

MEDICAID COSTS & WAIVERS: SHARING STATE EXPERIENCES

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OUR MISSION, VISION & VALUES

MISSION

ACHI's mission is to be a catalyst for improving the health of Arkansans through evidence-based research, public issue advocacy, and collaborative program development.

VISION

ACHI's vision is to be a trusted health policy leader committed to innovations that improve the health of Arkansans.

VALUES

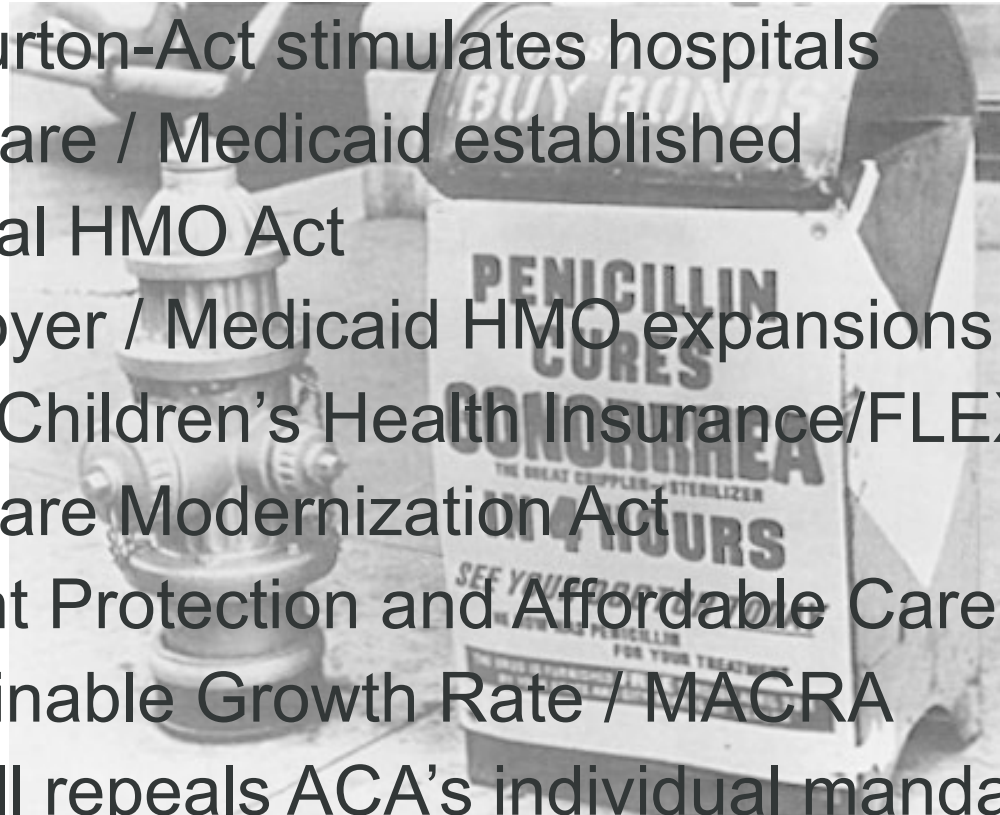
ACHI's values are trust, innovation, initiative, and commitment.





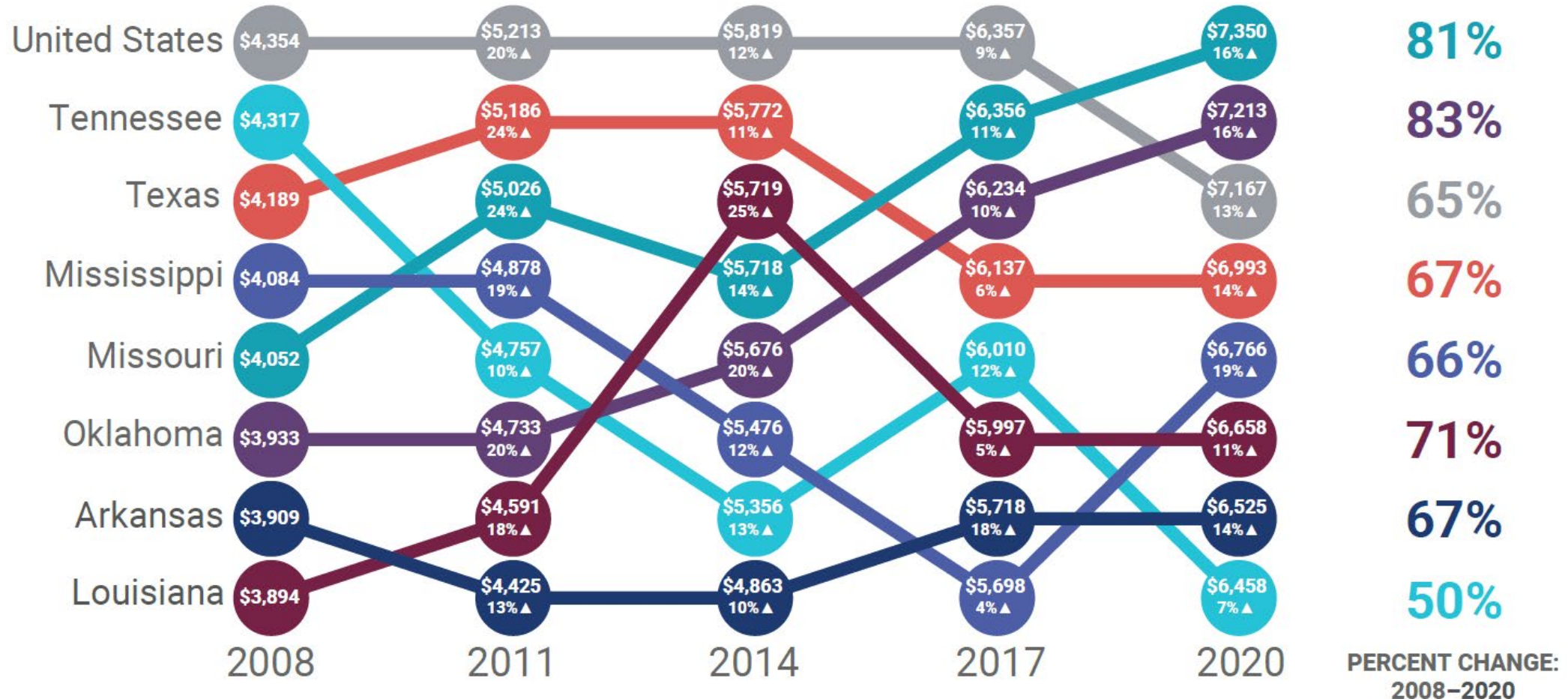
HEALTHCARE FINANCING IN TRANSITION

- 1944 First patient treated with Penicillin
- 1941 WWII Wage controls / Employers' response
- 1957 Hill Burton-Act stimulates hospitals
- 1965 Medicare / Medicaid established
- 1973 Federal HMO Act
- 1990s Employer / Medicaid HMO expansions
- 1997 State Children's Health Insurance/FLEX Hospital Programs
- 2003 Medicare Modernization Act
- 2010 Patient Protection and Affordable Care Act (ACA)
- 2014 Sustainable Growth Rate / MACRA
- 2017 Tax bill repeals ACA's individual mandate



