

Protect Medicaid Funding *Enrollment and Continuity* Issue #8 (Updated February 2017)

A Personal Story from a family in Massachusetts:



Jenny and her family were thrilled at the passage of the Affordable Care Act because, for the first time, they had adequate coverage for their family. As freelance artists, she and her husband had purchased health insurance on the individual markets their entire adult lives and had never known the comfort of having an employee-sponsored plan. After obtaining a plan through the exchange, their deductibles shrank and they lost the dreaded

co-insurance provision. They knew they could prepare financially should they face the worst. Then, the worst happened: in September 2014, Jenny was diagnosed with breast cancer. Though it was caught early, it was widespread. Thankfully, the day she was diagnosed, Jenny found out about the Massachusetts Breast and Cervical Cancer Treatment program, a Medicaid initiative in Massachusetts designed to cover middle and low-income women through their treatments. Jenny also discovered that her two children were eligible for MassHealth, the Massachusetts Medicaid program. This saved her family from financial ruin.

As a part of her treatment, Jenny endured 5 surgeries including a full mastectomy and reconstruction. Although her cancer was cured, she still suffers from serious, chronic complications that began almost immediately with her treatment. With the future of Medicaid uncertain, Jenny is anxious that her family's financial stability may be in jeopardy.

Enrollment and Continuity

Medicaid provides a long-term investment in health that helps people succeed. It increases the diagnosis and early treatment of chronic conditions, enhances educational achievement and future earnings for covered children, and reduces health care disparities.¹ Medicaid coverage is tailored to the unique needs of low-income individuals and families, but still costs less per enrollee than employer-based insurance.² Despite Medicaid's proven success and efficient use of funds, opponents repeatedly seek to cut or cap funding for the program. These proposals seriously jeopardize the health and financial security of the 97 million people who benefit from Medicaid each year.³ Medicaid's core consumer protections make the program work for enrolled populations, including children, parents, pregnant women, low-income workers, older adults, and people with disabilities. This fact sheet considers one such set of protections, Medicaid enrollment and continuity rules, and examines their importance to Medicaid enrollees and how Medicaid funding caps would undermine them.

Why Medicaid enrollment and continuity protections are important:

- **Medicaid enrollment rules protect low-income enrollees.** Medicaid enrollment rules are specifically designed to protect low-income applicants, who may have urgent care needs and no other options to access services. Medicaid law requires that all eligible applicants be enrolled with "reasonable promptness," meaning states cannot impose barriers such as waiting periods.⁴ Medicaid also accepts applications and enrolls applicants anytime. The "annual enrollment period" used by Medicare and the Marketplaces do *not* apply in Medicaid, where individuals by definition have too few financial resources to pay for care on their own while waiting for annual enrollment. Once an individual is found eligible, Medicaid makes coverage effective the date of application and in most cases, offers retroactive coverage for the three prior months.⁵ This ensures rapid access to coverage and is a vital protection for hospitals and other providers who provide emergency treatment to individuals prior to enrollment.
- **Medicaid includes special continuity provisions for vulnerable enrollees.** Pregnant women in Medicaid are covered for a post-partum period of at least 60 days even if the pregnant woman's household income changes.⁶ Infants born to women in Medicaid are automatically enrolled in Medicaid as of their date of birth, meaning families have no administrative obligation that could delay starting a newborn's coverage.⁷ Moreover, the baby automatically remains eligible for Medicaid for a full year as long as the mother's income does not increase substantially.⁸ Finally, prior to being terminated from any category of coverage, an individual must be screened for all other possible eligibility categories.⁹

- **Medicaid prohibits states from adopting arbitrary eligibility limits.** States generally may not limit the number of individuals eligible for Medicaid or invent arbitrary eligibility criteria. For example, numerous states have attempted to include work requirements as a condition of Medicaid expansion eligibility, but HHS has not approved those illegal policies.

How funding caps threaten Medicaid enrollment and continuity protections:

- **Funding caps would likely weaken federal Medicaid enrollment and continuity protections.** Funding caps would reduce federal Medicaid funding and shift costs onto states. Faced with less money to provide the same Medicaid coverage, states would likely seek to weaken enrollment requirements in two ways. First, in exchange for accepting less federal money, states will demand that funding cap legislation directly scale back federal standards. Second, once caps are implemented, states will pursue waivers to further reduce the standards. For example, Indiana uses a waiver to ignore Medicaid's requirement to promptly enroll eligible individuals. Indiana applies an extra waiting period (as long as 65 days) to eligible applicants. Such a provision dramatically harms low-income individuals who may have serious or even urgent care needs.
- **Funding caps will lead states to manipulate enrollment.** Under block grants, states will only receive a pre-set Medicaid payment, regardless of enrollment. Under per capita caps, states get funding on a per-person basis, but because the per-person allocation will likely grow slower than actual costs, states will still face an ever-widening resource gap. This gives states a strong incentive to create barriers to keep enrollment low. Funding caps would likely spawn more waiting periods, lockouts, enrollment caps, and more complicated application and renewal procedures. States may also seek to avoid enrolling the most-costly applicants.
- **Funding caps will lead to more churning and uncompensated care.** Medicaid protections for enrollment and continuity of care help people get enrolled quickly and maintain steady coverage. Enrollment barriers like waiting periods disrupt coverage and increase the chance that people will not get needed care or end up with medical debt, and that the entire health system will lose money on uncompensated care.

¹ Harvey W. Kaufman et al., *Surge in Newly Identified Diabetes among Medicaid Patients in 2015 within Medicaid Expansion States under the Affordable Care Act*, 38 DIABETES CARE 833 (2015) (Medicaid coverage improves diabetes screening and treatment initiation); DAVID W. BROWN ET AL., NAT'L BUREAU OF ECON. RESEARCH, MEDICAID AS AN INVESTMENT IN CHILDREN: WHAT IS THE LONG-TERM IMPACT ON TAX RECEIPTS? 20 (2015), <http://www.nber.org/papers/w20835> (Medicaid improves long-term outcomes for children); Thomas C. Buchmeuller et al., *Effect of the Affordable Care Act on Racial and Ethnic Disparities in Health Insurance Coverage* 106 AM. J. PUB. HEALTH 1416, 1420 (2016) (Medicaid expansion reduced health care disparities).

² TERESA COUGHLIN ET AL., KAISER COMM'N ON MEDICAID & THE UNINSURED, WHAT DIFFERENCE DOES MEDICAID MAKE? 4, 7 (May 2013), <http://kaiserfamilyfoundation.files.wordpress.com/2013/05/8440-what-difference-does-medicaid-make2.pdf> (Employer-based coverage would cost 28% more than covering the same low-income individual with Medicaid).

³ CONG. BUDGET OFFICE, DETAIL OF SPENDING AND ENROLLMENT FOR MEDICAID FOR CBO'S MARCH 2016 BASELINE (2016), <https://www.cbo.gov/sites/default/files/51301-2016-03-Medicaid.pdf>. Though 97 million individuals enrolled in Medicaid over the course of 2015, the average monthly enrollment was 76 million. *Id.* This underscores the importance of Medicaid as a source of coverage for individuals who temporarily lose coverage, such as individuals between jobs.

⁴ 42 U.S.C. § 1396a(a)(8).

⁵ 42 U.S.C. § 1396a(a)(34); 42 C.F.R. § 435.915.

⁶ 42 U.S.C. §§ 1396a(e)(5) and (e)(6).

⁷ 42 U.S.C. § 1396a(e)(4); 42 C.F.R. § 435.117.

⁸ *Id.*

⁹ 42 C.F.R. § 435.916(f)(1).