Medicaid Unwind Starts Feb 1, 2023

Plans May Call/Text Benes &16 Month SEP = Adverse Selection?

States, along with Medicaid MCOs and safety net providers, are responsible for redeterminations, an arduous task given 90 M Medicaid and CHIP beneficiaries (see more on enrollees here). States can start the process tomorrow, or February 1, 2023.

- **Medicaid Redeterminations will start Feb 1, 2023 but no American may lose Medicaid coverage until April 1, 2023.** CMS has given states guidance on how to conduct the volume of redeterminations (based on determining updated adjusted gross incomes, co-morbidities, speed of unwinding, etc.). States can begin efforts this week.

- **CMS created a 16-month special enrollment period (SEP) via healthcare.gov late last week,** to allow people who lose 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.

- **The "unwinding SEP" will be available from March 31, 2023 through July 31, 2024**. CMS's memo from January 27, 2023 here, released with a 25-page letter (here) to state health officials with guidance. While the memo applies to the 33 states that rely on the healthcare.gov for enrollment, the 17 states, and the District of Columbia, running their own exchanges can implement the SEP as well.

- **Does this mean that sicker people will enroll in Exchange plans? Likely.** 16 months could be an unnecessarily lengthy SEP, in our view, meaning that those who are reverified off Medicaid may go without coverage and only decide to re-enroll for coverage upon falling ill, or obtaining a new diagnosis.

- **Medicaid MCOs and providers are allowed by CMS to aid states with this onerous task, and can call/text beneficiaries per new rules**. This presents a market opportunity for plans such as CNC, CVS, ELV, MOH, and UNH to assess Medicaid beneficiaries and enroll in Marketplace plans. The unwinding will be the largest enrollment event in Medicaid history, and aligns payer, state, and beneficiary interests. Stakeholders have the shared goal of ensuring a seamless transition from Medicaid and CHIP to Marketplace plans.

- **Another win for MCOs: Agency allows Medicaid enrollment phone calls and text messages from states, managed care plans (here).** In other unwinding news, on January 23, The Federal Communication Commission (FCC) released guidance to federal and state agencies and their partners to enable them to make Medicaid enrollment calls and send text messages without violating robocall and robotext prohibitions. This was in response to April 2022 letter from HHS Secretary Xavier Becerra (here) requesting FCC's opinion on whether text messages and automated, pre-recorded telephone calls to individuals' cell phones on eligibility renewals are permissible under the Telephone Consumer Protection Act (TCPA).

- **Passed before Christmas 2022, the *Consolidated Appropriations Act, 2023 (CAA)* allows a more gradual Medicaid benefit unwind, e.g., enhanced FMAP lasts longer.**
  - The FMAP increase lasts through December 31, 2023, rather than "the last day of the calendar quarter in which the last day of such emergency period occurs." New/longer FMAP phase-out is below.
    - Present – 3/31/23, 6.2% FMAP
    - 4/1/23 – 6/30/23, 5% FMAP

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    - 7/1/23 – 9/30/23, 2.5% FMAP
    - 10/1/23 – 12/31/23, 1.5% FMAP
  - Decouples the Medicaid continuous enrollment provision (MOE) and the temporary FMAP increase from the end of the PHE which is now **May 11, 2023**
  - Medicaid continuous enrollment will end on March 31, 2023. Unwinding process can start on April 1, 2023.
  - This means that lives cannot be disenrolled from Medicaid until **April 1. 2023**
  - States are supposed to begin a 12-month unwinding period in the month before, of, or the month after the month (February, March, or April) the continuous enrollment period ends. This means that states can start the first Medicaid renewal processes that may result in disenrollment as early as **February 1, 2023.**
  - The CAA does ***not*** modify the duration of the enrollment period. 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 must adhere to reporting requirements starting April 1, 2023 and may be subject to an FMAP reduction if they fail to do so.
  - See CO, OK and NV Redetermination plans in the text of this note as examples of state approaches.

- **President Biden announced late yesterday PHE will end May 11, see notice here**. When the PHE COVID-19 was renewed again earlier this month, most experts thought it would be last time and that it would expire in mid-April. The previous extension had been set to expire January 11, and the government had promised to give a 60-day notice of the PHE end.

- **18 M people are projected to lose Medicaid coverage in the next 14 months,** see the Urban Institute report from December 5, 2022, here. They estimate (of the 18 M) the following: about 3.2 M children are estimated to transition from Medicaid to separate CHIP; 3.8 M people will become uninsured; 9.5 M people will either newly enroll in employer-sponsored insurance or transition to employer-sponsored insurance as their only source of coverage after being enrolled in both employer-sponsored insurance and Medicaid sometime during the PHE; 1 M people will enroll in the nongroup market (most will be eligible for Marketplace premium tax credits).

