

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



Evaluating Missouri's Medicaid IT Infrastructure

- 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.

Federal Funding for Medicaid Eligibility Systems

- 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.

90%/10% Funding Requirements

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

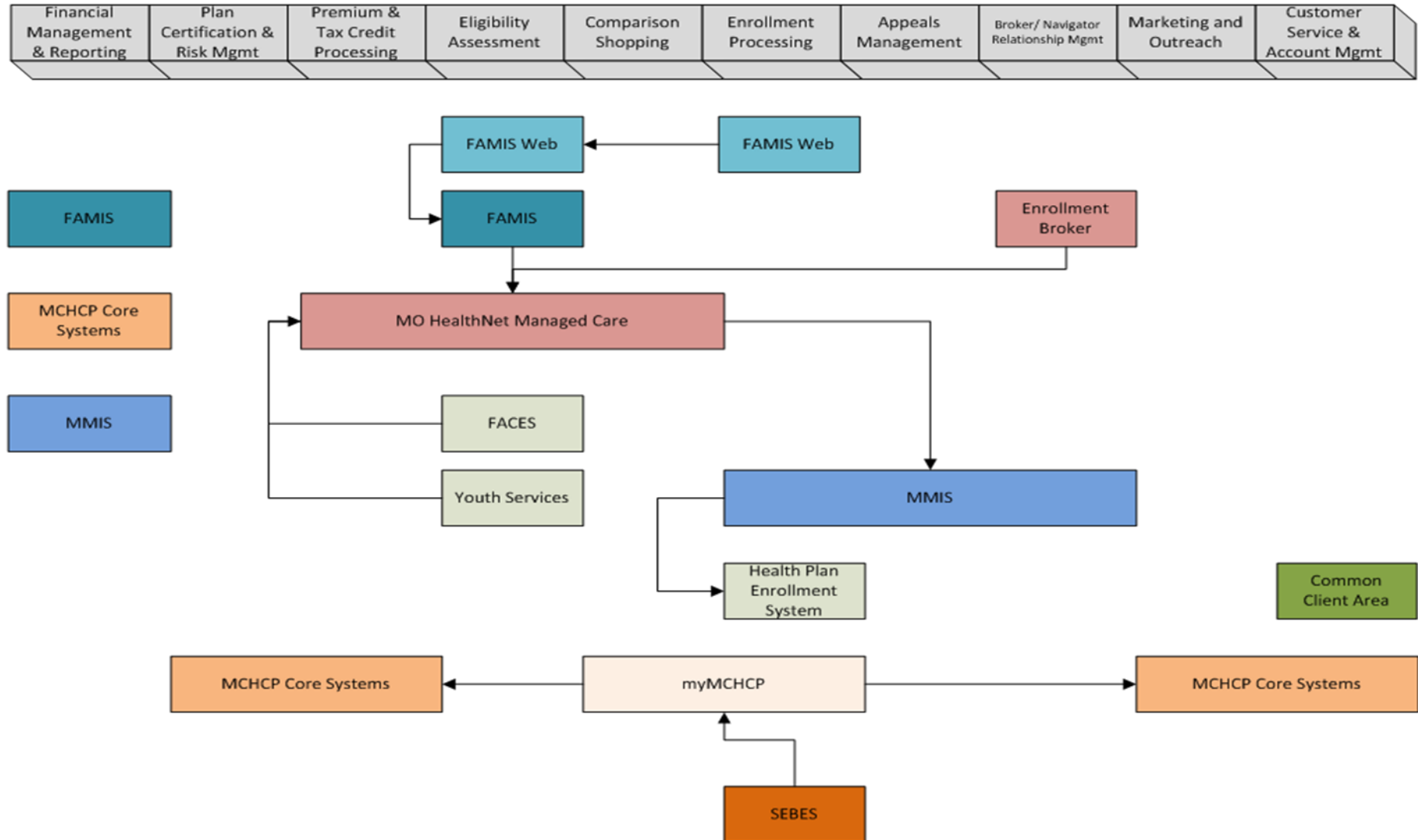
- In Medicaid: Medicaid program would likely be non-compliant, putting some or all of the program's federal financial participation in jeopardy.
- In Exchange: There will be a federally-administered Exchange, but there are many unanswered questions regarding how a federal Exchange will operate, including 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



Gap Analysis and Findings

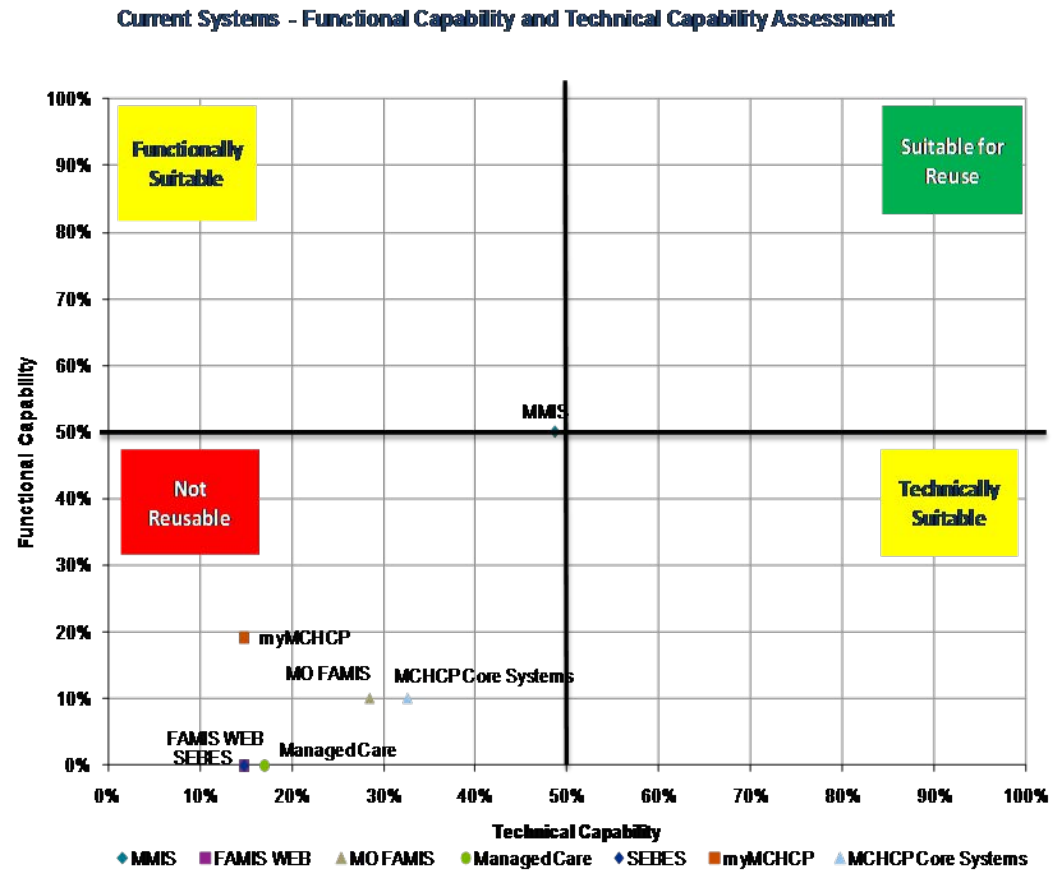
| | FAMIS | FAMIS Web | MMIS | MO HealthNet Systems | SEBES | myMCHCP | MCHCP Core Systems |
|----------------------------------|-------|-----------|------|----------------------|-------|---------|--------------------|
| Privacy and Security | Y | Y | G | Y | Y | Y | Y |
| Business Rules Engine | R | R | Y | R | R | R | R |
| Workflow Engine | R | R | R | R | R | R | R |
| Data Management Enablers | Y | R | Y | R | R | R | Y |
| Service Management Enablers | Y | R | Y | R | R | R | R |
| Information Management | Y | R | G | R | R | R | G |
| Master Person Index | Y | R | R | R | R | R | R |
| Knowledge Management | R | R | R | R | R | R | R |
| Financial Transaction Processing | Y | R | R | R | R | R | Y |
| Business Process Management | Y | R | Y | R | R | R | Y |
| Unified Communications | R | R | Y | R | R | R | G |
| Exchange Portal | R | R | Y | R | R | R | R |
| B2B Gateway | Y | R | G | R | R | R | Y |

