

Continuous Medicaid Unwinding: What's Next for the Healthcare Markets in 2024?

Tuesday April 2, 2024
Noon–1:30 p.m. EDT

Academy Webinar

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Presenters

Moderator

- Julia Lerche, MAAA, FSA, Regular Director, Board of Directors, American Academy of Actuaries

Panelists

- Jennifer Tolbert, KFF, Director of State Health Reform; Deputy Director, Program on Medicaid & Uninsured
- Colby Schaeffer, MAAA, ASA, Member, Medicaid Committee, American Academy of Actuaries

Agenda

- The impact of unwinding on state Medicaid programs and enrollees.
- Current and expected re-enrollment churn into state Medicaid programs, shifts across health coverage markets, and potential increases in uninsured rates and trends.
- Current federal responses to unwinding.
- Considerations for Medicaid managed care rate setting, including acuity changes impacting per capita costs.

Unwinding the Medicaid Continuous Enrollment Provision: An Update

Jennifer Tolbert

Deputy Director, Program on Medicaid and the Uninsured

April 2, 2024

KFF

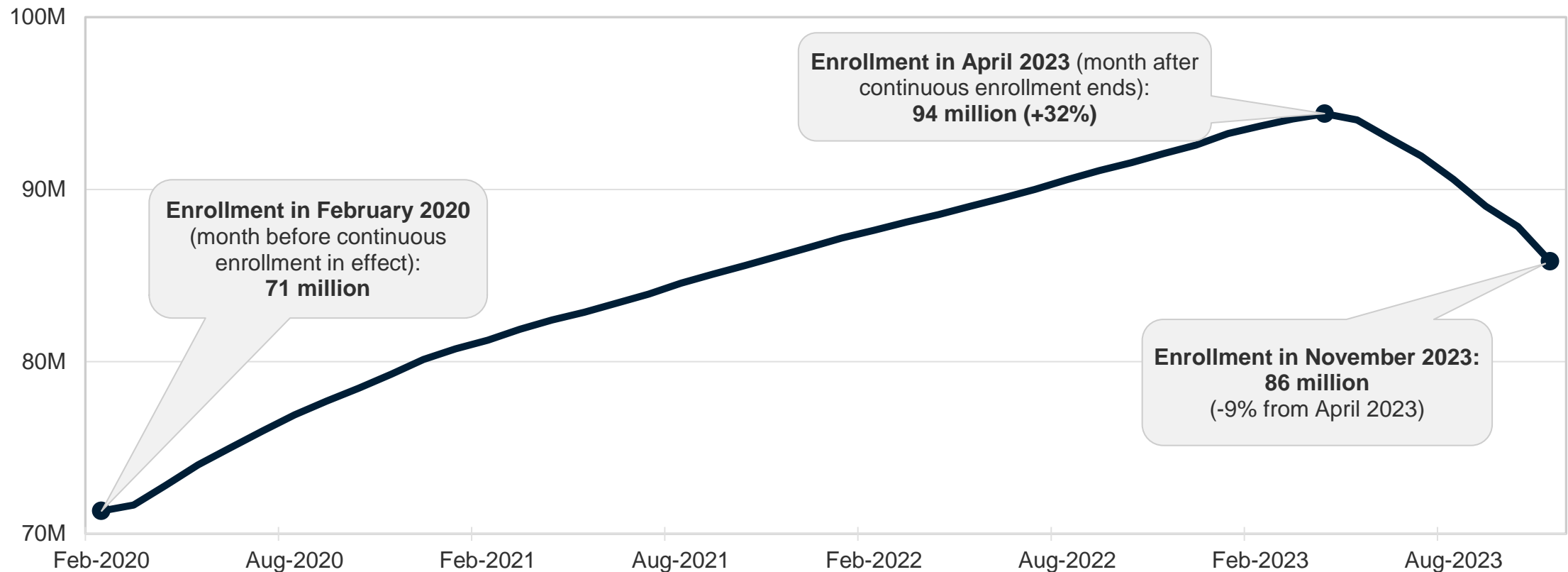
The independent source for health policy research, polling, and news.

What is the Medicaid Unwinding?

- During the pandemic, states were prohibited from disenrolling people from Medicaid in exchange for an increase in federal Medicaid matching payments
- In December 2022, Congress passed the Consolidated Appropriations Act, which ended the continuous enrollment provision on March 31, 2023 and phased down the enhanced federal matching payments through December 31, 2023
- States could resume disenrolling people from Medicaid starting April 1, 2023, but first had to conduct a full renewal in accordance with federal rules before terminating coverage
- States had to meet other requirements, such as monthly data reporting
- Beyond federal rules and requirements, states have significant flexibility in how they carry out the unwinding

Medicaid enrollment increased during the pandemic under continuous enrollment but has declined since April 2023.

