Medicaid and the Affordable Care Act (ACA)

Presentation to the MO HealthNet Oversight Committee

Jefferson City, MO
November 15, 2011
Agenda for ACA Update

1. Introduction – Dwight Fine, Missouri ACA Coordinator
2. Report on Compliance of State Eligibility and Enrollment Systems with ACA – Caroline Brown, Covington & Burling
3. IT Update – Dwight Fine
4. Establishment Grant – John Huff, DIFP Director
5. Eligible Populations – Dwight Fine
6. Integration of Business Process Functionalities – Dwight Fine
Medicaid Compliance with ACA

Caroline Brown
As a part of our work for the Department of Social Services this year, we were asked to oversee an evaluation of the Medicaid eligibility and enrollment (E & E) system currently operated by the State of Missouri. Specifically, we were tasked with evaluating Missouri’s current E & E system against significant new requirements in the Affordable Care Act (ACA) relating to Medicaid eligibility and enrollment, and coordination with a state health insurance Exchange.

We also were tasked with analyzing whether the current system meets certain standards for Exchange and Medicaid IT systems identified in federal guidance, including standards that must be met for Medicaid technology investments to be eligible for enhanced federal match funding.
ACA Requirements

The ACA requires States to make significant changes to Medicaid eligibility policies and business processes. For example, States will need to:

1. Apply new rules to adjudicate eligibility for Medicaid [ACA §§ 2001, 2002]
2. Participate in a system to verify information from applicants electronically [ACA § 1413(c)]
3. Incorporate a streamlined application used to apply for multiple sources of coverage and health insurance assistance [ACA § 1413]
4. Receive, via secure electronic interface, information about individuals found eligible for Medicaid and CHIP by the Exchange, and enroll those individuals into the Medicaid program without further determination of eligibility [ACA §§ 1413, 2201]
5. Determine the Medicaid eligibility of individuals determined to be potentially eligible for Medicaid by other insurance affordability programs [ACA §§ 1413, 2201]
6. Assess individuals found not eligible for Medicaid for potential eligibility for other insurance affordability programs, including the Exchange [ACA §§ 1413, 2201]
7. Enable individuals to apply for the Medicaid program through a website [ACA § 2201]
Evaluating Missouri’s Medicaid IT Infrastructure

- Our subcontractors (Wakely, ASA, KPMG) concluded that a major system transformation would be needed in Missouri to meet these requirements.
- Their gap analysis revealed that no single component of the current E & E system is adaptable for reuse under the requirements of the ACA.
- Missouri’s current system is programmed in the COBOL language and operates on a Mainframe. This architecture does not lend itself to the new ACA requirements regarding a web-based application and seamless coordination with other state insurance affordability programs.
- We were also informed that Missouri is finding it increasingly difficult to upgrade its current system due to the fact that it is challenging to recruit programmers for the current system.
The Centers for Medicare & Medicaid Services (CMS) has made federal matching funds available on a 90%/10% basis for a limited time to fund upgrades to Medicaid E & E systems. Normally these systems are matched at 50/50. This funding stops 12/31/2015.

CMS will also pay an enhanced 75 percent FFP for on-going maintenance and operations of CMS-approved eligibility systems. Id.

In August 2011, CMS, the Administration for Children and Families, and the Department of Agriculture issued a “tri-agency” letter stating that the costs of eligibility system upgrades that also benefited the TANF and Supplemental Nutrition Assistance Program would not have to be allocated to those programs, but could instead be paid for solely under Medicaid.
CMS has issued specific standards and conditions that must be met by States in order for Medicaid technology (including eligibility systems) to be eligible for the enhanced funding. Specifically, systems must meet seven standards related to:

1. Interoperability (i.e., seamless coordination and integration with the Exchange; interoperability with health information exchanges);
2. Modularity (i.e., breaking down systems requirements into component parts);
3. Medicaid Information Technology Architecture (MITA) initiative;
4. Industry standards, including HIPAA;
5. Leverage (i.e., sharing, leverage and reuse of Medicaid technology and systems within and among States);
6. Business results (i.e., supports desired business outcomes); and
7. Reporting.
Implications of not making upgrades

- **In Medicaid:** Medicaid program would likely be non-compliant, putting some or all of the program’s federal financial participation in jeopardy.

