

California's 1115 Waiver: A Bridge to Health Reform?



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Health Reform: Medicaid Expansion

- Requires states to expand their Medicaid programs on January 1, 2014 to non-elderly adults and children up to 133% of the federal poverty level (\$29,400 for a family of four).
 - Includes childless adults, who generally could not be covered under Medicaid under prior law.
 - Includes people with disabilities.
 - States have the option to cover these populations at regular Medicaid match starting on January 1, 2011.

Health Reform: Medicaid Costs

- Federal government will pick up the overwhelming bulk of expansion costs.
- The federal matching rate for “newly eligibles” will be:
 - 2014-2016: 100%
 - 2017: 95%
 - 2018: 94%
 - 2019: 93%
 - 2020 and beyond: 90%
- Regular match for current eligibles who newly enroll.
- Requires states to increase primary care physician rates to 100% of Medicare in 2013 and 2014; federal government will pick up 100% of the increase in costs.

Health Reform: Medicaid Benefits

- States are required to provide “benchmark” benefits to the newly eligible population, rather than the regular Medicaid package.
- Affects non-disabled adults.
- Benchmark benefits can be as good as regular Medicaid package or much weaker, and more akin to typical private insurance plans. Up to the state.

Health Reform: Medicaid Maintenance of Effort

- States cannot reduce Medicaid eligibility or make enrollment procedures more restrictive for children through the end of fiscal year 2019.
- States cannot reduce eligibility or make procedures more restrictive for adults through the end of calendar year 2013.

Source: CBPP Presentation to CBP, 3/25/10

Health Reform: Medicaid Eligibility Rules

- Uses new income counting rules starting in 2014, based on modified adjusted gross income (similar to tax code to allow better alignment).
- Takes existing disregards into account by allowing 5 percentage point bump-up.
- Extends presumptive eligibility option for children and pregnant women to newly eligible populations (and existing parents).
- Must have coordinated procedures with exchange.

Health Reform:

Estimates of Newly Eligible

- *Increasing Uninsured:* UCLA estimates that uninsured increased from 6.4 million to 8.2 million in 2009
- *Newly Eligible Populations:* UC Berkeley Labor Center estimates 1.7 Million newly eligible for Medi-Cal
- *Rates of Take-up:*
 - Congressional Budget Office estimates 50% take-up
 - CA DHCS estimates 100% take-up
 - CHIP programs ~70% take-up
- *Remaining Uninsured After Implementation:*
 - 2 million with effective implementation effort
 - 3 million with average implementation effort
 - Estimated 1.2 million undocumented: remainder of uninsured eligible but not enrolled.

Waiver Recommendation: Expand Medi-Cal Coverage to Targeted Populations

- Low-income unemployed, using the UI/DI system as a gateway for enrollment;
- Medi-Cal eligible young adults aging out of coverage, including foster youth;
- Parents who are otherwise Medi-Cal eligible but whose children have aged out of Medi-Cal coverage; and
- As revenue becomes available, childless adults starting with those with the lowest incomes first.

Waiver Recommendation: Use Coverage Initiatives as Enrollment Gateway

- ***Coverage Initiative Successors as a Gateway for Enrollment of Childless Adults***
 - ***More counties, more people***
 - ***Align enrollment processes and procedures***
 - ***Use 2010-2013 as window to get ready***

Waiver Recommendation: Use Rx Drug Discount Program as Enrollment Gateway

- Eligibility for Prescription Drug Discount Program overlaps with Medi-Cal and Exchange
- Initiate implementation of Rx Drug Discount Program in 2010, enrollment in 2011, rollover enrollment in 2014
- Start-up costs modest: can be funded out of savings from enhanced drug rebate (from 15.6% to 23.1%)

Waiver Recommendation: Simplify and Remove Barriers to Enrollment

- Simplify Eligibility Determinations in 2011: Initial Income Test, Self-Certification of Income
- Eliminate Asset Test for Most Medicaid-Eligible in 2012
- Make auto-enrollment of infants real
- Establish presumptive eligibility for children, pregnant women, and extend to newly eligible populations

Waiver Recommendation: Implement a Frequent Flyer Program

- “Frequent Flyers”: A small number of individuals use the emergency room with much greater frequency than other uninsured individuals.
- They affect costs not only Medi-Cal but also other human services, including mental health and substance abuse services as well as corrections.
- Early implementation of a frequent flyers program would mitigate pent-up demand for care while relieving the strain on emergency rooms in advance of coverage expansions.

Waiver Recommendation: Auto-Enrollment

- Auto-Enrollment Changes in Health Reform
- Outreach and Enrollment
- Auto-Enrollment: For every change in life circumstance that prompts a change in coverage: Seamless to the consumer maximizes enrollment
 - Lose your job, keep coverage
 - Get sick, keep coverage
 - Change jobs, keep coverage
 - No wrong door for all Californians, not just those eligible for public programs