

MEDICAID UPDATE

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UPDATE ON MEDICAID EXPANSION

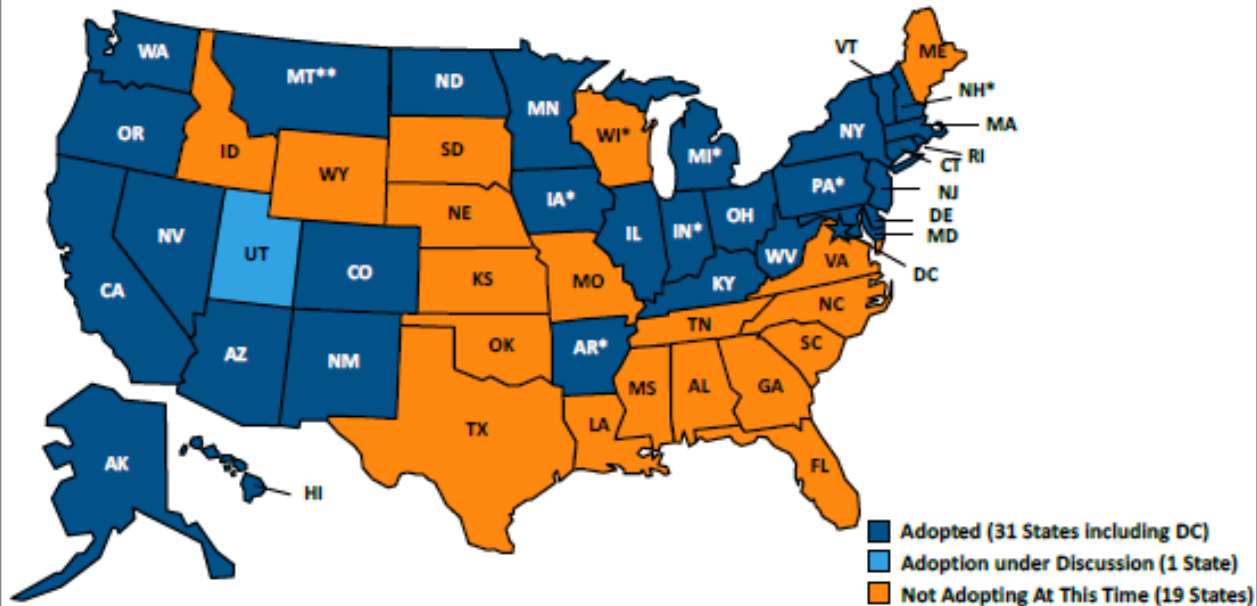
POLITICS AND BUDGETS RULE

- **31 States have expanded - mostly democratic led states**
- **Slowly other states are making their way toward expansion**
- **New republican Kentucky governor threatening to reverse expansion**
- **Most states that have not expanded claim it is for budget reasons**