Gap Analysis and Findings

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 components that 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:

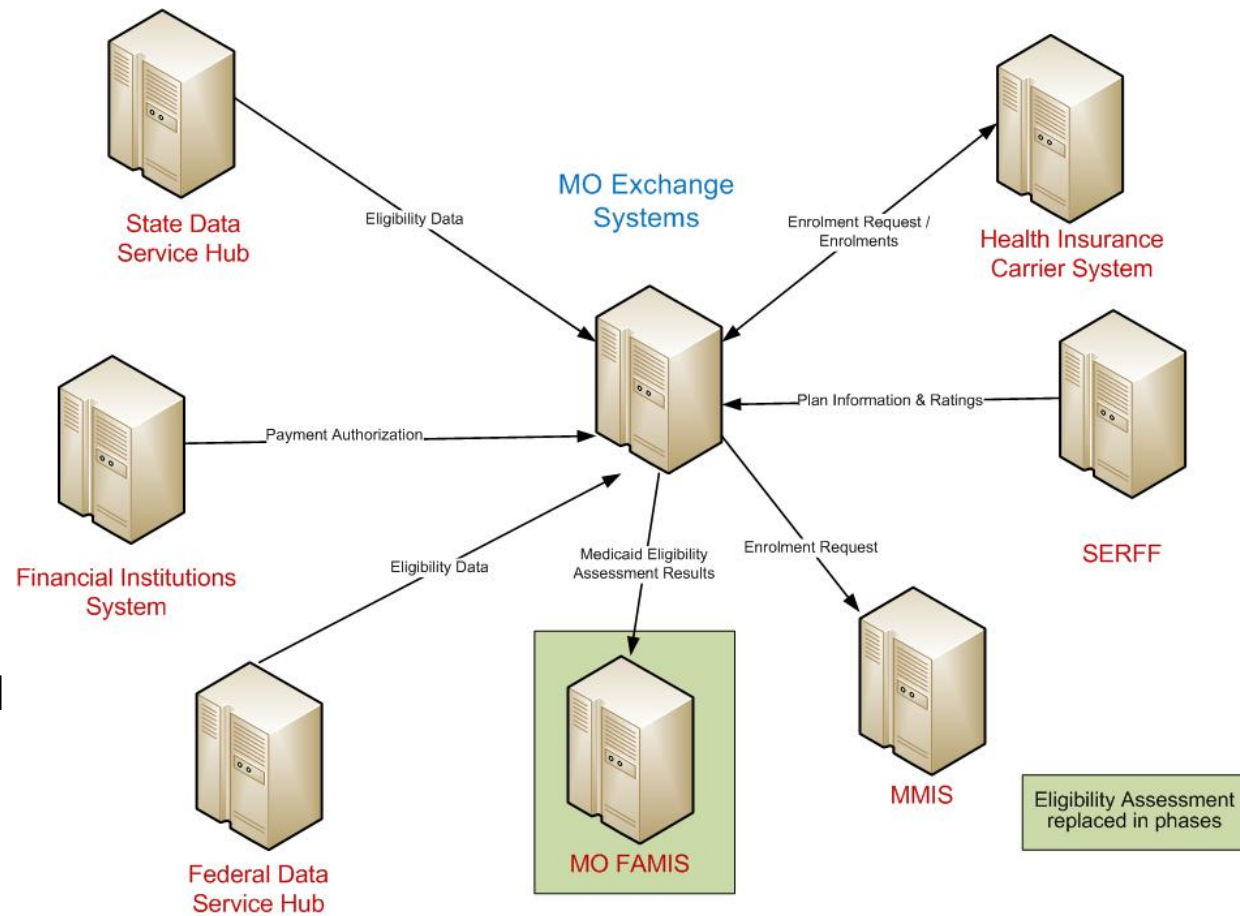
- Plan Certification & Risk Management
- Premium & Tax Credit Processing
- Eligibility Assessment
- Comparison Shopping
- Enrollment Processing
- Appeals Management
- Broker/Navigator Relationship Management
- Marketing and Outreach
- Customer Service & Account Management
- Financial Management & Reporting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

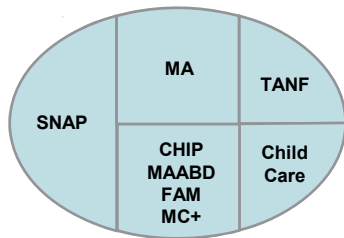
- This diagram illustrates the integration between the Missouri HIX solution and external systems with which it must provide data or receive data from
- Each line between the Exchange system and the other external systems indicates the type of data exchanged and the direction of the exchange.



[Missouri] - AR

Three Transitional Phases of MO FAMIS Replacement

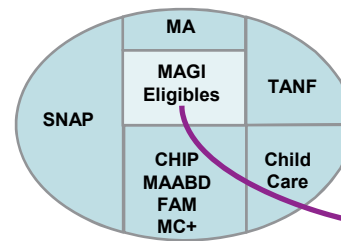
Today



FAMIS

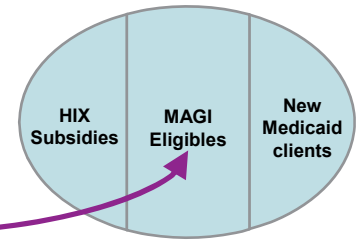
A new HIX and Medicaid eligibility system will be built