- **NEXT STEPS**: **This week -- Feb 1 -- marks the redetermination start date, though no one can be reverified off Medicaid until April 1, 2023**. CMS is expected to release guidance soon on new reporting requirements and how they intersect with the requirements described in CMS's prior guidance, including the data template and specifications. Currently, CMS is in the process of scheduling individual meetings with State Medicaid Directors to discuss unwinding plans and address questions. See Background for details on states, their (submitted) state plans, an updated unwinding timeline, and the unwinding process guidance details per CMS. *See text for state plan options, timelines, and other CMS guidances.*

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Background

See updated and revised due dates for state deliverables. They are outlined below.

Submission	Due Dates
Renewal Redistribution Plan	• February 1, 2023, for states initiating renewals in February • February 15, 2023, for all other states
Systems Readiness Artifacts (Configuration plan, testing plan, and test results)	• February 1, 2023, for states initiating renewals in February • February 15, 2023, for all other states
Baseline Unwinding Data	• Due the 8th day of the month in which a state begins renewals. • February 8, 2023, March 8, 2023, or April 8, 2023
Date Reporting Through Unwinding Period	• On the 8th of each month, report on specific metrics to show progress • Timely data submissions through the Medicaid and CHIP Eligibility and Enrollment Performance Indicator dataset on the 8th of each calendar month • Data submissions through Transformed Medicaid Statistical Information System (T-MSIS) dataset before the end of the subsequent calendar month

SOURCE: CMS, Capitol Street, 2023

- **States are happy with CAA changes, they are getting to work.** Leaders from Colorado, Oklahoma, and Nevada joined a MACPAC call on Fri Jan 23 to provide updates. Takeaways are below.

  - **Colorado** selected Option B (*see blue chart below details on the three options*). Renewals will start in March for May renewals, with disenrollment starting on June 1. The state was pleased with the FMAP phase-down, as they had been lobbying for it over the last year. has been ramping up the staffing and training of individuals for redeterminations. However, Chris Underwood, Chief Administrative Officer of the Colorado Department of Health Care Policy and Financing, cited their struggle to hire staff and wage inflation as key headwinds.

  - **Oklahoma** has selected Option C, with unwinding set to begin in April. Oklahoma is going to start with targeting 70,000 Medicaid members who have not accessed any services since March 2020, planning to conduct early disenrollment spread out over the first two months for this population. Oklahoma has an open request for proposal (RFP) for an entity to provide a comprehensive solution to care coordinate members, so that there is a closed loop referral. This means that the state would be notified when the beneficiary is able to access care though another means and are not just blindly referred to the Marketplace. A potential barrier to this would be HIPAA rules banning Marketplace plans from releasing this information to the state.

  - **Nevada** has selected Option C and plans to start redeterminations in April with a 12–14-month runway. Their goal is to keep as many insured as possible. There are over 900,000 individuals in Medicaid now, and 86% of those who have been accessing services are believed to be over-income, which presents a challenge. Sandie Ruybalid, Deputy Administrator, Nevada

Department of Health and Human Services, Division of Health Care Financing and Policy stated that the recent FCC ruling is going to be incredibly helpful for states in their efforts to reach beneficiaries. Before this ruling, they were unable to text without consent. Now, a beneficiary having a phone number listed on their file serves as automatic consent. She noted that Nevada has been relying heavily on MCO partners, as they are able to use non-traditional methods such as TikTok to conduct outreach.

- **MACPAC said they were pleased by the forethought and the planning that these states had put into the process, and that states seemed prepared, open, and had forthcoming with information.** However, MACPAC did point out that while everyone currently has a plan in place, things may start to change when unwinding beings, and that we will need to wait and see how well things go. MACPAC also expressed interest in hearing from states who may not be as ready for unwinding as Colorado, Oklahoma, and Nevada.

- **ELV expects 50% of Medicaid redeterminations to occur in 2023, and 50% in 2024.** On the ELV 4Q2022 earnings call on January 25, John Gallina, EVP and COO, commented that there are a lot of variable factors associated with redeterminations across states. However, since the Co. has product offerings for every member, regardless of age, employment status, and health condition, they feel that they are well-positioned to retain most of the redetermined membership.

- **At JP Morgan 2023, CNC says they are ready for Redeterminations.** Centene was the only payer to remark on redeterminations, saying that they are ready to work closely with states to roll beneficiaries off Medicaid and onto Exchange plans. Sarah London, Centene CEO remarked that most states at this time are on a 10-month timeline to wrap up unwinding. Drew Asher, CFO commented that the original expectation for the start of unwinding was February 1, and since it was pushed back by two months, some impacts may be pushed back further into 2024.

