

State of Medicaid 2014

A report by the Utah Health Policy Project



Executive Summary

Utah Medicaid is in a period of significant change, unprecedented during its five decades of operation in the state. Changes are generally initiated and carried out by Utah lawmakers and stakeholders as they seek to streamline and improve Medicaid’s health care delivery system. But the most significant decision facing lawmakers is if and how Utah decides to expand Medicaid coverage to more adults and families—and when these changes can take effect.

- Utah has a 58,000 person coverage gap; they make too little to qualify for help on the health insurance marketplace, and too little, or don’t otherwise qualify, for Medicaid currently
- Medicaid is primarily a Children’s program, as 57% of recipients are children
- Currently there are limited coverage options for childless adults (less than 6% of Medicaid recipients fall into this category)
- Utah has been actively studying Medicaid expansion, which if we expand we could cover over 111,000 Utahns by 2020

What is Medicaid?

Medicaid is a public health insurance program for low-income Utahns. Because of Medicaid, children and hard working families can be seen by doctors when they’re sick, seniors can receive care in nursing homes, and Utahns with disabilities can stay in their communities. The program is jointly financed by state and federal governments. Each state runs its own program within rules set by the federal government. The Children’s Health Insurance Program (CHIP), is a similar program, also run by states, and jointly financed by state and federal governments. See the table below for current Medicaid and CHIP eligibility limits in Utah.

Eligibility Category	Income Level	Annual Income
People over age 65*	<100% Federal Poverty Level (FPL)	<\$11,490 for a single adult
People with Disabilities	<100% FPL	<\$11,490 for a single adult
Children	<200% FPL (with Medicaid & CHIP)	<\$39,060 for family of 3
Pregnant Women	<133% FPL	<\$25,975 for family of 3
Parents	<44% FPL	<\$8,593 for family of 3

Figure 1 Taken from U.S. Department of Health and Human Services <http://aspe.hhs.gov/poverty/13poverty.cfm>

*Low-income seniors generally qualify for Medicaid to help pay for Medicare Part B premiums and for services not covered by Medicare

Who is covered by Medicaid in Utah?

In 2013 approximately 383,000 Utahns received Medicaid in some form. Children comprise the majority (57%) of Medicaid recipients. Medicaid coverage is currently *not* provided to childless adults in Utah at any income levels. Plus, due to low eligibility limits, many families in Utah have children who receive health insurance coverage through Medicaid or CHIP while parents remain uninsured. Some parents and childless adults have access to the Primary Care Network (PCN), which offers limited coverage for primary and preventive care services. PCN has been extended through 2014 for incomes under 100% of the federal poverty level (FPL), but the program likely does not have a future beyond 2015.