Total Medicaid/CHIP Enrollment, February 2020 to November 2023

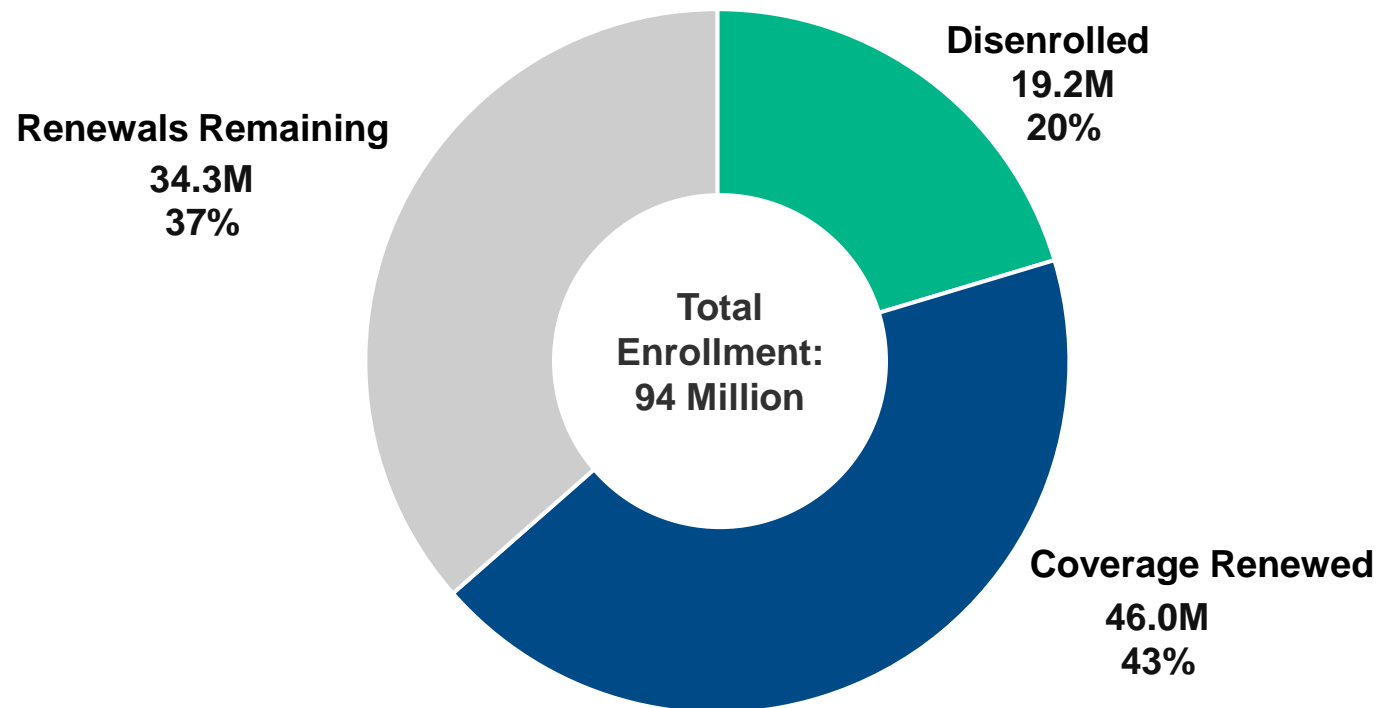


Note: M = Millions

Source: [KFF Medicaid Enrollment and Unwinding Tracker](#)

States have reported renewal outcomes over six in ten people enrolled prior to the start of the unwinding period.

Cumulative Medicaid Renewal Outcomes as a Share of March 2023 Medicaid/CHIP Enrollment

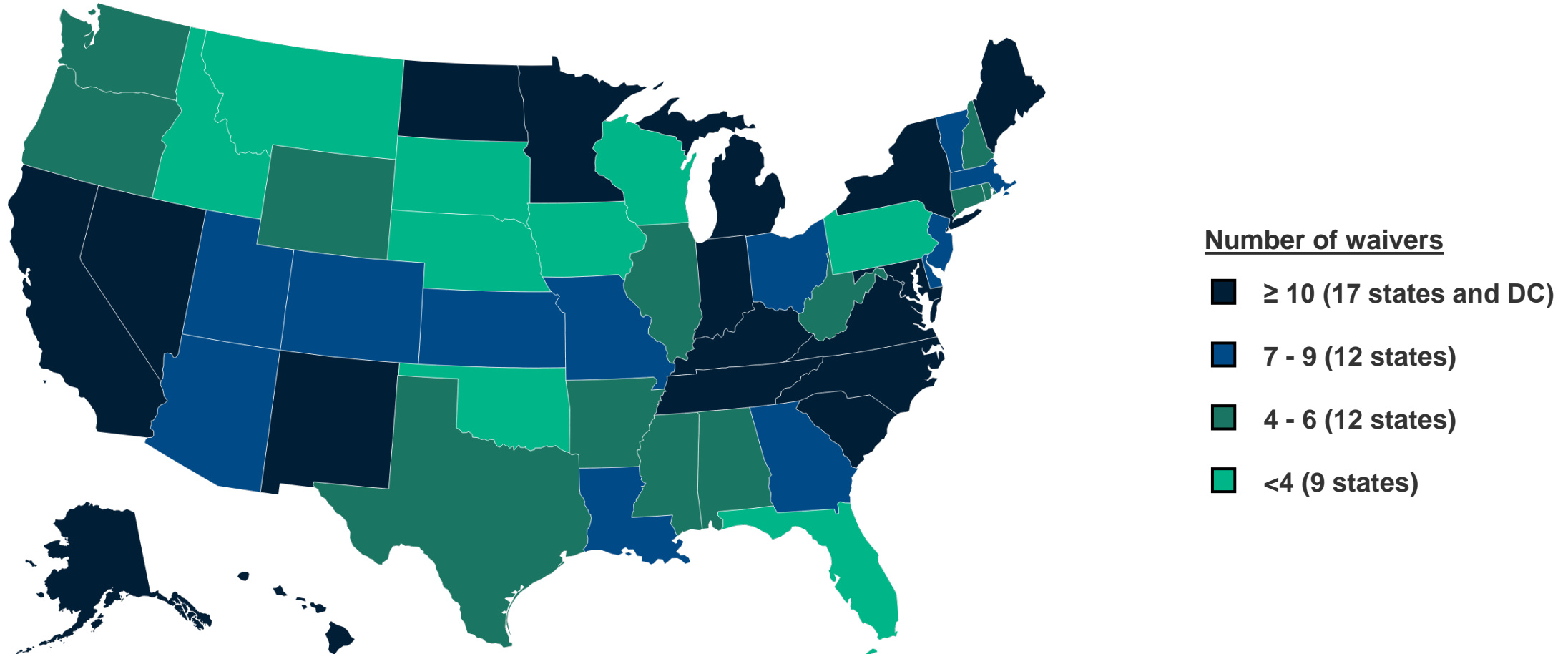


Note: M = millions. Based on the most recent state-reported unwinding data available from state websites and CMS reports. Time periods differ by state.

Source: [KFF Medicaid Enrollment and Unwinding Tracker](#). Data as of March 26, 2024.

