

CAPITOL STREET

May 3, 2023

State Tracker: Medicaid Unwind Under Way

April: Arizona, Arkansas, Idaho, New Hampshire & South Dakota

Relevant Companies



Introducing the Capitol Street Medicaid Redetermination tracker. At least once monthly we will provide an update on state reverification progress. States have 12-14 months from April 1 to reverify all Medicaid recipients and remember some individuals may *lose* coverage before re-enrolling in Medicaid (time lag). States must initiate renewals for all individuals enrolled within 12 months of the last day of continuous enrollment and must complete renewals for all individuals enrolled within 14 months.

States, health plans & providers are responsible for redeterminations over the next year. This is an arduous task given there over 90 M Medicaid and CHIP beneficiaries (see more [here](#)). For Arizona, Arkansas, Idaho, New Hampshire, and South Dakota unwinding began on April 1, 2023. We are one month in, with most states starting June and onward. See below for highlights thus far.

»» Our Take & Next Up

See state projections for Medicaid % losses and timelines below for States that unwind in April – AZ, AR, ID, NH and SD.

We will start to analyze May states: Connecticut, Florida, Indiana, Iowa, Kansas, Nebraska, New Mexico, Ohio, Oklahoma, Pennsylvania, Utah, Virginia, West Virginia, Wyoming, with a particular focus on larger states FL, OH, PA, and VA.

Capitol Street expects the unwinding to be back-end loaded in the year. Most states (43) say they plan to take 12-14 months to complete all renewals. The remaining 8 states plan to take fewer than 12 months to complete renewals (see [here](#)). However, remember that even if states had started processes in February or March, they were not legally allowed to remove individuals from coverage until April 1 (at the earliest).

»» Key Points

APRIL STATES (5 STATES)

Unwinding is underway. States that began unwinding on April 1, 2023, include Arizona (AZ), Arkansas (AR), Idaho (ID), New Hampshire (NH), and South Dakota (SD). See details in the chart below.

	Arizona	Arkansas	Idaho	New Hampshire	South Dakota
Governor	Katie Hobbs (D)	Sarah Sanders (R)	Brad Little (R)	Chris Sununu (R)	Kristi Noem (R)
% Projected to Lose Medicaid	51.5%	37.1%	33.3%	41.4%	14.5%
Total Medicaid Population	1.3 M	1.14 M	450 K	72.5 K	152 K
Projected Loss of Medicaid / CHIP	670 K	423 K	150 K	30 K	22 K
Timeline	12 months	6 months	5 months	1 year	9 months
<u>Sources:</u> Georgetown CCF Unwinding Tracker, State Medicaid Agencies, CMS, Capitol Street, 2023					

Arizona (D) – 52% are projected to lose Medicaid out of 1.3 M. [THC, UHS, CNC, MOH, UNH, CVS] Arizona will be unwinding 8-9% of its total population every month. A long runway makes this doable. Arizona’s Medicaid agency is working with community partners, pharmacies, insurers, and healthcare providers, and is utilizing text campaigns, robocalls, and letters to enrollees to ask for updated contact information. Arizona will be publishing a data dashboard of monthly renewal progress on this web page beginning May 10, and on the 10th of each subsequent month ([here](#)).

Arkansas (R) – 37% are projected to lose Medicaid out of 1.14 M. [THC, UHS, CNC, UNH, ELV] Arkansas is unwinding in half the time allotted by the government (6 months rather than 12), with a mission to quickly remove people from “government dependency” ([here](#)). Lawmakers across the country have their eye on Arkansas, as GOP leaders have curiosity as to if there is anything they can do to expedite work, and others with concern about how quickly the state is moving. The state will still meet CMS’s recommendation that states unwind no more than 1/9th of their caseload each month. See the state’s March Medicaid unwinding report [here](#), according to which 81,174 Medicaid unwinding renewals have been initiated as of March end. We are on the lookout for April data to be published.

Idaho (R) – 33% are projected to lose Medicaid. [HCA, UHS, MOH, UNH] Idaho was reprimanded by CMS for terminating Medicaid for 9.8 K members *during* the pandemic. The state began sending notices in February to those who face termination. People have 60 days to respond before they are removed. The rush has been pushed for by Idaho’s state legislature, where lawmakers have been wary of state Medicaid spending ([here](#) and [here](#)).

New Hampshire (R) – 41% are projected to lose Medicaid. [THC, HCA, CNC, UNH, CVS] NH will prioritize individuals whose benefits are already ending, saving children, people in long-term-care settings, and those who are otherwise vulnerable until the end ([here](#)).

South Dakota (R) – 15% are projected to lose Medicaid. [THC, UNH] SD plans to prioritize cases most likely to be ineligible based on those who no longer meet a coverage group, aged out of a coverage group, the time limit in the coverage group expired, or their income has increased ([here](#)).

RECENT MEDICAID UPDATES FROM CMS

New Medicaid MCO guidelines were released April 27 and provide payment and access transparency guidelines to ensure managed care plans are equitable to FFS. In case you missed it, CMS provided managed Medicaid quality standards last week (see [here](#)). The proposed rule would (1) strengthen standards for timely access to care, as well as states’ enforcement efforts; (2) specify the scope services and settings to address health-related social needs (HRSNs); (3) specify medical loss ratio (MLR) requirements; and (4) establish a framework for states to implement a quality rating system (QRS) to compare Medicaid and CHIP managed care plans.

Medicaid pay rate transparency – both managed care and FFS Medicaid – and MLR for home and community based care. The new rules will (1) create new payment transparency requirements for states by requiring disclosure of provider payment rates in both fee-for-service and managed care, with the goal of greater insight into how Medicaid payment levels affect access to care.(2) establish additional transparency and interested party engagement requirements for setting Medicaid payment rates for home and community-based services (HCBS), as well as a requirement that at least 80% of Medicaid payments for personal care, homemaker, and home health aide services be spent on compensation for direct care workers (as opposed to administrative overhead or profit).

MEDICAID UNWINDING

Medicaid Redeterminations started on April 1, 2023. The PHE ends May 11 ([here](#)) but Reverifications started April 1, per legislation passed by the Congress. CMS provided states guidance on how to conduct the volume of redeterminations (based on determining updated adjusted gross incomes, co-morbidities, speed of unwinding, etc.).

CMS estimates that more than 15 M of the 92 M people enrolled in Medicaid will lose coverage throughout the process. Of the former, 7 M are expected to be eligible for the program but still lose their coverage because of what’s known as “administrative churn,” or hurdles that lead to lost coverage because of missed notices, incorrect paperwork or other reasons.

In a negative for the Marketplace risk pool, CMS creates a 16-month special enrollment period (SEP) on healthcare.gov to allow people who lose their Medicaid coverage to enroll in a marketplace plan throughout redeterminations. CMS says this is due to worries that consumers might not be notified that they’ve lost benefits in time to use existing SEPs. There is a chance that individuals wait until they require services or conditions worsen before enrolling in care, negatively impacting the Marketplace risk pool. The “Unwinding SEP” will be available from March 31 – the date the Medicaid maintenance of effort (MOE) requirement ends - through July 31, 2024. See CMS memo from January 27, 2023 [here](#), released with a 25-page letter ([here](#)) to state health officials with guidance.

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