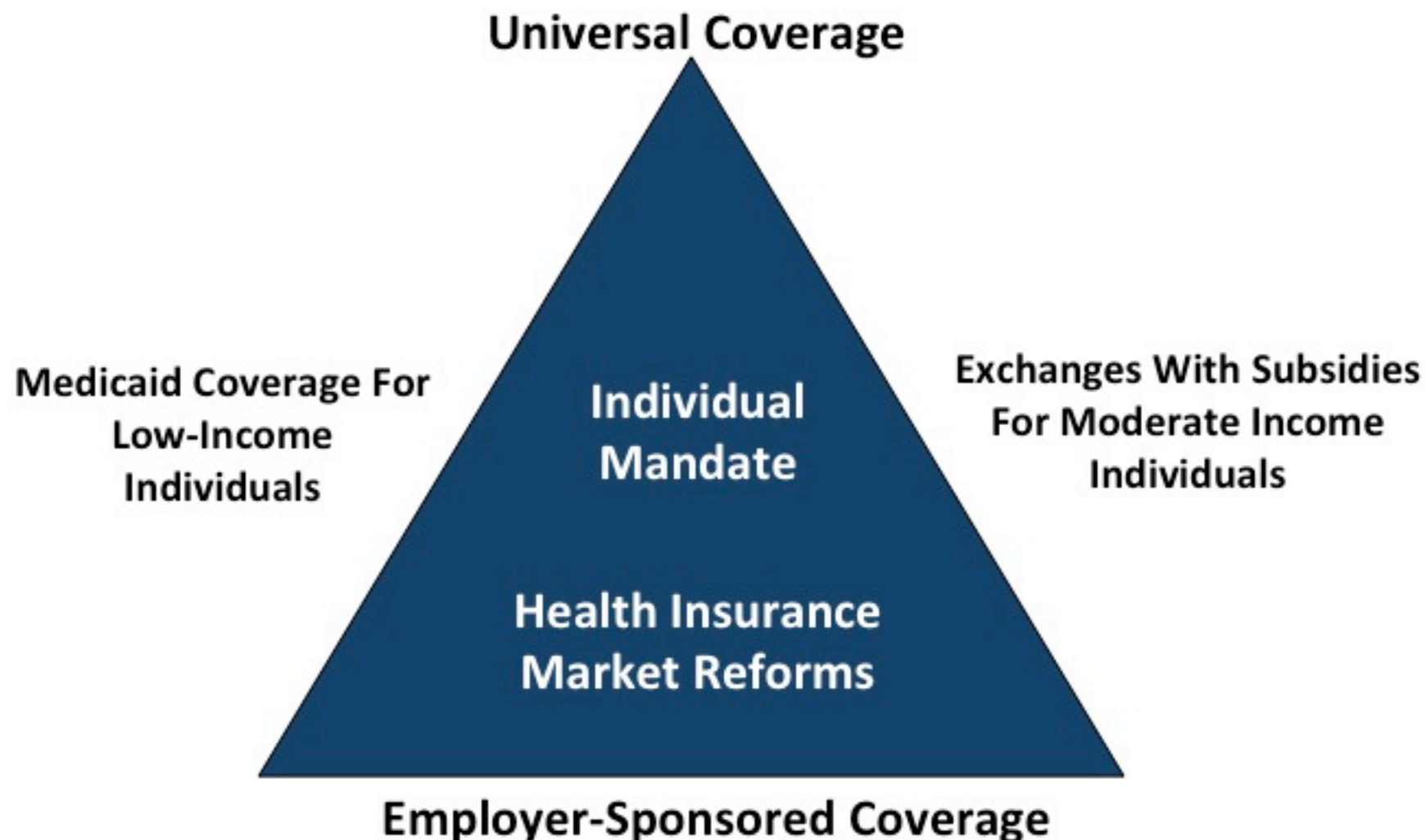