EMPLOYER HEALTH INSURANCE PREMIUMS

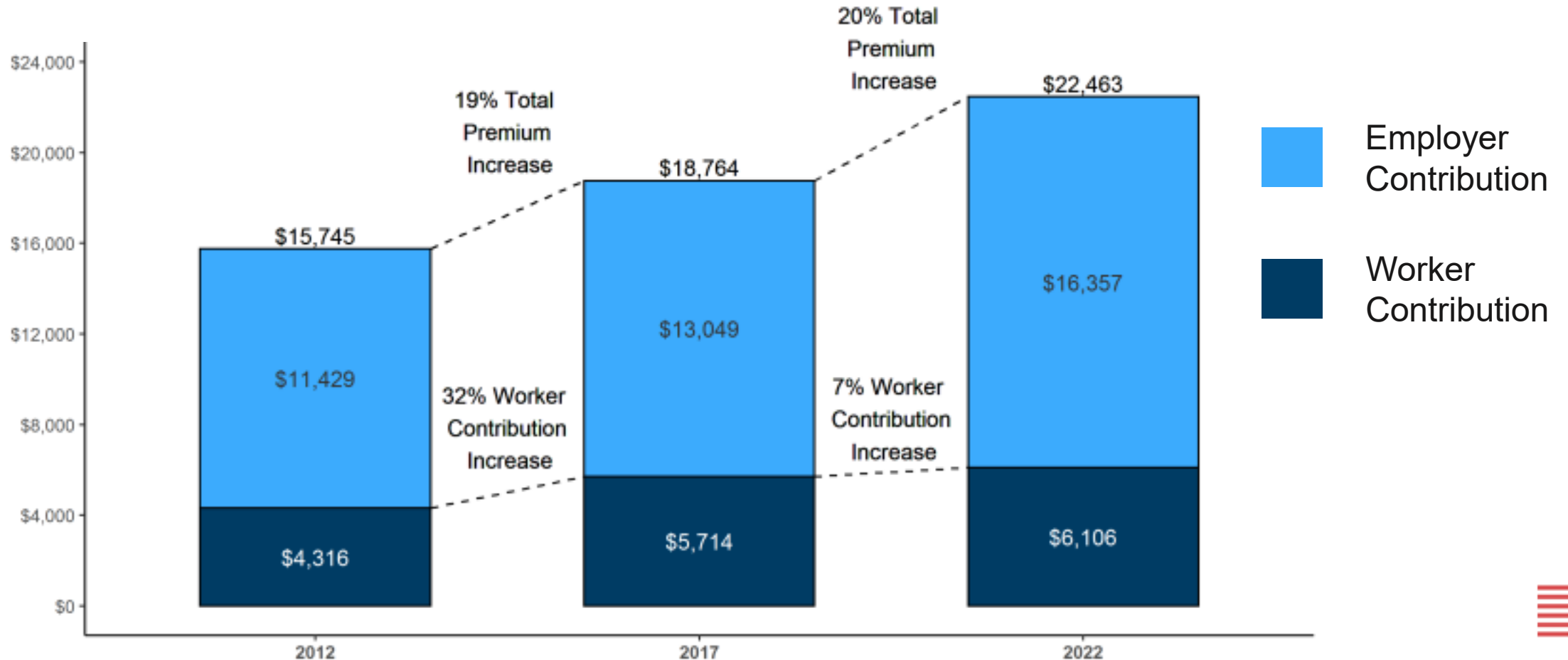
AVERAGE ANNUAL PREMIUM FOR AN INDIVIDUAL | EMPLOYER SIZE: 50 OR MORE EMPLOYEES



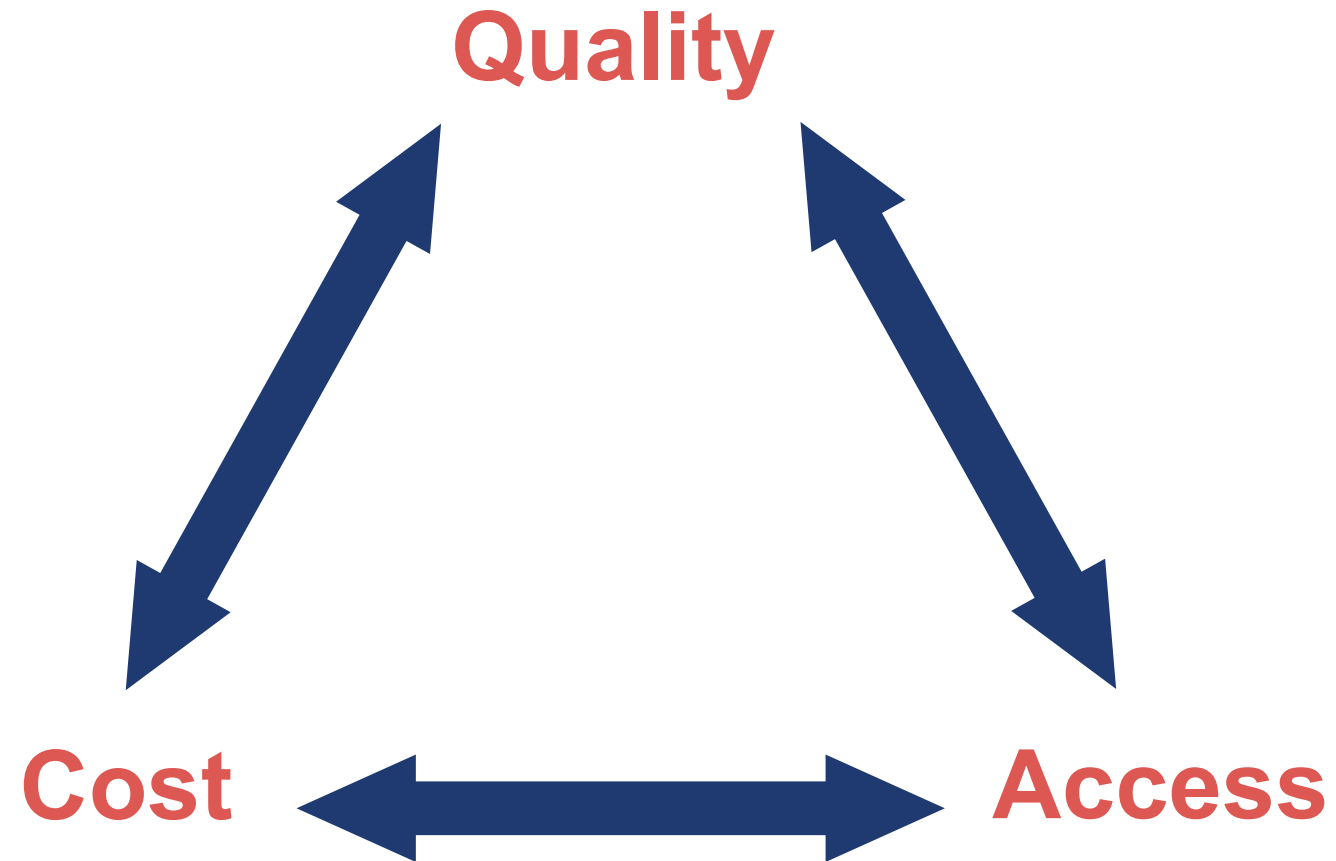
Source: ACHI analysis of data from the Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends, Medical Expenditure Panel Survey, 2008–2020.



AVERAGE ANNUAL WORKER AND EMPLOYER PREMIUM CONTRIBUTIONS FOR FAMILY COVERAGE, 2012, 2017, AND 2022



HEALTH CARE'S IRON TRIANGLE



THE MEDICAID PROGRAM



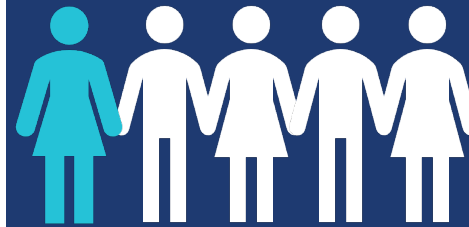
Public health insurance program for people with low income