EXPANSION STATES

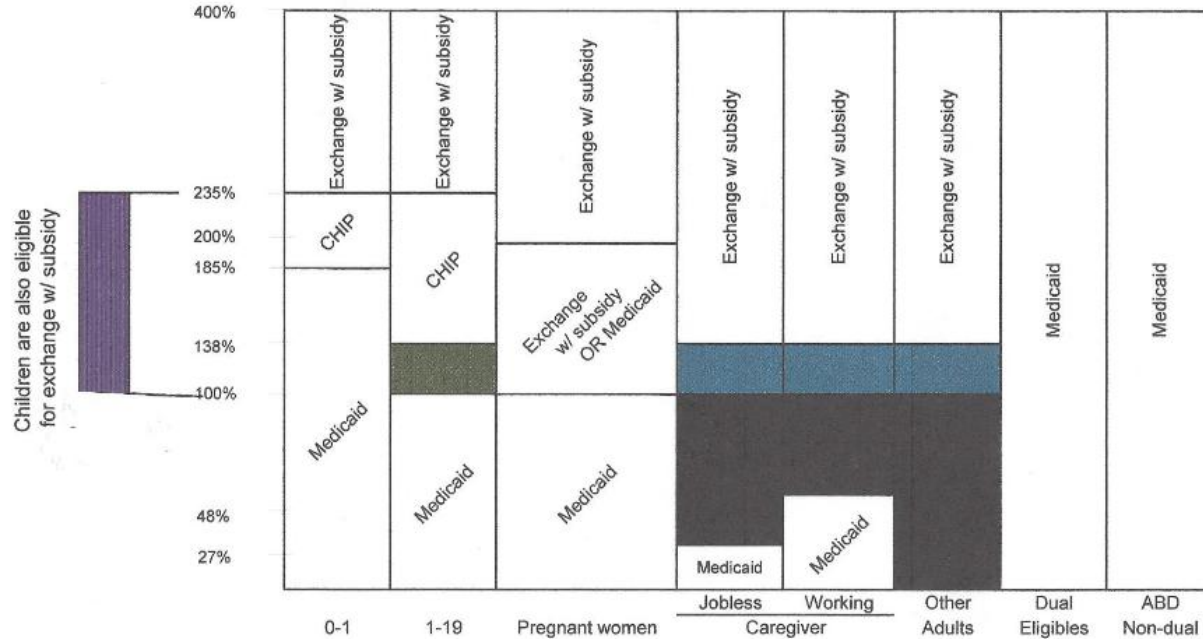
Figure 1




Over half of states have adopted the ACA Medicaid expansion.



NOTES: Based on KCMU analysis of state executive activity. **MT has passed legislation adopting the expansion; it requires federal waiver approval. *AR, IA, IN, MI, PA and NH have approved Section 1115 waivers. Coverage under the PA waiver went into effect 1/1/15, but it is transitioning coverage to a state plan amendment. WI covers adults up to 100% FPL in Medicaid, but did not adopt the ACA expansion. SOURCE: "Status of State Action on the Medicaid Expansion Decision," KFF State Health Facts, updated September 1, 2015. <http://kff.org/health-reform/state-indicator/state-activity-around-expanding-medicaid-under-the-affordable-care-act/>

