

November 28, 2023

Medicaid Unwinding Unlikely Complete Until 4Q 2024

1/3 Done, Enrollment Spike in Marketplace as FMAP Bump Ends Jan 2024

Relevant Companies



»» Our Take & Next Up

Enrollment in marketplace plans is extremely strong, due to Medicaid disenrollment, and states will need more than 14 months to complete reverification processes overall. Open enrollment ends Jan 15 and the special enrollment period (SEP), for individuals who are disenrolled from Medicaid, ends on July 31, 2024. FMAP enhanced rates end in January, only a few weeks away. We continue to believe that the unwinding process will take longer than the predicted 14 months, possibly continuing through 2024 (21 total months). We note that one state is completely done – Arkansas – while procedural disenrollments are taking place with regularity, and consumers litigate due to wrongful terminations (FL). Ex-parte review is becoming addressed, with kids being placed back in CHIP. Overall, the process playing out in the states is still slow, bureaucratic, with system issues and a lack of partnership sentiment between the states & federal government (CMS).

»» Key Points

The numbers: Medicaid disenrollment has hit the 11 M mark, as of November 27 (KFF [here](#)). Last spring, federal researchers' original projections were that 15 M individuals would be disenrolled from Medicaid during the entire unwinding ([here](#)). This is out of 94 M (total Medicaid population in March 2023).

No states are asking for an extended FMAP bump, nor are they asking for more time (post 14 months) though there is tacit understanding that some states will simply need a few extra months.

- States are not complaining that this process is taking longer, though they do wish that CMS were a better partner. There is almost no chance that the government would extend enhanced FMAP payments at this point.
- States can ask CMS for hardship exemptions, that they need more time to complete Medicaid redeterminations. In reality, many states will need the time, given problems with ex-parte review, resulting in kids losing coverage that ought to qualify for CHIP, among other glitches.

According to KFF estimates, the unwinding is 1/3 of the way complete. As of the end of November, states have only reported renewal outcomes for about 3 in 10 people out of the 94 M total Medicaid population in March 2023 ([here](#)).

Arkansas started the unwinding in April and is already done. The Arkansas Department of Health reported on October 9 that they finished their six-month unwinding period ([here](#)). Other states, like California, still have a long way to go with their latest update indicating they have over 1 M renewals to process ([here](#)).

Climbing %s of Medicaid disenrollees are choosing Marketplace plans ([here](#)). As a reminder, in 2022 federal researchers at HHS ASPE estimated that of the expected 15 M people to lose coverage, 2.7 M would be eligible for

marketplace premium tax credits ([here](#)). There were 1.5 M more people that enrolled in marketplace plans from March-Sept 2023 compared to the same period last year ([here](#)) totaling 4.1 M in 32 states that use Healthcare.gov.

- **Through July, 10.5% of people disenrolled from Medicaid have enrolled in ACA Marketplace plans**, representing 578K people out of the 5.5 M individuals disenrolled from April-July. From June to July, total marketplace enrollment has also increased +26%. 224K individuals moved to the marketplace in July compared to the 175K in June ([here](#)).
- **From March to July, the rate of marketplace enrollment per month slowly increased from 7.5% to 13.6%**. In March and April, 7.5% moved to marketplace plans (as a percentage of those disenrolled), in May 8.3%, in June 10.7%, and now in July 13.6% ([here](#)). However, this still represents a fairly low number of those disenrolled overall.

ACA Marketplace annual open enrollment season started Nov 1 and ends on January 15, with a SEP through Aug 1, 2024 ([here](#)). Researchers at the Center on Budget and Policy Priorities see the open enrollment season as an opportunity to catch people who have lost Medicaid coverage through increased advertising activities ([here](#)). However, as a reminder, individuals who are disenrolled from Medicaid can enroll in marketplace coverage for a longer time period through a “Special Enrollment Period,” which lasts from March 31, 2023 through July 31, 2024.

States are finding that many of those disenrolled already had other forms of coverage. In a recent KFF webinar, the Utah Medicaid Director reported that 2/3 of those disenrolled had other forms of coverage, mainly employer-sponsored insurance ([here](#)).

What’s happening with kids? 2.2 M kids have been disenrolled from Medicaid since the start of the unwinding with TX having a disproportionate impact on the share of children disenrolled at 58%. However, only 8.8% of kids are moving to separate CHIP Programs ([here](#)). As a reminder, in August, the Biden Administration found that states were kicking kids off Medicaid erroneously by removing entire households from the program without checking each member’s eligibility ([here](#)).

Update on Florida unwinding legal battles: Attorneys representing FL Medicaid beneficiaries are seeking a preliminary injunction, requiring the state to reinstate coverage for individuals disenrolled from Medicaid and end terminations until their system for notifying beneficiaries is updated (See [here](#)). A hearing is set for December 5. In August, two advocacy organizations in FL filed a lawsuit against the state claiming that the notices informing beneficiaries that their coverage has been terminated did not provide enough information ([here](#)). Other states have not joined FL in the legal battles yet, but we expect more lawsuits will emerge in the months to come as individuals realize they no longer have coverage.

Procedural disenrollments still remain high at 71%, and 3 House Democrats and 10 advocacy organizations recently urged action from states on this issue ([here](#)). Congressional Black Caucus Chair Steven Horsford (D-NV), Congressional Hispanic Caucus Chair Nanette Barragan (D-CA), and Congressional Asian Pacific American Caucus Member Jill Tokuda (D-HI) joined advocacy organizations in calling for states to cut procedural terminations. The Tri-Caucus has suggested holding a hearing to examine the post-pandemic renewal effects on enrollment ([here](#)).

Some states, like Nevada, have still not resumed procedural disenrollments. In September, when CMS required 30 states to pause procedural disenrollments, it was up to the states to come up with plans to fix their system’s glitches before resuming procedural disenrollments ([here](#)). Nevada had one of the highest procedural disenrollment rates at 93%, and they will not be resuming procedural disenrollments until January for individuals who received requalification packets in November ([here](#)).

	New York	Texas	California	Florida
Governor	Kathy Hochul	Greg Abott	Gavin Newsom	Ron DeSantis
Disenrollment Rate	31%	64%	27%	32%
Loss of Medicaid / CHIP	784 K	1.4 M	731 K	822 K
Reporting Month	*September 2023	*October 2023	*September 2023	*September 2023
Major Health Plans Impacted	CVS, UNH, MOH, CNC	CNC, UNH, CVS, MOH, ELV	CNC, ELV, CVS	CVS, UNH, HUM, MOH, CNC

Source: Capitol Street, State Medicaid Agencies, KFF

NOTE: We chose to focus on large states, both Democratic and Republican led, to show the variance across different states.

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