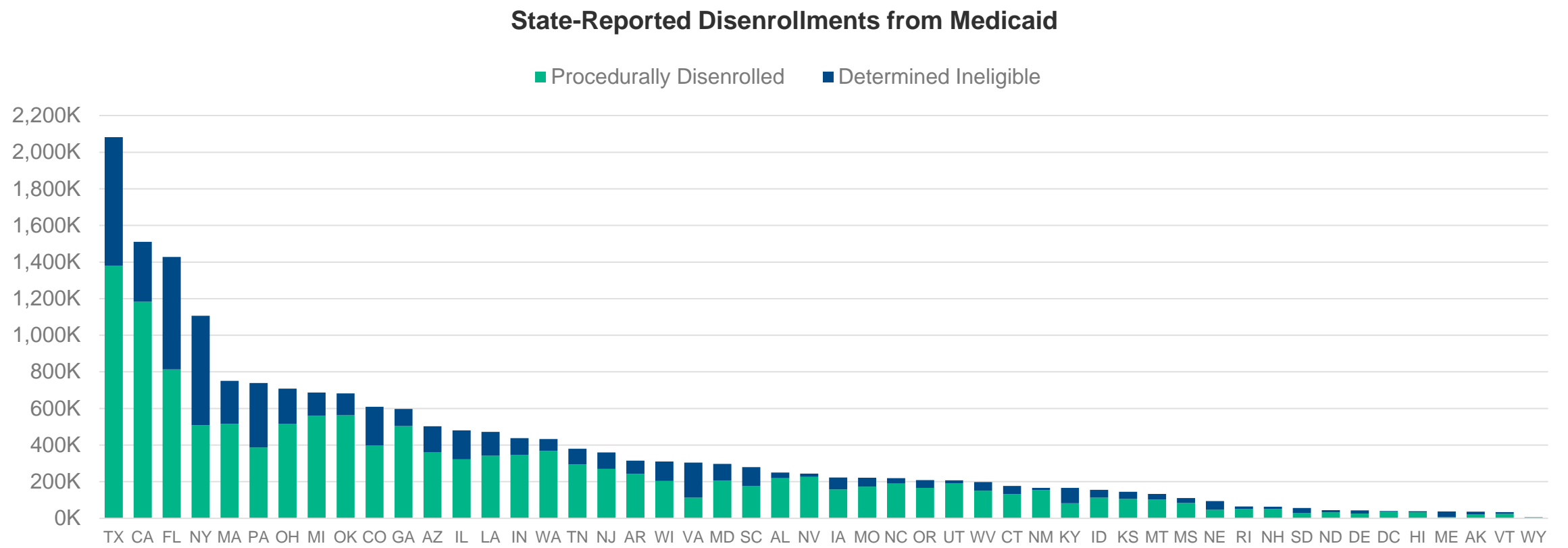
Most states have taken advantage of flexibilities to streamline renewal processes during the unwinding period.

A total of 397 1902(e)(14) waivers have been approved in 49 states and the District of Columbia as of March 13, 2024.



Source: Centers for Medicare and Medicaid Services (CMS), "COVID-19 PHE Unwinding Section 1902(e)(14)(A) Waiver Approvals"

Of the more than 19 million people who have been disenrolled, 70% were terminated for procedural reasons.

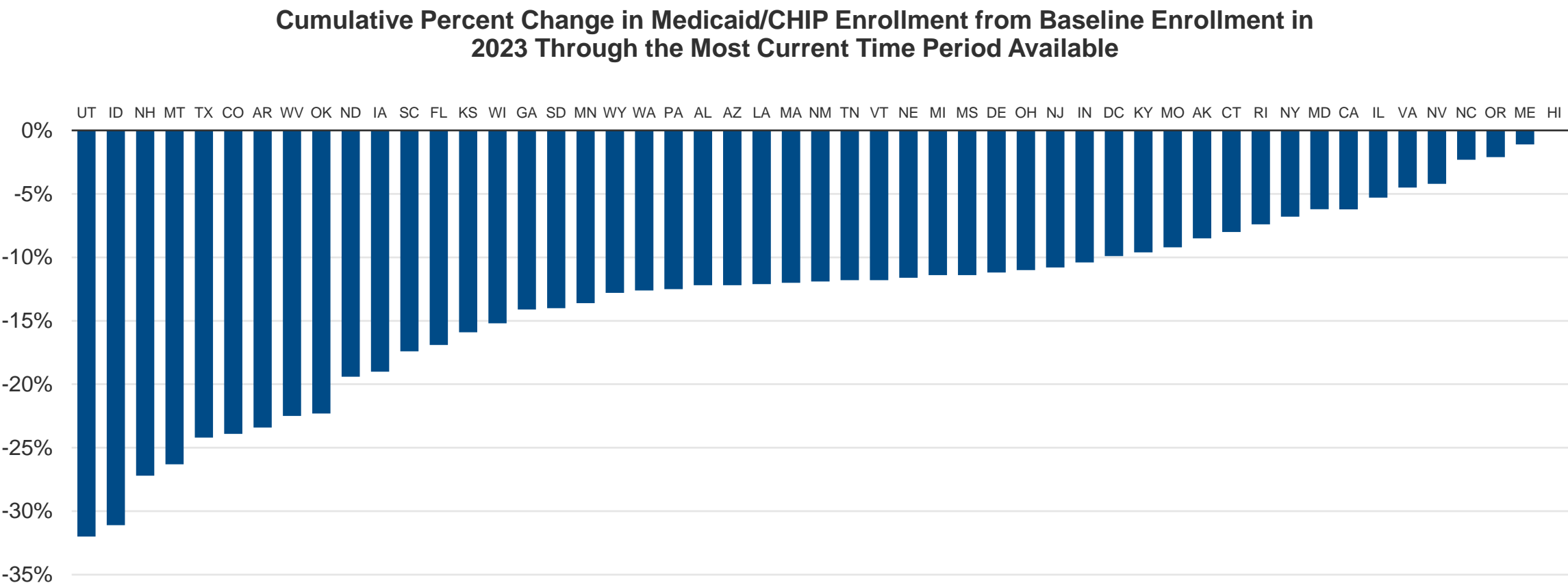


Medicaid enrollees have varied experiences renewing their coverage.

KFF conducted five focus groups with Medicaid enrollees who had their coverage renewed and who were disenrolled in Arizona, Florida, and Pennsylvania in September 2023:

- Among those whose coverage was renewed, most described the process as easy, though some faced challenges uploading and submitting documents
- Those who were disenrolled lost their coverage for a variety of reasons, and some did not know why they had been disenrolled.
 - Many faced an array of communication problems.
 - Several faced substantial out-of-pocket costs for medically necessary care during gaps in coverage.
 - While some who were still eligible were able to reenroll quickly, several needed one-on-one assistance from caseworkers and community-based organizations to help them regain Medicaid.
 - After losing Medicaid, some participants obtained coverage through the Marketplace or their employer, but others remained uninsured.

