Medicaid 101

Introduction and Basics for NAHC Members

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Why Medicaid? Why Now?

- Increasing number of NAHC members enrolled or enrolling in Medicaid
  - 78.5% of members that provided information on payment sources received Medicaid reimbursement
- Ongoing projected Medicaid enrollment and expenditure growth
- Significant upcoming catalysts
- Understanding program can enhance state-level advocacy

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Introduction to Medicaid

Created with Medicare in the Social Security Amendments of 1965

State & Federal partnership for funding and policy

Optional program for States

States are not required to have a program, but all currently participate

Last State (AZ) began operation in 1982

85,280,085 individuals were enrolled in Medicaid as of December 2022.

Approximately one in four Americans is covered by Medicaid:

Ranges from 13% (UT & WY) to 39% (NM) and 41% (DC)

Medicaid spending was $734.0 billion in 2021:

Represents 17 percent of total National Health Expenditures.

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Medicaid Governing Policy

Medicaid is funded and administered jointly by the Federal Government and states.

The Federal Government establishes rules and parameters for the program.

Primary direction is provided through statute and regulation:

- Social Security Act (Title XIX);
- Code of Federal Regulations (Title 42)

The Centers for Medicare and Medicaid Services (CMS) also issues other guidance to states:

- State Medicaid Director's Letters;
- State Health Official Letters;
- Informational Bulletins; and
- Frequently Asked Questions (FAQs).

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Role of CMS and the States

Federal law and regulation (administered by CMS) specify core requirements all states must meet to receive federal funding.

Each state must have a "single state agency" that administers Medicaid.

The state must define how they will run their program:

- State laws and regulations;
- State budget authority and appropriations
- Medicaid State Plan; and
- Waivers.

Subject to review/approval by CMS, states have flexibility regarding eligibility, benefits, provider payments, delivery systems and other aspects of their programs.

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The Medicaid State Plan

- Every state must have an approved "Medicaid State Plan" that describes its program
  - The program must be operated according to the State Plan.
- Among other components, state plans include:
  - Groups of individuals to be covered;
  - Services to be provided;
  - Methodologies for providers to be reimbursed; and
  - Administrative activities.
- States must submit and receive approval of a "State Plan Amendment" (SPA) to change how its Medicaid program is operated.

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Medicaid Financing

- HHS calculates a "Federal Medical Assistance Percentage" (FMAP) – the Federal share of any medical costs paid by Medicaid;
  - Based upon per capita income of residents
  - Statutory minimum of 50% & maximum of 82%
  - Adjusted on a 3-year cycle, and published annually
- All states receive a 50% match for administrative costs.
- Certain other expenses, such as the ACA expansion, information systems, some home-based services, and family planning, receive higher match rates.

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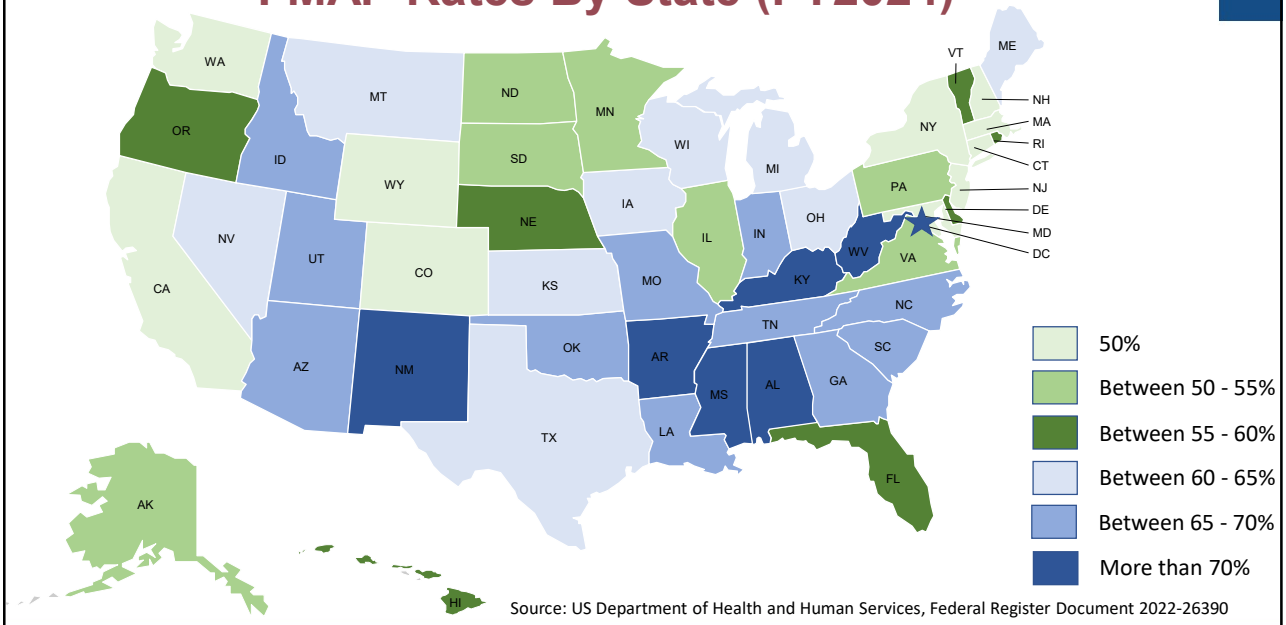
FMAP Rates By State (FY2024)