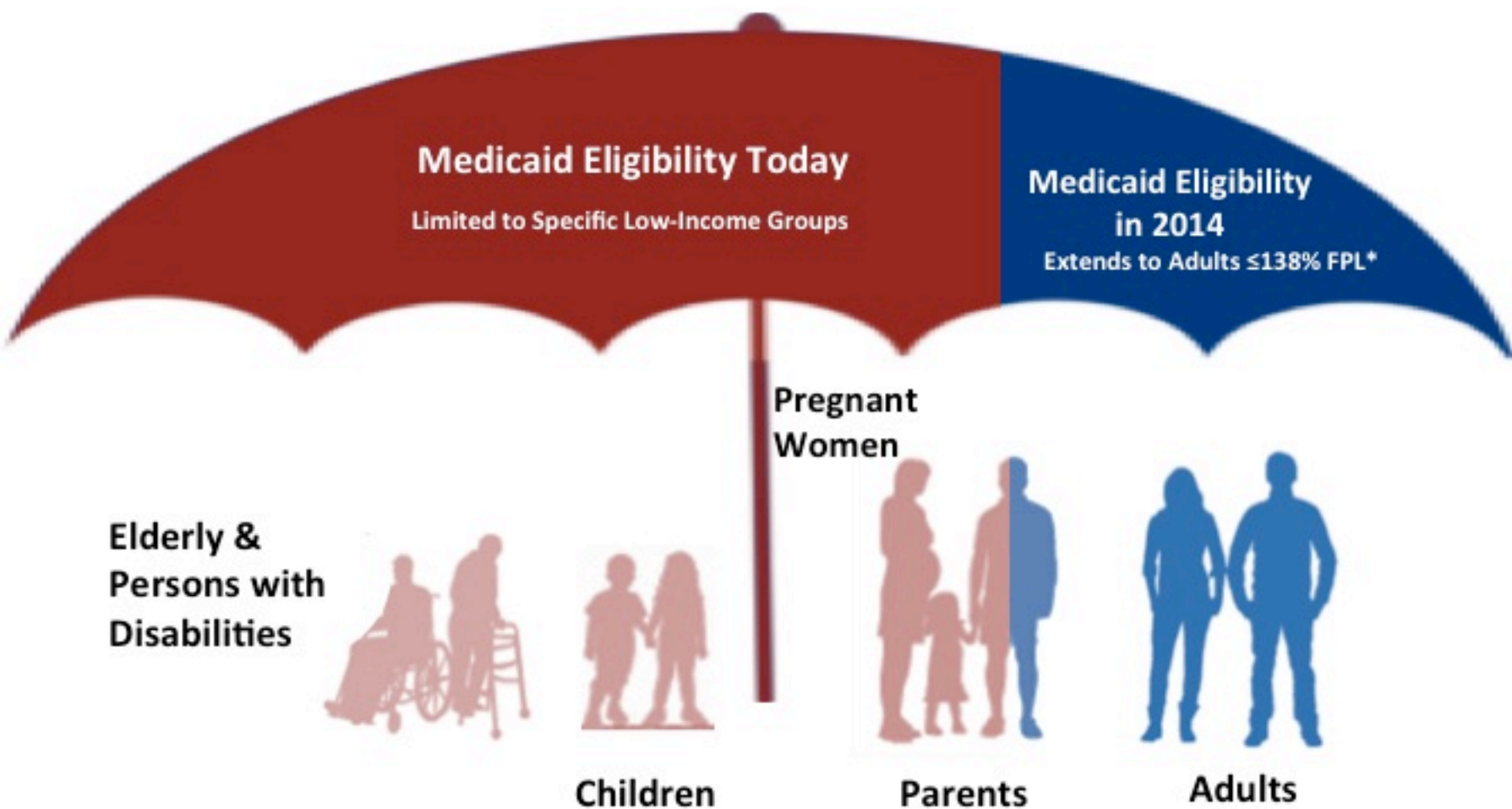


