

Unwinding Medicaid Continuous Enrollment

SUMMARY

- On April 1, Pennsylvania returned to normal Medicaid eligibility rules and began a year-long process of redetermining eligibility for all 3.68 million beneficiaries.
- Medicaid spending grows faster than our state economy, representing a major driver of state spending and contributor to our structural deficit.
- There is widespread evidence of Medicaid enrollment inaccuracies.
- Better cross-checks at enrollment and more frequent eligibility checks can refocus Medicaid on the most vulnerable and encourage workforce participation for healthy adults.

WHAT IS CONTINUOUS ENROLLMENT?

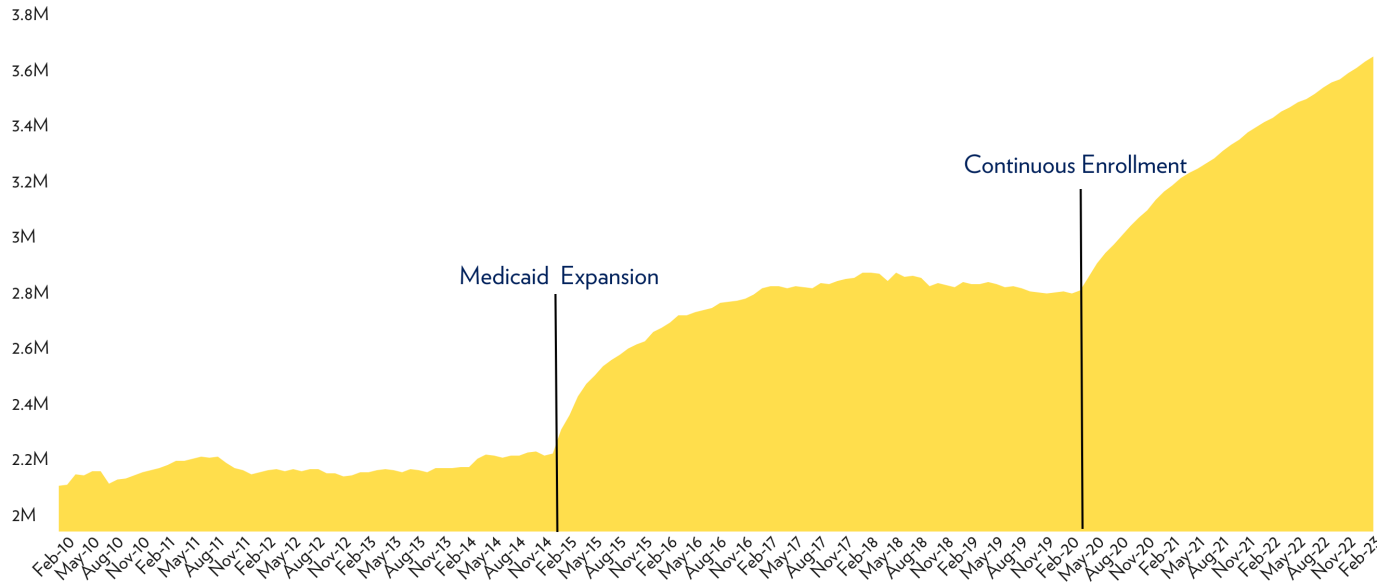
- Under the [Families First Coronavirus Response Act \(FFCRA\)](#), the federal government mandated continuous enrollment in Medicaid designed to provide health insurance for those who lost their livelihood during the COVID-19 pandemic.¹ Anyone enrolled, at any point, from March 2020 until March 2023 could not be determined ineligible due to rising income. Only death or moving to another state could terminate coverage.
- To encourage states to adopt continuous enrollment, the federal government increased the Federal Medical Assistance Percentage (FMAP) by 6.2 percent. For Pennsylvania this resulted in a 58.2 percent match, up from about 52 percent, while the healthy adult population receives a much higher match.²
- The normal [income eligibility limits](#) for Medicaid are 220 percent of the Federal Poverty Level (FPL) for pregnant women, 319 percent for kids, and 138 percent for healthy adults (equivalent to \$52,000 a year for a family of four).³ Income limits vary for the disabled and seniors based on their health care needs.
- Pennsylvania opted to continue collecting income and household information, mirroring the normal process, but the state could not act on this new information.

HOW DID CONTINUOUS ENROLLMENT IMPACT PA?