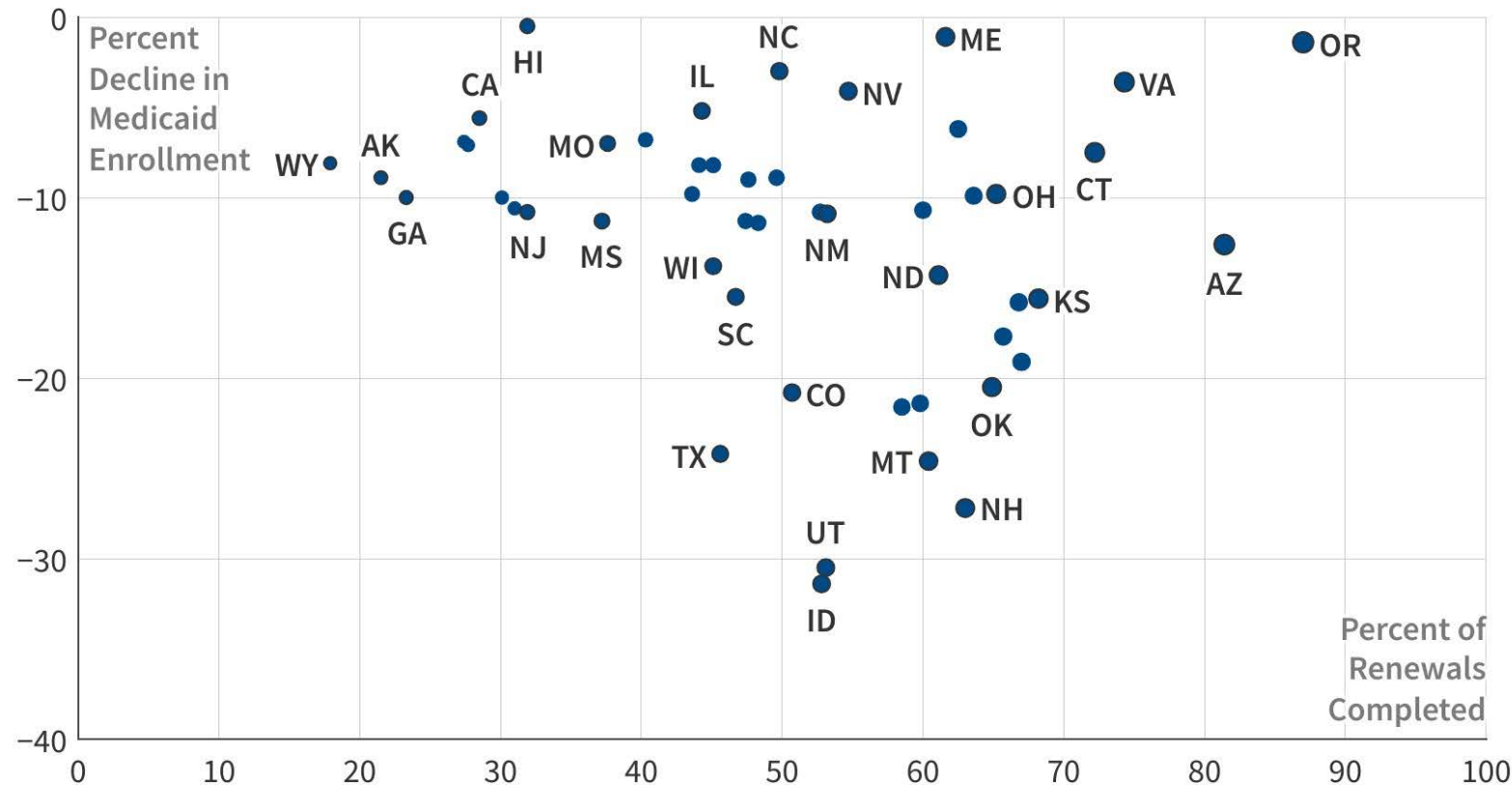
Medicaid enrollment has declined in nearly all states, but the magnitude of the decline varies.



Based on the most recent state-reported unwinding data available. Time periods differ by state. Some states (AK, DE, NJ, and VA) are not shown because their dashboards report unwinding data without information on the process for renewal.

SOURCE: [KFF Medicaid Enrollment and Unwinding Tracker](#). Data as of March 26, 2024.

Medicaid enrollment declines are not correlated with how far along states are in processing renewals.

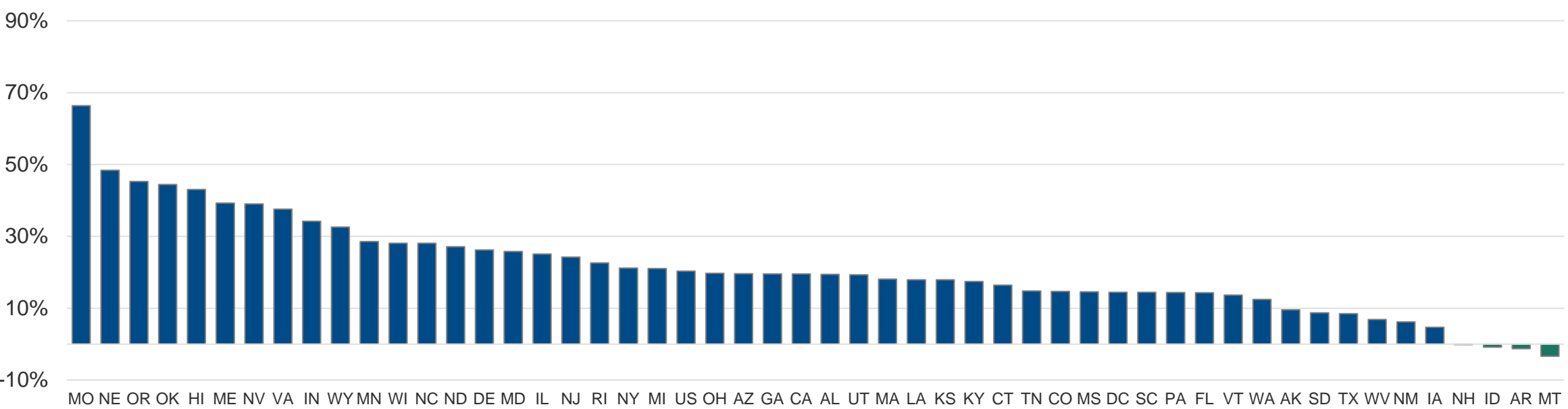


NOTE: Time periods and data sources vary by state. Baseline enrollment is enrollment in the month before a state resumed disenrollments and varies by state. Data are taken from state websites or CMS Performance Indicator Data, depending on which is most current and complete.

SOURCE: State Medicaid enrollment websites and CMS, Medicaid & CHIP: Monthly Application and Eligibility Reports

Despite recent enrollment declines, Medicaid/CHIP enrollment remains above pre-pandemic levels in most states.