BLACK HOLE WHEN NO EXPANSION



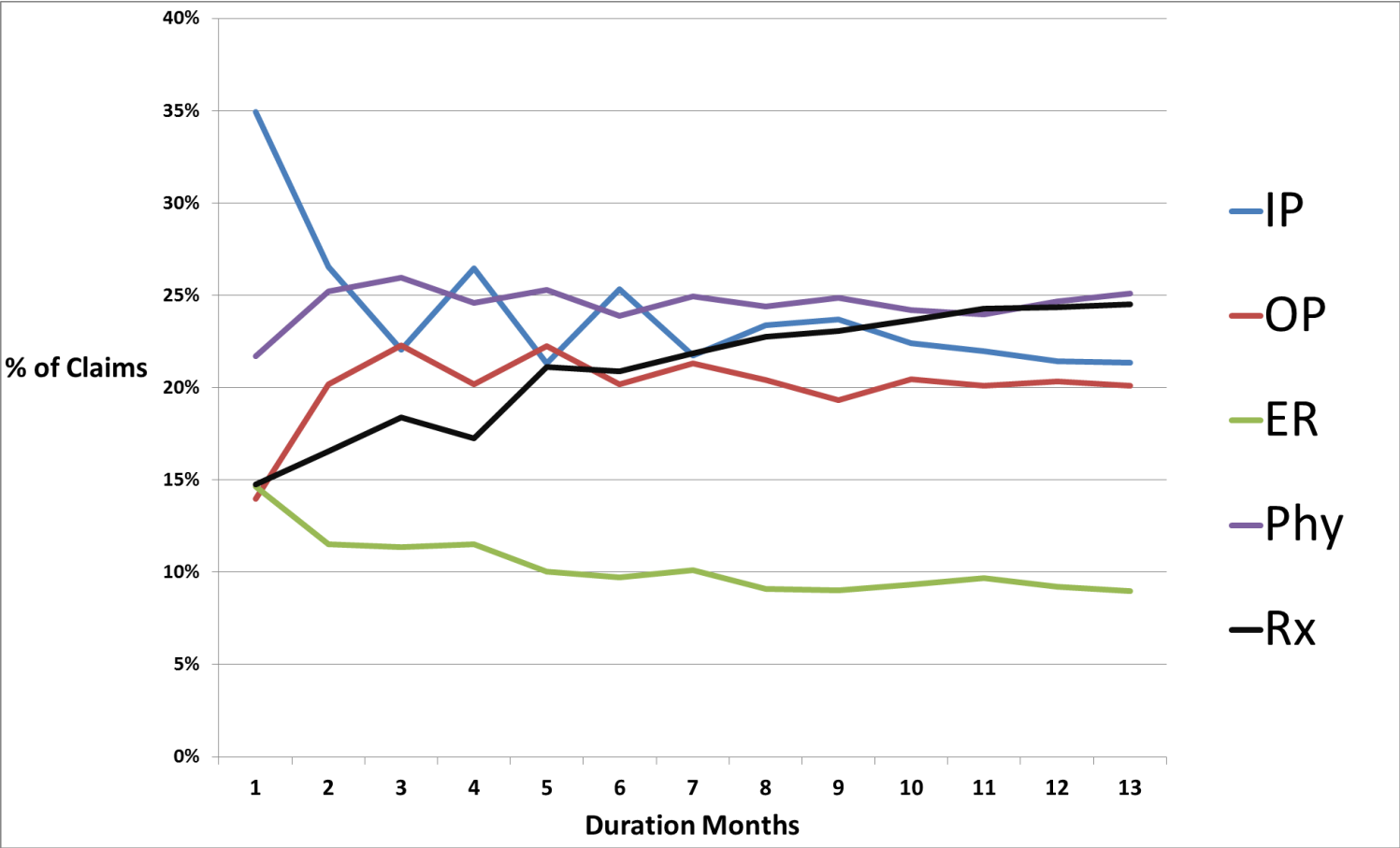
-  = Qualifies for exchange subsidy since did not expand Medicaid
-  = New Medicaid as of 1/1/14 - was CHIP
-  = Only option is Exchange without subsidy

EARLY EXPERIENCE OF EXPANSION MEMBERS

YES, THERE WAS PENT UP DEMAND!

- **First 6 months – high hospital usage (IP and ER)**
- **After 6 months – higher prescription usage**
- **Physician and Outpatient fairly flat**
- **PMPMs increased**