- **In Exchange:** There will be a federally-administered Exchange, but there are many unanswered questions regarding how a federal Exchange will operate, including how the Exchange will interact with Medicaid, and how it could affect the state insurance market outside the Exchange.
IT Update

Dwight Fine
Current Missouri IT Systems & Operating Functionalities

- Financial Management & Reporting
- Plan Certification & Risk Mgmt
- Premium & Tax Credit Processing
- Eligibility Assessment
- Comparison Shopping
- Enrollment Processing
- Appeals Management
- Broker/Navigator Relationship Mgmt
- Marketing and Outreach
- Customer Service & Account Mgmt

- FAMIS Web
- FAMIS
- Enrollment Broker
- MO HealthNet Managed Care
- FACES
- Youth Services
- MMIS
- Health Plan Enrollment System
- MCHCP Core Systems
- myMCHCP
- MCHCP Core Systems
- SEBES

Common Client Area
## Gap Analysis and Findings

<table>
<thead>
<tr>
<th></th>
<th>FAMIS</th>
<th>FAMIS Web</th>
<th>MMIS</th>
<th>MO HealthNet Systems</th>
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This graph indicates which of Missouri’s current systems can be reused for Exchange purposes, which are unsuitable for reuse, and which may be made reusable by increasing its technical or functional capability.

**Findings:** No system has both sufficient functional and technical capability to enable its reuse. However, MMIS and MCHCP appear to have some componentsthat are good candidates for technical reuse.

**Recommendation:** Confirm the reusability of technical components in MCHCP and MMIS as part of the “to be” HIX solution.
Functional Components:

- Plan Certification & Risk Management
- Premium & Tax Credit Processing
- Eligibility Assessment
- Comparison Shopping
- Enrollment Processing
- Appeals Management
- Broker/Navigator Relationship Management
- Marketing and Outreach
- Customer Service & Account Management
- Financial Management & Reporting
- Ancillary Components
Common Business and Technical Support Components

- Information Volumes and Infrastructure Scalability
- Privacy and Security
- Business Rules Engine
- Workflow Engine
- Data Management Enablers
- Service Management Enablers
- Information Management
- Master Person Index
- Knowledge Management
- Financial Transaction Processing
- Business Process Management
- Unified Communications
- Exchange Portal
- B2B Gateway
Infrastructure: Connectivity Requirements

- This diagram illustrates the integration between the Missouri HIX solution and external systems with which it must provide data or receive data from.

- Each line between the Exchange system and the other external systems indicates the type of data exchanged and the direction of the exchange.
Three Transitional Phases of MO FAMIS Replacement

**Today**

A new HIX and Medicaid eligibility system will be built

**Phase 1 – MAGI Eligibles**

Some MA moved over

**Phase 2 – All Medicaid**

All MA moved over

**Phase 3 – All Programs**

FAMIS phased out

[Missouri] - AR
Establishment Grant
## Grant Funding for Missouri

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<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<td>Exchange Establishment Grant</td>
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<td>Medicaid Allocation</td>
<td>$5,850,968</td>
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<td><strong>Total Costs</strong></td>
<td><strong>$26,716,684</strong></td>
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## Establishment Grant Applications: All States

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<thead>
<tr>
<th>Cohort 1 (Awarded 5/2011)</th>
<th>State</th>
<th>Level</th>
<th>Amount Awarded (in millions)</th>
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<td>Washington</td>
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<td>Rhode Island</td>
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<table>
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<th>Cohort 2 (Awarded 8/2011)</th>
<th>State</th>
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<td>Missouri</td>
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<td>Nevada</td>
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<td>West Virginia</td>
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<table>
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<tr>
<th>Cohort 3 (Applied 9/2011)</th>
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<th>Level</th>
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<td>Iowa</td>
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<td>$74.5 (decision pending)</td>
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<td>Vermont</td>
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</table>
December 30, 2011: Final deadline to apply for Level I establishment grant
  • provides one year of funding to States that received planning grants but are not ready for Level II
  • can apply every 3 months beginning March 30, 2011

June 29, 2012: Final deadline to apply for Level II establishment grant
  • provides funding through December 31, 2014; open to states that have adopted legislation establishing Exchange
  • can apply every 3 months beginning March 30, 2011

January 1, 2013: Exchange must be conditionally certified by HHS as meeting exchange requirements

October 1, 2013: Exchange must be capable of full operation to support the initial enrollment period

January 1, 2014: Exchange must begin providing coverage

January 1, 2015: Exchange must be self-sustaining

December 31, 2015: Enhanced FFP for Medicaid eligibility systems ends
Eligible Populations
Source of Coverage Pre-Reform