Phase 1 – MAGI Eligibles



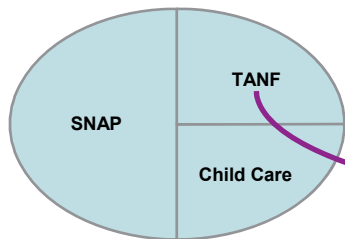
FAMIS

Some MA moved over



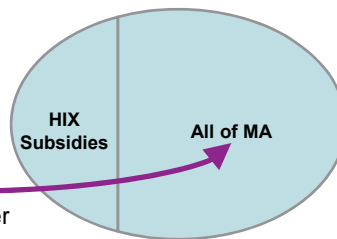
Some Medicaid & HIX

Phase 2 – All Medicaid



FAMIS

All MA moved over

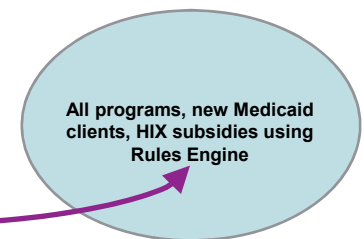


Medicaid & HIX

Phase 3 – All Programs

FAMIS phased out

Other Programs moved over



All Programs & HIX

[Missouri] - AR

Establishment Grant



Grant Funding for Missouri

| | |
|------------------------------|----------------------|
| Exchange Establishment Grant | \$ 20,865,716 |
| Medicaid Allocation | \$ 5,850,968 |
| Total Costs | \$ 26,716,684 |

Establishment Grant Applications: All States

| | <i>State</i> | <i>Level</i> | <i>Amount Awarded (in millions)</i> |
|--|----------------|--------------|-------------------------------------|
| Cohort 1 <i>(Awarded 5/2011)</i> | Indiana | 1 | \$6.90 |
| | Washington | 1 | \$22.94 |
| | Rhode Island | 1 | \$5.24 |
| Cohort 2 <i>(Awarded 8/2011)</i> | California | 1 | \$38.42 |
| | Connecticut | 1 | \$6.69 |
| | DC | 1 | \$8.20 |
| | Illinois | 1 | \$5.13 |
| | Kentucky | 1 | \$7.67 |
| | Maryland | 1 | \$27.19 |
| | Minnesota | 1 | \$4.17 |
| | Mississippi | 1 | \$20.14 |
| | Missouri | 1 | \$20.87 |
| | Nevada | 1 | \$4.05 |
| | New York | 1 | \$10.77 |
| | North Carolina | 1 | \$12.40 |
| | Oregon | 1 | \$8.97 |
| | West Virginia | 1 | \$9.67 |
| Cohort 3 <i>(Applied 9/2011)</i> | Alabama | 1 | Not Released (decision pending) |
| | Idaho | 1 | \$30.9 (decision pending) |
| | Iowa | 1 | Not Released (decision pending) |
| | Michigan | 1 | Not Released (decision pending) |
| | New Mexico | 1 | \$34.3 (decision pending) |
| | Rhode Island | 2 | \$74.5 (decision pending) |
| | Vermont | 1 | Not Released (decision pending) |

ACA Deadlines

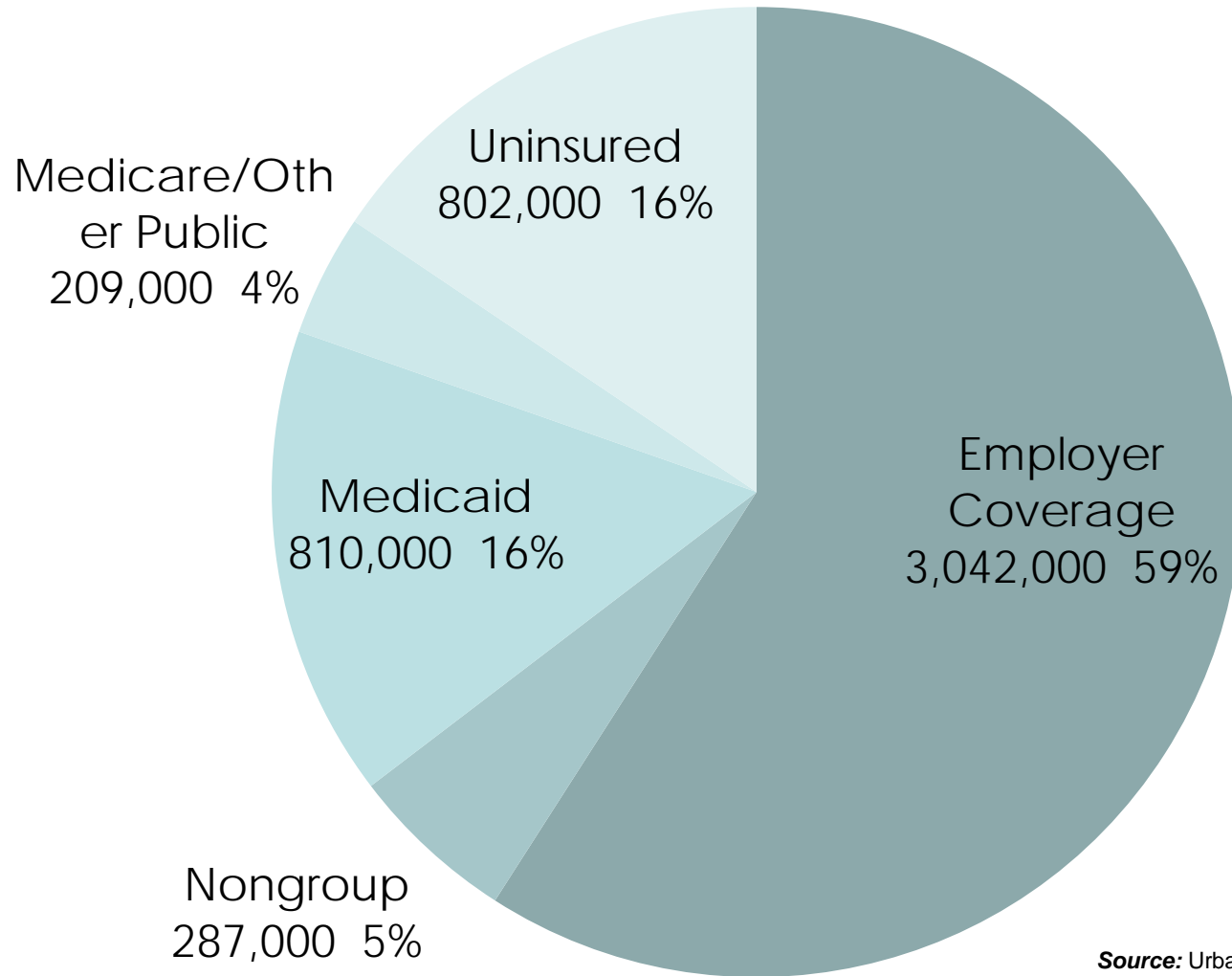
- **December 30, 2011: Final deadline to apply for Level I establishment grant**
 - provides one year of funding to States that received planning grants but are not ready for Level II
 - can apply every 3 months beginning March 30, 2011
- **June 29, 2012: Final deadline to apply for Level II establishment 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