Source: US Department of Health and Human Services, Federal Register Document 2022-26390

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Medicaid Eligibility

Categorical Eligibility – people must fit into a pre-defined group of individuals:

- Children;
- Parents;
- Pregnant women;
- Seniors;
- People with Disabilities; and
- Childless, non-elderly, adults (ACA expansion)

Eligibility is based on the person, so some people in a family may be covered and some may not be eligible

- commonly: kids are covered; parents are not

Income Eligibility – people must also have income below defined limits, usually set by Federal Poverty Level (FPL)

Medically Needy Eligibility – individuals can become Medicaid eligible if they spend their own money on health care expenses (Spend-down)

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Medicaid Eligibility: Mandatory And Optional Groups

Mandatory Groups:

- Categorical Groups that a State must include if they participate in Medicaid;
- Over 25 mandatory groups, including:
  - Supplemental Security Income (SSI) eligible (except in 209(b) states);
  - Children 0-5 below 133% FPL; and
  - Young adults formerly in foster care (until age 26) within the same state
  - Low-income Medicare beneficiaries (not full Medicaid services).

Optional Groups:

- Groups that a State can choose to include;
- Includes all Medically Needy Groups;
- Over 25 optional Categorical groups, including:
  - Medicaid Buy-ins
  - Affordable Care Act (ACA) expansion
  - Young adults formerly in foster care (until age 26) within a different state

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Other Eligibility Considerations

Non-financial eligibility requirements:

- Residency in the state (with some exceptions)
- Citizenship:
  - Undocumented immigrants are NOT eligible for Medicaid
  - Documented immigrants have a 5-year waiting period before becoming eligible except in specific cases

States sometimes have individuals enrolled in programs that are very similar to Medicaid

- "State only" non-Medicaid Programs
- Can be local (ie: City or County-based)
- Do not have to follow Medicaid rules

Other sources of health care do NOT impact Medicaid eligibility:

- If a person has other coverage (such as Medicare or private insurance), Medicaid only pays for services not provided through the other coverage;
- Medicaid often assists with copays/premiums associated with other coverage.