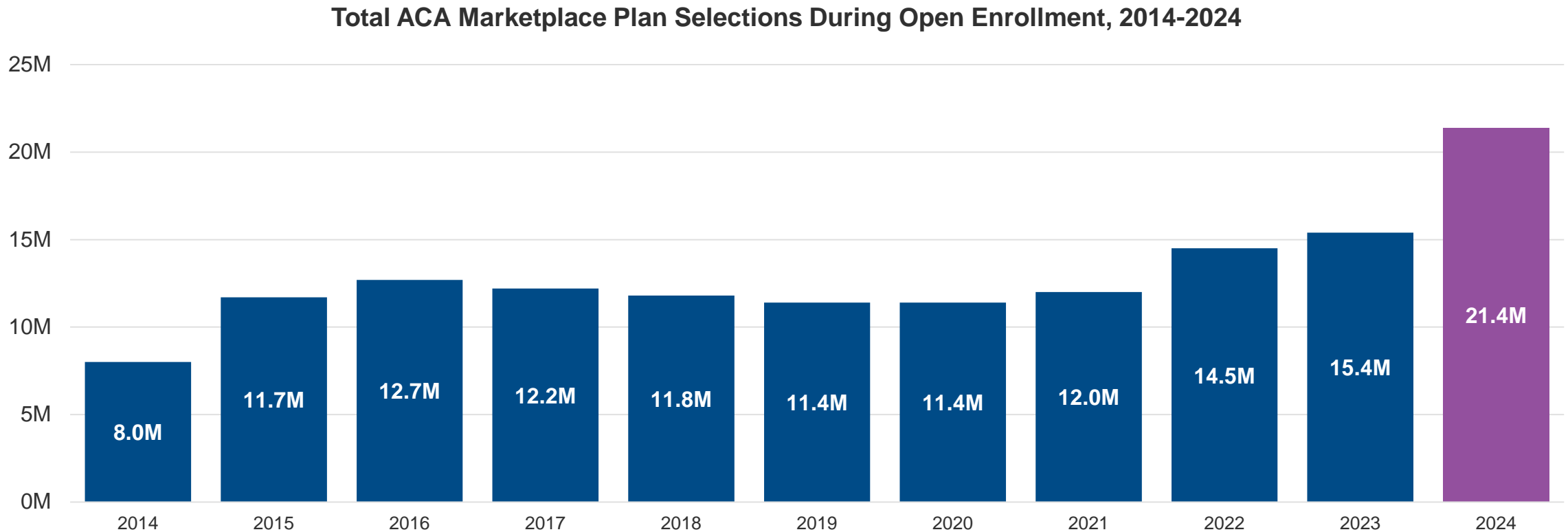
Cumulative Percent Change in Medicaid/CHIP Enrollment from February 2020 Through November 2023



NOTE: Based on the most recent state-reported unwinding data available. Time periods differ by state. Some states report unwinding data without information on reason for disenrollment and are not shown in this figure.
SOURCE: KFF Analysis of CMS monthly enrollment data.

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ACA Marketplace enrollment hit a record high in 2024.

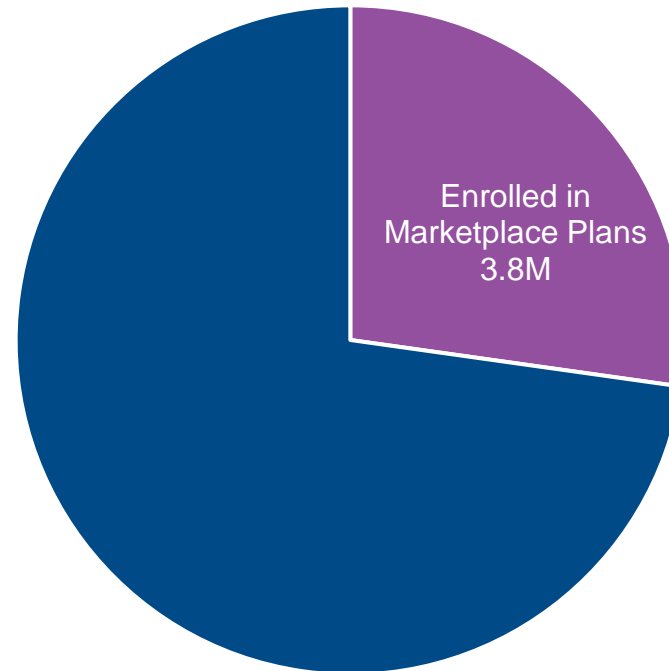


M = Millions.

SOURCE: KFF analysis of health Insurance Marketplace Open Enrollment Reports for [2014](#), [2015](#), and [2016](#); [Marketplace Open Enrollment Period Public Use Files](#)

As of December 2023, about 28% of people disenrolled from Medicaid transitioned to Marketplace coverage.

Among Those Disenrolled from Medicaid, the Number Who Enrolled in Marketplace Coverage



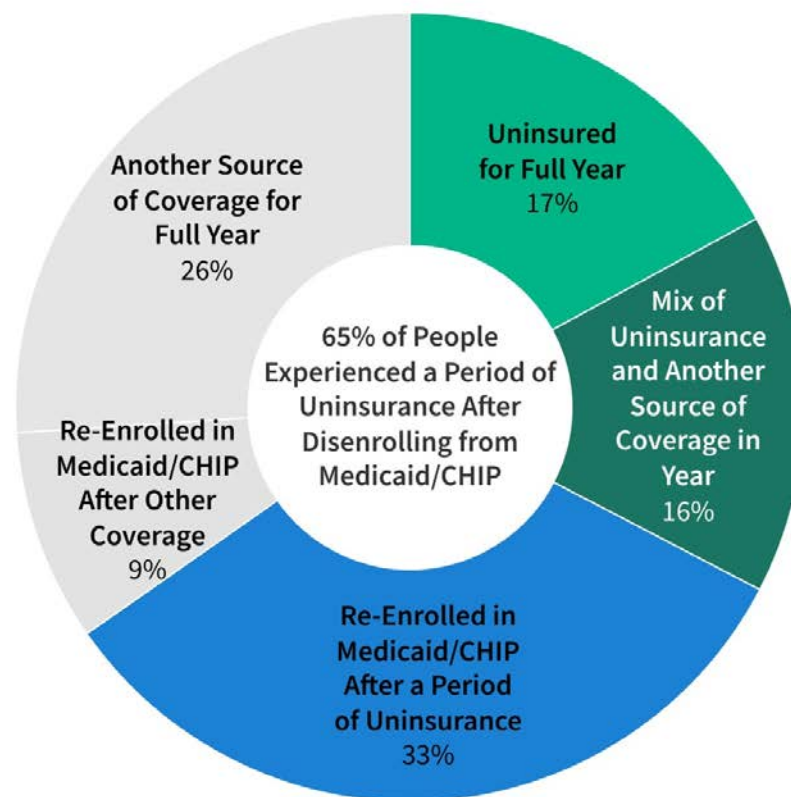
13.8 Million Disenrolled from Medicaid
(as of December 2023)

NOTE: Enrollment in Marketplace plans includes Basic Health Plan coverage in Minnesota and New York.