Urban Institute

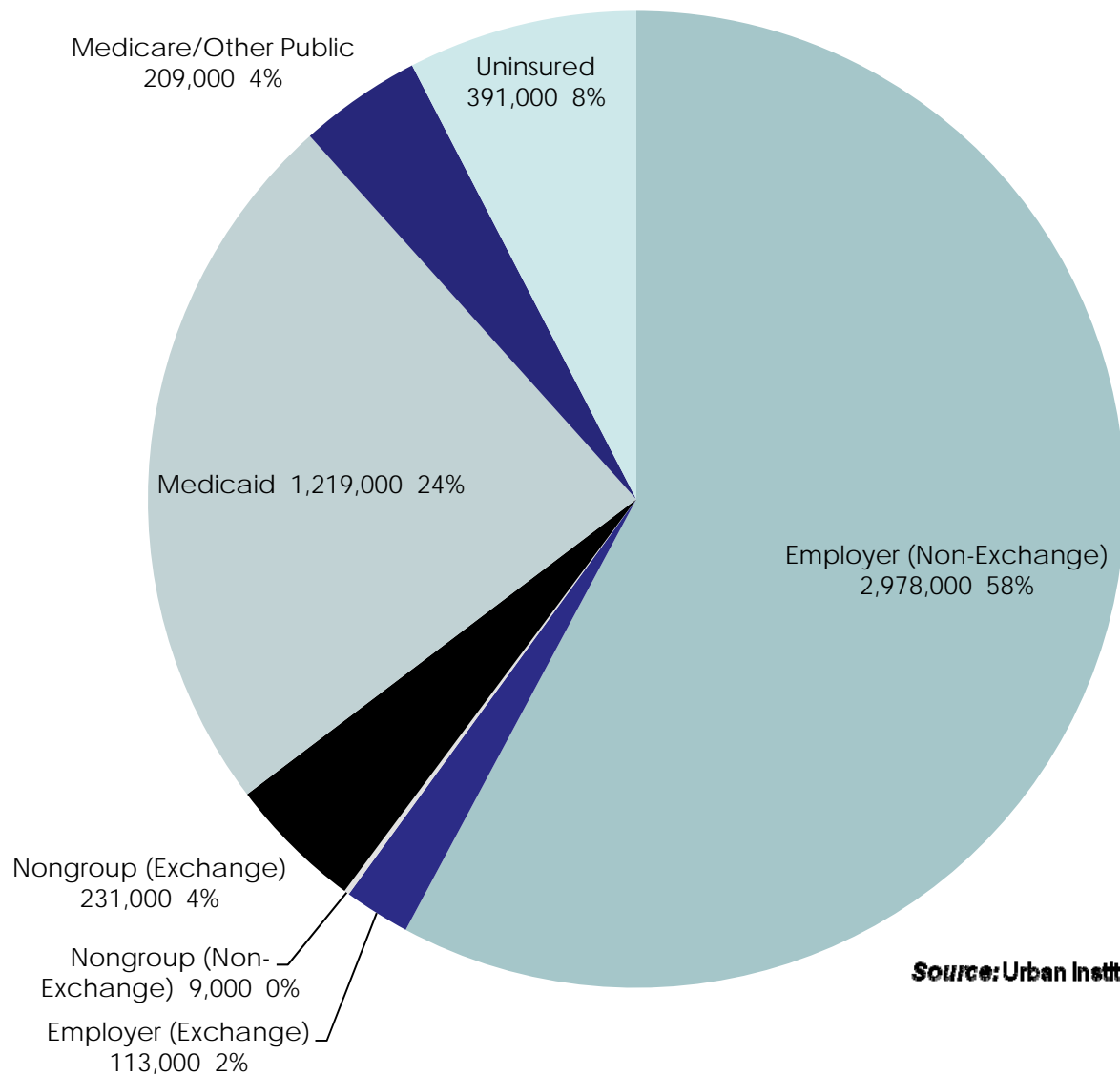


Source of Coverage Pre-Reform



Source: Urban Institute Analysis, HIPSM, 2011

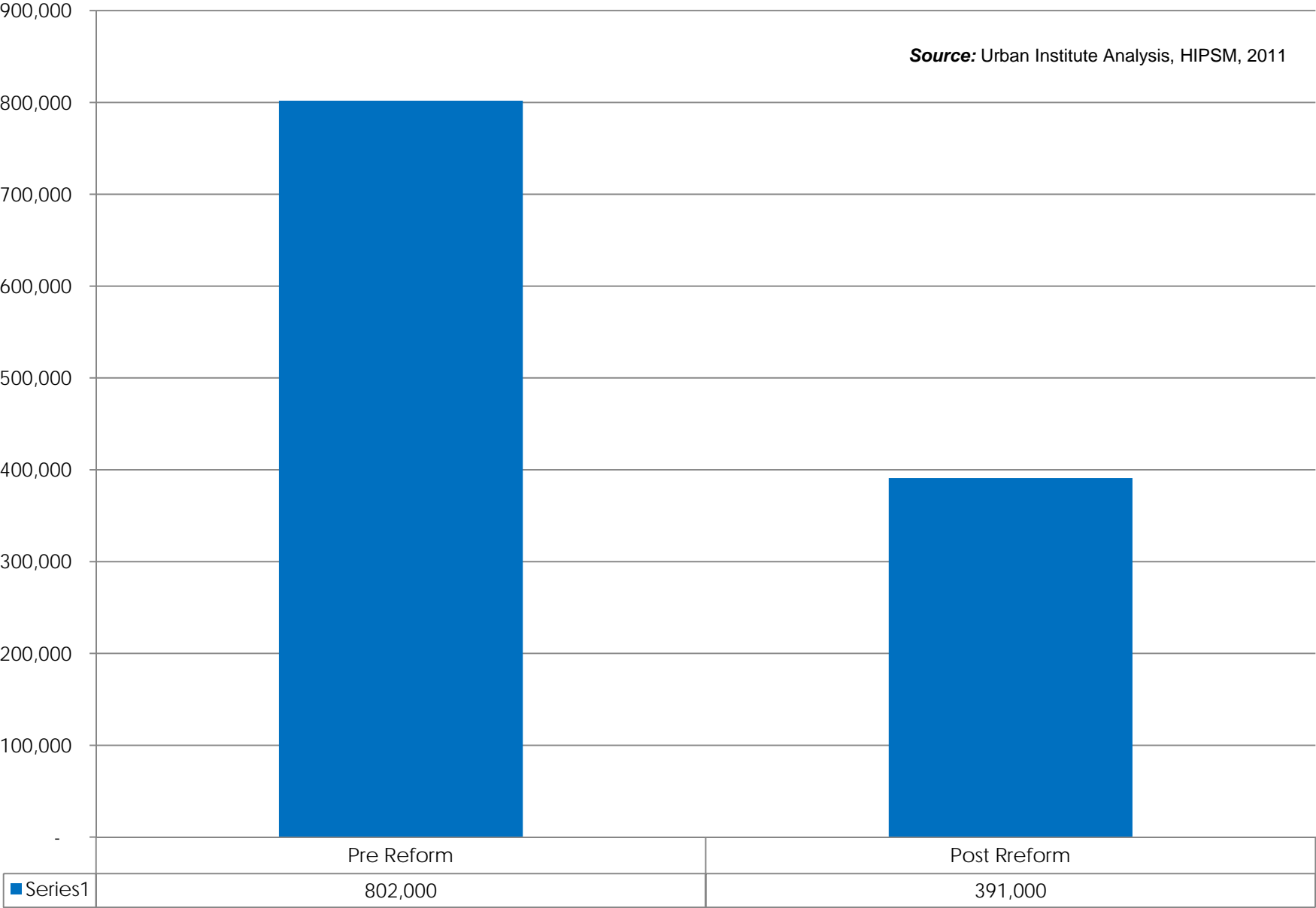
Post Reform Coverage for Non-Elderly Missourians



