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[MEDICAID EXPANSION: WHAT IT MEANS FOR COMMUNITY HEALTH CENTERS IN MARYLAND AND DELAWARE]

Medicaid Expansion Policy Analysis, Funding Issues, Concerns, and Future Steps

Medicaid Expansion Policy Brief (DRAFT)

Medicaid expansion provides a relaxation in eligibility requirements as a result of certain provisions made under the Affordable Care Act. The expansion of Medicaid to increase the coverage of healthcare coverage from 133% FPL to 138% FPL has significant current and future implications for various fields within the healthcare arena.

Of the 291,579 patients served in Maryland Community Health Centers in 2012, 45.5% were enrolled in Medicaid/CHIP and 25.4% were uninsured. The amount of individuals on Medicaid and uninsured individuals in Maryland has increased by over 10% in the last three years (Bureau of Primary Health Care, 2012). In Delaware, of the 39,401 patients served in 2012, 40.7% were enrolled in Medicaid/CHIP and 37.3% were uninsured. Many of the aforementioned uninsured individuals are expected to gain eligibility for Medicaid, beginning in 2014. This policy brief provides a description of the newly eligible population and poses questions that Community Health Centers may consider when preparing for the paradigm shift that will occur with implementation of many measures of the Affordable Care Act, beginning in 2014.

Medicaid Changes

Under the Medicaid expansion as currently written, the vast majority of U.S. citizens under 65 whose family incomes are up to 133% of the federal poverty level (FPL) would qualify for Medicaid under the expansion. 133% of the federal poverty level for a family of three in 2012 was $26,660. Childless adults are the group which benefits the most from the expansion: Currently, in 40 states, they cannot qualify for Medicaid, regardless of total annual income. Additionally, low income parents also benefit from Medicaid expansion: Currently, in 30 states, they are unable to qualify for Medicaid, even if their children do qualify.

There has been much confusion regarding the specific percentage of expansion for Medicaid eligibility. Some believe that the expansion is to 133%, while others argue that it is for 138%. Interestingly, both of these beliefs are correct. In the substantive text of the ACA, it is stated that the expansion for Medicaid will apply up to 133%. However, it is important to note that the law also calls for a new methodology for calculating annual income. The new methodology would be equivalent to 138% FPL if using the antiquated methodology (See Table 2 for dollar amounts for each FPL delineation).

Policy Implications

After being ruled on by the Supreme Court in *National Federation of Independent Business v. Sebelius* in June 2012, the legality of Medicaid expansion was upheld while simultaneously restricting the ability of the federal government to penalize noncompliance. One outcome of the Supreme Court ruling was that Medicaid expansion would become optional for states, leaving it at the states' discretion to determine whether or not Medicaid expansion is a policy they desire to pursue. Despite the optional nature of Medicaid expansion, it is expected that most states will expand Medicaid programs in their state. As a result of Medicaid expansion,

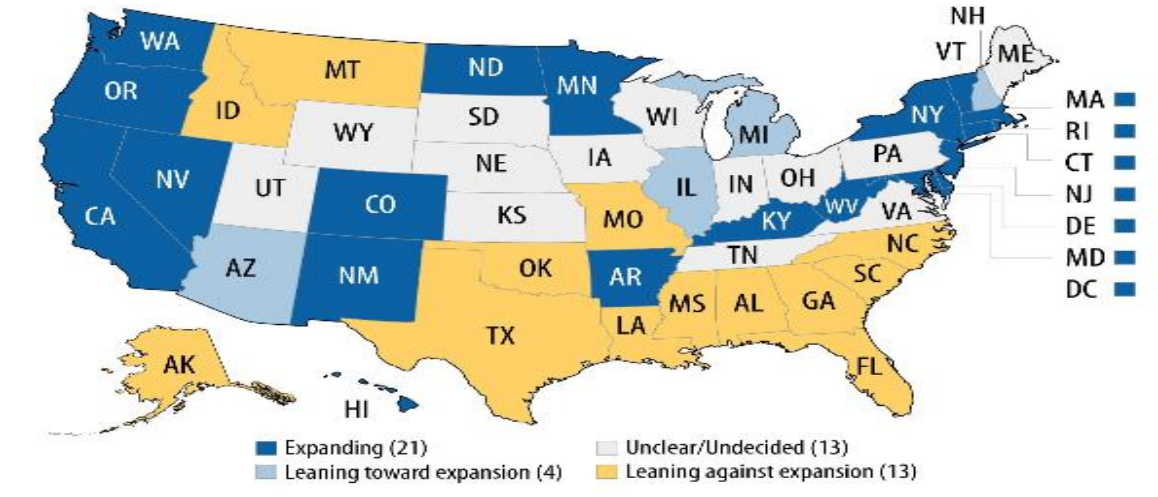
the Congressional Budget Office (CBO) predicts that 11 million Americans will gain coverage by 2022 as a result of this expansion.

