Session 9PD, Medicaid 101: A Brief History of Time

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2018 SOA Health Meeting

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Medicaid 101: A Brief History of Time
June 25, 2018
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- Do not discuss what you or other entities plan to do in a particular geographic or product markets or with particular customers.
- Do not speak on behalf of the SOA or any of its committees unless specifically authorized to do so.
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- Do consult with legal counsel before raising any matter or making a statement that may involve competitively sensitive information.

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Agenda

Introductions

High level background

Panel Q & A

Audience polls and participation throughout
Getting to Know Us

Nick Bauman
- FSA, MAAA
- Milliman
- Consulting Actuary

Julia Lerche
- FSA, MAAA, MSPH
- NC Medicaid
- Chief Actuary

Stephanie Williams
- FSA, MAAA
- WellCare
- VP Actuary

Taylor Pruisner
- FSA, MAAA
- Wakely
- Sr Consulting Actuary
Getting to Know You

Normal human Conversation
1. Ask them about themselves

Hey!
Oh, hi!

How many... apples... have you eaten?
...like, in my life?
Yes.
...I should go.
OK.

The answer is 42...
Medicaid: A Brief History

1960s
- 1965 Social Security Act Amendments Title XIX Optional
- 1967 EPSDT

1980s
- 1981 Freedom of choice & HCBS waivers established
- 1986 Coverage for pregnant women

1990s
- 1990 Drug rebate program Premium assistance for Medicare beneficiaries
- 1997 CHIP expansion

2000-now
- 2014 ACA Adult expansion option
- 2016 “Mega reg”
- 2017+ Administration pushing reforms
Medicaid Managed Care

Two-thirds of all Medicaid beneficiaries receive their care in comprehensive risk-based MCOs.

Growth in Medicaid

Medicaid Enrollment and Spending by Federal Fiscal Year

Historical Growth of Medicaid Spending

Figure 1
Medicaid enrollment growth continues to slow in FY 2017 and FY 2018; however, states project an uptick in spending in FY 2018.

Annual Percentage Changes, FY 1998 – FY 2018

NOTE: For FY 1998-2012, enrollment percentage changes are from January to June of each year. FY 2014-2017 reflects growth in average monthly enrollment. Spending growth percentages refer to state fiscal year. FY 2018 data are projections based on enacted budgets.

Chart of Percentage of Select Populations with Medicaid Coverage

Medicaid plays a key role for selected populations.

Percent with Medicaid Coverage

- Nonelderly Below 100% FPL: 55%
- Nonelderly Between 100% and 199% FPL: 40%
- Families:
  - All Children: 38%
  - Children Below 100% FPL: 76%
- Parents: 17%
- Births (Pregnant Women): 49%
- Elderly and People with Disabilities:
  - Medicare Beneficiaries: 20%
  - Nonelderly Adults with a Disability: 45%
  - Nonelderly Adults with HIV in Regular Care: 42%
  - Nursing Home Residents: 62%

Populations Covered – Enrollment vs. Spending Levels

Medicaid spending is mostly for the elderly and people with disabilities, FY 2011.

- Disabled: 15%
- Elderly: 9%
- Adults: 27%
- Children: 48%

Enrollees: Total = 68.0 Million
Expenditures: Total = $397.6 Billion

SOURCE: KCMU/Urban Institute estimates based on data from FY 2011 MSIS and CMS-64. MSIS FY 2010 data were used for FL, KS, ME, MD, MT, NM, NJ, OK, TX, and UT, but adjusted to 2011 CMS-64.
Medicaid Benefits
States have some flexibility within federal guidance

Mandatory benefits – examples:
- Hospital inpatient and outpatient services
- Physician services
- Transportation (emergency and non-emergency)
- EPSDT (early and periodic screening, diagnosis, and treatment) for children
- Nursing home care

Optional benefits – e.g., pharmacy, PT/OT/ST, dental

Waiver services – e.g., HCBS (home & community based services)

Optional alternative benefit plan
- More similar to a commercial plan
Premiums / Cost Sharing

No premiums unless:
- SCHIP/expansion
- Long term care “spend down”

Limited cost sharing
- Limited copays
- Limited total cost sharing: 5% of income
- Exempt populations
- Exempt services

varies by state
Financing

Federal Financial Participation (FFP)
- Federal Medical Assistance Percentage (FMAP)
- Administrative match
- Enhanced match (CHIP, family planning, ACA expansion)

State Funding Sources
- State General Fund
- Intergovernmental Transfers or Certified Public Expenditures
- Provider-funded UPL
- Provider taxes
Panel Questions

• What unique perspectives does an actuary bring in each of your respective roles?
A State Consulting Actuary Needs to Balance Competing Priorities

State Actuary

- CMS Regulations
- State Budget
- State Policy Goals
- Impact to Providers
- Access to Care
- MCO Profit
- Increased Quality for Beneficiaries

Nick Bauman
- FSA, MAAA
- Milliman
- Consulting Actuary
A Health Plan Actuary’s Role