Source: Urban Institute Analysis, HIPSM, 2011

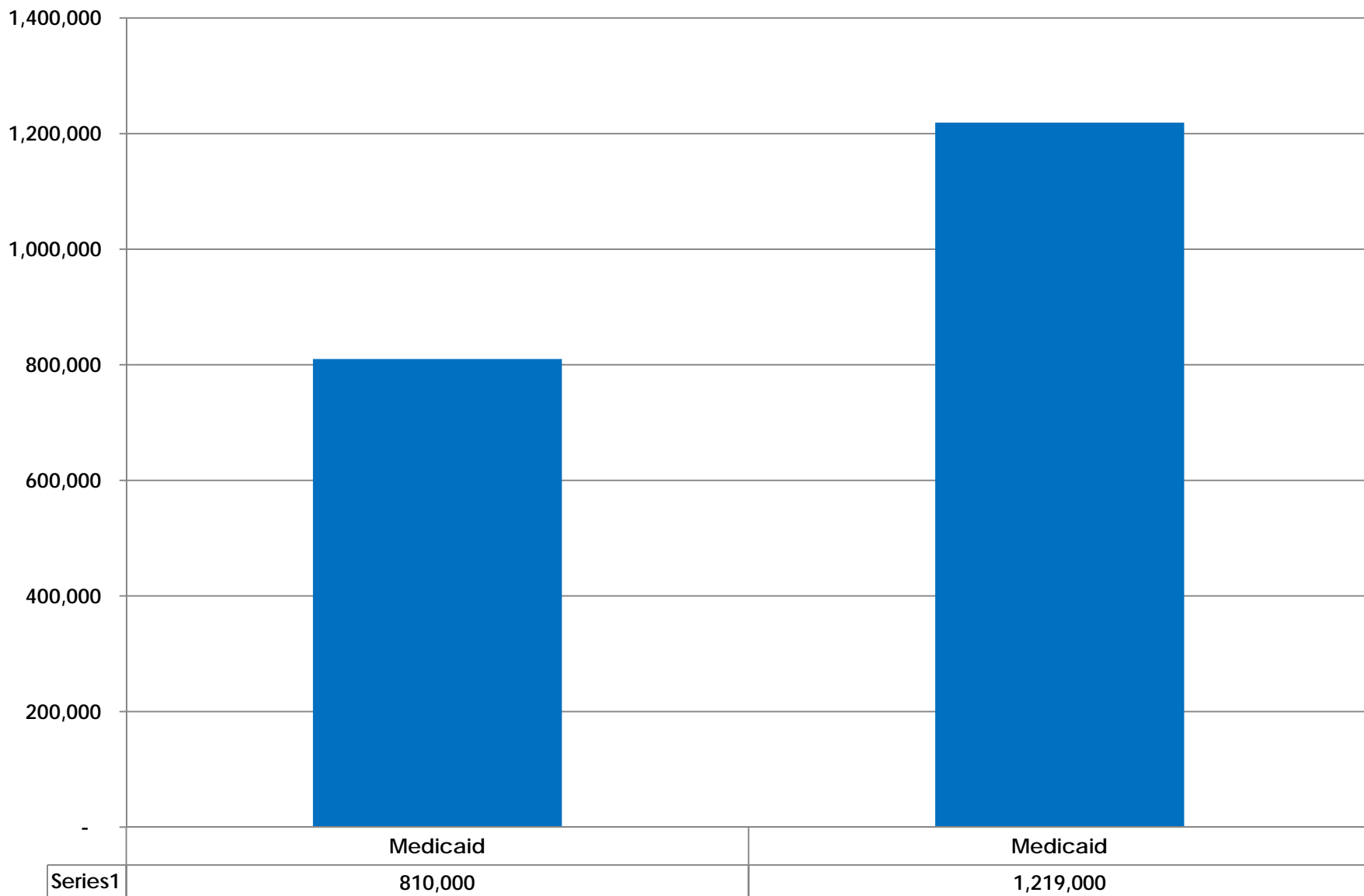
Impact of Health Reform on Missouri's Uninsured Population