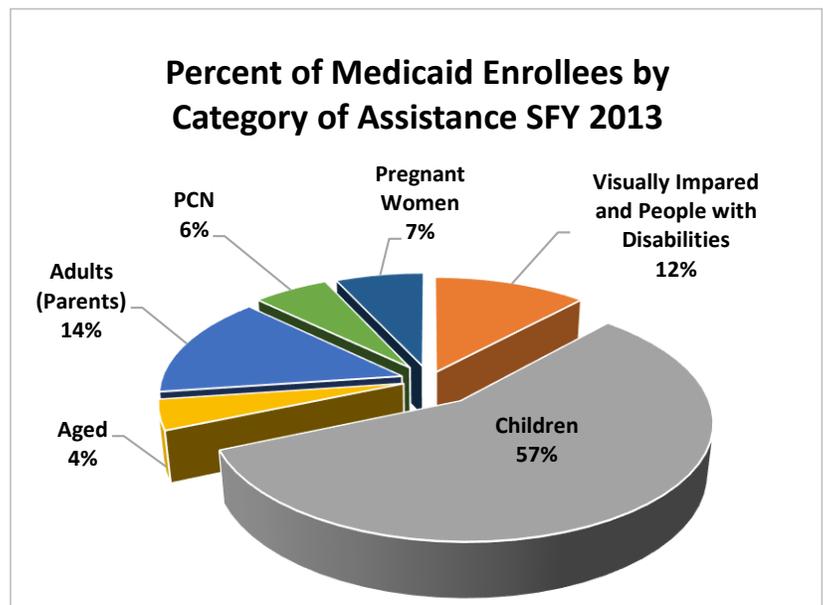


Figure 2 taken from 2013 Utah Annual Report of Medicaid & CHIP http://health.utah.gov/medicaid/stplan/LegReports/MedicaidAnnualReport_2013.pdf

Medicaid and Marketplace Income Limits			
Household Size	100% FPL	133% FPL	400% FPL
1	\$11,490	\$15,282	\$45,960
2	\$15,510	\$20,628	\$62,040
3	\$19,530	\$25,975	\$78,120
For each additional, add	\$4,020	\$5,347	\$16,080

Source: <http://aspe.hhs.gov/poverty/13poverty.cfm>

The new Medicaid Opportunity

As passed by Congress in 2010, the ACA included an expansion of Medicaid coverage to individuals and families earning between 0-138% FPL. Because of the 2012 Supreme Court ruling, the states have more authority in creating expansion solutions that work for their states when it comes to deciding how to expand coverage to their most vulnerable citizens. In many states, including Utah, many people earning under 138% of FPL are ineligible for Medicaid coverage. However, individuals earning between 100-138% of FPL are eligible to receive premium tax credits to purchase private insurance on their state-based marketplace or healthcare.gov. Extending Medicaid benefits to those who don't qualify for premium tax credits on the marketplace was chosen as it is more affordable, cost-effective, and offers comprehensive coverage for low-income individuals and working families.

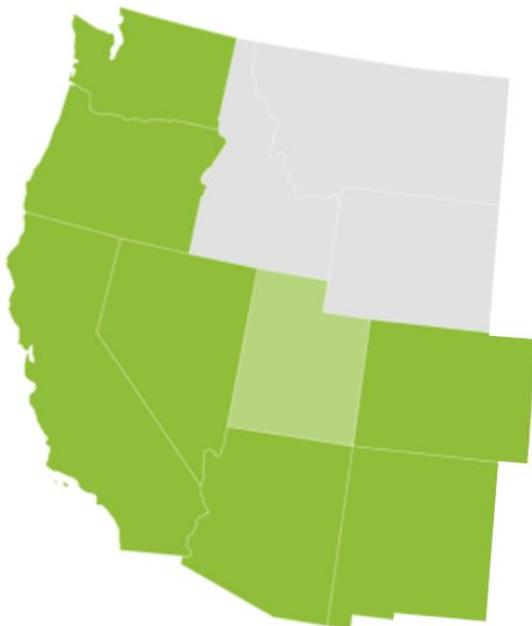


Figure 3 taken from *The Advisory Board*

Utah's Medicaid Expansion Options

Utah's Governor and the Legislature will decide whether to expand Medicaid to benefit Utah's low-income working individuals and families. If Utah expands Medicaid, it would join 26 states who extended low-cost insurance to their residents, including western states close to Utah like Nevada, Arizona, New Mexico, and Colorado.ⁱ

For states that decide to expand their Medicaid programs to cover any individual who falls between 0-138% FPL, the federal government will pay 100% of the costs for the years 2014-2016, then phase down to 90% by 2022. This rate compares favorably to the current Utah Medicaid match rate where the federal government pays only 70% of the program's costs. Depending on how Utah decides to expand the public program, the state could cover an additional 111,000 Utahns under Medicaid. Utah leaders must decide if this deal is worthwhile to justify allocation of state dollars—approximately \$40.4 million in 2017, and \$68.6 million in 2023 (both numbers include mandatory ACA costs of \$25.7 million)—if Utah pursues a traditional, full expansion like its neighboring states.ⁱⁱ However, Utah is considering options that would expand our private insurance market, as opposed to expanding the traditional Medicaid program. These options are outlined below.