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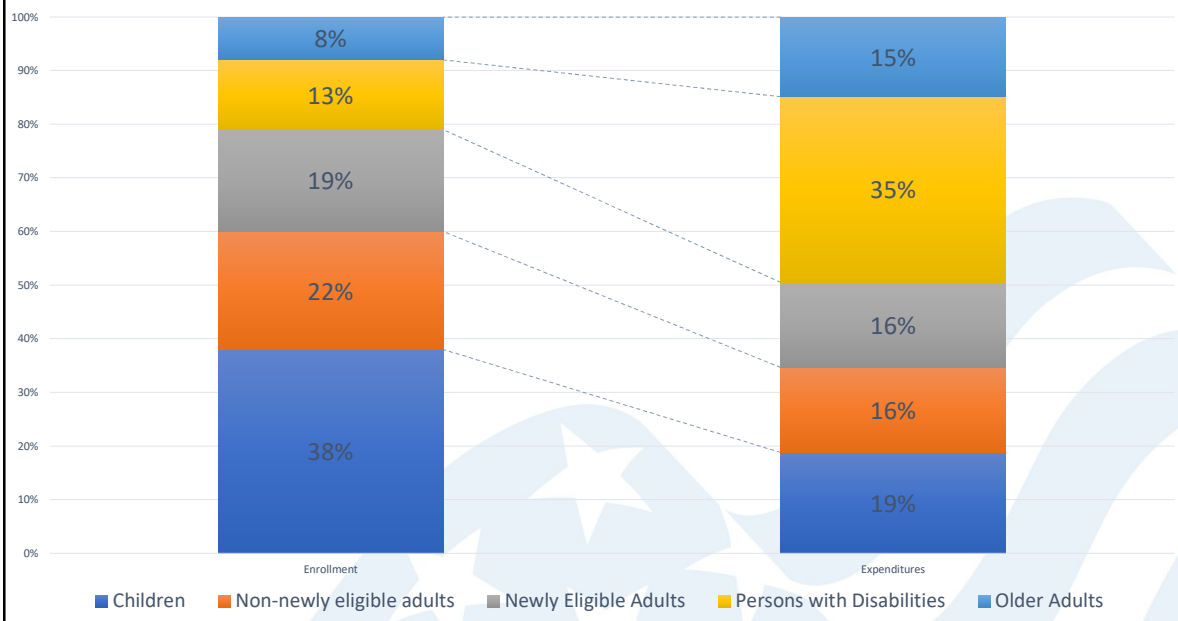
FY2021 Medicaid Enrollment and Expenditures by Eligibility Category



Source: HHS FY2024 Budget in Brief

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Medicaid Services: Mandatory And Optional

Mandatory services include:	Optional services include:
• Hospital services • Nursing homes • Home Health • Physician Services, nurse practitioners; • X-rays, clinics, lab services	• Prescription Drug • Dental • Case Management • Rehabilitation (both physical and psychosocial) • Home and community-based services (including all waivers) • Personal Care

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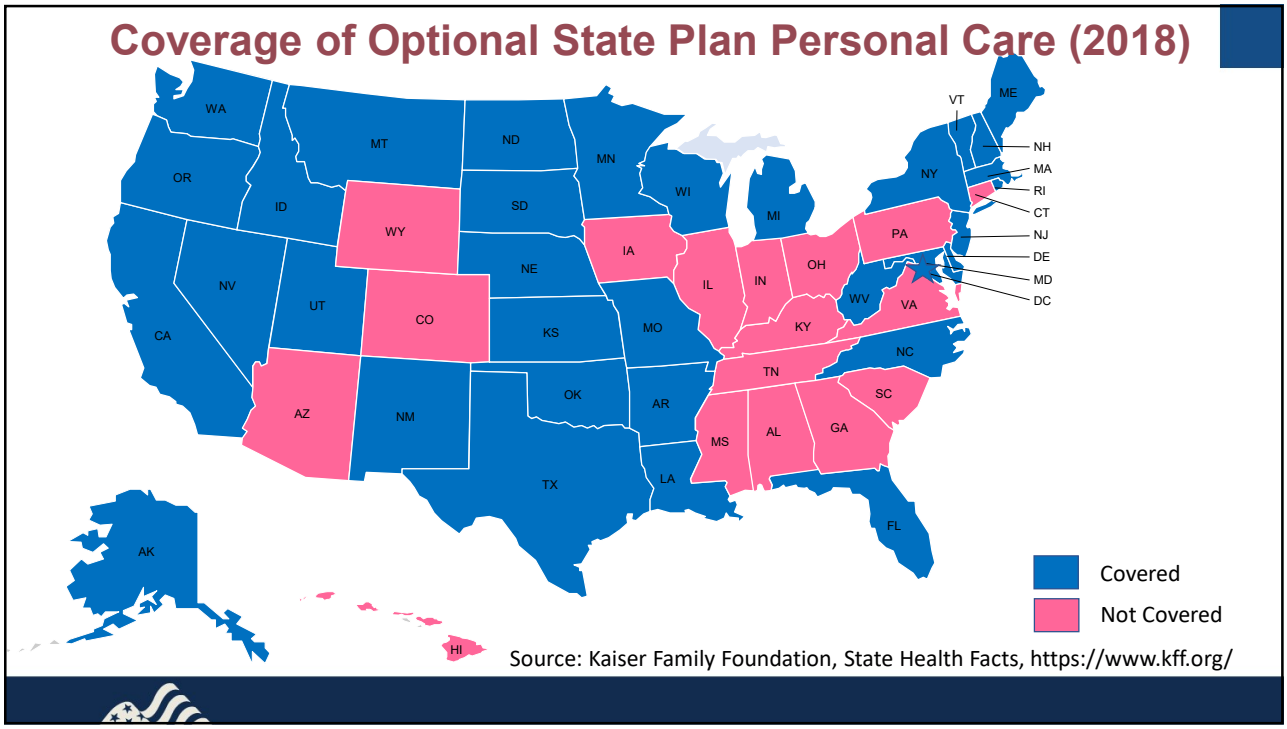
Coverage of Optional State Plan Personal Care (2018)
WA
OR
CA
ID
NV
MT
WY
UT
AZ
CO
NM
ND
SD
NE
KS
OK
TX
MN
IA
MO
AR
LA
WI
IL
MS
MI
IN
KY
TN
AL
OH
WV
GA
FL
SC
NC
VA
PA
NY
VT
NH
ME
MA
RI
CT
NJ
DE
MD
DC
AK
HI
Covered
Not Covered
Source: Kaiser Family Foundation, State Health Facts, https://www.kff.org/

