Healthcare Reform in Maryland

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A service of Maryland Health Benefit Exchange
Overview of Medicaid Currently
Maryland Medicaid Currently

- In Maryland, Medicaid is also called Medical Assistance (MA)
- Began in 1966
- Mandated Medical coverage for:
  - Low-income families with children and those who receive Temporary Cash Assistance (TCA)
  - Supplemental Security Income (SSI) recipients
  - People with long-term services and supports (LTSS) needs, (the aged, blind, people with disabilities)
  - Low-income Medicare beneficiaries (payment of Medicare premiums, deductibles and cost-sharing)
Who is covered Under Medicaid now?

- Families with incomes less than 116% of the federal poverty level (FPL) get healthcare through the Medical Assistance for Families (MA4F) program.

- Adults without dependent children, who have incomes less than 116% FPL, can get healthcare through the Primary Adult Care (PAC) program.
  - Benefits limited to primary care, mental health, substance abuse, ER, and pharmacy.
Who is covered under Medicaid now?

- Children in families with incomes below 300% FPL can get healthcare through the Maryland Children’s Health Program (MCHP).
  - MCHP Premium charges a monthly family premium for families between 200% and 300% of FPL:
    - $50 per family with incomes 200-250%
    - $63 per family with incomes 250-300%
- Pregnant women with incomes up to 250% FPL are covered under Medical Assistance.
What is HealthChoice?

- Under HealthChoice, Maryland requires most Medicaid beneficiaries, including individuals with disabilities and children in foster care, to enroll in 1 of 8 Managed Care Organizations (MCOs)
- The MCOs accept full financial risk for a prescribed benefit package
- About 1/3 of the services are carved out (such as mental health services, LTSS, dental, and certain drugs)
The Eight HealthChoice Providers

- Amerigroup Community Care
- Coventry
- JAI Medical Systems
- Maryland Physicians Care
- MedStar
- Priority Partners
- Riverside Healthcare
- United Health Care
Basics of Medicaid Expansion
Signed into law on March 23, 2010
Insurance coverage expansions go into effect on January 1, 2014:
- Coverage expansions in Medicaid (up to 138% FPL)
- Coverage expansion in the Exchange (138% and up), with tax credits on a sliding scale from 138-400% FPL
Affordable Care Act Overview

- Insurance market reforms mainly start in 2014:
  - Guarantee Issue
  - Prohibition on annual and lifetime limits, guarantee issue
  - Community rating
  - Coverage to age 26 on parent policies
  - Individual mandate (unless affordability exemption)
  - Rate reviews and “rebates” when too little overall care is funded
  - Employers with 50 or more full-time employees must offer coverage or face a tax penalty if at least one full-time employee receives a premium tax credit
Supreme Court’s Ruling on the ACA

- Upheld most of the law, including the individual mandate that everyone must have insurance by concluding the penalty for not having it can be considered a tax
- Struck down the requirement that states expand Medicaid to all people under 133% FPL
  - Invalidated financial penalties states would face for not expanding
  - States can still choose to expand
- Does not impact Maryland because Governor O’Malley decided to fully implement healthcare reform prior to ruling, regardless of whether it was struck down or not. Therefore, Maryland will expand Medicaid.
Greater Accessibility to Insurance

- Applicants will be able to apply online, by phone, mail, or in-person at existing and new locations.
- Data from the IRS, Social Security Administration, and other state and federal data sources will be available; **no paper verification** will be necessary when the information is already available.
Beginning in 2014, many eligibility categories will be collapsed.
Eligibility for most people will be based on Modified Adjusted Gross Income (MAGI).
– This is a federal standard, linked to tax methods
– All states will use the same method
– Medicaid (in most eligibility categories) and the Maryland Health Benefit Exchange (MHBE) will use the same method.
– This method is not applied to disability and LTSS groups; for those groups, the existing rules are used.
Medical Assistance Coverage Based on MAGI and APTC/CSR through the Exchange

Advance Premium Tax Credits (APTC) & Cost Sharing Reductions (CSR) to Purchase Coverage Through the Exchange

<table>
<thead>
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<th>% of Federal Poverty Level (FPL)</th>
<th>Pregnant Women</th>
<th>MCHP</th>
<th>MCHP Premium</th>
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Poverty Level:
- 1 person = $11,490
- 2 persons = $15,510
- 4 persons = $23,550
As of April 2013

(Coverage effective 01/01/14)
Real-Time Determinations

- Starting in 2014, eligibility workers will use the new eligibility system and web portal, Maryland Health Connection, when working with the Medicaid population.

- Eligibility will be determined in real-time, and individuals will be able to enroll in a Medicaid MCO right away.

- People can still apply in-person at local offices.

- Medicaid and the MHBE will jointly utilize a statewide call center called the Consolidated Services Center and Connector Entities as shared services for assistance.
Two new companies have applied to become MCOs, meaning in 2014 there may be as many as ten MCOs participating in Medicaid.

MCOs will be expected to work with the MHBE and private issuers to ensure continuity of care as individuals move between Medicaid, the Exchange, and private insurance.

This depicts adults. Children are in Medicaid or MCHP to 300% FPL.
Impact on Maryland Medicaid

- The expansion is estimated to expand full coverage Medicaid to 190,000 Marylanders by 2020.
Medicaid Expansion

- In 2014, approximately 88,000 PAC enrollees and 20,000 individuals new to Medicaid will be eligible for full benefits.
- Maryland currently provides childless adults a limited benefits package at a 50/50 match through PAC.
  - In 2014, these enrollees will be automatically enrolled into full Medicaid.
  - Therefore, it is important to enroll as many people as are eligible into PAC now so they will automatically receive full benefits on January 1, 2014.
- Children in families with incomes below 300% FPL will still qualify for Maryland Children’s Health Program (MCHP). MCHP Premium will still charge families a premium if they are between 200% -300% FPL.
- Pregnant women with incomes up to 250% FPL will still also be covered under Medicaid.
Increased Federal Funds for Maryland

The Medicaid expansion is expected to bring about $2.5 billion in federal funds into Medicaid between 2014-2020.
Savings for Maryland

Maryland will receive an enhanced federal match for newly eligible adults.

- The federal government will finance 100% of the costs of covering the Medicaid expansion population from 2014 through 2016.
- The funds will then begin to taper down until it reaches a 90/10 match in 2020 (90% federal funds, 10% state funds), where it will remain indefinitely.
- Converting PAC from a 50/50 match rate to the enhanced expansion match rate will save the Medicaid program a substantial amount of money.

Annual savings will decline as the state’s share of the expansion cost grows.

The cumulative total will be $725 million between 2012 to 2020.
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