State of Medicaid 2014

A report by the Utah Health Policy Project

Utah's Options Currently Being Considered for Medicaid Expansion

No Expansion	Partial Expansion	Full Expansion
<ul style="list-style-type: none"> • Maintains categorical requirements • Mandatory cost to state \$25.7 million • Leaves coverage gap • Estimated 58,000 Utahns with no insurance options 	<ul style="list-style-type: none"> • 0-100% FPL receive premium subsidies • 101-138% FPL go to Health Insurance Marketplace • Increased cost to state \$40-65 million (FMAP) • 54,000 newly eligible Utahns for Medicaid • Likely no coverage gap 	<ul style="list-style-type: none"> • 0-138% FPL receive premium subsidies • Increased cost to state \$66.6 million • 111,000 newly eligible Utahns • No coverage gap

Figure 4 Enrollment and State cost estimates are for FY 2020. Cost estimates are based on a 90/10 federal/state division of Medicaid costs. All costs include \$25.7 million cost of mandatory expansion. Taken from: <http://le.utah.gov/interim/2013/pdf/00004342.pdf>

Utah's 58,000-person Coverage Gap

States that decide to expand Medicaid for low-income adults no longer need to worry about the coverage gap for their residents. Because Utah has not decided whether to expand its Medicaid program, we have an estimated 58,000 Utahns who, starting in 2014, have no access to affordable health insurance coverage.

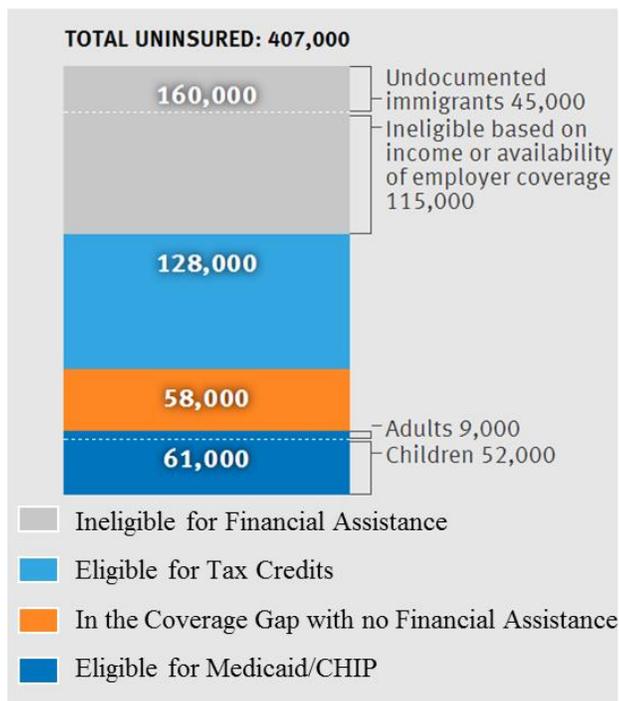


Figure 5 taken from Kaiser Family Foundation <http://kff.org/interactive/uninsured-gap/>

Expanding Medicaid makes income the main deciding factor to qualify for Medicaid. If a person earns between 0-138% FPL in an expansion state like Colorado or Arizona, they would qualify for coverage. In Utah, however, Medicaid eligibility is still determined by income status plus whether the individual is included in a special category (child, aged, parent, pregnant, or individual with a disability).ⁱⁱⁱ For this reason, a married couple who earn \$14,000 a year would not qualify for Medicaid in Utah, but would qualify for coverage in states that have expanded.

Right now in Utah people who earn between 100-400% FPL are eligible to receive premium tax credits to purchase private insurance on healthcare.gov. However, individuals who earn below 100% FPL—even \$100 below that limit—make too little to qualify for a premium tax credit. Plus, many of them make too much to qualify for Medicaid. Without the premium subsidy, purchasing private insurance is almost always beyond their budget. Nearly 58,000 low-income Utahns fall into this coverage gap. Without doing some sort of expansion in Utah, these individuals have no options for affordable health insurance.