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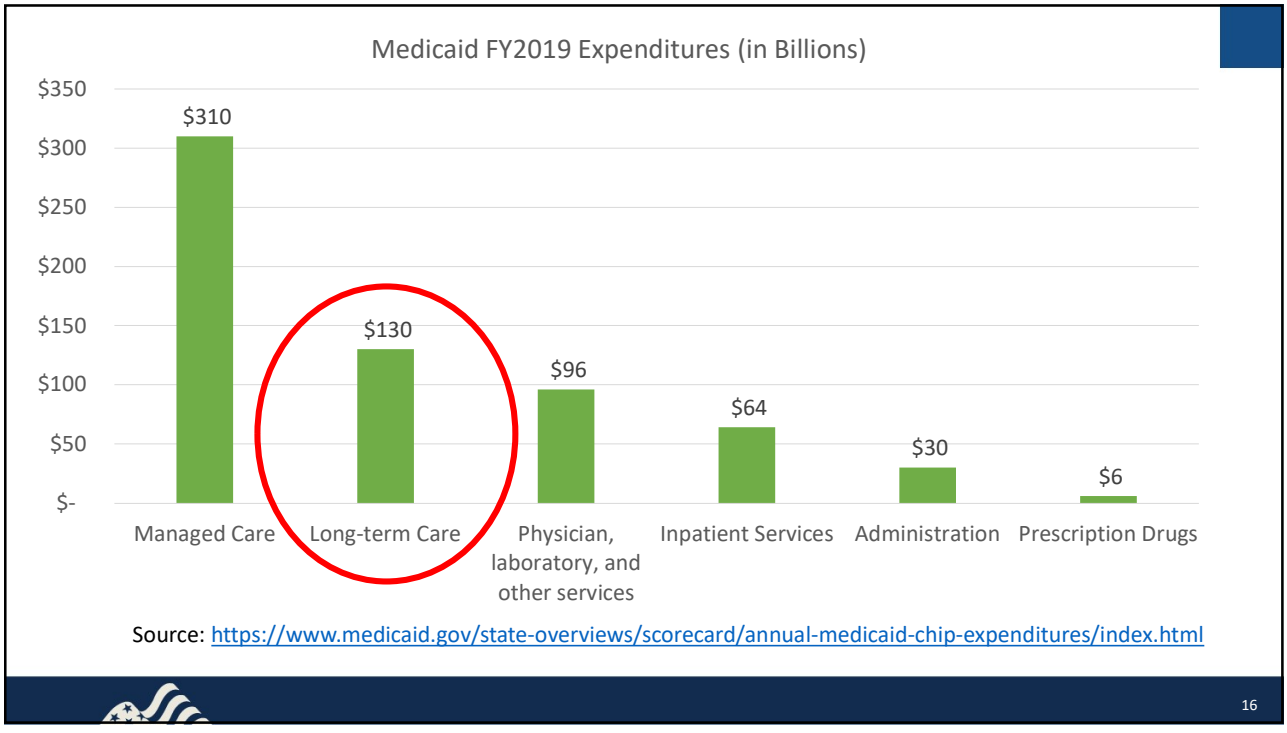
Medicaid FY2019 Expenditures (in Billions)
$350
$300
$250
$200
$150
$100
$50
$-
$310
$130
$96
$64
$30
$6
Managed Care
Long-term Care
Physician, laboratory, and other services
Inpatient Services
Administration
Prescription Drugs
Source: https://www.medicaid.gov/state-overviews/scorecard/annual-medicaid-chip-expenditures/index.html
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Medicaid Services

