

CAPITOL STREET

June 13, 2023

June Medicaid Update: FL, VA, PA, IN, AZ

Procedural Disenrollments Spur CMS Guidance Today; More Stringent Rules Coming?

Relevant Companies



We have provided monthly Redeterminations updates; See June update below. Starting April 1, states began Medicaid redeterminations following the expiration of the Medicaid continuous coverage requirement during the PHE. Five states launched their redetermination processes on April 1, 14 more states joined them on May 1, and 22 additional states started redeterminations on June 1.

APRIL 1 states --AZ, AR, ID, NH, & SD

MAY 1 states -- CT, FL, IN, IA, KS, NE, NM, OH, OK, PA, UT, VA, WV, WY

JUNE 1 states -- MT, WA, NV, ND, ME, CO, KY, TX, MS, AL, GA, SC, AK, TN, VT, NJ, WI, AK, HI, MD, RI, MA

»» Our Take & Next Up

More federal action coming? CMS has more tools in its toolbox. We will look to see whether states utilize any of HHS's new strategies to slow their redeterminations, reduce their disenrollment rates, or limit the share of their disenrollment due to procedural reasons. We expect that many states that are committed to moving quickly through redeterminations may not heed many of HHS's new flexibilities, unless the government enforces further action. CMS has other capabilities to help states with redeterminations, including (1) implementing corrective action plans, (2) imposing financial penalties on states, (3) pausing disenrollment altogether..

»» Key Points

Today, HHS provided more flexibility to states around MCOs' ability to help with paperwork, while States can delay administrative terminations ([HHS release](#)). The agency is concerned that states have disenrolled more than

728,000 individuals and are not approaching redeterminations thoroughly, A 6-page list of all of the flexibilities is [here](#)) The agency will now allow:

- Managed care organizations (CNC, MOH, UNH, others) may now assist Medicaid enrollees with completing renewals, including some of the forms on their behalf.
- States can delay administrative terminations, when individuals do not provide contact information or fill out renewal forms, for up to 1 month to conduct additional outreach.
- Pharmacies and other community-based organizations now have the capacity to facilitate reinstatement of coverage for individuals terminated for procedural reasons.

Currently the median disenrollment rate is 40%, but across states there is disparity due to different redetermination processes. (KFF [here](#)). Initial data from FL, VA, PA, IN, and AZ highlight differing Medicaid disenrollment rates between states. In Virginia and Arizona, disenrollment rates are relatively low at 16% (VA) in comparison to Florida’s and Indiana’s disenrollment rates, which are higher at 54% (FL) and 45% (IN).

STATES OF INTEREST (AZ, FL, PA, IN, VA)

| CAPITOL STREET | Arizona | Florida | Pennsylvania | Indiana | Virginia |
|------------------------------|-----------------------|-------------------------|-------------------------|-------------------------|--------------------------|
| Governor | Katy Hobbs (D) | Ron Desantis (R) | Josh Shapiro (D) | Eric Holcomb (R) | Glen Youngkin (R) |
| Disenrollment Rate | 35% | 54% | 32% | 45% | 15% |
| Loss of Medicaid/CHIP | 148.6K | 249.4K | 43.5K | 53K | 53.4K |
| Reporting Month | May '23 | April '23 | April '23 | April '23 | June '23 |

Sources: Capitol Street, State Medicaid Agencies, KFF

NOTE: We chose to focus on five larger states that were a mix of Republican and Democratic led legislatures.

Disenrollment rates will not accurately reflect individuals who will remain off Medicaid. Due to a sizable share of disenrollments coming from administrative issues, ranging from 43% in Pennsylvania to 89% in Indiana, we expect that individuals will largely be re-enrolling in Medicaid within a year and experiencing periods of uninsurance rather than enrolling in Employer Sponsored Health Insurance or getting coverage through the Health Insurance Marketplace.

Medicaid losses for procedural reasons lead to higher disenrollment rates, but many individuals likely still qualify for some type of coverage. Individuals who do not receive renewal forms in the mail from their states due to incorrect contact information or who fail to return their renewal forms are at high risk of losing Medicaid coverage, especially in red states that are moving quickly through their redetermination processes.

States with high disenrollment rates are showing higher rates of individuals terminated due to procedural reasons. (1) Indiana: 89% terminated due to procedural reasons; 45% disenrollment rate. (2) Florida: 82%

terminated due to procedural reasons; 54% disenrollment rate. (3) Pennsylvania: 43% terminated due to procedural reasons; 32% disenrollment rate

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