SOURCE: KFF analysis of data from [Healthcare.gov Marketplace Medicaid Unwinding Report](#) and [State-based Marketplace \(SBM\) Medicaid Unwinding Report](#).

Many people disenrolled from Medicaid will become uninsured, even if they eventually re-enroll in Medicaid or enroll in other coverage.

Health Insurance Coverage in the Year Following Disenrollment from Medicaid (Pre-pandemic):



NOTE: Seniors ages 65 and older excluded from the analysis. Numbers may not sum to totals due to rounding. "Another Source of Coverage" includes any type of coverage other than Medicaid/CHIP, including private or other public coverage. "Re-Enrolled in Medicaid/CHIP ("Churn") After a Period of Uninsurance" includes people who were uninsured for some or all their Medicaid/CHIP enrollment gap. Most were uninsured for all of their Medicaid/CHIP enrollment gap.

SOURCE: KFF analysis of the Medical Expenditure Panel Survey Household Component (MEPS-HC), Panels 21-23, Agency for Healthcare Research and Quality (AHRQ). [See What Happens After People Lose Medicaid Coverage?](#) for more information.

Key questions as the unwinding continues:

- What are the characteristics of people who have been disenrolled from Medicaid? How do their health status and health needs compare to those who have maintained Medicaid coverage?
- What strategies have been most effective at reducing procedural disenrollments and churn?
- Which of the new flexibilities made available during the unwinding will CMS make permanent after the unwinding ends?
- How will unwinding affect enrollment in Medicaid managed care plans?
- How will unwinding affect overall Medicaid enrollment and health coverage rates, particularly the uninsured rate?

THANK YOU

For more information, contact: jennifert@kff.org

Colby Schaeffer, Medicaid Committee—Actuarial Perspective

Building off generally accepted knowledge base and prior webinar with three parts:

1. Revisiting actuarial considerations
2. Churn
3. Acuity adjustments

Part 1: Revisiting Actuarial Considerations

- Large changes in total enrollment between the pre-PHE, PHE, unwinding, and post-unwinding periods result in a changing mix of Medicaid enrollees with varying utilization patterns
- Average risk profile is notably different between the PHE and post-unwinding periods
 - Non-utilizers who may already have other health insurance coverage dilute the risk profile during PHE
 - Eligibility redeterminations that lead to disenrollment of non-utilizers will remove the dilution, resulting in an increase to expected per capita costs

Part 1: Revisiting Actuarial Considerations

- Average risk profile can be thought of as acuity
 - Acuity is the average cost of a cohort of individuals due to their underlying risk that drives utilization of health care services
- In Medicaid managed care, capitation rates are paid by the state to participating health insurers
 - Rates typically vary by major eligibility grouping (TANF, Expansion, Disabled, etc.) and age/sex groupings where acuity will be fairly stable outside of events like this
 - Acuity adjustments are specifically outlined by CMS in Medicaid Managed Care Rate guidance as the accepted approach to reflect changing risk profile within rate cells

Part 2: Churn

Defining Churn

*Beneficiaries re-enrolling within one year
after being disenrolled*

Part 2: Churn

Why Is Churn Important?

Churning members typically have lower acuity when they leave and higher acuity when they return