- Once a person comes into Medicaid, they have access to all of the services that the state covers and are medically necessary
- Services must be statewide, comparable, delivered with reasonable promptness, and allow individuals to choose providers
- States can define the "amount, duration and scope" of services to reasonably achieve their purpose
- Some services are specifically excluded (Hyde amendment, IMDs)
- Early and Periodic Screening, Diagnostic, and Treatment (EPSDT): Children under 21 can get all medically necessary optional and mandatory services, regardless of whether the state covers them for other individuals

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Medicaid Waivers

- Allow the state to "waive" certain Medicaid requirements, including state-wideness, freedom of choice, and comparability;
- Not an "entitlement" – can have enrollment limits or waiting lists;
- Cost-neutrality requirements;
- Most common include:
  - 1115: Waiver of variety of Medicaid policies for "research and evaluation";
  - 1915(b): Waiver of "freedom of choice"
  - 1915(c): Waiver of comparability allows states to target diagnoses, and option to waive state-wideness;

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Medicaid Waivers

More on these in an upcoming training!

1115 Waivers provide broad flexibility:	1915(b) Waivers:	1915(c) Waivers:

• Can expand coverage to "non-categorical" groups
• Can implement managed care
• Can test new service-delivery methods
	• Can limit which provide individuals can utilize
	• Allows states to enrol people in managed care
		• e Home and Co nity-Based Services (HCBS), uch as:
		  • Habilitation
		  • Transportation
		  • Personal Care
		• Allows states to create a robust service package for individuals with an institutional level of care (ie: a person with a disability or a senior with significant health care needs)

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Medicaid Reimbursements

Two most common forms of Medicaid payments:

Fee for Service (FFS)
- Providers contract directly with the Medicaid agency
- Submit claims to Medicaid for each service delivered

Managed Care
- State pays "capitated" rate to private health plan
- Generally a risk-adjusted per-member/per-month rate
- Plans contract with providers and develop their own reimbursement policy (usually FFS)

Little statutory/regulatory requirements and oversight for FFS payments:

Must be "consistent with efficiency, economy, and quality of care"

Sufficient to enlist enough providers so that care and services are available to the same extent as the general population in the geographic area

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Medicaid Program Integrity

Proper Claim Criteria	Core Concepts	Core responsibilities
• An approved service and rate • An eligible provider and beneficiary • All sufficiently documented	• Fraud: intentionally improper claims • Waste: proper but unnecessary claims • Abuse: intentional wasteful cl	• Accountability is with single state Medicaid agency • Detection, documentation, disallowance, and collection • Avoidance and prevention

These are concepts, not formal definitions

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Medicaid Program Integrity: Oversight

Internal process and approach

- Agency investigators, auditors, compliance and program staff
- Payment Error Rate Measurement (PERM)
- MMIS-related Surveillance and Utilization Review System (SURS)
- Identifying patterns and developing policy options

External review and audit authorities

- Medicaid Fraud Control Units (State Attorneys General)
- State auditors (e.g., legislative, agency, State inspectors general)
- CMS
- Federal HHS Office of Inspector General
- Law enforcement (e.g., prosecutors)

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On the horizon…

- Medicaid 201: Waivers, Long-term Services and Supports, and Home and Community-Based Services
- Key Issues in Medicaid Today
- Other suggestions from participants

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Questions?

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