- Pennsylvania's Medicaid enrollment rose rapidly, faster than the surge in 2015 when the state expanded Medicaid to healthy adults under the Affordable Care Act (ACA). From March 2020 to February 2023, Pennsylvania added 840,000 individuals, a **30 percent increase**.⁴

State Medicaid Enrollment, 2010-2023

Medicaid expansion in 2015 and the COVID-19 pandemic propelled enrollment growth

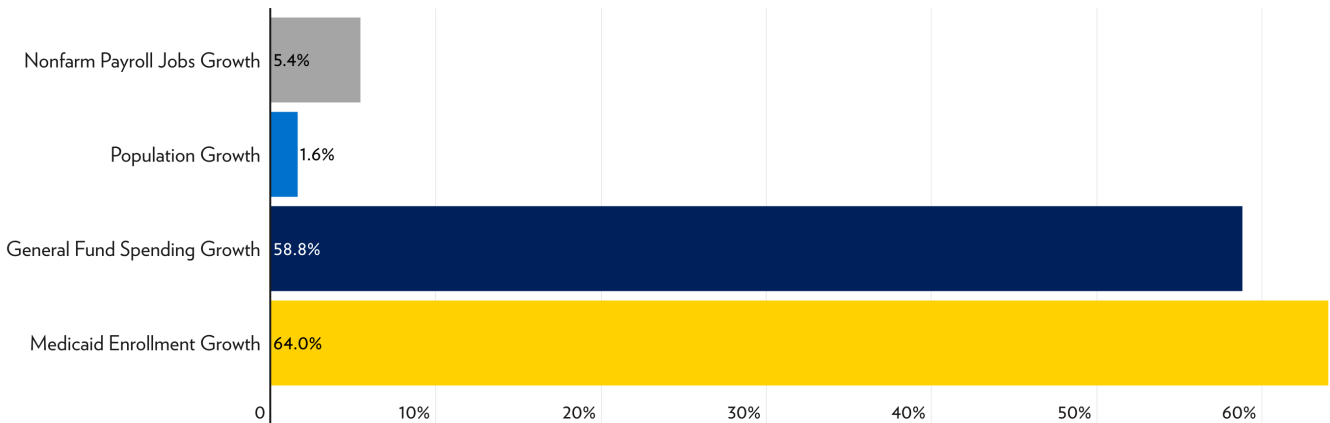


Source: Pennsylvania Executive Budget, "Medicaid Appropriations and Enrollees by Categories of Service," https://www.budget.pa.gov/Publications%20and%20Reports/CommonwealthBudget/Documents/2022-23%20Proposed%20Budget/Budget%20Book%202022-23_Web%20Version.pdf.
 2022-2023 Data: Pennsylvania Department of Human Services, "Archives of MA-FOOD-STAMPS-AND-CASH-STATS@LISTSERV.DPW.STATE.PA.US, February 2023 Statistics," <http://listserv.dpw.state.pa.us/ma-food-stamps-and-cash-stats.html>

- Before the pandemic, just over one in four Pennsylvanians relied on Medicaid for health insurance. Today, nearly 30 percent of Pennsylvanians are dependent on state taxpayers for their health coverage.
- Total state and federal spending for Medicaid in Pennsylvania grew from \$31 billion in fiscal year (FY) 2019–20 to \$42 billion in FY 2022–23.
 - In the last decade, Medicaid General Fund spending grew 64 percent, compared to 1.6 percent in population growth and 5.4 percent in job growth.
 - There are fewer than two Pennsylvania workers for every Pennsylvanian receiving Medicaid. The worker-to-Medicaid recipient ratio dropped from 2.5 to 1 in 2015 to 1.6 to 1 in 2022.
- The enhanced FMAP helped the state offset higher Medicaid costs from rising enrollment. However, it disguised the fact that ongoing [state spending exceeds](#) ongoing revenues.⁵
 - Pennsylvania received \$1.2 billion in enhanced FMAP funding in FY 2019–20, \$1.6 billion in FY 2020–21, \$2.5 billion in FY 2021–22, \$2.2 billion in FY 2022–23, and projected to receive an estimated \$515 million in FY 2023–24.⁶
- These growth trends are not sustainable. The state will have to increase revenues, reduce enrollment, or reduce benefits to preserve the Medicaid program.

Medicaid Growth vs. Economic Growth

Over the last decade (2012-2022), Medicaid enrollment and General Fund spending growth far exceeded key economic indicators.



Sources: Jobs Growth: U.S. Bureau of Labor Statistics, "All Employees: Total Nonfarm in Pennsylvania [PANA], December 2012 and December 2022" retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/PANA>, January 26, 2023. Population Growth: United States Census Bureau, "Annual Estimates of the Resident Population for the United States, Regions, States, and Puerto Rico, April 1, 2010 to July 1, 2019." Retrieved January 26, 2023; United States Census Bureau, "Annual Estimates of the Resident Population for the United States, Regions, States, and Puerto Rico, April 1, 2021 to July 1, 2022." Retrieved January 26, 2023. General Fund Spending Growth: Pennsylvania Executive Budget, "General Fund Financial Statement, 2014-15, 2012-13 Actual"; Pennsylvania Executive Budget, "2022-23 Enacted Budget Line Item Appropriations" Medicaid Enrollment: Pennsylvania Executive Budget, "Medicaid Appropriations and Enrollees by Categories of Service," https://www.budget.pa.gov/Publications%20and%20Reports/CommonwealthBudget/Documents/2022-23%20Proposed%20Budget/Budget%20Book%202022-23_Web%20Version.pdf.