There are several key changes that will occur regarding Medicaid, beginning in 2014 (See Table 1):

1. The development of a new eligibility group- any adults who were previously not eligible. This group is primarily beneficial for the childless adult demographic, who were previously excluded from Medicaid.
2. Expansion of the minimum income eligibility to 138% FPL for all groups, with the exception of the elderly and the disabled.
3. Those individuals who were already eligible for Medicaid in their state (the "traditionally eligible" group) will continue to receive the services they're entitled to, while states will continue to receive the standard federal contribution for covering them, regardless of their enrollment date
4. Those individuals who were not previously eligible but became so after the provisions in the ACA (the "newly eligible" group) will result in the state receiving a much higher federal contribution from these individuals.
    a. A notable distinction about this group is that they will not be entitled to the standard Medicaid benefits packages, but states will be required to provide them with "benchmark" or "benchmark equivalent" benefits- benefits which consist of the same ones that will be included by private plans in order to be sold in the insurance exchanges.

Medicaid expansion has caused much debate from state to state in determining whether or not expansion is in their best interests. Below is a map charting current views on expansion of Medicaid, separated by state (Center on Budget and Policy Priorities, 2013):

Figure 1. Status of State Medicaid Expansion for 2014



[1] Available at http://www.supremecourt.gov/opinions/11pdf/11-393c3a2.pdf

Maryland and Delaware are both expanding their Medicaid eligibility thresholds, beginning in 2014. Below is a look at the current number of individuals with income below 138% of FPL, and the current Medicaid Eligibility for working adults, represented by %FPL. (Center on Budget and Policy Priorities, 2013).

State-by-State Assessment of Medicaid Expansion Status and Eligibility Levels

State	Status	Uninsured Adults With Incomes Below 138% (in thousands)[2]			Current Medicaid Eligibility for Working Adults (FPL)[3]	
		Newly Eligible <138%	Newly Eligible <100%[4]	Currently Eligible <138%[5]	Parents	Other Non-Disabled Adults
United States	N/A	15,060	11,483	4,370	63% (median)	N/A
Alabama	Leaning against expansion	321	254	76	24%	N/A
Alaska	Leaning against expansion	141	30	5	81%	N/A
Arizona	Leaning toward expansion	89	32	265	106%	110% (closed)
Arkansas	Expanding	218	167	36	17%	N/A
California	Expanding	1873	1415	583	106%	N/A
Colorado	Expanding	225	161	66	106%	20%
Connecticut	Expanding	88	71	25	191%	72%
Delaware	Expanding	17	15	2	119%	110%
District of Columbia	Expanding	9	3	29	206%	211%

State-by-State Assessment of Medicaid Expansion Status and Eligibility Levels

State	Status	Uninsured Adults With Incomes Below 138% (in thousands)[2]			Current Medicaid Eligibility for Working Adults (FPL)[3]	
		Newly Eligible <138%	Newly Eligible <100%[4]	Currently Eligible <138%[5]	Parents	Other Non-Disabled Adults
Iowa	Unclear/Undecided	106	80	23	82%	N/A
Kansas	Unclear/Undecided	141	103	30	32%	N/A
Kentucky	Expanding	288	223	78	59%	N/A
Louisiana	Leaning against expansion	330	260	62	25%	N/A
Maine	Unclear/Undecided	46	32	13	200%	N/A
Maryland	Expanding	167	142	57	116%	N/A

As depicted above, Delaware will experience a new uninsured consumer base of approximately 88,000 Medicaid eligible patients whose incomes are less than 138% FPL-the new eligibility level under ACA. Currently, the Medicaid eligibility for working adults in Delaware is 119% FPL for parents and 110% FPL for other non-disabled adults.

Similarly, Maryland will also gain approximately 167,000 new uninsured adults with 138% FPL as a result of Medicaid expansion. Currently, the Medicaid eligibility level for working adults in Maryland is 116% FPL for parents. It is expected that the relaxation in Medicaid eligibility requirements will create more opportunities for the uninsured in both Maryland and Delaware to obtain health coverages that were previously unavailable.