Source: Urban Institute Analysis, HIPSM, 2011

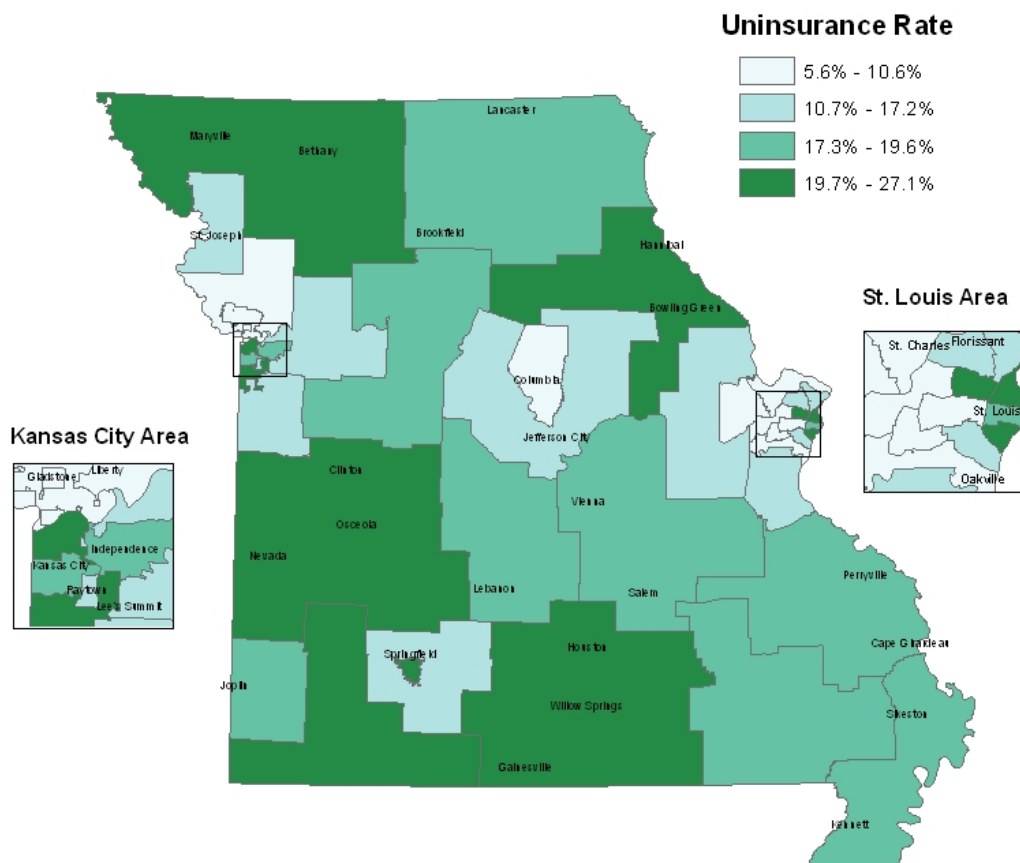


Impact of Health Reform on Medicaid Coverage for Non-Elderly Missourians

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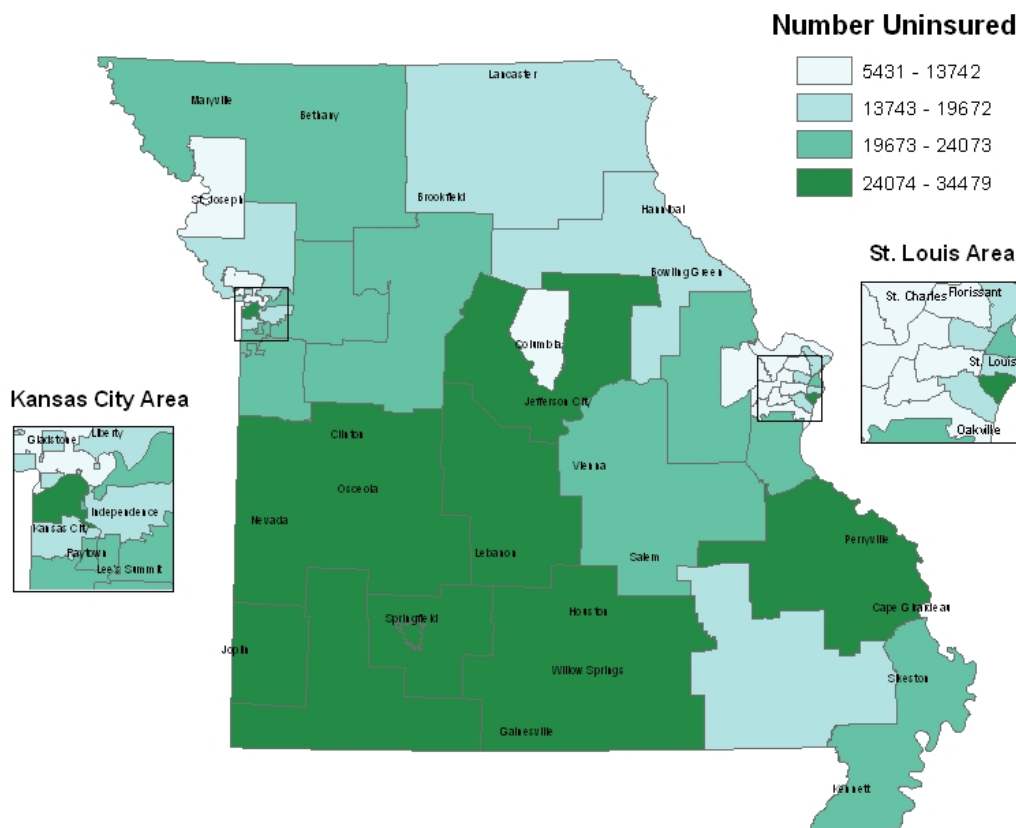
Percent of Non-Elderly Uninsured in Missouri By Public Use Microdata Area (Census Definition) 2009 American Community Survey



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

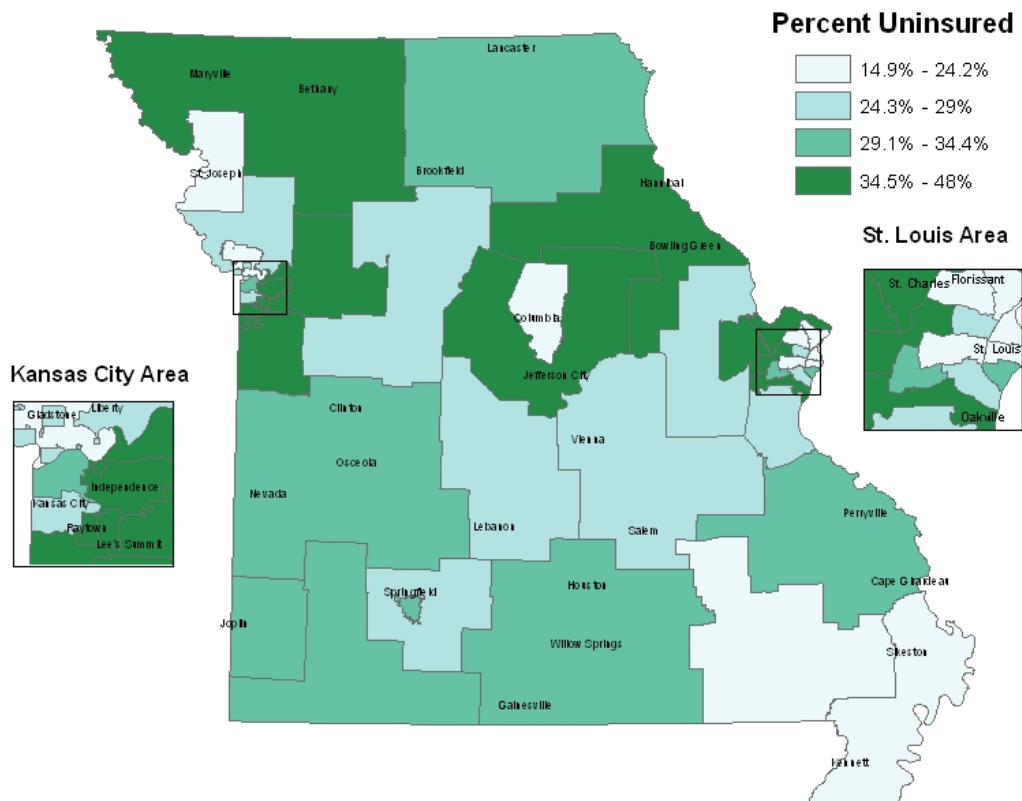
Shaded areas represent Public Use Microdata Areas (PUMAs) which can usually be defined in terms of counties, with a single PUMA covering a single county, a combination of whole counties, or a part of a large county.