- Employer Coverage: 3,042,000 (59%)
- Medicaid: 810,000 (16%)
- Nongroup: 287,000 (5%)
- Medicare/Other Public: 209,000 (4%)
- Uninsured: 802,000 (16%)

Source: Urban Institute Analysis, HIPSM, 2011
Post Reform Coverage for Non-Elderly Missourians

- Medicaid: 1,219,000 (24%)
- Employer (Non-Exchange): 2,978,000 (58%)
- Employer (Exchange): 113,000 (2%)
- Nongroup (Non-Exchange): 9,000 (0%)
- Nongroup (Exchange): 231,000 (4%)
- Uninsured: 391,000 (8%)
- Medicare/Other Public: 209,000 (4%)

Source: Urban Institute Analysis, HIPSM, 2011
Impact of Health Reform on Missouri's Uninsured Population

Source: Urban Institute Analysis, HIPSM, 2011

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<th>Series1</th>
<th>Pre Reform</th>
<th>Post Reform</th>
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Impact of Health Reform on Medicaid Coverage for Non-Elderly Missourians

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<td>810,000</td>
<td>1,219,000</td>
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</table>

Source: Urban Institute Analysis, HiP3M, 2011
Percent of Non-Elderly Uninsured in Missouri
By Public Use Microdata Area (Census Definition)
2009 American Community Survey

Uninsurance Rate
- 5.6% - 10.6%
- 10.7% - 17.2%
- 17.3% - 19.6%
- 18.7% - 27.1%

Source: American Community Survey (ACS) 2009 data from the Integrated Public Use Microdata Series (IPUMS) of the Minnesota Population Center.
Shaded areas represent Public Use Microdata Areas (PUMAs) which can usually be defined in terms of counties, with a single PUMA covering a single county, a combination of whole counties, or a part of a large county.
Number of Non-Elderly Uninsured in Missouri
By Public Use Microdata Area (Census Definition)
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Source: American Community Survey (ACS) 2009 data from the Integrated Public Use Microdata Series (IPUMS) of the Minnesota Population Center.
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Percent of Non-Elderly Uninsured in Missouri
Among Those with Incomes below 138% FPL
By Public Use Microdata Area (Census Definition)
2009 American Community Survey

Source: American Community Survey (ACS) 2009 data from the Integrated Public Use Microdata Series (IPUMS) of the Minnesota Population Center.
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Number of Non-Elderly Uninsured in Missouri
With Incomes Below 138% FPL
By Public Use Microdata Area (Census Definition)
2009 American Community Survey

Number Uninsured
- 1022 - 5410
- 5411 - 8674
- 8675 - 10913
- 10914 - 17769

Source: American Community Survey (ACS) 2009 data from the Integrated Public Use Microdata Series (IPUMS) of the Minnesota Population Center.

Shaded areas represent Public Use Microdata Areas (PUMAs) which can usually be defined in terms of counties, with a single PUMA covering a single county, a combination of whole counties, or a part of a large county.
Percent of Non-Elderly Uninsured in Missouri
Among Those With Incomes Between 138% and 400% FPL
By Public Use Microdata Area (Census Definition)
2009 American Community Survey

Percent Uninsured
- 7.8% - 11.6%
- 11.6% - 15.7%
- 15.8% - 20.7%
- 20.8% - 31.6%

Source: American Community Survey (ACS) 2009 data from the Integrated Public Use Microdata Series (IPUMS) of the Minnesota Population Center.

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Number of Non-Elderly Uninsured in Missouri
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Impact of ACA on Medicaid Eligibility Categories

Expanded Medicaid
- FMAP 100% (2014) >> 90%/10% (2019)
  - Medically Frail?
    - Yes: Full Medicaid Benefits
    - No: Benchmark Package

Current Medicaid
- Current Disabled: 153,000
  - 63%/37% FMAP
- Current Elderly: 78,000
  - 63%/37%

Current Children & Adults: 610,000
- 63%/37%
  - Medicaid for Adults
  - Medicaid for Children
  - CHIP

Medically Frail Children Aging Out of Medicaid Annually: 500

Children Annually Aging Out of Medicaid Coverage 16,000

One-Time New Medicaid Enrollees 410,000

Impact of ACA on Medicaid Eligibility Categories

- Not Covered
  - No
    - Income < 133% FPL
      - No
        - Determined Disabled
          - Yes
            - Pregnant < 185% FPL?
              - Yes
                - Child < 300% FPL?
                  - Yes
                    - Parent or Caregiver < 13% FPL?
                      - Yes
                        - Yes
                      - No
                        - Yes
        - No
          - Income < 85% FPL
            - Yes
              - No
        - No
          - Yes