Ryan Carstens, Ph.D.

Ryan Carstens was an Associate Provost of Education and Community Partnerships at Salt Lake Community College. He has a Ph.D. in Educational Leadership from the University of Texas at Austin, and has over 30 years of experience in leadership and administration in higher education.

But what happened when Ryan lost his job in December of 2013? Ryan, his wife, and his son were left with no health insurance coverage options. He applied for coverage on healthcare.gov and was told he qualified for Medicaid. He applied for Medicaid through the Utah Department of Workforce Services, and was told he did not qualify in Utah. He then called healthcare.gov and provided them with his family's denial letter for Medicaid but was still unsuccessful at getting coverage, because with no income, he falls into the coverage gap.

All the while he is actively pursuing new employment in higher education, but typical job searches in this field take significant amounts of time to conclude, which means that Ryan and his family need some type of health insurance bridge until he finds a new job. He has filed for unemployment to help keep his family afloat while he searches for employment. Making matters more pressing for Ryan is his wife's diabetes illness, which needs continuous treatment through medications that cost over \$1,000 a month. If Utah expands Medicaid, Ryan and his family would have health insurance while he searches for a new job. Which means peace of mind, without the threat of medical bankruptcy.

Summary

Medicaid is an important program that offers affordable health insurance to Utah's most vulnerable citizens. Without Medicaid, many Utahns will continue to live without health insurance, continue to seek treatment in our Emergency Departments, and continue to drive up costs for our entire health care system. Medicaid is even a valuable tool in helping Utahns worry less about health care costs due to lack of insurance, and more about their jobs, families, and futures.

Take Joshua Kahn for example. Joshua was diagnosed with Hodgkin's lymphoma, a highly-treatable cancer. But as soon as he turned 19, his Medicaid benefits were cut, which then stopped all his medical care. Since his income is below the 100% FPL threshold, he does not qualify for coverage on the health insurance marketplace. He also can't get on his mother's insurance because she is disabled due to a spinal cord injury and she has health insurance coverage through Medicaid. Joshua earns too little to qualify for premium subsidies on the health insurance marketplace, and earns too much to qualify for Medicaid due to Utah's current categorical requirements. If Utah expands Medicaid, Joshua would have health care coverage to continue his treatment and beat his cancer.^{iv}

Ryan and Joshua's stories are just two out of 58,000 examples of real Utahns who are falling in the coverage gap. Without Medicaid expansion, Ryan and his family, and Joshua, have no affordable health insurance options. Medicaid does so much good for so many Utahns currently, but by expanding the program, Medicaid can do so much more.

Utah Medicaid by the Numbers

- >> Utah's Dept. of Health estimates that 376,000 Utahns, or 13.2% of the population, went without health insurance coverage in 2012ⁱ
- >> Approximately 73% of Utah's Medicaid clients are enrolled in an ACO
- >> In 2013 there were 3,694 new Medicaid providers, 1,186 providers with limited enrollment, and 6,151 providers that were re-credentialed
- >> Medicaid ensures the health of Utah's children, with 57% of all Medicaid enrollees being children
- >> There are more than 7,000 Utahns with disabilities living in our communities through the support of Medicaid's home and community based waiversⁱ
- >> Medicaid General Fund appropriations were not fully spent in FY 2012 primarily due to lower than expected caseload growth and declining per-member per-month costsⁱ

ⁱ <http://www.advisory.com/Daily-Briefing/Resources/Primers/MedicaidMap>

ⁱⁱ <http://www.health.utah.gov/documents/PCGUtahMedicaidExpansionAnalysis.pdf>

ⁱⁱⁱ <http://kff.org/interactive/uninsured-gap/>

^{iv} <http://www.sltrib.com/sltrib/news/57394474-78/medicaid-expansion-federal-health.html.csp>