Federal-state partnership



Coverage has evolved over time



1 in 5 Americans are covered



Broad range of health and long-term care services covered

THE MEDICAID PROGRAM



Private managed care plans provide care for most enrollees



Facilitates access to care



Jointly financed by states and federal government

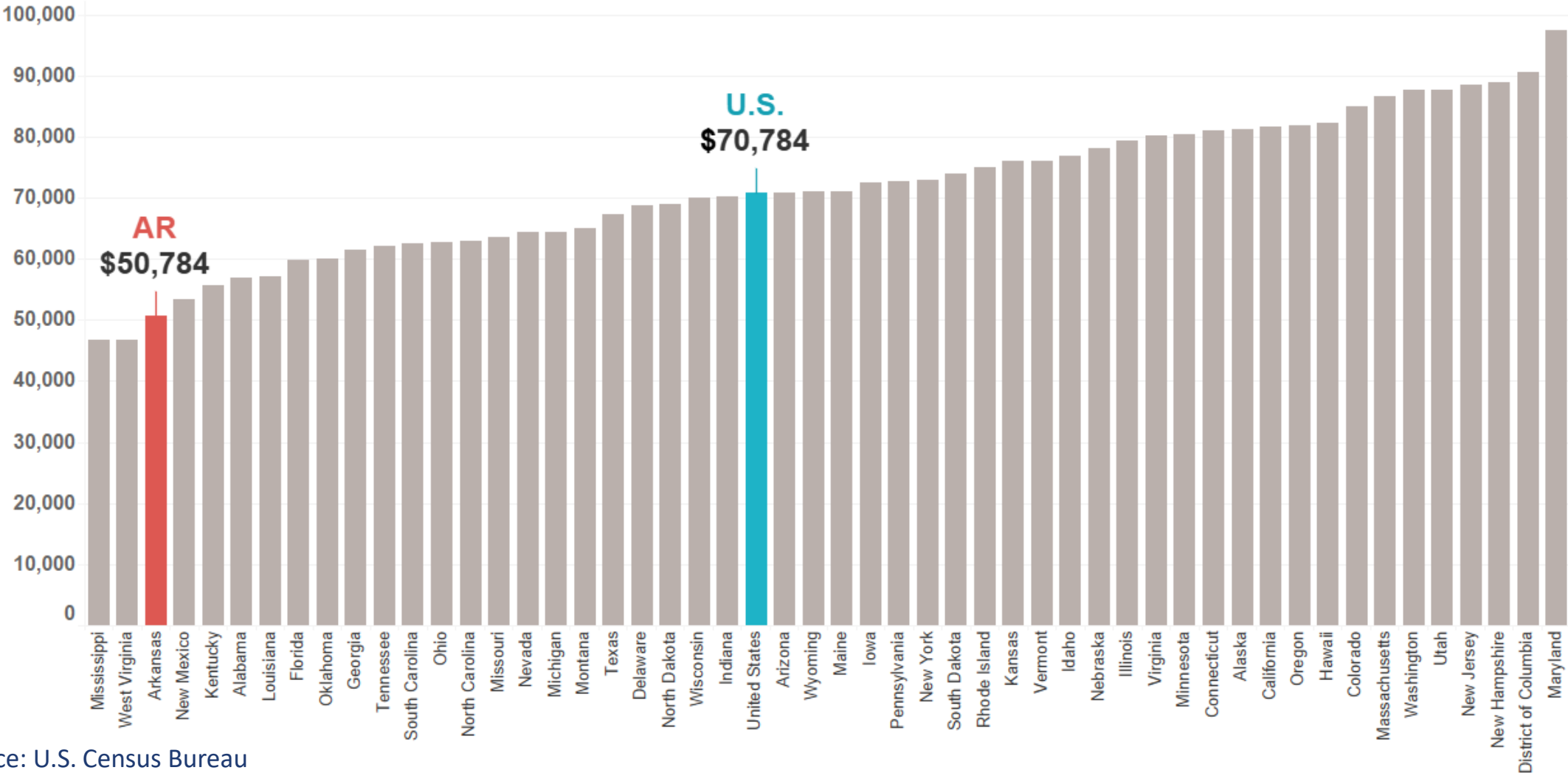


Spending is concentrated on the elderly and people with disabilities



Majority of public holds favorable views of Medicaid

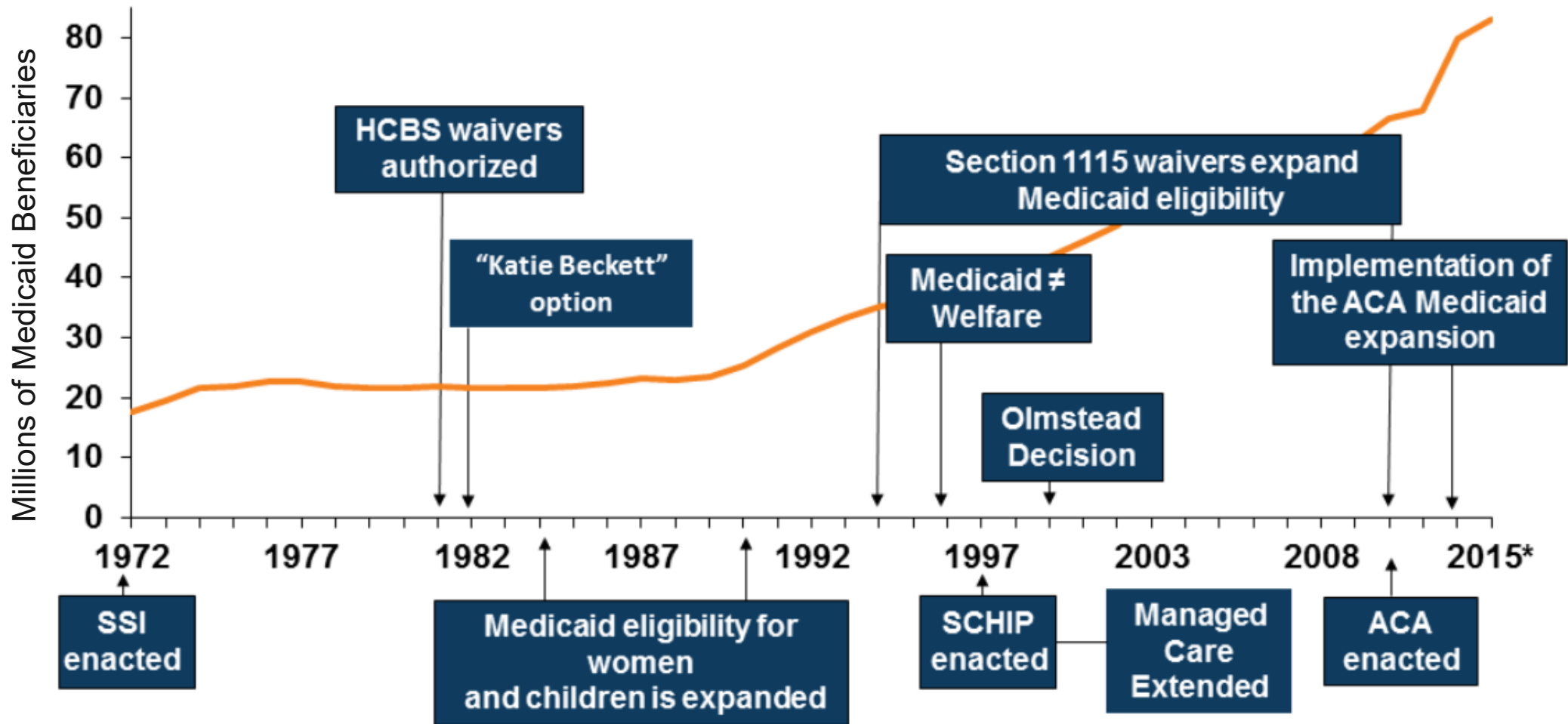
MEDIAN HOUSEHOLD INCOME 2021



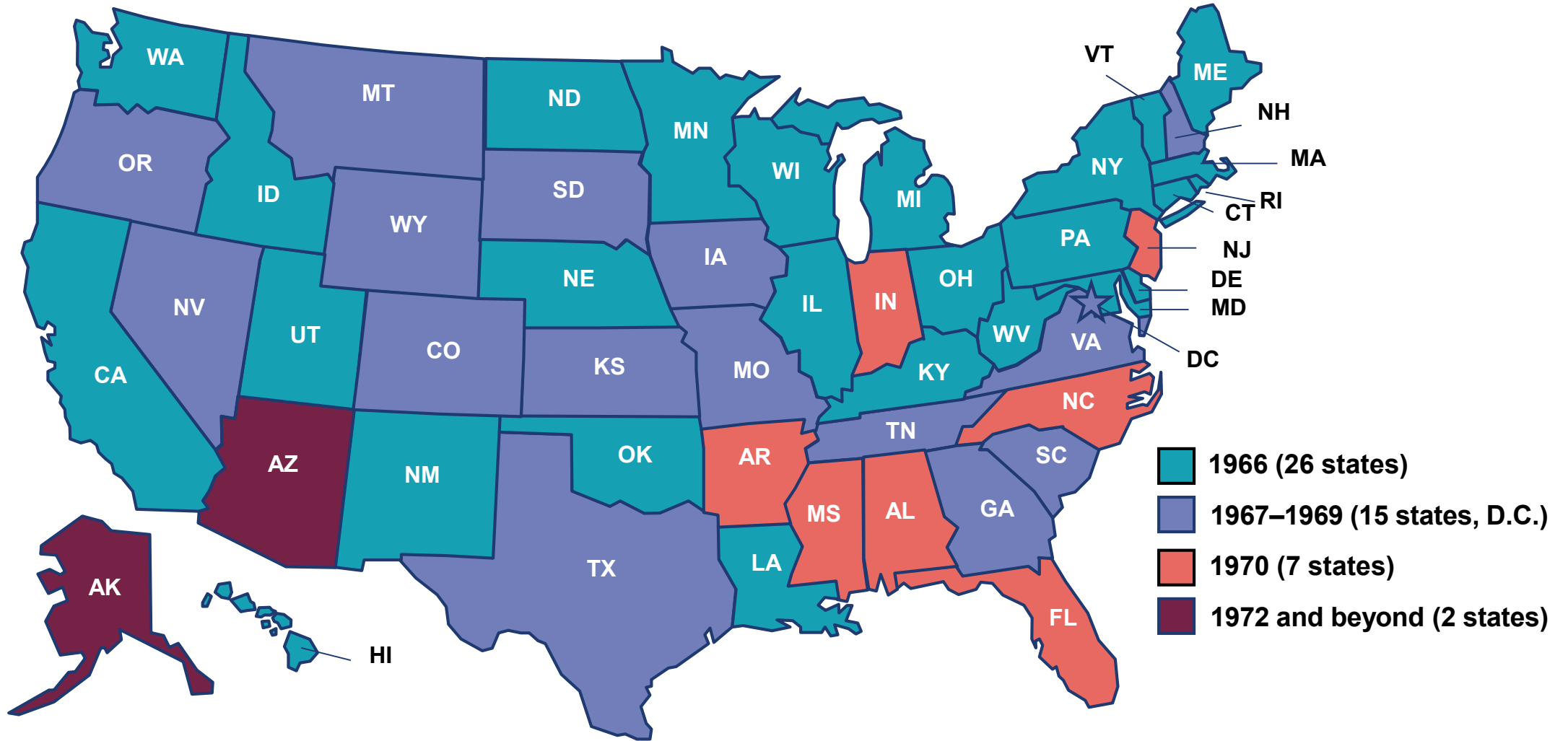
Source: U.S. Census Bureau



THE EVOLUTION OF MEDICAID OVER TIME TO MEET CHANGING NEEDS

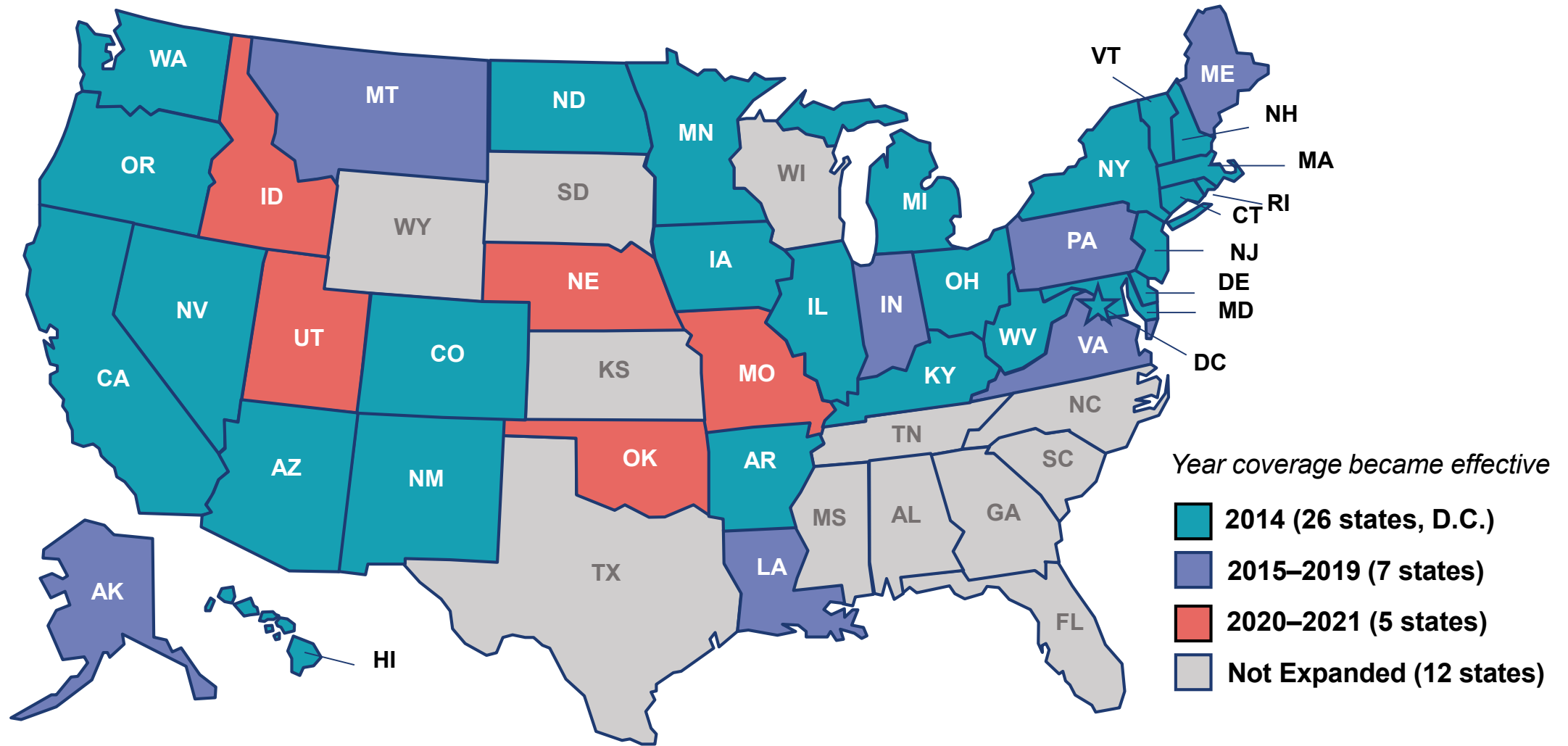


ORIGINAL MEDICAID IMPLEMENTATION



Source: Kaiser Commission on Medicaid and the Uninsured, "A Historical Review of How States Have Responded to the Availability of Federal Funds for Health Coverage," Appendix Table A: State Medicaid Implementation Dates.

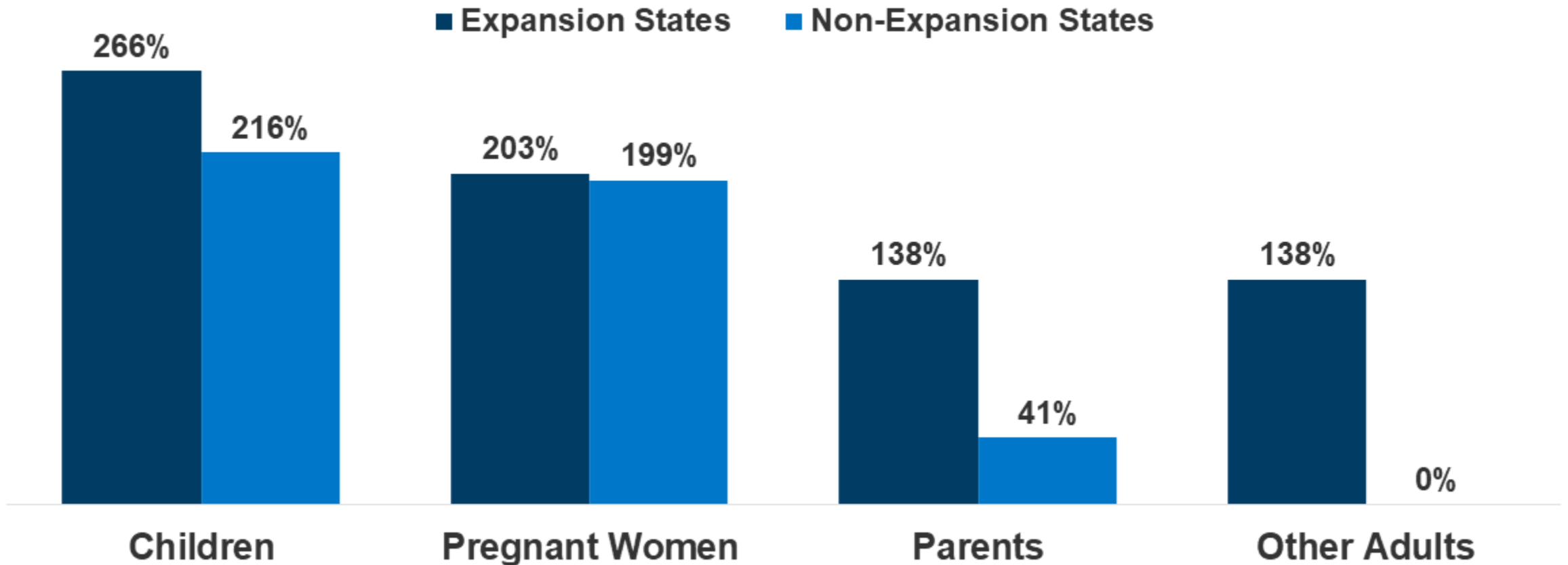
MEDICAID EXPANSION DECISIONS



Source: Kaiser Family Foundation, Status of State Action on the Medicaid Expansion Decision, Updated Sept. 20, 2022.



MEDIAN MEDICAID INCOME ELIGIBILITY LIMITS BASED ON IMPLEMENTATION OF MEDICAID EXPANSION, AS OF JANUARY 2020



MEDICAID WAIVERS:

- Vehicles states can use to test new or existing ways to deliver and pay for health care services in Medicaid and CHIP (flexibility)
- Federal & state negotiation to “waive” (deviate from) Medicaid requirements under statute, rule, or regulation
- Federal and state perspectives frequently differ
 - Covered benefits
 - Beneficiary protections
 - Budgetary impact
- Results in a formal change in the states Medicaid program



MEDICAID SECTION 1115 WAIVERS

- 1115 Research & Demonstration projects—model using “states as laboratories”