EARLY EXPANSION MEMBER RESULTS

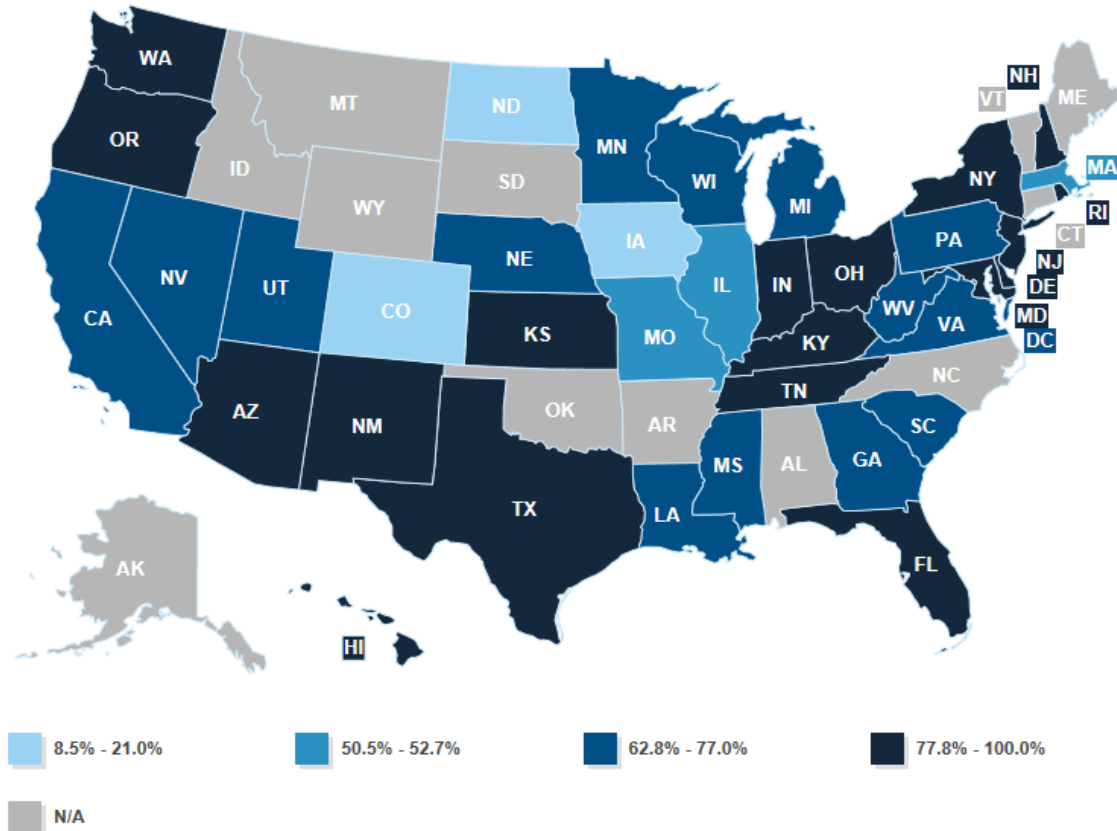


RAPIDLY CHANGING DELIVERY MODELS

HELLO MANAGED CARE AND PROVIDER RISK

- **>70% of Medicaid members in some form of managed care**
- **>50% in Managed Care Organizations (MCOs)**
- **NC just passed a bill to move to MCO model – largest state not using MCOs**
- **IA moving all Medicaid members into Managed Care 2016**
- **New models to move providers to risk takers**
- **Value Based Purchasing requirements – new trend in MCO contracts**
- **Long Term Care service setting changes – more Home and Community Based Services**