Stephanie Williams
- FSA, MAAA
- WellCare
- VP Actuary
A Health Plan Association Consulting Actuary’s Role

Taylor Pruisner

- FSA, MAAA
- Wakely
- Sr Consulting Actuary
Panel Questions

• How is Medicaid different than Medicare, and how do the two programs interact?
# Medicaid versus Medicare

<table>
<thead>
<tr>
<th>Medicaid</th>
<th>Medicare</th>
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<tbody>
<tr>
<td>– Aged, blind, disabled</td>
<td>– Individuals age 65 and over</td>
</tr>
<tr>
<td>– Children</td>
<td>– Disabled individuals</td>
</tr>
<tr>
<td>– Pregnant women</td>
<td>– Dual eligible individuals</td>
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<tr>
<td>– Low-income individuals</td>
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<tr>
<td>– Dual eligible individuals</td>
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Panel Questions

• Recent data has shown that health care expenses make up almost 30% of total state budgets (see link below for reference). What kind of pressure is there for states to find savings and reduce the overall spend in the program?
Distribution of State Spending

Medicaid is a budget item and a revenue item in state budgets.

- **Total State Spending**
  - Medicaid: 52.3%
  - Elementary & Secondary Education: 19.5%
  - Other: 28.2%
  - Total: $1.85 Trillion

- **State General Funds**
  - Medicaid: 45.7%
  - Elementary & Secondary Education: 35.6%
  - Other: 8.8%
  - Total: $742.1 Billion

- **Federal Funds**
  - Medicaid: 34.4%
  - Elementary & Secondary Education: 56.8%
  - Other: 8.8%
  - Total: $578.6 Billion

*Source: Kaiser Commission on Medicaid and the Uninsured estimates based on the NASBO's November 2016 State Expenditure Report (data for Actual FY 2015).*
Panel Questions

• How is rate setting different in Medicaid compared to other markets?
**Common Data Sources for Rate Setting**

<table>
<thead>
<tr>
<th>Managed care plan encounter data</th>
<th>+ Managed care plan financial data</th>
<th>+ FFS data for services added to managed care program</th>
<th>= Total cost for historical managed care plan population</th>
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<tbody>
<tr>
<td>FFS data for populations moving into managed care</td>
<td>= Total cost for historical FFS population</td>
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Panel Questions

• Several states have recently proposed or even enacted work requirements in order for members to receive Medicaid benefits. What impact do you think this will have on the Medicaid population as well as the financials of the program?
• Health care, especially Medicaid, is always a hot topic on the legislative front. What major changes and challenges do you see ahead for the program?
Status of State Action on ACA Expansion

NOTES: Current status for each state is based on KFF tracking and analysis of state activity. *AR, AZ, IA, IN, KY, MI, MT, and NH have approved Section 1115 expansion waivers. CMS approved the Kentucky HEALTH expansion waiver on January 12, 2018; implementation of some provisions was scheduled to begin in April 2019. VA is considering adopting expansion in the FY 2019 state budget. UT passed a law directing the state to seek CMS approval to partially expand Medicaid to 138% FPL using the ACA enhanced match, and UT also has a measure on the ballot in November 2018 to fully expand to 138% FPL. Expansion proponents in ID and NE are collecting signatures to place expansion on their November ballot. ME adopted the Medicaid expansion through a ballot initiative in November 2017, but the Governor failed to meet the SPA submission deadline (April 3). (See the link below for more detailed state-specific notes.)

Status of State Medicaid Expansion Decisions

State Medicaid Expansion Decisions, February 2018

Not expanding (18 states)  Expanding - traditional (24 states and DC)  Expanding - waiver (8 states)

Polling Questions

How familiar are you with Medicaid?

- Interested but not actively working in Medicaid: 37%
- New to the market (<3 years): 32%
- Some experience (3-5 years): 10%
- I know things (6-10 years): 15%
- Ask me anything: 7%
Polling Questions

My primary actuarial experience is with...

- Medicaid: 24%
- Medicare: 20%
- Individual Exchange: 20%
- Group insurance: 27%
- Long term care insurance: 2%
- Regulatory Government: 2%
- Other: 5%
Polling Questions

How many people are covered by Medicaid nationally?

- 89 million: 89%
- 74 million: 5%
- 56 million: 5%
- 31 million: 0%
Polling Questions

Approximately what percentage of nationwide births are covered by Medicaid each year?
Polling Questions

which of these services are optionally covered under Medicaid? (choose all that apply)

- Inpatient hospital stays: 6%
- Dental: 82%
- Prescription drugs: 50%
- Behavioral health: 24%
- Nursing home care: 26%
- Home and community based services: 59%
Polling Questions

Does Medicaid charge copays?

- Yes: 26%
- No: 3%
- It's complicated: 79%
Polling Questions
who pays for Medicaid? (choose all that apply)

- Federal government: 98%
- State government: 93%
- Local/county government: 43%
- Medicaid managed care plans: 62%
- Healthcare providers: 64%
- Medicaid beneficiaries: 76%