- **Additional Medicaid provisions in the CAA include** (1) a 2-year extension for CHIP funding through FY 2029, (2) starting January 1, 2024, children are required to have 12 months of continuous coverage, and (3) the permanent state option to provide 12 months of continuous coverage postpartum through Medicaid/CHIP.
  - Puerto Rico will receive increased Medicaid funding and an FMAP of 76% for the next 5 years (until 2027).
  - The CAA permanently extends a higher federal Medicaid match of 83% for American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, and the U.S. Virgin Islands.

Additional PHE Unwinding details.

CMS is working closely with states. On Wednesday, January 25, CMS hosted a partner education monthly series webinar titled “Medicaid and CHIP Continuous Enrollment Unwinding: What to Know and How to Prepare,” see stakeholder call repository here. CMS posted a January 2023 strategic update here. The call provided an overview of changes to the unwinding process made by the CAA.

CMS encourages states to ask plans for help with redeterminations, presenting an opportunity for managed care organizations (MCOs) to capture beneficiaries rolling off Medicaid. Plans with both lines of business — Medicaid and Marketplace — will benefit from ensuring they capture lives that are rolling over. CMS has released guidance on how states can go about enlisting the help of MCOs to facilitate re-enrollment. See guidance here.

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States are recommended over 14 months post PHE to (1) spread verification cases evenly over the unwinding period and (2) prioritize seamless transitions of coverage between Medicaid and CHIP to the ACA exchanges, among additional technical guidance. A 12-month unwinding period was initially announced in prior guidance from August 2021, but provided that the states have initiated all outstanding renewals by the end of the 12-month period, states have an additional 2 months to tie up loose ends and finish the renewals, bringing us to a 14-month deadline from the end of the PHE.

- CMS requires states to formulate operational plans for the redeterminations process in advance. See CMS guidance here.
- Plans are required to include (1) how states will prioritize renewals, (2) the length of time budgeted for renewals, (3) the approximate number of renewals that they attend to initiate each month, and (4) strategies to reduce inappropriate loss of coverage during this unwinding process. Unclear if these reports will be made publicly available.
- States must submit plans to CMS by the 45th day before the end of the month the PHE ends. See CMS requirements here.
- Some states are financially incentivized, by the expected loss of FMAP and increased Medicaid costs due to continuous enrollment and an inability to disenroll beneficiaries, to rush unenrollment. For example, the Ohio Department of Medicaid has contracted with the outside vendor, Public Consulting Group, with plans to have all beneficiaries redetermined in less than 90 days, in exchange for a cut of the state's Medicaid savings. See more on state plans for unwinding below.
- Based on a MACPAC special meeting in July, state officials at that point felt they had planned as much as they could, and that federal financial support was not necessary.

The "big five" (CNC, CVS, ELV, MOH, UNH) with the largest Medicaid MCO business include CNC (29 states), CVS (16 states), ELV (20 states), MOH (19 states), and UNH (27 states), as of March 2022. As of July 2022, 32 states announced plans to partner with MCOs. See KFF state survey here.

Total Medicaid and CHIP enrollment skyrocketed during the pandemic. This surge was likely driven by NE, MO, and OK expanding Medicaid under the ACA and the continuous enrollment provision of the *Families First Coronavirus Response Act* (FFCRA). Read the legislation here.

Minority groups will be disproportionately impacted, as 4.6 M Latino and 2.2 M Black individuals are expected to lose Medicaid coverage.

Policymakers are concerned about enrollment churn, as individuals who are still eligible but fail to fill out paperwork may be disenrolled.

States have enjoyed Medicaid benefits during the PHE due to the *Families First Coronavirus Response Act* (FFCRA) of March 2020. Read the FFCRA here.

(1) 6.2% increase in FMAP payments to states that meet MOE requirements. Began in January 2020. These payments have varied by state, ranging from amounts equal to state costs in NH, NV, and OR, to about six times state costs in AL and MS. State budgets are doing well. When enhanced FMAPs end with the PHE, state Medicaid spending will likely end.
(2) The MOE requires that states adopt a 12-month continuous enrollment eligibility for Medicaid. Re-verification processes must be suspended for the PHE duration. Changes in family income are disregarded.

Federal relief dollars extended to other healthcare providers can be found below.