 - Must promote the objectives of Medicaid/CHIP
 - Current negotiations
 - Continuous coverage for kids through age 6
 - Coverage for incarcerated individuals
 - Social determinants of health (zip code risk)
 - Typically approved for 5 years
 - Must be budget neutral—cost with or without the waiver must be the same
 - Evaluated based on their cost-effectiveness



HISTORY OF SECTION 1115 MEDICAID WAIVERS

- In 1962, Congress enacts 1115 via amendments to Social Security Act: “limited in scope and focused on innovation”
- Into the 1980s most waivers echoed the limited-scope guidance
- In 1982, Arizona’s managed-care waiver foreshadowed a new evolution
- Under Reagan, the Office of Management and Budget became more involved and implemented a strict budget neutrality rule
- Clinton administration relaxed cost-neutrality requirements
- 2nd Bush era used employer support waivers (Health Insurance Flexibility and Accountability) and then “Katrina waivers” to address natural disasters
- In 2010, the ACA ushered in a new battleground for 1115 waivers
- Trump administration presides over state-implementation of work and community-engagement requirements



MEDICAID 1915(b) WAIVERS

1915(b) predominant path for managed care waivers

- Option available to states that allow the use of managed care in the Medicaid Program
- Implement a managed care delivery system that restricts the types of providers that people can use to get Medicaid benefits (managed care organization, MCO)
- Use the savings that the state gets from a managed care delivery system to provide additional services (air conditioner)
- Requires maintenance of choice by beneficiary of at least two plans



MEDICAID 1915(c) WAIVERS

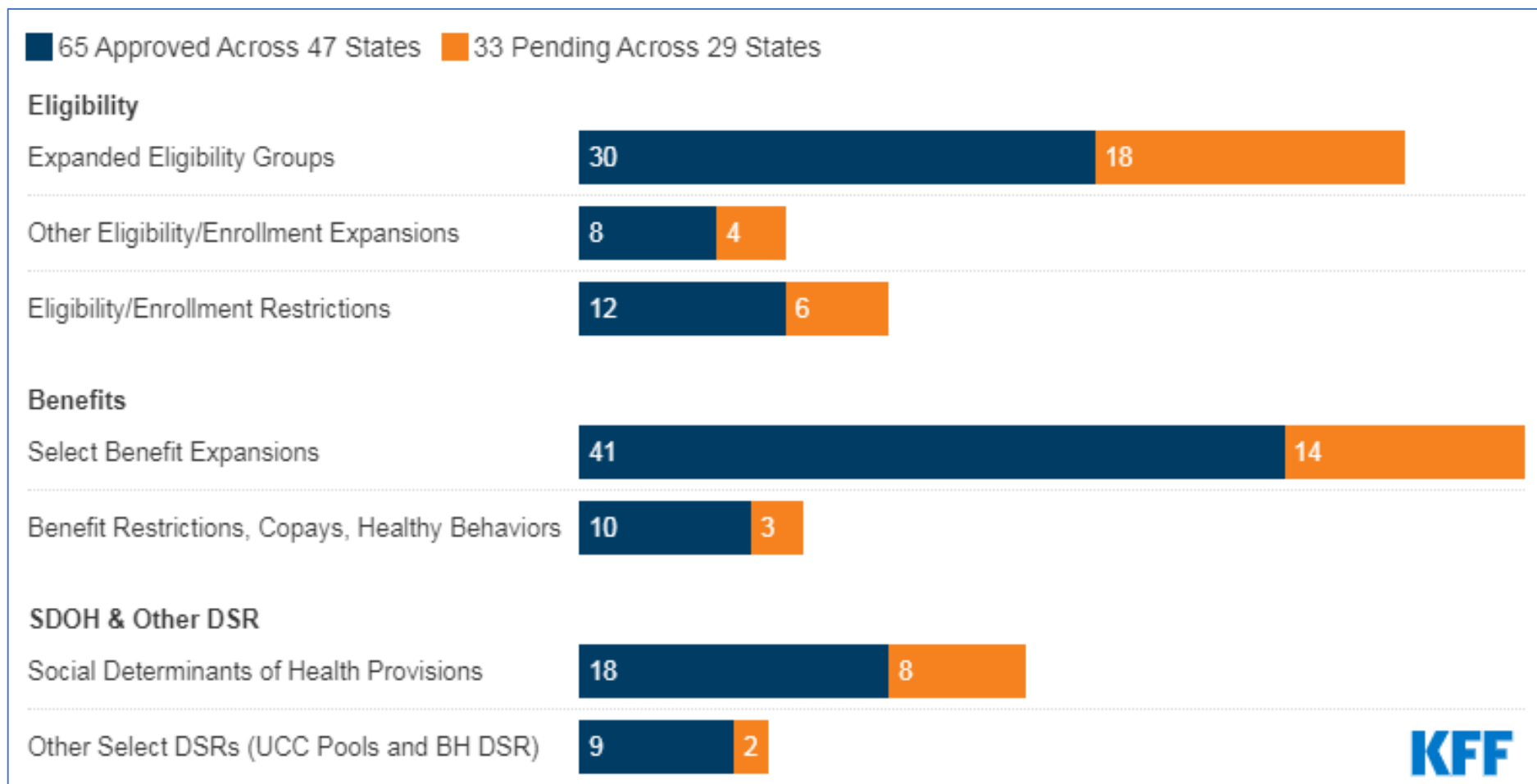
1915(c) Home and community-based services