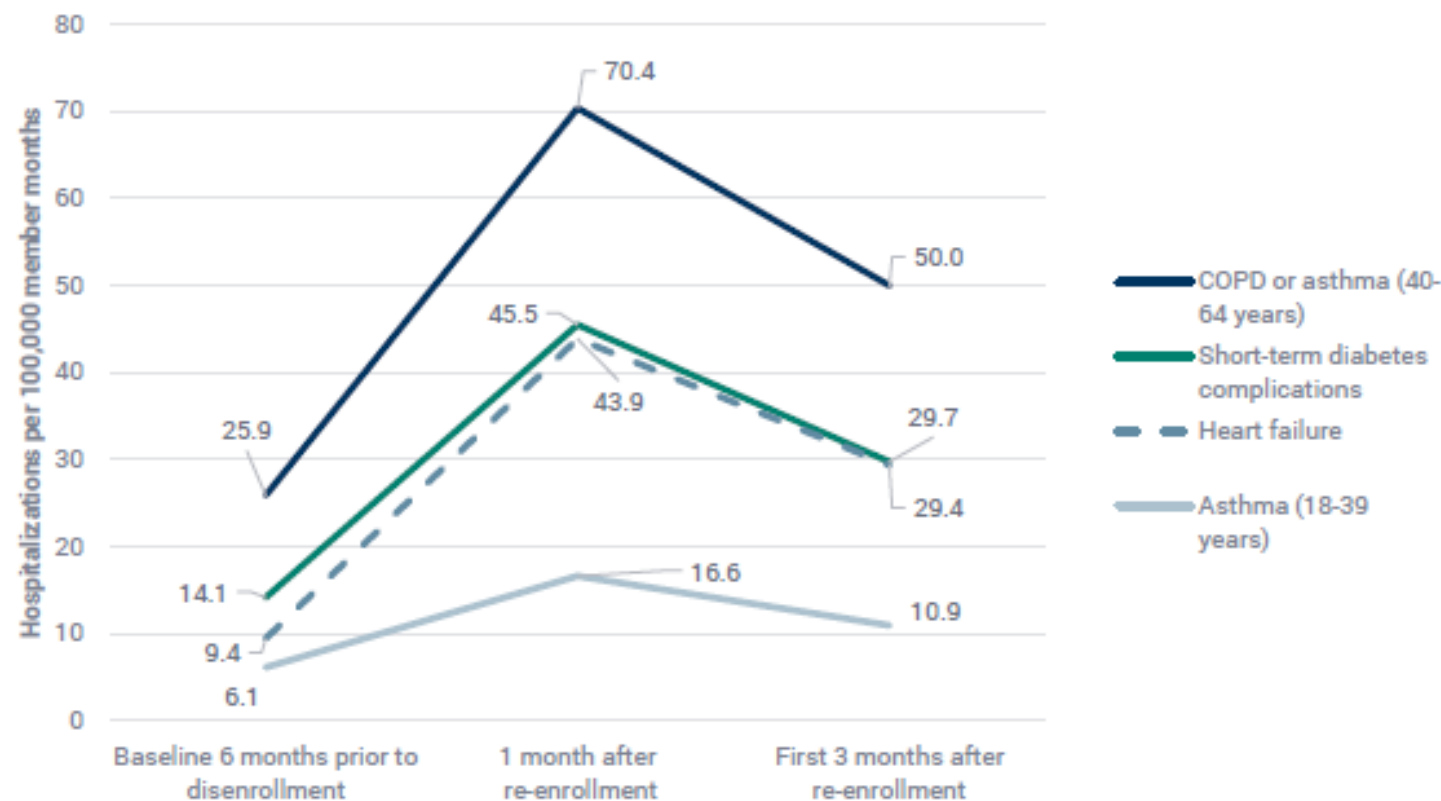
Part 2: Churn

July 2022 MACPAC Issues Brief on Effects of Churn

“After an episode of churn, Medicaid beneficiaries were more than twice as likely to be hospitalized for all four ACSCs that we studied, compared to their baseline rate for these measures six months before losing coverage (Figure 1). We observed a similar increase in the rates of ED visits for these conditions. ...Hospitalization and ED rates were higher in the first month after re-enrollment than they were in the first three months after re-enrollment, suggesting that a hospitalization or an ED visit may have been the reason for re-enrollment for some beneficiaries.”

Source: MACPAC Issue Brief, July 2022, *Advising Congress on Medicaid and CHIP Policy, Effects of Churn on Potentially Preventable Hospital Use*

FIGURE 1. Rate of Inpatient Admissions for Selected Ambulatory Care Sensitive Conditions Before and After a Gap in Medicaid Coverage, 2017-2019



Notes: COPD is chronic obstructive pulmonary disease. Analyses limited to adults age 18 to 64. The analysis excludes nine states (Alabama, Florida, Kentucky, Minnesota, New Jersey, Oklahoma, Pennsylvania, Rhode Island, and Tennessee) due to concerns with data quality in 2017-2019. In three states (Arkansas, Maryland, and Wisconsin) 2017 data are excluded due to data quality concerns. Source: Mathematica, 2022, analysis for MACPAC of T-MSIS data.

Part 2: Churn

Patterns of Churn

- Churn prior to the PHE (2014-2019)
 - 41% of people who disenrolled from Medicaid/CHIP eventually re-enrolled in Medicaid/CHIP within a year
 - KFF study <https://www.kff.org/medicaid/issuebrief/what-happens-after-people-lose-medicaid-coverage/>
- Churn during the PHE?
 - Medicaid churn was very low or nonexistent during the PHE due to continuous enrollment requirements
- Churn thus far
 - Among the few states able to track reenrollment in Medicaid, churn rates of people re-enrolling within a short period varied from about 25% to 40%
 - KFF issue brief <https://www.kff.org/reportsection/unwinding-of-medicaid-continuous-enrollment-key-themes-from-the-field-issuebrief/>

Part 2: Churn

Impacts of Churn Resuming

- Lost Capitation Revenue
 - Managed care plans do not receive capitation payments for months during churn when members are disenrolled and not utilizing services
- Base Data
 - Periods of low churn during the PHE (e.g., 2020 to 2023) may need to be adjusted to project capitation rates for periods with typical churn (e.g., after 2023)

Part 3: Acuity Adjustments

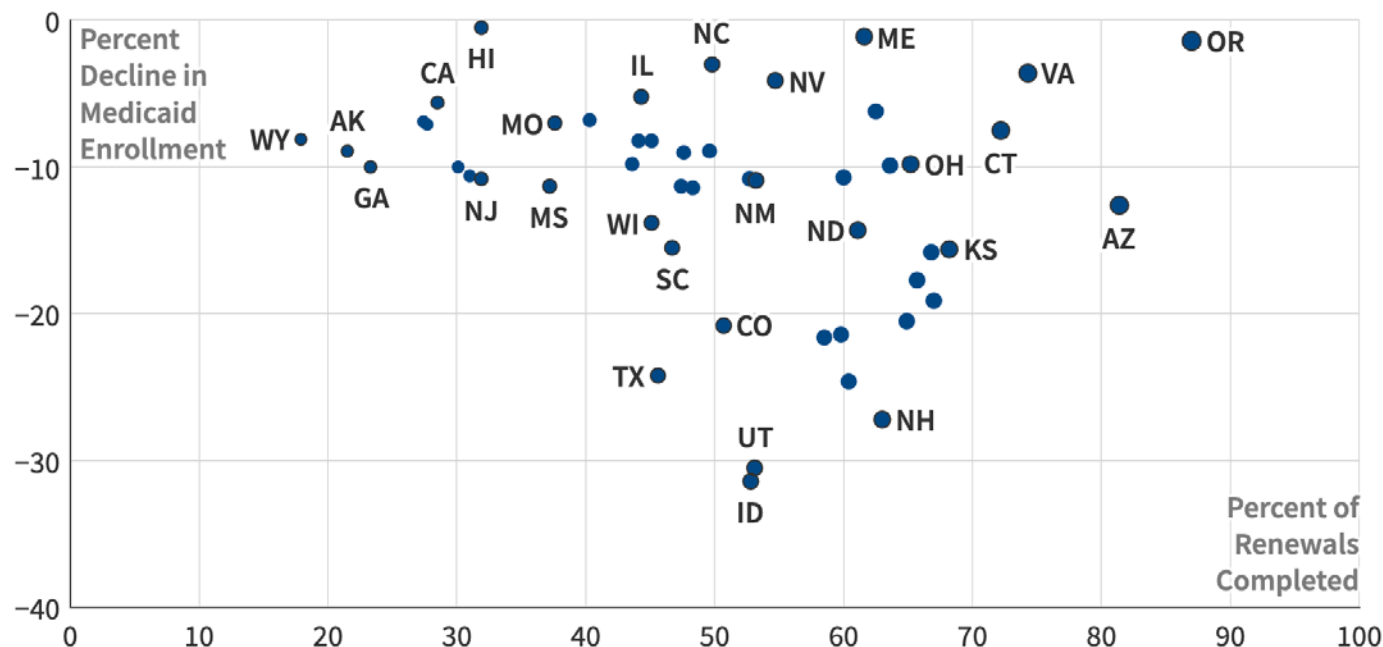
How are actuaries adjusting capitation rates?