Figure 2

# The ACA Medicaid expansion fills current gaps in coverage.



\*138% FPL = \$15,856 for an individual and \$26,951 for a family of three in 2013.





## The majority of states moving forward with the expansion are not seeking a waiver.

- Most states implementing the Medicaid expansion through State Plan Amendment (SPA)
  - In compliance with federal law, but no state will implement the ACA the same way due to flexibility around benefits, cost-sharing, delivery systems, etc.
- Limited number of states are seeking waivers for alternative approaches to implement the ACA
  - 3 Section 1115 Waivers approved to implement the Medicaid expansion (AR, IA, MI)
  - PA waiver pending
- Few states continue to use waivers to maintain coverage in place prior to the ACA

## 1115 Waiver authority is for demonstrations that promote the objectives of the Medicaid program.

- Waivers are intended to allow for “experimental, pilot, or demonstration projects” that, in the view of the Secretary of HHS, “promote the objectives” of the Medicaid program
- Authorizes the HHS Secretary to: waive state compliance with certain federal Medicaid requirements and provide federal matching funds for costs that would not otherwise be matched under Medicaid
- Section 1115 waivers are required to be budget neutral for the federal government
- Waiver approval involves negotiations between a state and HHS
- As required by the ACA, HHS issued regulations to ensure better transparency and meaningful opportunities for public input into the 1115 waiver process
- Waivers are typically approved for a 5 year period and can be extended, typically for 3 years.

## The ACA eliminates the need for waivers to cover adults.

- Prior to the enactment of the ACA, a number of states used Section 1115 waivers to expand coverage to childless adults, who could not otherwise be covered under federal rules
  - To meet budget neutrality requirements and because few other options for coverage were available, some states were able to impose premiums, cost-sharing, enrollment caps and more limited benefits than allowed under current law
- The ACA expands Medicaid to nearly all individuals with incomes below 139% FPL and provides significant federal funding for the expansion eliminating the need for waivers
- In states that do not implement the Medicaid expansion, large gaps in coverage will remain for poor adults and states will forgo significant amounts of federal financing



## CMS has issued guidance about the use of Section 1115 Waivers to implement the ACA Medicaid expansion.

- No partial expansions
- No enrollment caps
- Limited number of waivers to test premium assistance
  - States ensure wrap-around coverage for benefits and cost sharing;
  - Beneficiaries have a choice of at least two Marketplace plans;
  - Demonstrations can only include enrollees eligible for benefits that are closely aligned with Marketplace benefits packages (e.g., not medically frail); and
  - Demonstrations end by December 31, 2016
- 1916(f) not 1115 must be used to waive cost-sharing rules
  - State must be testing a unique and previously untested use of copayments
  - Demonstrations limited to no longer than two years



Figure 8

# Some key themes have emerged in recent ACA expansion waivers.

	Premium Assistance	Premiums	Healthy Behavior Incentives	Benefit Changes	Work Requirements
Arkansas (approved)	X				
Iowa (approved)	X	X	X	X	
Michigan (approved)		X	X		
Pennsylvania (proposed)	X	X	X	X	X

## CMS has approved and denied provisions in recent waiver proposals.

- **Approved**
  - Premium Assistance: Waivers consistent with guidance, allow for mandatory enrollment in QHPs
  - Premiums: For individuals with incomes 100-138%; up to 2% income (= to Marketplace)
  - Benefits: Non-emergency transportation (one year waiver in Iowa)
  - Healthy Behavior Incentives: Tied to reductions in premiums and cost sharing, protocols must be approved by CMS
- **Not Approved**
  - Premiums: For individuals with incomes < 100% FPL
  - Cost-Sharing: No cost-sharing amount beyond those allowed under law
  - Benefits: No waiver for wrapping benefits in premium assistance, EPSDTS, freedom of choice for family planning
- **Pending**
  - Work requirements (never been approved in Medicaid)

## Waivers continue to be used to maintain coverage prior to the ACA (not eligible for enhanced matching funds).

- Waivers for coverage / assistance to those covered prior to the ACA > 138% FPL
  - MN, DC – may transition to Basic Health Plan
  - MA – use Medicaid to provide assistance to purchase QHP coverage
- Waivers to maintain coverage for those under 100% FPL
  - IN, OK – one year extensions with some modifications (i.e. transition coverage > 100% FPL to Marketplace)
  - WI – waiver for childless adult coverage under 100% FPL



## Looking forward....

- No deadline for states to participate in the Medicaid expansion
  - Will more states move forward?
  - Will they seek waivers to move forward?
- Key states to watch for waivers: Utah, Pennsylvania, Indiana
- How public notice and transparency rules work and what will be effect of public input to the waiver process?
- What type of evaluations will be conducted on ACA expansion waivers and will they be timely?