Medicaid Funding

There has been much debate about the funding of Medicaid. The federal government will finance the vast majority of the Medicaid expansion. 100% of the costs for the "newly eligible" population (discussed above) will be covered by the federal government, until 2016, after which 90% of the costs will be covered. States will also continue to receive their federal matching contributions for the "traditionally eligible" populations.

Concerns

The primary concerns that exist regarding Medicaid funding are around funding and capacity of existing health infrastructure to accommodate a large, simultaneous influx of newly insured patients. An increased influx of patients may place unexpected strain and burden on an already strained organization. Therefore, it is important to establish measures prior to the implementation of ACA in order to ensure that such situations and circumstances do not arise as a result of Medicaid expansion.

Another consequence which may cause unexpected consequences is the increase in prevalence/incidence of both acute and chronic disease which may be correlated with particular demographic characteristics of an uninsured population, such as race, education, income, and/or gender. Additionally, while Maryland and Delaware both have supported Medicaid expansion, other states have not been so committed to the change. Therefore, it is possible that in other states Medicaid expansion may not expand at all, and stay at the same minimum level as mandated by the federal government.

Future Steps

In the future, it will become necessary to conduct a long-term evaluation of health centers' clinical measures and their capacity to function under a high patient load. MACHC will continue to assist health centers in determining the needs of their patients as well as provide any training and/or technical assistance that would help understand and solve the various issues associated with ACA implementation. Additionally, the utilization of the navigators during the implementation of the health exchanges will be crucial in reaching out to the entire underserved, uninsured populations in both Maryland and Delaware. By forming partnerships and/or outreach collaborations with the navigators, a greater number of patients will be able to be reached and provided the medical that has been denied them for so long.

Table 1: Medicaid income eligibility thresholds before and after the ACA Medicaid expansion

Categorical group	**U.S. minimum threshold pre-ACA, 2009***	**State thresholds, 2009: *medians*, (ranges)**	**U.S. minimum thresholds under ACA, 2014****
Children 0-5	133% FPL	*235% FPL* (133-300% FPL)	133% FPL
Children 6-19	100% FPL	*235% FPL* (100-300% FPL)	133% FPL (note traditional vs. new)
Pregnant women	133% FPL	*185% FPL* (133-300% FPL)	133% FPL
Working parents	State's July 1996 AFDC eligibility level^	*64% FPL* (17-200% FPL)	133% FPL (note traditional vs. new)
Non-working parents	State's July 1996 AFDC eligibility level^	*38% FPL* (11-200% FPL)	133% FPL (note traditional vs. new)
Childless adults	Eligibility not mandated. State must apply for waiver to cover this group.	*0% FPL* (0% FPL in 46 states; 100-160% FPL in 5 states)	133% FPL(note traditional vs. new
Elderly, blind, disabled	Receipt of SSI^	*75% FPL* (65-133% FPL)	Receipt of SSI

Sources: Kaiser Family Foundation 1, 2, 3

*State threshold must be at or above the U.S. minimum threshold.

****In states that choose to expand Medicaid, the threshold will be at or above the new U.S. minimum threshold starting in 2014. If a state's threshold was already higher, it may remain so.**

^AFDC was Aid to Families with Dependent Children, the cash welfare program replaced by TANF (Temporary Assistance to Needy Families) in the 1996 welfare reform bill. SSI is the Supplemental Security Income program that provides cash assistance to low-income disabled, blind, and elderly persons. (FAQ top)

Table 2: Selected federal poverty level thresholds in terms of annual income, 2012

FPL	Individual	Family of four	Relevance
50%	$5,585	$11,525	Currently, parents in 17 states don't qualify for Medicaid unless their incomes are below this threshold. In nearly all states, childless adults are ineligible regardless of income.
100%	$11,170	$23,050	**Official federal poverty threshold** According to the ACA, people with family incomes below this threshold are not eligible for subsidies to purchase insurance in the exchanges. In states that don't expand Medicaid, individuals with incomes above their state's current eligibility level, but below 100 percent FPL, will not qualify for anything.
133%	$14,856	$30,675	According to the ACA, this will be the new minimum eligibility threshold for nearly everyone under 65. However, the effective threshold will actually be 138%. (see above)
138%	$15,414	$31,809	Even though the ACA states that the new threshold is 133%, it will effectively be 138%, because 5% of people's income will be "disregarded."
400%	$44,680	$92,200	This is the upper limit for income eligibility for subsidies for insurance exchanges as mentioned in the Affordable Care Act.