Medicaid Overview

House Committee on Welfare Reform

March 14, 2023

History and Background

- Medicare and Medicaid legislation passed in 1965
    1. Part of the Social Security Act (passed in 1935)
    2. Title 18 – Medicare
    3. Title 19 – Medicaid
    4. Title 21 – CHIP (Children's Health Insurance Plan)

Medicare, Medicaid, and CHIP – what's the difference?

What's the Difference?

- **Medicare** – National health insurance for people ≥ 65 and some people who have disabilities
  1. If you've performed paid work, you've paid into it
  2. Part A – hospital insurance
  3. Part B – medical insurance (e.g., doctor visits)
  4. Part C – managed care plan for hospital and medical coverage (Medicare Advantage)
  5. Part D – prescription drug coverage

What's the Difference?

- **Medicaid** – Health care program for people with very low incomes who also meet some other eligibility criteria:
    1. Age (child or elder)
    2. Condition (pregnancy)
    3. Disability
- All states participate in this program

What's the Difference?

- **CHIP** - Covers children in families with incomes too high to qualify for Medicaid

1. Covers children up to age 19 with household incomes up to 250% of the Federal Poverty Level
2. Benefits almost identical to Medicaid
3. Jointly funded by states and federal government
4. Closely aligned with state's Medicaid program

Medicaid As An Insurer

- Medicaid is the 3rd largest provider of health benefits coverage in Kansas after Blue Cross/Blue Shield and Medicare.
  - As of January 2023, Medicaid provided coverage to 539,417 Kansans. Roughly 60% are children.
- We are the single largest insurer of children in Kansas.
- Medicaid pays for about 40% of births in Kansas.
- Medicaid pays for most mental health services, both nationally and in Kansas.

Medicaid Program Structure

Medicaid

- State-run program jointly financed by federal and state governments
  1. Federal money in the form of the matching of state money
  2. Each state has a different match rate each year based on per capita income (FMAP)
     - The Kansas FMAP is typically about 59-60%.
- Certain people can be covered by both Medicare and Medicaid

Medicaid State Plan

- Specifies the eligibility groups served, benefits provided, and how the program is operated
- Provides the basis for a state's claim for Federal financial participation (FFP)
- The state plan and all subsequent amendments must be reviewed and approved by the Centers for Medicare and Medicaid Services (CMS), which is a division of the United States Department for Health and Human Services.

How Does Medicaid Work In Kansas?

- Single State Medicaid Agency (SSMA) – KDHE – responsibilities:
  1. Maintains State Plan
  2. Sets eligibility policy, within federal guidelines, to allow people to apply for Medicaid
  3. Contracts for Medicaid Management Information System (MMIS)
  4. Contracts with the Medicaid Managed Care Organizations (MCOs)
  5. Responsible for compliance with federal laws/rules.

Kansas Department of Health and Environment

- Primary contact with Centers for Medicare and Medicaid Services (CMS) at the federal level for:
  1. Drawing down federal funds
  2. Maintaining program integrity and combating fraud and abuse
  3. Submitting federal reports

Kansas Department for Aging and Disability Services

- Administers the state's seven Home and Community-Based Services (HCBS) waivers. These are special programs that provide extra services for elderly or disabled Medicaid members so those members can live safely in the community instead of an institutional setting.
- The seven HCBS waivers are:
  - Frail Elderly (FE)
  - Physical Disability (PD)
  - Autism (AU)
  - Intellectual/Developmental Disability (I/DD)
  - Serious Emotional Disturbance (SED)
  - Technology Assisted (TA)
  - Brain Injury (BI)

Defining Medicaid Policy: Federal Level

- Federal Laws
- CMS
  - Regulations (general Medicaid as well as specific managed care regulations)
  - Medicaid Manual
  - Informal Guidance
  - Waivers

Defining Medicaid Policy: State Level

- State Laws
- State Regulations
- Single State Agency
  - State Plan
  - 1115 Demonstration Waiver

KanCare

Who is Eligible for Medicaid and What Services Does Medicaid Cover?

Who is Covered By Medicaid?

- Low income and age (children and 65+)
- Low income and disability
- Low income and pregnant
- Low income and parent/caretaker of children
- Medically needy – allows individuals in the above groups whose income exceeds Medicaid standards to access Medicaid coverage once a spenddown is met.

What is Covered by Medicaid?

Mandatory Services – not an inclusive list

- Inpatient hospital services
- Outpatient hospital services
- EPSDT: Early and Periodic Screening, Diagnostic, and Treatment Services
- Nursing Facility Services
- Home health services
- Physician services
- Rural Health Clinic services
- Federally Qualified Health Center services
- Laboratory and X-Ray services
- Family planning services
- Nurse Midwife services
- Certified Pediatric and Family Nurse Practitioner services
- Freestanding Birth Center services (when licensed or otherwise recognized by the state)
- Transportation to medical care
- Tobacco cessation counseling for pregnant women

