Florida’s Medicaid Funding: A National Overview of Medicaid Waiver Trends

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Florida vs. U.S.
Uninsured Rates, 2013

Florida Ranks 50th in US: Rate of Uninsured Non-elderly Adults, 2013

<table>
<thead>
<tr>
<th>State</th>
<th>Rate</th>
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<tbody>
<tr>
<td>Florida</td>
<td>28.8%</td>
</tr>
<tr>
<td>Alabama</td>
<td>20.1%</td>
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<tr>
<td>Georgia</td>
<td>25.9%</td>
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<tr>
<td>Louisiana</td>
<td>24.2%</td>
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<tr>
<td>South Carolina</td>
<td>22.9%</td>
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<tr>
<td>Texas</td>
<td>29.9%</td>
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The Coverage Gap in Florida

- **400% of the FPL** ($79,160/year for a family of 3)
- **215% of the FPL** ($42,549/year for a family of 3)
- **138% of the FPL** ($27,310/year for a family of 3)
- **100% of the FPL** ($19,790/year for a family of 3)
- **34% of the FPL** ($6,135/year for a family of 3)

**Exchange Subsidies**
(Premiums Based on Sliding Scale, Ranging from 2%-9.5% of Income)

- **Medicaid/Florida KidCare** (Children)
- **Coverage Gap: Exchange Subsidies Unavailable** (Parents)
- **Childless Adults**

Medicaid expansion eligibility level
Who remains uncovered w/o Medicaid?

- Newly eligible for Medicaid includes adults up to 133% FPL
- Adults above 100% FPL can get tax credits to purchase coverage in the new insurance marketplaces if they don’t have Medicaid coverage.
- Those below the poverty line will remain uncovered.
- 764,000 Floridians are now in coverage gap.

Total number of uninsured workers below 138% of the FPL is 599,916

Source: Georgetown CCF analysis of the American Community Survey.
Covering Parents is Good for Kids

- **23%** of those in the gap are adults with dependent children;
- Extending coverage to parents provides economic security for the whole family
  - Medical debt is a leading cause of bankruptcy
  - *Improves kids enrollment rates*
- Improves health of parents
  - OR study found 30% reduction in depression

At 11.1%, Florida’s rate of uninsured children is considerably higher than that of its surrounding states.
A Look at Some of the Fiscal Issues
Federal Government Picks Up Most of the Costs of Covering the Newly Eligible

<table>
<thead>
<tr>
<th>Year</th>
<th>Federal Medicaid Assistance Percentage (FMAP)</th>
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<tbody>
<tr>
<td>2014</td>
<td>100%</td>
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<tr>
<td>2015</td>
<td>100%</td>
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<tr>
<td>2016</td>
<td>100%</td>
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<td>2017</td>
<td>95%</td>
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<tr>
<td>2018</td>
<td>95%</td>
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<tr>
<td>2019</td>
<td>95%</td>
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<tr>
<td>2020 and beyond</td>
<td>90%</td>
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Increase in Federal and State Medicaid Spending that Would Result from Expansion:
2013-2022 (States Not Currently Expanding Eligibility)

$423.6 Billion

Federal Spending

$31.6 Billion

State Spending

Federal Funds Lost to Florida without Medicaid Expansion

- In 2014 the state gave up over $3 billion in federal funding
- This state fiscal year Florida is losing c. $10 million a day without Medicaid expansion

Source: Georgetown University analysis of Social Service Estimating Conference data.
Florida’s situation is unusual

- The state’s health care system, especially the hospitals, have much at stake because of the Low-Income Pool or LIP.
- Few states have this arrangement – it is part of the state’s larger Section 1115 waiver on managed care.
What does the waiver say about LIP?

- LIP only approved for one year through 6/30/15; rest of the waiver for three years.
- “Goal of the report. The goal is to develop sustainable, transparent, ...and actuarially sound Medicaid payment systems...that will ensure quality health care services...throughout the state without the need for LIP funding.
- The report must also include an analysis of how future changes in Medicaid, including possible Medicaid expansion, would affect Medicaid payment amounts and structure, including...LIP”
WHAT IS HAPPENING IN OTHER STATES?
Status of Medicaid Expansions

- **Moving Forward at this Time (24 States including DC)**
- **Moving Forward with a Section 1115 Waiver (4 States)**
- **Governors with Section 1115 proposals that require legislative approval (3 States)**
- **Section 1115 proposal submitted to Federal Government (1 State)**

Source: State decisions on the Medicaid expansion as of December 15, 2014. Based on state legislative scan by Georgetown CCF.
How are States Thinking about Medicaid Expansion?

- Most states (24) implementing the Medicaid expansion through a State Plan Amendment (SPA) using flexibility provided in the law
  - States have more flexibility than they think

- Limited number of states are seeking waivers for alternative approaches to implement the ACA (4 states approved, 1 pending, 3 in formation)

- Will most states go the waiver route in the future?

Source: The Kaiser Commission on Medicaid and the Uninsured.
What is a Section 1115 waiver?

- 1115 Waiver authority is for demonstrations that promote the objectives of the Medicaid program
  - Authorizes the HHS Secretary to waive certain federal Medicaid requirements and provide federal funds for costs that would not otherwise be matched
  - Section 1115 waivers are required to be budget neutral to the federal government
  - Waiver approval involves negotiations between state and HHS
  - The ACA requires transparency and meaningful opportunities for public input in the 1115 waiver process
What Role Do Waivers Play in Medicaid Policy?

- Long history of being used to drive changes even though sometimes a waiver is not needed
- Very opaque process which is now slightly better due to ACA transparency rules
- There are certain parts of the statute that cannot be waived
  - FMAP
Status of Medicaid Expansions

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Key Themes that are Emerging

- Premiums and cost-sharing in all kinds of new forms for adults
- Using private insurance or premium assistance –
- Promoting work or job training
- Promoting “healthy behaviors” and “personal responsibility”
Key Themes have Emerged in Alternative Approaches to the Medicaid Expansion

<table>
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<tr>
<th></th>
<th>Premium Assistance</th>
<th>Premiums</th>
<th>Health Behavior Incentives</th>
<th>Benefit Changes</th>
<th>Work Search</th>
<th>Health Saving Accounts</th>
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Source: The Kaiser Commission on Medicaid and the Uninsured.
Tennessee bears watching

- Has uncompensated care pool like FL and hadn’t expanded
- Governor just announced his Medicaid plan and called a special session for February 2\textsuperscript{nd}.
- Waiver amendment is up for state comment and includes premium assistance, encouraging healthy behaviors
How has Obama Administration Reacted?

- Trying to thread the needle; not overly political
- So far every state has been approved after negotiations
- Have drawn some mostly clear lines
  - No partial expansion at full match (WI)
  - No premiums below poverty tied to eligibility
  - Limits on cost-sharing and benefit waivers
- All of this is contributing to complexity
For More Information

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- Say Ahhh! Our child health policy blog: ccf.georgetown.edu/blog/