- Yes
Declining Employer-based Coverage

Health Insurance Coverage in the United States -- Quarter 1 2008 to Quarter 3 2011
Among adults aged 18 and older

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<th>Year</th>
<th>% Uninsured</th>
<th>% Employer-based</th>
<th>% Government plan</th>
<th>% Something else</th>
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<td>Jan '09</td>
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<td>22.9</td>
<td>14.6</td>
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<td>Jan '11</td>
<td>48.7</td>
<td>23.7</td>
<td>14.4</td>
<td>11.7</td>
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Gallup-Healthways Well-Being Index

GALLUP®
Declining Employer-based Coverage

The percentage of American adults who get their health insurance from an employer continues to decline, falling to 44.5% in the third quarter of this year. This percentage has been steadily declining since Gallup and Healthways started tracking Americans' health insurance sources in 2008.

At least 45% of Americans got their health insurance from an employer in every month in 2010, compared with more than 46% in 2009 and more than 48% in 2008. Initially, the percentage reporting they have employer-based health insurance seemed to be decreasing as unemployment and underemployment increased. However, it is likely that other factors -- including fewer employers offering health insurance -- are also contributing to this trend.
“Employer-based health insurance has declined since 2008, falling from 49.8% in the first quarter of that year to 44.5% in the third quarter of 2011. If Wal-Mart’s decision is a precursor of how employers intend to manage their healthcare costs, the downward trend in employer-based healthcare will likely continue. At the same time, the percentage of Americans who are uninsured is on the rise again after remaining fairly steady throughout 2010. If more employers stop offering health insurance and the cost of purchasing insurance for individuals remains a barrier, it is possible that the uninsured rate will continue to rise - at least until additional parts of the 2010 healthcare legislation take effect.” -- Gallup Survey
New IT System Supports Integration of Business Process Functionalities

Dwight L. Fine
Exchange Functionality in Missouri:

- Missouri Consolidated Health Care Plan (MCHCP),
- Missouri Health Insurance Plan (MHIP); and,
- Medicaid Managed Care
### Exchange Areas of Functionality and Core Work Processes Across State Agencies

<table>
<thead>
<tr>
<th>I. Exchange Set Up</th>
<th>II. Core Systems</th>
<th>III. Communication &amp; Outreach</th>
<th>IV. QHP Plan Management</th>
<th>V. Reinsurance &amp; Risk Adjustment</th>
<th>VI. Regulatory Compliance &amp; Reporting</th>
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<tr>
<td>d. Enrollment &amp; Billing</td>
<td>e. Customer Service (Call Center)</td>
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<tr>
<td>f. SHOP-Specific Processes</td>
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</table>

#### Missouri Consolidated Health Care Plan
- Employees: 73
- Budget: $5,000,000
- Covered Lives: 100,000

#### MO HealthNet (Medicaid) Managed Care
- Employees: 18
- Budget: $1,127,053
- Covered Lives: 426,068 (June 2011)

#### Family Support Division
- Employees: 305 (Estimated)
- Budget: $
- Covered Lives: 426,068

#### Missouri Health Insurance Pool
- Employees: Consultant + Management Contract
- Budget: $
Exchange Scalability

- Health Insurance Exchanges Coupled with State-of-the Art IT Infrastructure Are Highly Scalable.
- It doesn’t make sense for Missouri to operate three independent health insurance exchanges.
## Exchange Scalability

**Marginal Increase in Staff as Membership Increases**

<table>
<thead>
<tr>
<th>Major Function</th>
<th>Benchmark FTE's</th>
<th>&gt;10 QHPs</th>
<th>400K</th>
<th>600K</th>
<th>800K</th>
<th>1000K</th>
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Exchange Scalability

- One Missouri Exchange serving Medicaid, MCHCP and the General Population:
  - Staff of 61 to serve a population of 200,000 with a choice of 10 QHPs
  - Staff of 95 to serve a population of 1,500,000 with a choice of 10 QHPs
Financial Impact

Presentation to the Medicaid Oversight Committee
Financial Impact

- **Costs**
  - Medicaid Expansion

- **Potential Savings**
  - Administrative Efficiencies
  - Reduced DSH Payments
  - Reduced number of beneficiaries enrolling in 63%/37% FFP programs
Discussion

Presentation to the Medicaid Oversight Committee