What is Covered by Medicaid

Optional Services the State Covers

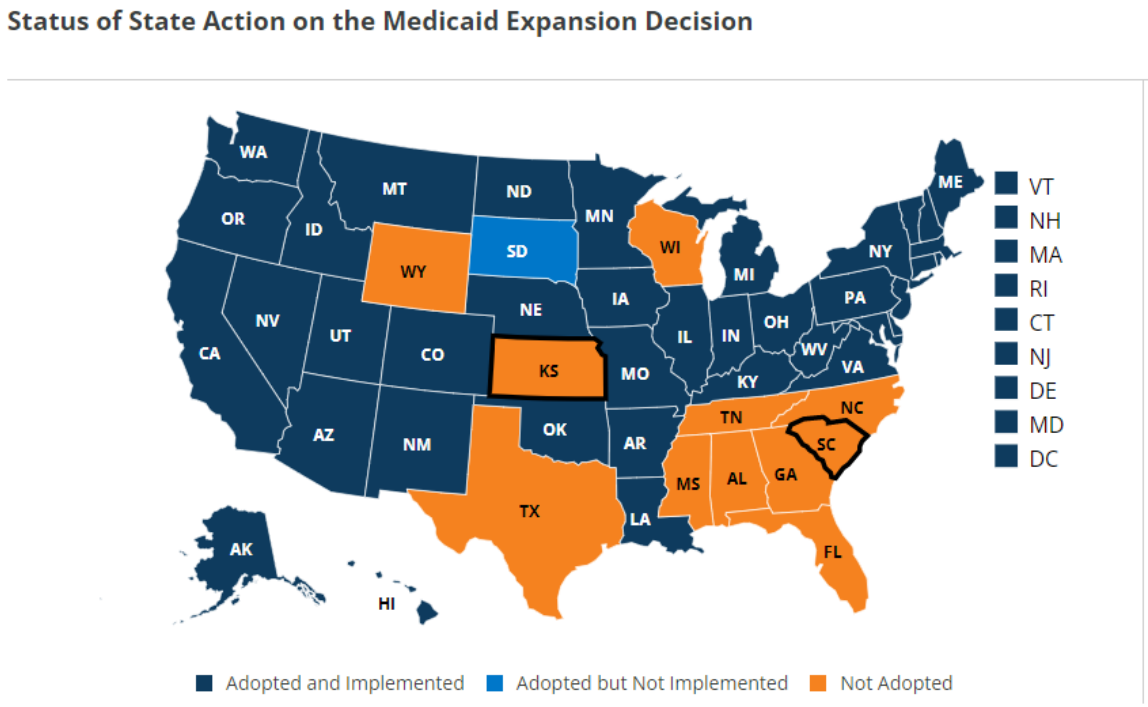
- Prescription Drugs
- Clinic services
- Physical therapy
- Occupational therapy
- Speech, hearing and language disorder services
- Respiratory care services
- Other diagnostic, screening, preventive and rehabilitative services
- Podiatry services
- Optometry services
- Dental services (limited for adults)
- Prosthetics
- Eyeglasses
- Private duty nursing services
- Personal Care
- Hospice
- Case management
- Services for Individuals Age 65 or Older in an Institution for Mental Disease (IMD)
- Services in an intermediate care facility for individuals with Intellectual Disability
- Inpatient psychiatric services for individuals under age 21
- Health Homes for Enrollees with Chronic Conditions
- Chiropractic services
- Other practitioner services

What is Medicaid Expansion?

- Medicaid expansion would allow low-income adults aged 18-65 to receive Medicaid coverage. The expansion population would include adults with household incomes up to 138% of FPL.
  - For a household of one, the income limit would be roughly $20,000/year.
  - For a household of four, the income limit would be roughly $41,400/year.

- The current federal/state share of spending for the current Medicaid population is roughly 60/40
  - Under Medicaid Expansion, the federal/state share of Expansion would be 90/10 for the newly eligible population

Medicaid Expansion Cont.



https://www.kff.org/medicaid/issue-brief/status-of-state-medicaid-expansion-decisions-interactive-map/

- 39 states (plus DC) have expanded or are in the process of expanding Medicaid
- Earlier this month, the North Carolina legislature announced a deal to expand Medicaid. If successful, it will be the 40th state in the Union to have done so.

Medicaid Expansion (cont.)

- The American Rescue Plan Act (2021) created an incentive for states that have not expanded Medicaid
  - Kansas would receive an estimated $370.0mil - $450.0mil in additional federal funding over the next eight quarters if Kansas expands Medicaid. This is a 5% increase to the state's FMAP for the existing KanCare population.
  - **This is enough to cover the state's share of expansion costs for ~8 years.**

- The Governor's Budget recommendations for FY 2024 include $21 mil SGF to expand Medicaid beginning January 1, 2024 (6 months of FY 2024).
  - This will be offset by the automatic 5% increase to the state's FMAP for the existing KanCare population, or approximately $92.5 million.
  - **The net impact to the KDHE is a net SGF savings of $71.5 million in FY 2024 if Medicaid is expanded.**

What is KanCare?

What is KanCare?

KanCare is the name of Kansas' Medicaid managed care program. With few exceptions, all Medicaid and CHIP beneficiaries are required to enroll in managed care in order to receive coverage.

Roughly 95% of the Kansas Medicaid population is in KanCare. The remaining 5% belong to Medicaid fee-for-service or receive limited coverage through programs such as MediKan.

Managed Care

KDHE contracts with three Managed Care Organizations who:

1. Enroll providers
2. Pay for services
3. Receive a monthly payment for each person in KanCare
4. Are at financial risk for almost all the costs of care for KanCare members

Payment for KanCare Services

- Capitated per member per month (PMPM) payment made to KanCare MCOs for each KanCare member – **42** rate cells
  - In exchange for the PMPM payment, the MCO assumes the risk for the entire cost of that member's care.
- Federal government matches those payments (approximately 60 cents for every dollar) – CHIP and some specific services matched at a higher rate
- Providers bill the MCOs for services and are paid, generally, on a fee for service basis

Thank you/Questions

Sarah Fertig, State Medicaid Director
Kansas Department of Health & Environment

www.kancare.ks.gov
www.kdhe.ks.gov