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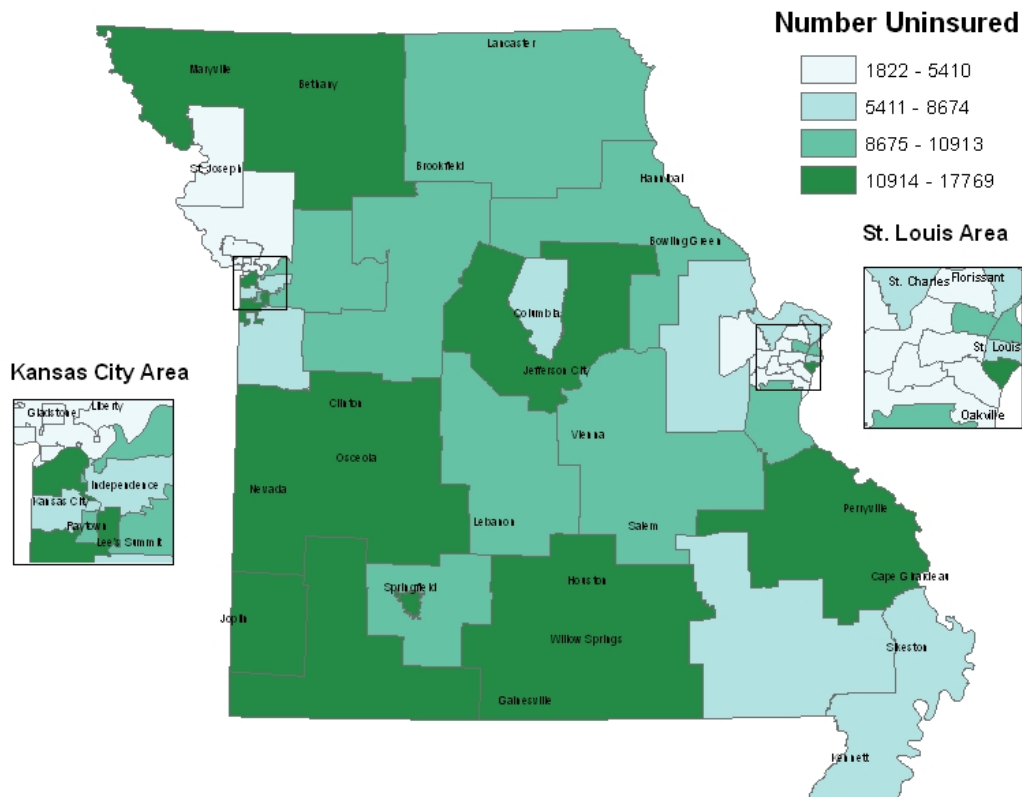
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Percent of Non-Elderly Uninsured in Missouri Among Those with Incomes below 138% FPL By Public Use Microdata Area (Census Definition) 2009 American Community Survey



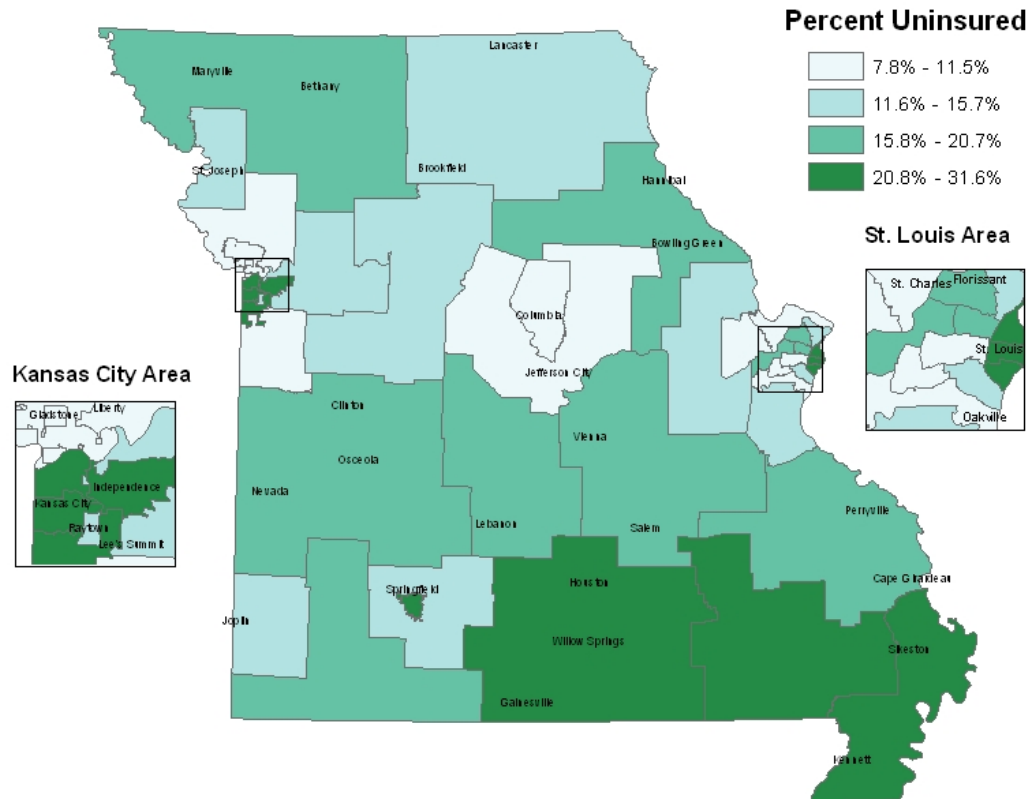
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With Incomes Below 138% FPL
By Public Use Microdata Area (Census Definition)
2009 American Community Survey



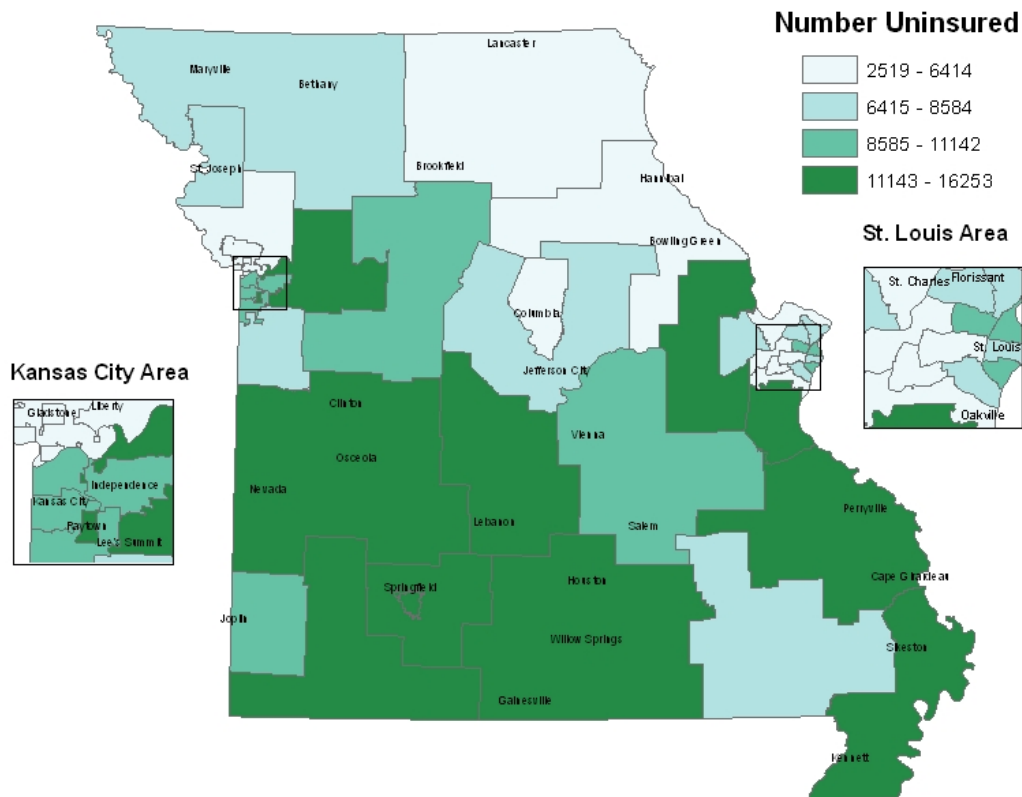
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Percent of Non-Elderly Uninsured in Missouri Among Those With Incomes Between 138% and 400% FPL By Public Use Microdata Area (Census Definition) 2009 American Community Survey



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Impact of ACA on Medicaid Eligibility Categories

Impact of ACA on Medicaid Eligibility Categories

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

Not
Covered

Income <
133% FPL

Income <
85% FPL

Determined
Disabled

Pregnant <
185% FPL?