- Flexibility to provide long term care services in home and community settings
- Standard medical and non-medical services such as case management, homemaker, home health aide, personal care, adult day health services, habilitation (day and residential), and respite care

Can use 1915(b) and (c) together




LANDSCAPE OF APPROVED AND PENDING SECTION 1115 WAIVERS

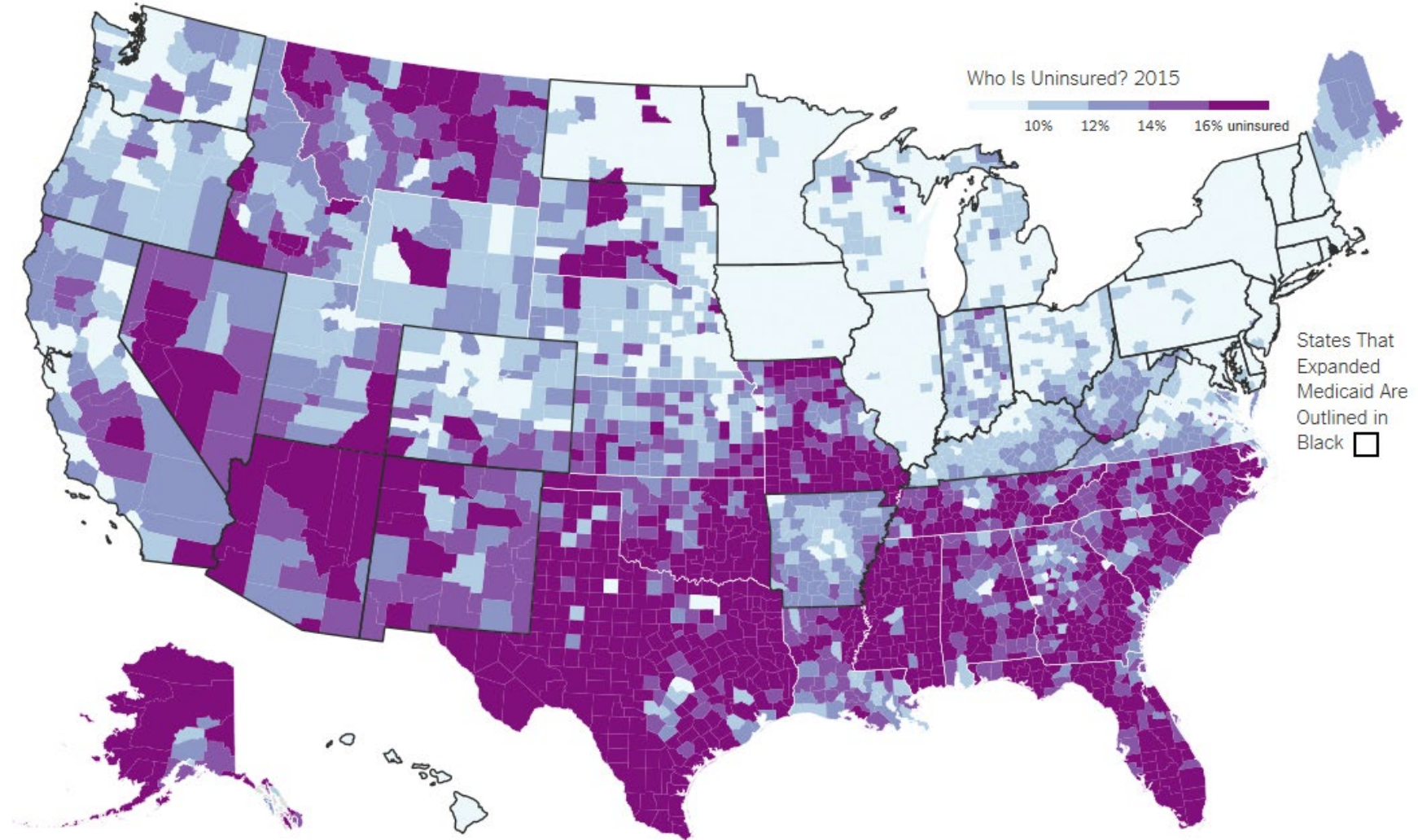




ARKANSAS' UNIQUE 1115 WAIVER EXPERIENCE

- Health Care Independence Program > AR Works > AR Home
- Post-ACA options for Medicaid expansion “radioactive”
- Creative solution to utilize “premium assistance”
 - Essential health benefit (EHB) standardized in private market
 - Purchasing mechanism through the health insurance marketplace
- Program goals:
 - Coverage of uninsured
 - Increased competition in the insurance market
 - Eliminate private sector cost-shift for underpayment/uninsured
 - Stabilize Arkansas healthcare system
- Challenges: Health Savings Accounts, Work Requirements, Life 360 

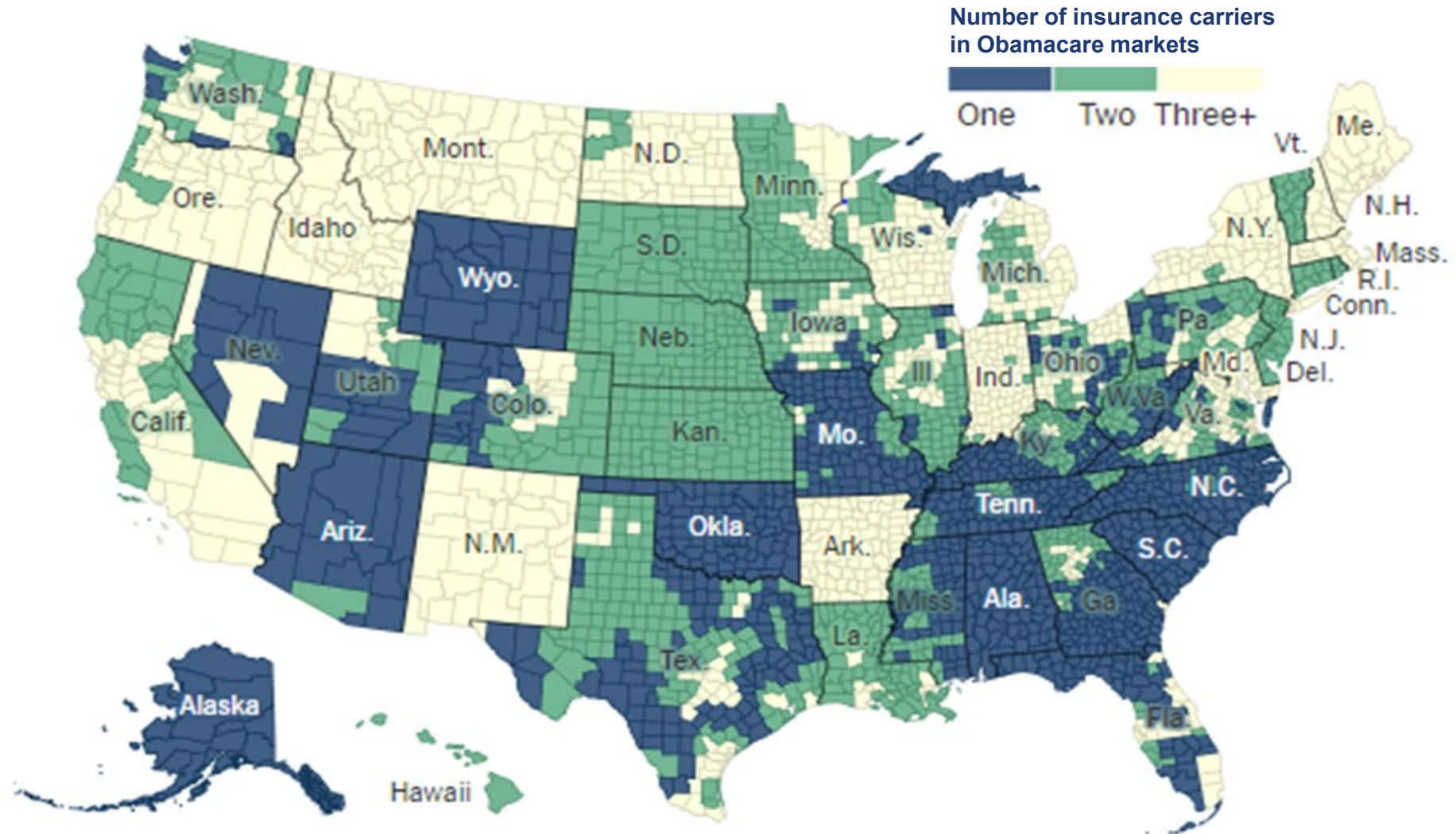
PERCENTAGE UNINSURED, BY COUNTY (2015)



Source: New York Times, October 30, 2015.



COMPETITION HAS FALLEN IN THE U.S.