HOW WILL PENNSYLVANIA MANAGE THE UNWINDING?

- In December 2022, Congress [passed legislation](#) ending continuous enrollment on April 1st. States will have one year to conduct eligibility redeterminations. The enhanced FMAP will phase down quarterly; 5 percent from April to June, 2.5 percent from June to September, and 1.5 percent from October to December 2023.⁷
- Pennsylvania initially indicated it would complete redeterminations in 6 months, but after Congress's actions, they revised their plan to take the full 12 months.
 - The pace and scope of redetermination will vary due to existing policies on Medicaid redeterminations.⁸ Ineligible Medicaid recipients [in five states](#) will see their benefits end in April. These include Arizona, Arkansas, Idaho, New Hampshire, and South Dakota.
- Ineligible Pennsylvanians may see their benefits end as early as May. Unfortunately, Pennsylvania's Department of Human Services (DHS) has not shared information explaining how it will prioritize redeterminations, or which members already have access to insurance through an employer.
 - DHS officials told WESA, as of January, an [estimated 617,000](#) "might now be ineligible," meanwhile 598,000 had "not completed their most recent renewal." Some overlap exists between these two groups, officials said.⁹
- Nationally, Medicaid enrollment almost hit the sober milestone of [100 million](#) just as continuous enrollment ended on March 31st.¹⁰ Estimates on how many Medicaid members are ineligible vary:

- A study by the [Urban Institute](#) estimates 18 million will be deemed ineligible.¹¹
 - Of those deemed ineligible, 87 percent will be eligible for employer or subsidized coverage.
- The U.S. Department of Human and Health Services (DHHS) estimates [15 million](#) are not eligible.¹²
- The Kaiser Family Foundation estimates that nationally between [5 and 14 million](#) are no longer eligible for Medicaid.¹³

WHAT ARE THE LONG-TERM IMPLICATIONS?

- Program integrity and quality care for the vulnerable should be the priority. Redeterminations of those expected to be ineligible should take precedence over those the DHS expects to maintain eligibility.
- Most Medicaid enrollees receive managed care services, meaning the state pays a managed care organization every month for that member, even if they do not utilize care. This arrangement underlines added urgency for completing redeterminations. Pennsylvania should not pay each month for ineligible Medicaid members, especially members with access to other forms of insurance.
- Ineligible is not synonymous with uninsured. In every projection above, experts assume the majority of those deemed ineligible ***will find alternative forms of coverage***.
 - Given Medicaid's [long waiting times for specialists](#) and [lack of provider options](#), alternatives could be preferable.
- Unfortunately estimates predict ongoing Medicaid caseloads will be higher than before the pandemic.
 - For example, if redeterminations result in deeming all DHS's estimated 617,000 Medicaid members as ineligible, that is still a 223,000 increase from Pennsylvania's enrollment in March 2020.
- Medicaid was not designed for healthy adults. Medicaid expansion and continuous enrollment have created precedents for a disturbing trend; a slow creep towards a middle-class entitlement that will further shift resources from the vulnerable to the healthy.
- The Medicaid enrollment process is error-prone. Growing the program without fixing its integrity issues will lead to more waste and fewer resources for the eligible. In 2020, a task force estimated Medicaid enrollment mistakes and fraud were "likely" costing taxpayers [\\$3 billion a year](#).¹⁴

HOW TO IMPROVE HEALTH CARE ACCESS

Here are five reforms to preserve Medicaid and improve services for vulnerable Pennsylvanians.

- [Work Requirements for Healthy Adults](#): Create a community engagement requirement for healthy adults utilizing Medicaid similar to education and training requirements in the Supplemental Nutrition Assistance Program (SNAP) and other entitlement programs.

- **Utilize Cross Checks:** Require the DHS to cross reference Medicaid enrollment with lottery winnings, death records, employment, income, residency, and incarceration information available in other states. It does not allow the state to accept self-attestation of income, residency, age, and household composition.
- **Reform Presumptive Medicaid Eligibility:** Submits a waiver to enable the department to eliminate mandatory hospital presumptive eligibility and restrict presumptive eligibility determinations to children and pregnant women eligibility groups.¹⁵
- **Do Not Pay Database:** Establish a state database of organizations, individuals and entities which are not eligible to receive funds from a commonwealth agency. This legislation should couple with a Grand Jury recommendation to give each individual working for a Medicaid provider an individual ID.
- **Pennsylvania False Claims Act:** A state False Claims Act would allow the commonwealth to collect more from Medicaid fraud recoveries. The statute is not Medicaid specific.