Child <
300% FPL?

Parent or,
Caregiver <
19% FPL?

Expanded Medicaid

FMAP 100% (2014) >> 90%/10% (2019)

Medically Frail?

Yes

Full Medicaid
Benefits

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

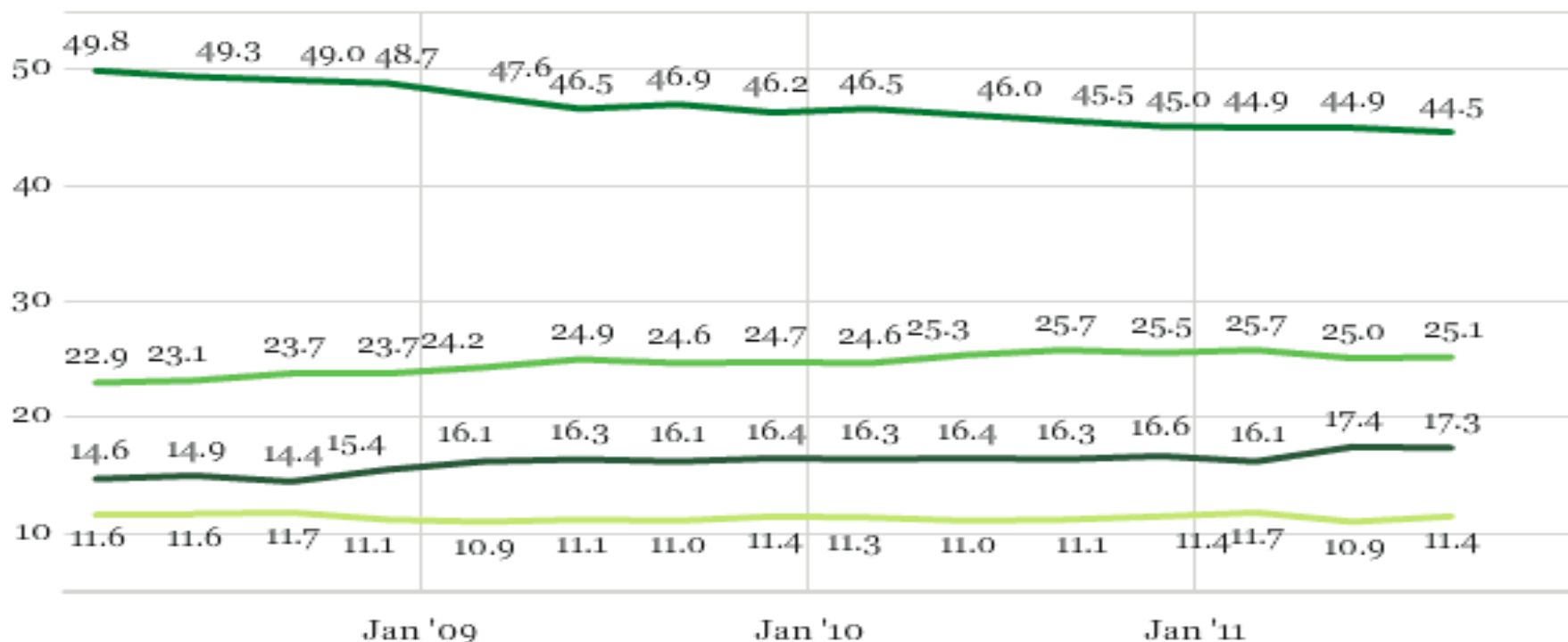
CHIP

Declining Employer-based Coverage

Health Insurance Coverage in the United States -- Quarter 1 2008 to Quarter 3 2011

Among adults aged 18 and older

■ % Uninsured ■ % Employer-based ■ % Government plan ■ % Something else



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.

Declining Employer-based Coverage

- “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

| I. Exchange Set Up a. Governance & Oversight b. Internal Administration c. Financial Management | II. Core Systems a. Eligibility Verification b. Tax Credit & Cost Sharing Subsidy Calculator c. Website d. Enrollment & Billing e. Customer Service (Call Center) f. SHOP-Specific Processes | III. Communication & Outreach a. Outreach & Marketing b. Navigator Program c. Broker Program | IV. QHP Plan Management a. QHP Certification b. Plan Rating System | V. Reinsurance & Risk Adjustment a. Reinsurance b. Risk Adjustment | VI. Regulatory Compliance & Reporting a. External Reporting b. Mandate Determination c. Appeals |
|--|--|---|--|--|--|
|--|--|---|--|--|--|

Yes

Yes: a, c,
d, e, f

Yes: a

Yes: a,
b

No

Yes: a,
c

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

Yes

Yes: d,
e

Yes: a

Yes: a,
b

No

Yes: a,
c

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

Yes

Yes: a,
c, e

Yes: a

No

No

Yes: a,
c

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

Yes: a

Yes: a,
c, d, e

Yes: a

Partial

No

Yes: a,
c

Missouri Health Insurance Pool Employees: Consultant + Management Contract Budget: \$ Covered Lives: 4,016 (Annual Report 12/31/2010)

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

| Major Function | Benchmark FTE's 200K | >10 QHPs | 400K | 600K | 800K | 1000K | 1500K | Cumulative Total |
|------------------------------|----------------------------|-------------|------|------|------|-------|-------|---------------------|
| Sr. Team | 9 | | | | | | | 9 |
| Finance | 9 | 1 | 2 | 2 | 1 | 1 | 1 | 17 |
| IT | 4 | 1 | | 1 | | 1 | 1 | 8 |
| Legal | 3 | 1 | | 1 | | | | 5 |
| Communications & Outreach | 5 | | | 1 | | 1 | 1 | 8 |
| Policy | 3 | | | | 1 | | 1 | 5 |
| Sales | 2 | | 1 | 1 | 1 | 1 | 1 | 7 |
| Appeals | 5 | | | 1 | | 1 | 1 | 8 |
| Administrative staff | 2 | | | 1 | | 1 | | 4 |
| Ops | 13 | 2 | | 2 | | 2 | 2 | 21 |
| HR | 1 | | | | 1 | | 1 | 3 |
| Total | 56 | 5 | 3 | 10 | 4 | 8 | 9 | 95 |
| Cumulative Total | | 61 | 64 | 74 | 78 | 86 | 95 | |

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