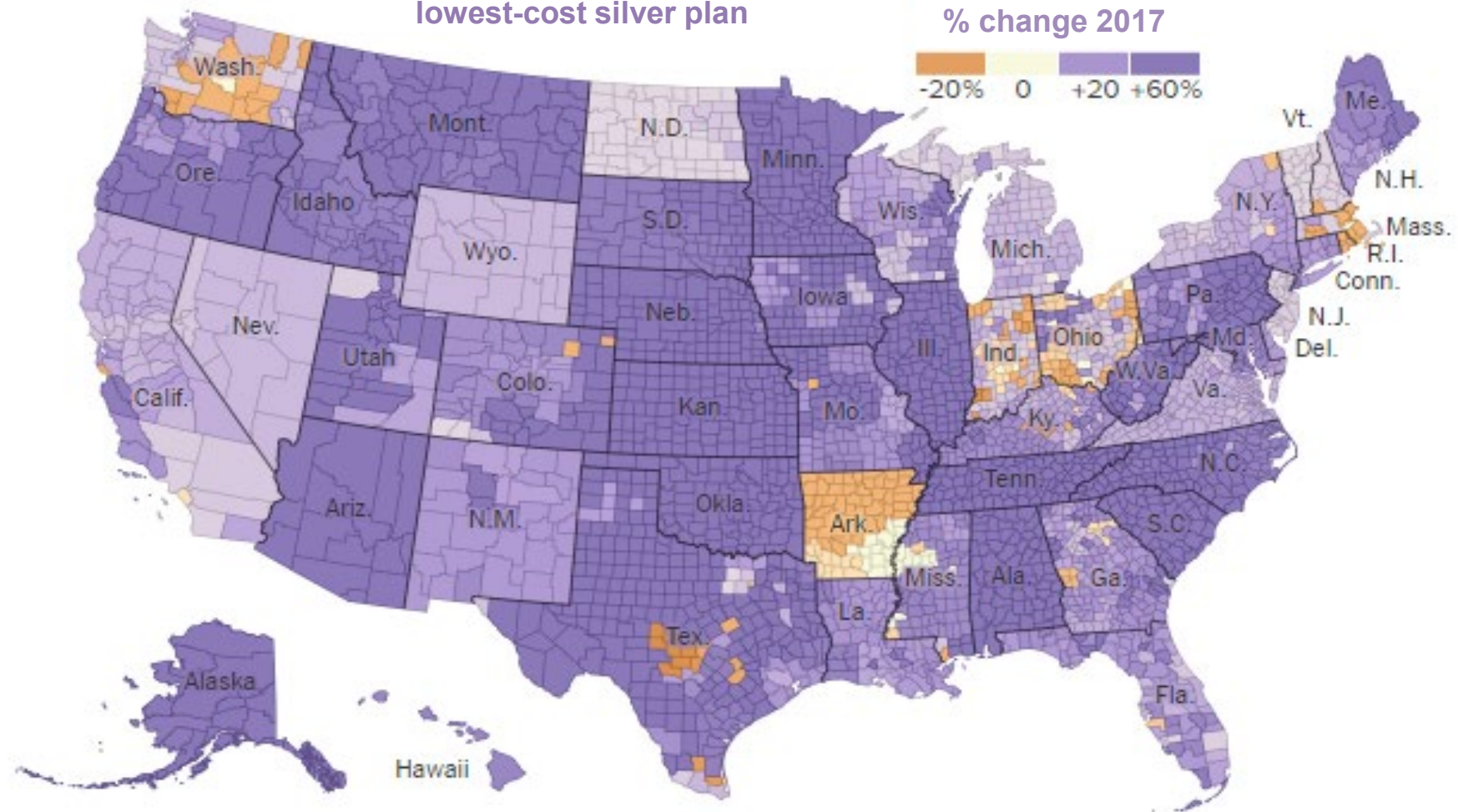


Source: McKinsey Center for U.S. Health System Reform.



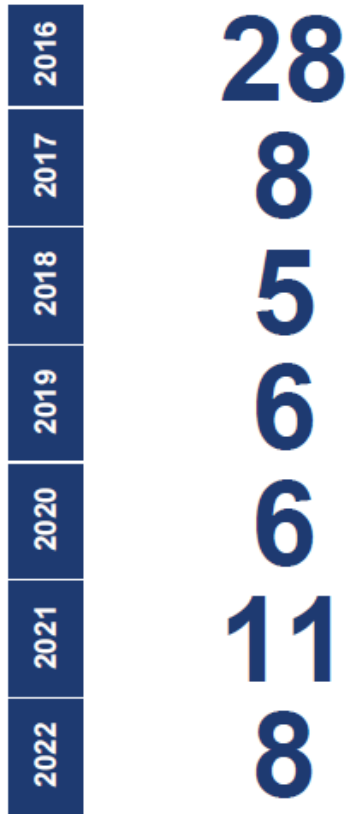
OBAMACARE RATES RISING

2017 premium increase for
lowest-cost silver plan

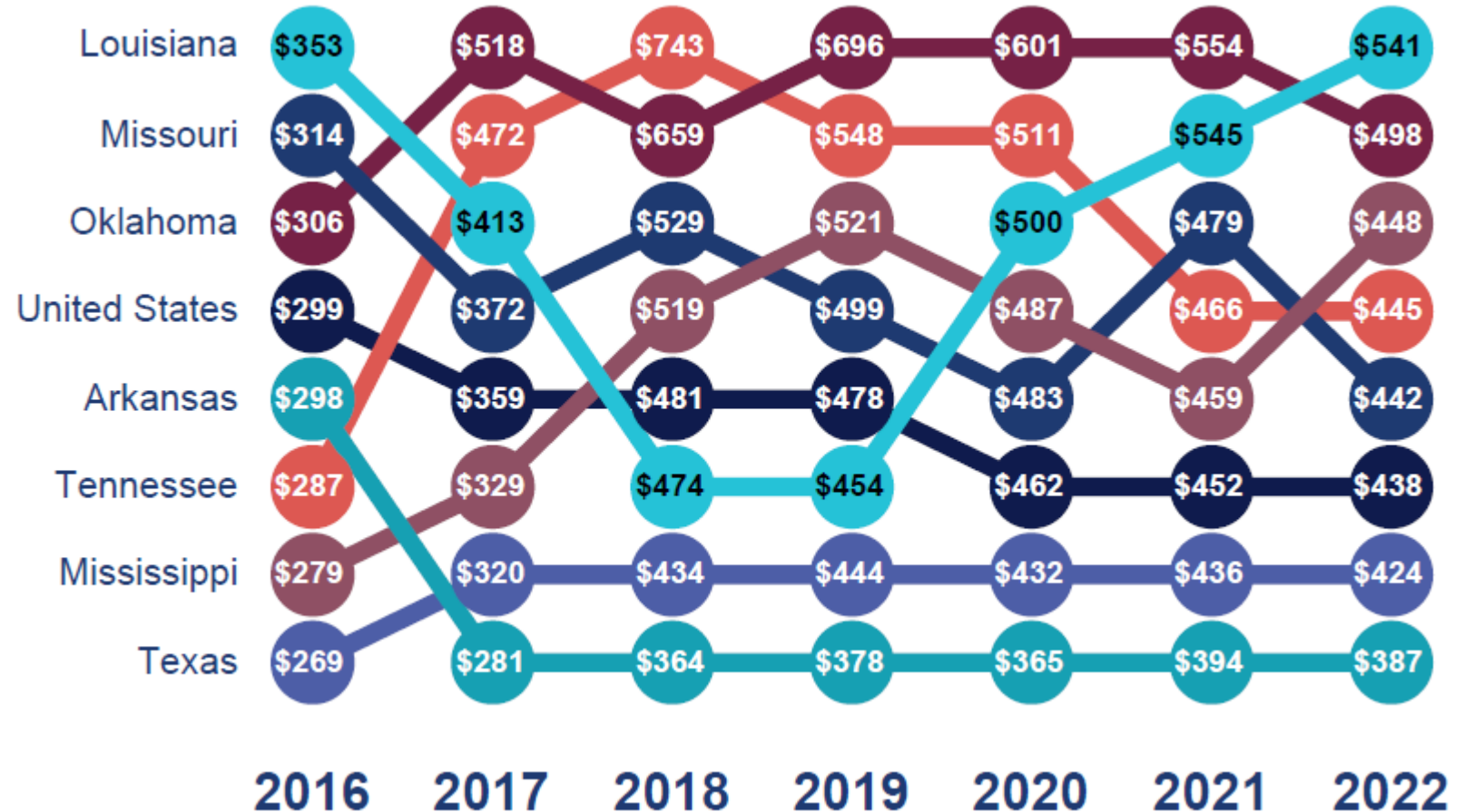


INDIVIDUAL MARKETPLACE HEALTH INSURANCE PREMIUMS

Number of States With Premiums Lower Than AR*



Average Monthly Marketplace Premium: Change in Benchmark Premiums for Arkansas and the Surrounding States, 2016–2022**