MCO MANAGED CARE - JULY 2015

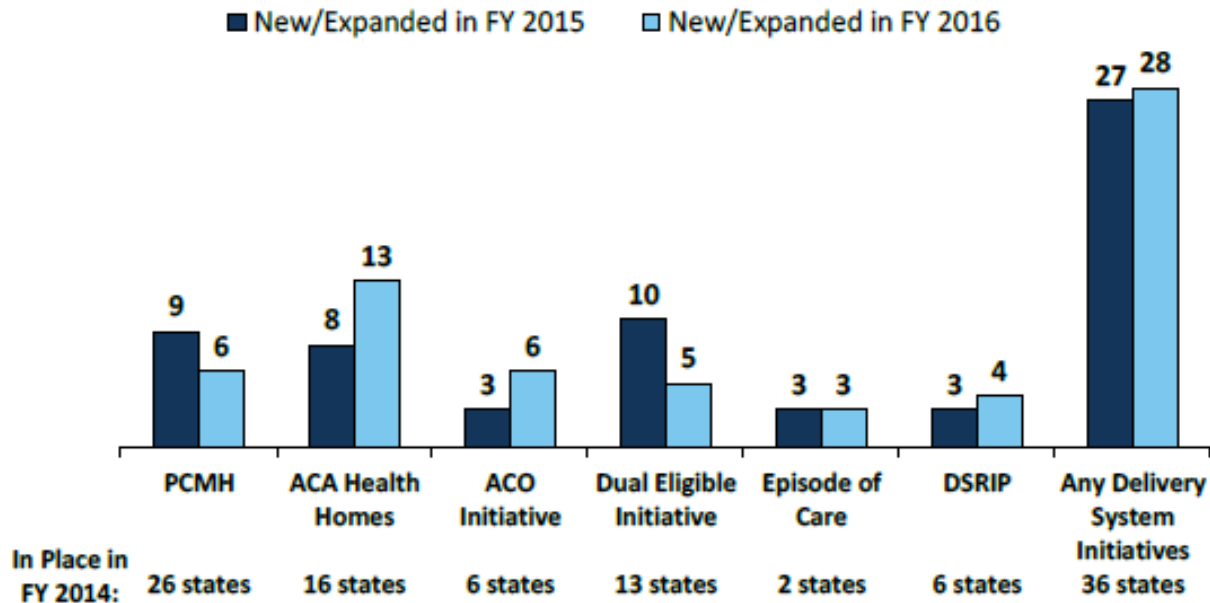


Source: The Henry J. Kaiser Family Foundation - <http://kff.org/medicaid/state-indicator/managed-care-penetration-rates-by-eligibility-group/#map>

DELIVERY SYSTEM CHANGES

Figure 8

States Delivery System Reform Activity, FYs 2014-2016



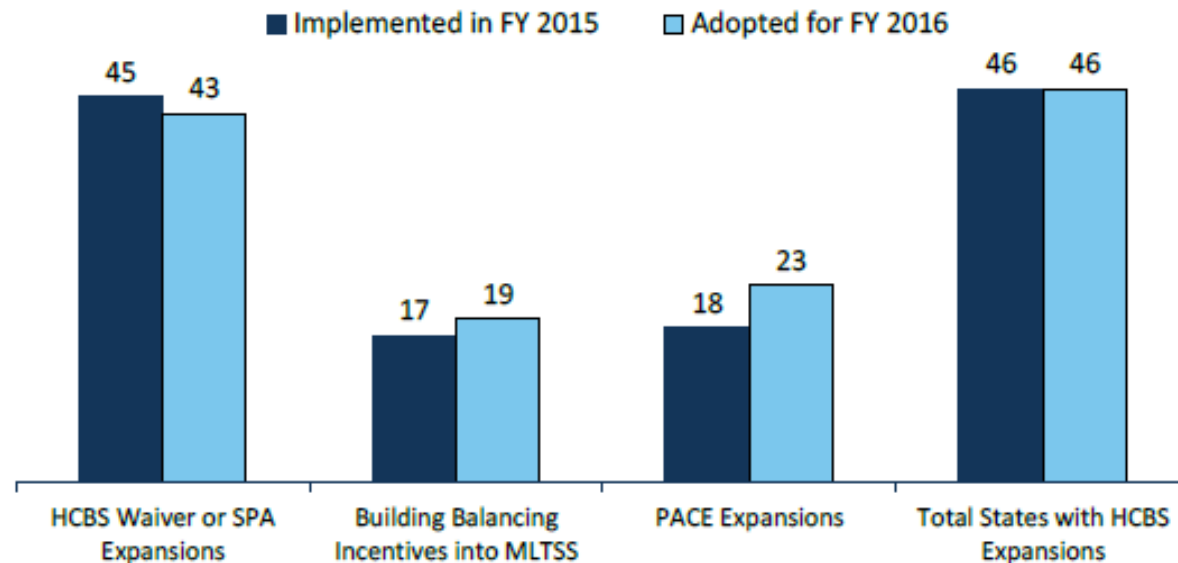
NOTE: Expansions of existing Initiatives include rollouts of existing initiatives to new areas or groups and significant increases in enrollment or providers.

SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2015.

CHANGES IN SERVICE SETTINGS

Figure 9

State Long-Term Care Actions to Serve More Individuals in Community Settings, FY 2015-2016



NOTE: HCBS Waiver or SPA Expansions includes new or expanded 1915(c) waivers as well as 1915(i) state plan option SPAs. In addition to the actions reported here, states also reported expanding the number served in the community through the Community First Choice as well as closing/downsizing state institutions and implementing/tightening certificate of need programs.
SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2015.

QUESTIONS