(1) The *Coronavirus Aid, Relief, and Economic Security Act* (CARES) provided a 20% add-on payment to the diagnosis-related group (DRG) rate for Medicare beneficiaries with COVID-19 treated in inpatient prospective payment system (PPS) hospitals.
(2) $7.5 B of $8.5 B of ARP rural funds were given to hospitals and providers in rural areas.
(3) Congress gave healthcare providers an estimated $100 B in Paycheck Protection Program loans.

Details on CMS unwinding guidance and requirements for states. From March 3, 2022 guidance seen here.

(1) States must present CMS with a plan that considers continuity of coverage, evenly distributed renewals, and processes applications in a timely manner.
(2) States are allowed to initiate redeterminations up to two months before the end of the PHE, although no one can be disenrolled before the PHE officially ends. For enhanced federal matching funding to be retained, the unwinding period must be initiated no later than the 1st day of the month after the end of the PHE.
(3) States must detail approach to the process. Options include (1) prioritizing populations likely to no longer be eligible, (2) based on renewal month or prioritizing pending older actions, (3) hybrid of both options, or (4) a unique state-developed approach.
(4) CMS recommends that states should initiate no more than 1/9 of caseload every month.
(5) All lives who are found to be Medicaid or CHIP ineligible must be transferred to the Marketplace.
(6) CMS will monitor state progress. Monthly data will be submitted by states for 14 months. CMS is working on releasing a template with requirements.

The situation regarding states and their unwinding approaches is evolving. CMS does not require states to make these plans public.

As of January 22, 36 states (including D.C.) have posted a public state plan or summary with plans for redeterminations. See a 50-state unwinding tracker here.

States with public plans include: Alabama, Arizona, California, Colorado, Connecticut, District of Columbia, Georgia, Hawaii, Indiana, Kansas, Kentucky, Maine, Maryland, Massachusetts, Michigan, Montana, Nevada, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Washington, Wisconsin. 36 states have posted unwinding information on state Medicaid or Marketplace websites. 45 states have an alert to update contact information. 37 have posted unwinding FAQ. 34 have posted communications materials or toolkits. Only 10 have an unwinding data dashboard or public posting planned.

Nevada's unwinding plan notes that the state will release a data dashboard publicly. The dashboard will be updated monthly and include enrollment-by-week call center information and state workload with metrics such as total applications, pending applications, and account transfers. Other states are planning on sharing the CMS-required data reports. For example, Michigan's unwinding plan notes that the state anticipates publishing the CMS-required reports to a public-facing website. The plan also notes that the state agency will create several internal operational reports to support their efforts. Arizona and Pennsylvania also noted that they will be monitoring several data points, including tracking call center data. See MACPAC October presentation on unwinding here.

The Medicaid and CHIP Payment and Access Commission (MACPAC) considered the end of the PHE in its July 2022 meeting. See presentation here. Consensus was that a more solidified end date for the PHE will help states with planning. However, some states told MACPAC that a warning of more than 60-days would not make a substantial difference in preparations.