¹ Rachel Dolan, "Medicaid Maintenance of Eligibility (MOE) Requirements," Kaiser Family Foundation, December 17, 2020, <https://www.kff.org/medicaid/issue-brief/medicaid-maintenance-of-eligibility-moe-requirements-issues-to-watch/>.

² Kaiser Family Foundation, State Health Facts: Federal Medical Assistance Percentage (FMAP) for Medicaid and Multiplier," accessed March 23, 2023, <https://www.kff.org/medicaid/state-indicator/federal-matching-rate-and-multiplier/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>.

³ Kaiser Family Foundation, State Health Facts: Medicaid and CHIP, accessed March 23, 2023, <https://www.kff.org/state-category/medicaid-chip/?state>.

⁴ Pennsylvania Department of Human Services (DHS), Archives of Medical Assistance, Food Stamps and Cash Assistance Statistics, "February 2023 Statistics," accessed March 30, 2023, <http://listserv.dpw.state.pa.us/ma-food-stamps-and-cash-stats.html>

⁵ Commonwealth Foundation, "Pennsylvania State Budget Outlook," January 9, 2023, <https://www.commonwealthfoundation.org/research/pennsylvania-state-budget-2023/>.

⁶ Pennsylvania Office of the Budget, Executive Budget Fiscal Year 2021–22 and Fiscal Year 2023–24, General Fund Financial Statements, <https://www.budget.pa.gov/Publications%20and%20Reports/CommonwealthBudget/Pages/default.aspx>.

⁷ U.S. Congress, Public Law No: 117-328 "Consolidated Appropriations Act, 2023," December 29, 2022, <https://www.congress.gov/bill/117th-congress/house-bill/2617/text>.

⁸ U.S. Center for Medicare and Medicaid Services (CMS), "Anticipated 2023 State Timelines for Initiating Unwinding-Related Renewals," [as of] February 24, 2023, <https://www.medicaid.gov/resources-for-states/downloads/ant-2023-time-init-unwin-reld-renew-02242023.pdf>.

⁹ Kate Giammarise, "With Major Medicaid Changes Ahead, Advocates Want to See Increased Staffing for Assistance Offices," WESA, February 27, 2023, <https://www.wesa.fm/politics-government/2023-02-27/with-major-medicaid-changes-ahead-advocates-want-to-see-increased-staffing-for-assistance-offices>.

¹⁰ Foundation for Government Accountability, Medicaid Enrollment by State [dashboard], accessed March 23, 2023, <https://thefga.org/medicaid-dashboard-data/>.

¹¹ Matthew Buettgens and Andrew Green, "The Impact of the COVID-19 Public Health Emergency Expiration on All Types of Health Coverage," Urban Institute, December 5, 2022, <https://www.urban.org/research/publication/impact-covid-19-public-health-emergency-expiration-all-types-health-coverage>.

¹² U.S. Department of Health and Human Services (HHS), Issue Brief HP-2022-20 "Unwinding the Medicaid Continuous Enrollment Provision: Projected Enrollment Effects and Policy Approaches," (Washington, DC: HHS Office of the Assistant Secretary for Planning and Evaluation Office, August 2022), https://aspe.hhs.gov/sites/default/files/documents/404a7572048090ec1259d216f3fd617e/aspe-end-mcaid-continuous-coverage_IB.pdf.

¹³ Jennifer Tolbert and Meghana Ammula, "10 Things to Know About the Unwinding of the Medicaid Continuous Enrollment Provision," Kaiser Family Foundation, February 10 2023, <https://www.kff.org/medicaid/issue-brief/10-things-to-know-about-the-unwinding-of-the-medicaid-continuous-enrollment-provision/>.

¹⁴ John Micek, "Pa. Lawmakers Roll Out Bipartisan Proposal Aimed at Curbing Medicaid Fraud," *Pennsylvania Capitol-Star*, January 13, 2020, <https://www.penncapital-star.com/government-politics/biz-leaders-false-claim-law-aimed-at-curbing-medicaid-fraud-will-make-problems-worse/>

¹⁵ To the reader, presumptive eligibility was originally a state option allowing eligible children and pregnant women to receive Medicaid without the wait on pending applications. However, with the ACA, it became a mandate that states accept hospital determinations of temporary medical assistance eligibility for all patients, and often these patients are later found ineligible.