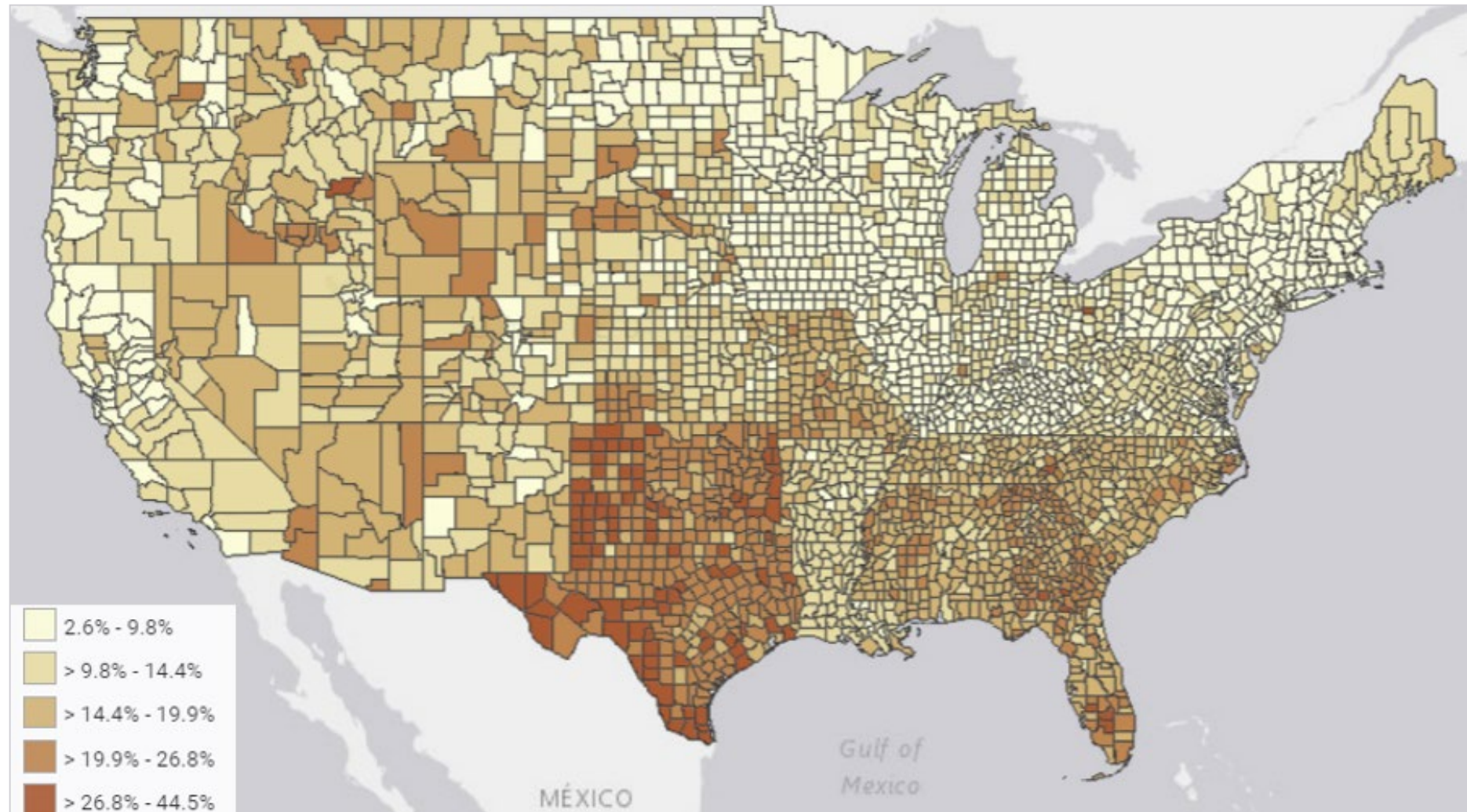


*Includes the District of Columbia.

**Average benchmark premiums were calculated using the second-lowest-cost silver plan for a 40-year-old.

Source: Adapted from Kaiser Family Foundation analysis of Healthcare.gov data, Marketplace Average Benchmark Premiums, KFF, www.kff.org/statedata/. Accessed May 2022.

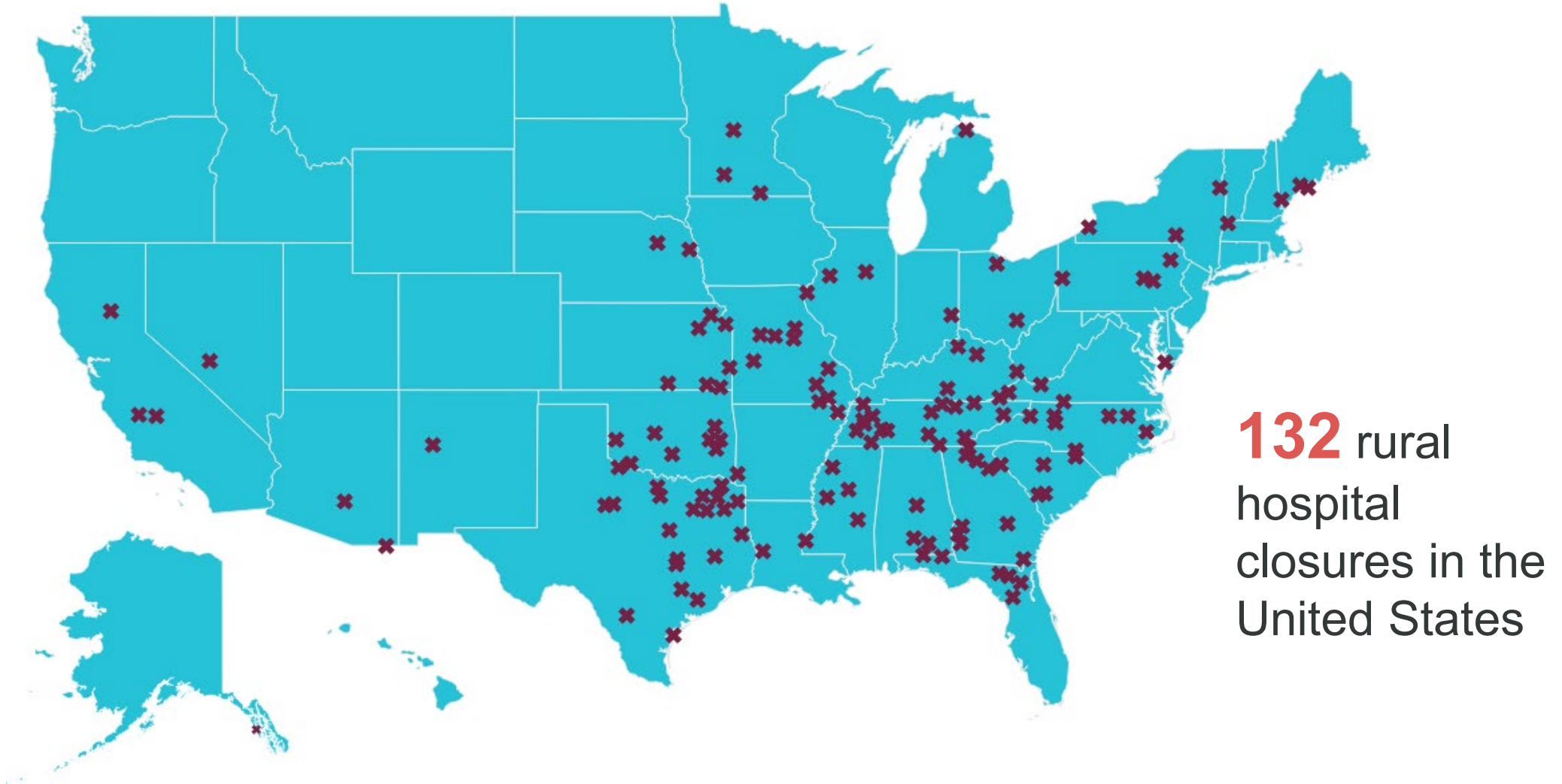
PERCENTAGE UNINSURED, BY COUNTY (2020)



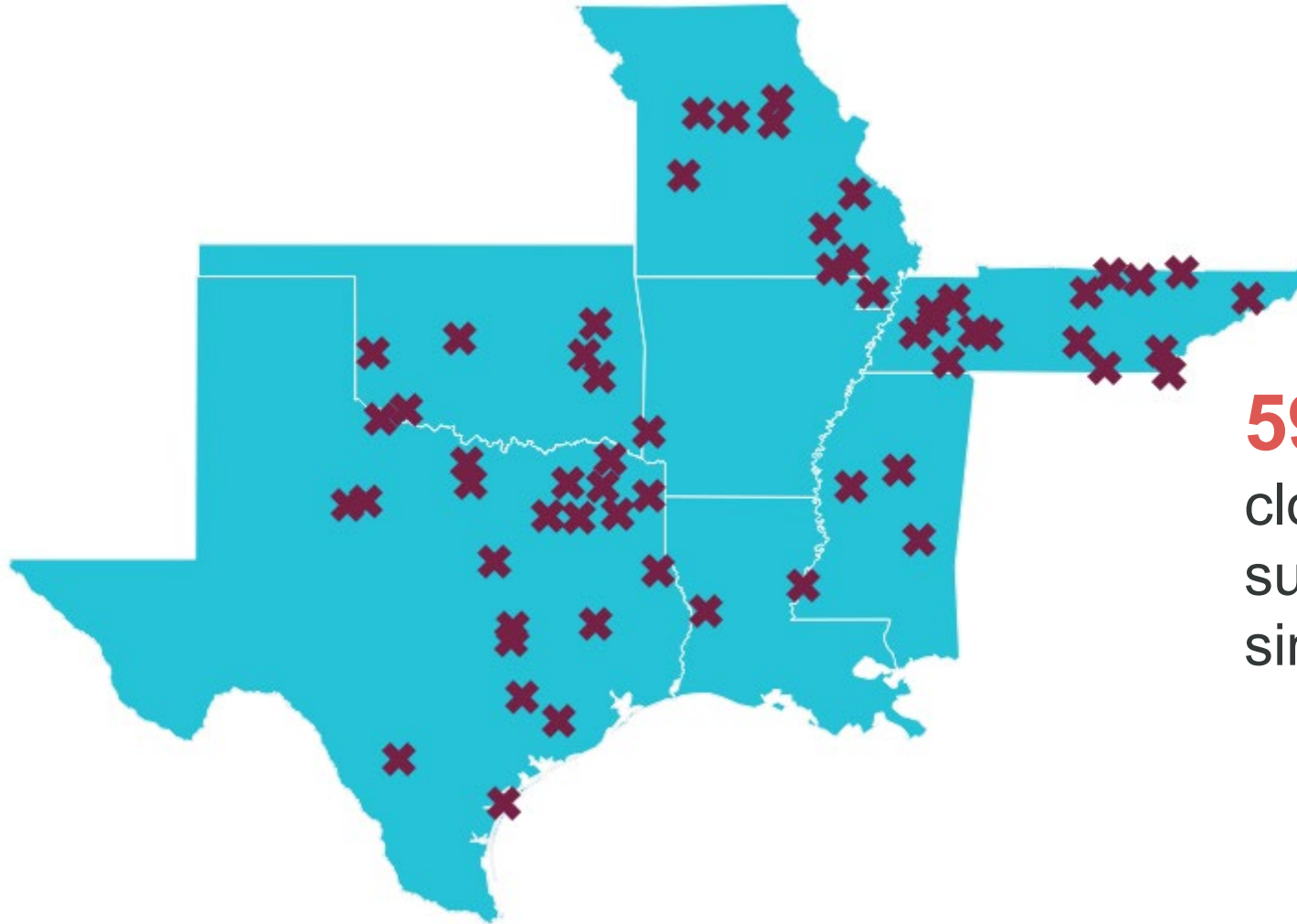
Source: Census.gov, Small Area Health Insurance Estimates, SAHIE Interactive Tool