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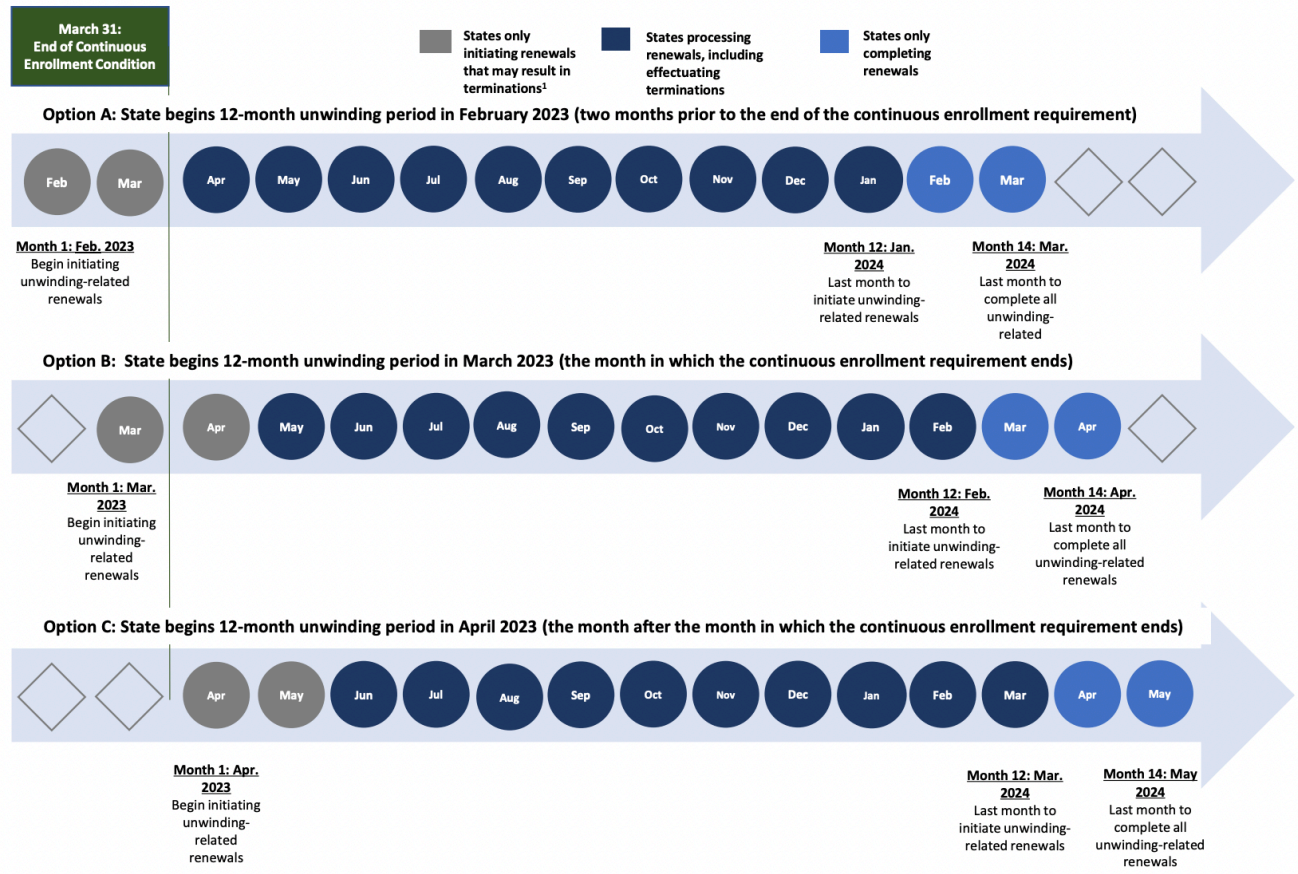
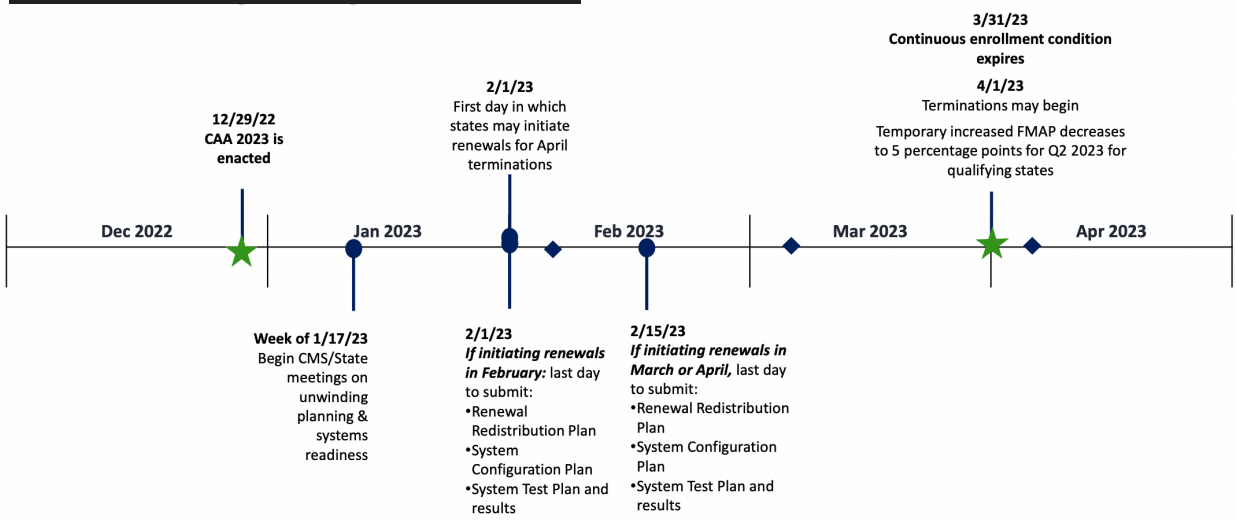
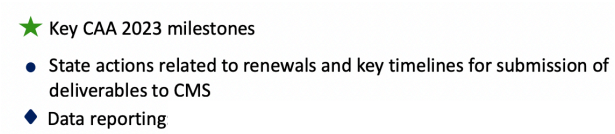
Key dates related to the Medicaid continuous enrollment condition provisions. Unwindng timeline with a 60-day renewal process.



See a timeline of key state activities below.





SOURCE: MACPAC, 2023