

CAPITOL STREET

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Medicaid Directors Feel Blame for Redetermination Mess

Reverifications May Take Through 2024 to Complete, Or About 20 Months

Relevant Companies



»» Our Take & Next Up

We think Medicaid Redeterminations will take through mid-late 2024 to be completed. With 29 states + DC having paused redeterminations; states feel CMS could more effectively lead as they are the agency to have approved the systems and processes at the get-go. There is ample evidence to support the fact that this will take longer than the previously estimated 14 months. As a reminder, redeterminations began April 1, 2023, and a 14-month process would take us through May of 2024. If redeterminations continue through the end of 2024, we are looking at a 21-month process, almost double that of what was originally anticipated.

»» Key Points

Medicaid Directors – past and present – voiced frustration at NAMD meetings this week in DC over reverification processes and the feeling of blame for procedural and other system issues. Over the past three days (Oct 1-3), the National Association of Medicaid Directors (NAMD) hosted its annual conference. At the meetings, there was little-to-no formal panel or speaker discussion surrounding Medicaid redeterminations invoking a continued disappointment from state Medicaid directors in CMS. Chiquita Brooks-LaSure, CMS Administrator, provided the closing keynote (via videoconference) and barely mentioned that the largest unwind in history is under way.

Medicaid Directors are disappointed at the lack of partnership messaging between CMS and the states as individual states look to tackle high disenrollment rates, ex-parte reviews and other roadblocks. Some directors feel that redeterminations will realistically take until the end of 2024, making this an almost 21-month process. Participants discussed the possibility of additional pauses throughout the next year driven by an inability for states to effectively “fix” their systems.

Beginning January 1, 2024, CMS will require states to provide 12 months of continuous coverage for children under the age of 19 on Medicaid and the Children’s Health Insurance Program (CHIP) ([here](#)). CMS made this announcement last Friday after many states reported glitches in their redetermination systems that have kicked children off Medicaid and CHIP, who were still eligible.

The numbers: Medicaid disenrollment has not stopped growing, with a recent update from KFF reporting that 7.8 M individuals have been disenrolled (per KFF [here](#)). Red states are still reporting the highest disenrollment rates. TX is at 66%, Arkansas is at 60%, and Georgia is at 55%. Across states, procedural disenrollment rates still remain high, terminating 73% of enrollees.

- **On September 21, CMS announced 500 K previous Medicaid enrollees will have their coverage re-instated after being dis-enrolled due to glitches in state systems** (see [here](#)). CMS found issues with several states' automatic renewal processes that were causing beneficiaries still eligible for Medicaid to be kicked off. In a previous letter sent to states on August 30 from the Biden Administration, they required states to respond either attesting their systems were compliant with ex-parte renewals or not.
- **As a result of state glitches, 29 states and D.C. are required to pause their redeterminations until they fix their systems and even if they come back online many believe states may be paused again later this year.** The effects of the glitches across states vary with Nevada and Pennsylvania estimating that 100k+ beneficiaries have been affected by these issues, and states, such as Massachusetts and Maryland, estimating that this issue has only affected less than 10k individuals (see [here](#)).
- **Several states with high disenrollments (TX, AR, FL) reported back to CMS that their systems were compliant with automatic renewals, exempting them from the pause** (see [here](#)). The overall effect of 29 states and D.C. pausing will most likely not be huge because many states who attested to being non-compliant already had low disenrollment rates, including VA, MD, and OR.

States are also finding that individuals who lose Medicaid are NOT transferring to Marketplace exchanges.

New Mexico reported that 9% of individuals who no longer qualified for Medicaid moved to marketplace plans, and Rhode Island reported 16%. New Mexico and Rhode Island are also 2 states that help individuals pay for the first 1-2 months of ACA premiums, so in other states marketplace enrollments will likely be even lower for individuals disenrolled from Medicaid ([here](#)).

Another issue arises in Medicaid unwinding – an increase in legal battles. Arkansas has received 6x the amount of Medicaid coverage appeals compared to what they typically saw prior to the Public Health Emergency. Officials received 2,571 Medicaid coverage appeals in July 2023, much greater than the 392 appeals they received in February 2020. State systems are not equipped to deal with huge increases in appeals, and legal aid workers in Arkansas expect most of them will not be dealt with until a year from now ([here](#)).

What option does CMS still have as it pertains to Redeterminations penalties? CMS can take away federal dollars that support states' Medicaid budgets. Dan Tsai (Administrator of Medicaid and CHIP) has previously stated that states' entire enhanced federal match is at risk. However, we expect that CMS will not use this tool because of the negative backlash that would come from states.

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