RURAL HOSPITAL CLOSURES SINCE JULY 2012



RURAL HOSPITAL CLOSURES SINCE JULY 2012

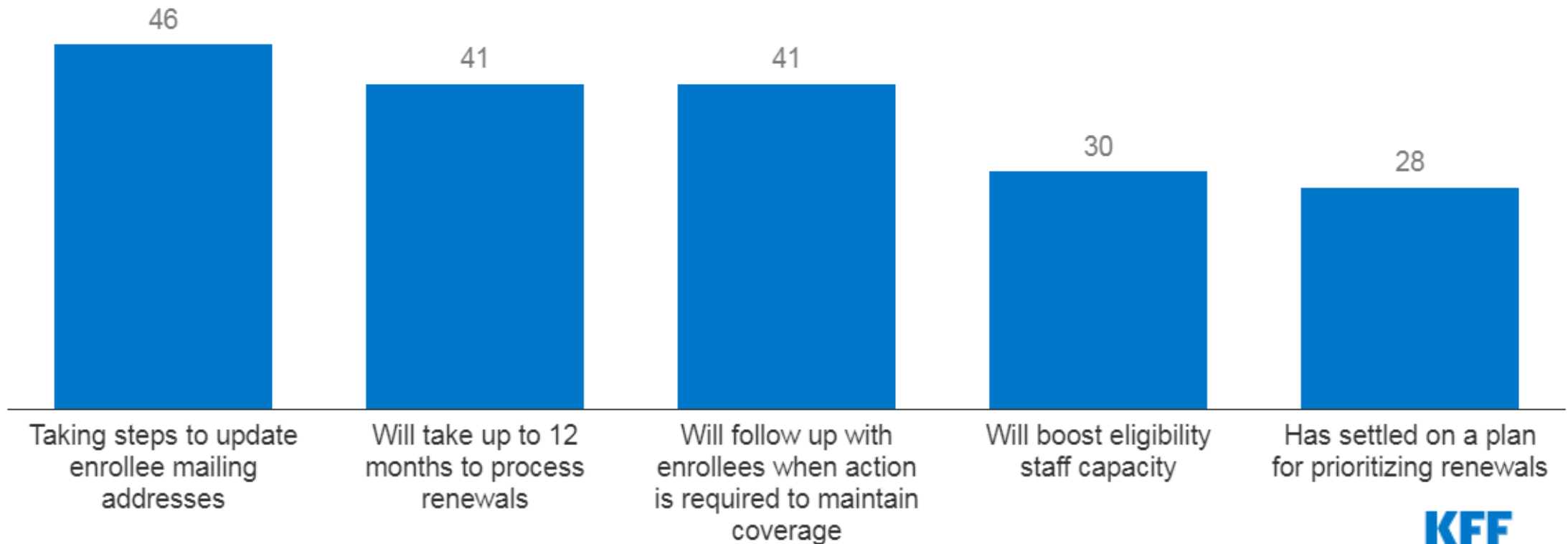


59 rural hospital
closures in
surrounding states
since July 2012





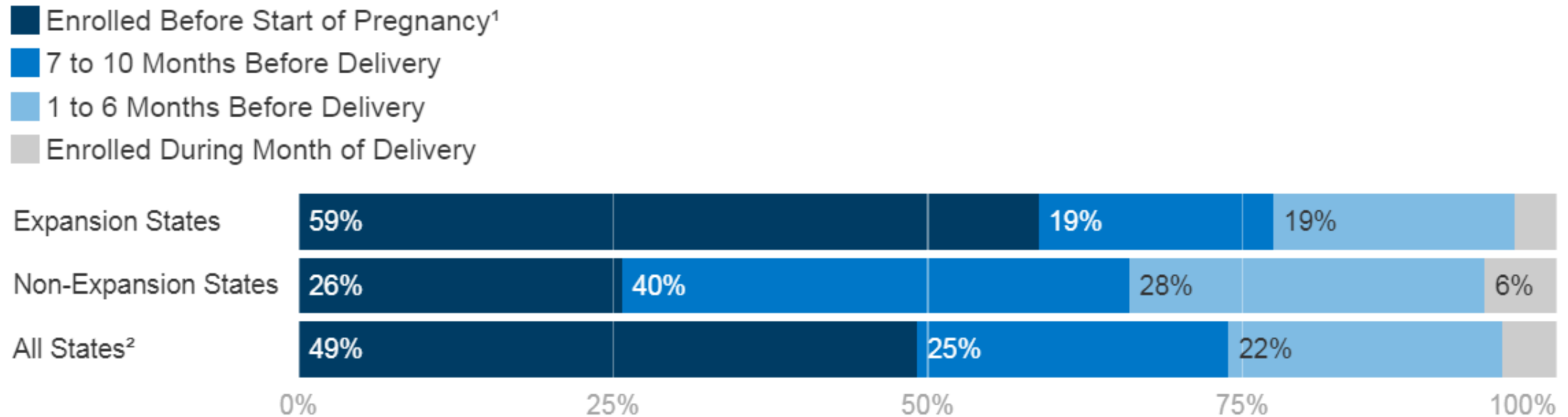
PLANNED STATE ACTIONS FOR END OF THE PUBLIC HEALTH EMERGENCY



KFF



LENGTH OF MEDICAID COVERAGE BEFORE DELIVERY: ENROLLEES WITH LIVE BIRTH, 2019

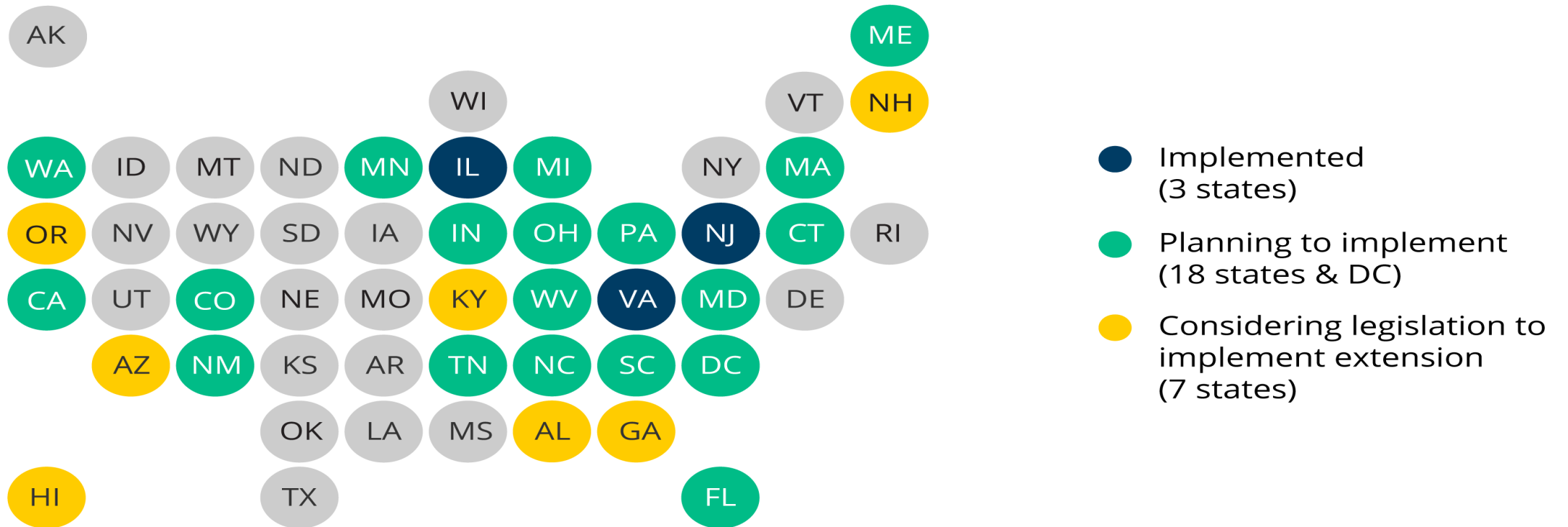


NOTE: 1. Enrolled before start of pregnancy refers to individuals enrolled at least 11 months prior to delivery. 2. Based on data from 39 states. Twelve states were excluded due to data quality issues (AL, DC, FL, KS, KY, NC, NE, NM, OK, RI, TN, WY). Of the included states, 28 are expansion states and 9 are non-expansion states. Maine and Virginia implemented the Medicaid expansion in January 2019 and are excluded from both expansion and non-expansion state aggregates; however, Maine and Virginia are included in the "All States" total.

KFF



28 States and DC Have Taken Steps to Extend Postpartum Medicaid Coverage to 12 Months



SOURCE: KFF analysis of approved and pending 1115 waivers, state plans, and state legislation, as of March 31, 2022.



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