

Modern Healthcare

Reform Update: Medicaid expansion may spread to four more GOP-led states

<http://www.modernhealthcare.com/article/20140902/NEWS/309029842/reform-update-medicaid-expansion-may-spread-to-four-more-gop-led>

By Virgil Dickson

Posted: September 2, 2014 - 4:15 pm ET

Tags: Healthcare Reform, Indiana, Insurance, Medicaid, Readmissions, Sylvia Mathews Burwell, Tennessee, Utah, Wyoming

Now that Pennsylvania Republican Gov. Tom Corbett has received CMS approval for his **Medicaid** expansion plan, Indiana, Tennessee, Utah and Wyoming may be next in line among GOP-led states in seeking a federal green light for their conservative-oriented expansion proposals.

Utah Gov. Gary Herbert has scheduled meetings with **HHS Secretary Sylvia Mathews Burwell** this month to discuss his waiver proposal to extend coverage to about 100,000 adults with incomes up to 138% of the federal poverty level. Last week, Tennessee Gov. Bill Haslam told news reporters that he would “probably” submit a Medicaid waiver proposal to the CMS for expanding the program this fall, which would cover 161,650 people.

Wyoming Gov. Matt Mead also expressed interest recently in expanding Medicaid. According to news reports, his administration already has begun talking with the CMS. A Medicaid expansion in the state would cover up to 17,600 low-income residents.

Meanwhile, Indiana Gov. Mike Pence has a Medicaid waiver request pending before the CMS that was submitted in July.

Republican governors are continuing to push for conservative-oriented approaches in their proposals, such as reliance on private managed-care plans, increased beneficiary cost-sharing, job search requirements, mandatory health assessments, financial incentives linked to healthy behaviors, and reductions in the standard Medicaid benefit package in areas such as non-emergency transportation. Now that the Obama administration has issued its decision on the Pennsylvania proposal, states have a clearer idea of what will and won't fly with the administration.

Last week, the CMS granted Pennsylvania a five-year waiver for its plan to extend Medicaid coverage starting Jan. 1 to more than 500,000 residents through the state's existing Medicaid managed-care plans. Pennsylvania is the 27th state to accept the Medicaid expansion authorized by the Patient Protection and Affordable Care Act.

Starting in 2016, new beneficiaries in Pennsylvania with incomes above 100% of poverty will have to pay premiums up to 2% of their income. Beneficiaries who don't pay could be dropped from the program. Corbett also won approval for a voluntary pilot program to encourage participation in job training and work opportunities; those who participate will pay reduced premiums and cost-sharing.

But the CMS nixed Corbett's proposal to tie Medicaid eligibility to employment or an active job search. As it has with other similar state proposals, the CMS also rejected the governor's bid to charge premiums to individuals under the federal poverty level.

Still, Utah's Herbert wants the CMS to allow his state to require residents to have a job or be actively searching for one to qualify for the expanded Medicaid program. "We've come to agreement on most of the elements of the plan like premiums, co-pays, and incentives for healthy behaviors," said Tom Hudachko, a spokesman for the Utah Department of Health. "The lone remaining negotiation point is our desire to require recipients that are able to work to either be employed or to be participating in employment training."

Hudachko said the Herbert administration was optimistic about getting approval for the work requirement even though Pennsylvania's similar proposal was shot down. "CMS hasn't been receptive so far, but we're still hopeful," he said. He added it was too soon to tell if the governor would withdraw his expansion proposal entirely if CMS continues to reject that requirement.

Medicaid patient advocates are nervous about the issue. "It is very important aspect of his proposal. Utah has very conservative legislators and they have expressed concern against a straightforward expansion," said RyLee Curtis, Medicaid policy analyst at Utah Health Policy Project, which supports healthcare coverage for low-income residents. Herbert "needs a win to bring back to the Utah legislative body to show his plan is different from that."

Another expert said the chances are slim that the Obama administration will concede on this issue. "It's completely against the nature of the Medicaid program, which is supposed to be an entitlement for those with low income," said Tim Jost, a Washington & Lee University law professor who is an expert on the healthcare reform law. "A work requirement would turn it into another welfare program."

The CMS so far has rejected state proposals to charge premiums to individuals under the poverty level. That hasn't stopped Indiana's Pence from seeking permission to require adults under the poverty line to make a contribution of \$3 to \$15 a month to a health savings account. Unlike proposals from other states, Pence's proposal would not terminate coverage for those who do not make a contribution. Instead, those who don't contribute would be moved to a more basic coverage program that doesn't include vision and dental benefits. In addition, they would be liable for co-payments that ranging from \$4 for an outpatient procedure to \$75 for an inpatient stay.

The CMS is accepting public comments on the Indiana proposal through Sept. 21.

In Tennessee, it's unclear what Haslam's Medicaid waiver proposal might include. Patient advocates say they expect him to propose a model in which the state uses the federal Medicaid expansion dollars to buy private plans for newly eligible residents. The state's Medicaid agency did not respond to a request for comment.

Leonardo Cuello, director of health policy for the National Health Law Program, said the CMS is likely to give a fair hearing to proposals from Haslam and other state leaders who can demonstrate that their model will benefit Medicaid enrollees.

If Haslam wins approval to expand Medicaid in Tennessee, that could have a major effect on other Southern states, said Sam Brooke, a staff attorney at the Southern Poverty Law Center. Currently, the only state in that region that has expanded Medicaid is Kentucky, which has a Democratic governor.

"In the South, not expanding Medicaid has mostly been about reacting politically, with the thought that anything that supports Obamacare is a bad idea," Brooke said. "If a Southern state can say we're going to put politics aside as we realize we can help people, it would send a loud message."