- It depends...
 - How much data they have in time for the rates
 - When state started its unwinding
 - Availability of enrollment reports
 - Information on who has been determined as ineligible
- How much data might be available?
 - Typical CY2024 capitation rates may have 2 to 7 months of unwinding data
 - Typical SFY2025 capitation rates may have 6 to 13 months of unwinding data

Part 3: Acuity Adjustments

Remaining disenrollment assumptions depend on state expectations on terminations more so than how far along a state is with its unwinding plan

Medicaid Enrollment Declines Are Not Correlated With How Far Along States Are In Processing Renewals



Note: Time periods and data sources vary by state. Baseline enrollment is enrollment in the month before a state resumed disenrollments and varies by state. Data are taken from state websites or CMS Performance Indicator Data, depending on which is most current and complete.

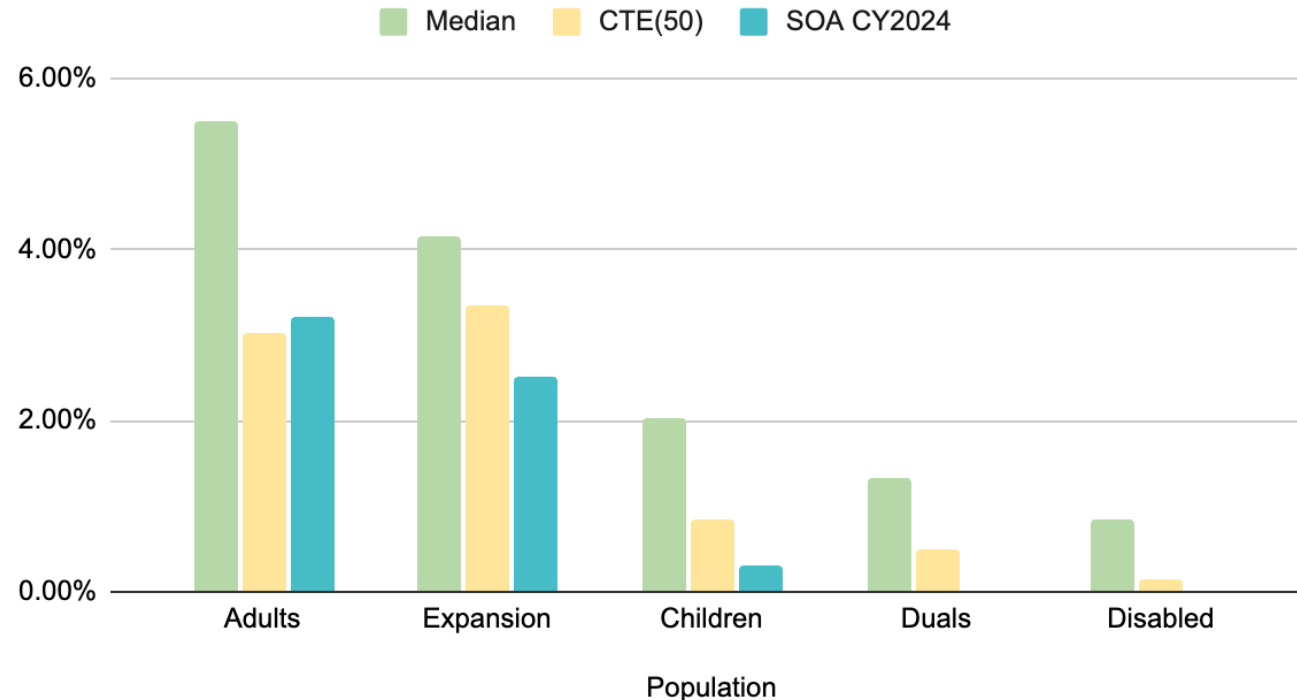
Source: State Medicaid enrollment websites and CMS, Medicaid & CHIP: Monthly Application and Eligibility Reports.

Part 3: Acuity Adjustments

Market Scan

Comparing publicly available state rate certifications and reports from multiple rating periods starting between July 2023 and January 2024 suggests acuity adjustments of about 3.0% are common for TANF Adults and ACA Expansion whereas some children, duals, and disabled rate cells may see smaller impact

Comparing Observed Acuity Adjustments to SOA Model



- https://www.azahcccs.gov/PlansProviders/Downloads/CapitationRates/acc/CYE24ACC_And_ACC-RBHA_CapitationRateCertAmendment_SOF.pdf
 - <https://dhhr.wv.gov/bms/Members/Managed%20Care/RequestforApplication/Documents/WV%20SFY%202024%20MHT%20Rate%20Certification%2020230517.pdf>
 - <https://sao.texas.gov/Reports/Main/24-001.pdf>
 - <https://www.oregon.gov/oha/HPA/ANALYTICS/OHPRates/CY24-OR-CCO-Rate-Certification-With-Appendices.pdf>
 - <https://www.scdhhs.gov/sites/default/files/managedcare/rates/SFY%202024%20Medicaid%20Managed%20Care%20Certification.pdf>
 - <https://www.dhcs.ca.gov/services/Documents/DirectedPymts/CA-CY-2024-Rate-Certification-Report.pdf>
 - https://ldh.la.gov/assets/docs/BayouHealth/MercerRateLetters/HealthyLouisiana_RateCertification_EffectiveJan2022-Dec2022_20211215.pdf
- Sources: https://medicaid.ms.gov/wp-content/uploads/2023/07/UnitedHealthcare_CHIP_20190801_Amend-9-Fully-Executed.pdf

Part 3: Acuity Adjustments

How long will rate impacts from unwinding last?

- Until base data stabilizes with respect to churn and regular renewals
 - Such data may not stabilize in late 2024 or even early 2025, suggesting that in order to get past the postunwinding shock, rates would need to have base periods starting later in 2025
 - This would suggest common state fiscal year (starting July 1) 2026 would be the new normal for postunwinding data, meaning impacts into capitation rates through SFY2027 rates
- Lower impact expected in furtherout years

Questions and Answers

Please enter your question(s) in the “Ask Question” box on your screen.

The presenters will answer as many questions as time allows.

Thank You

For more information, please contact

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