



Medicaid Coverage for Low-Income Adults: Individual Characteristics and State Approaches

Medicaid and CHIP Payment and Access Commission

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Introduction

- Medicaid's future serving low-income working age adults
 - What are the needs of this group?
 - Is the program structured to meet the needs of this group?
 - How have 1115 waivers been used for new adult group?
- Questions relevant to future for expansion group and to program more broadly

Policy Approaches In Play

- Linking Medicaid coverage to work, work search
- Emphasizing personal responsibility for health outcomes and for resource use
- Eliminating benefits not found in commercial coverage
- Adding coverage of services not eligible for the federal match

Social and Health Characteristics of Adults with Low Incomes

Characteristics of People with Low Incomes

- Social characteristics
 - education
 - employment
 - ability to work
 - disability
- Health characteristics
 - health status/chronic conditions
 - psychological distress
- Justice involvement

Educational Attainment

- 29 percent of people living below 50 percent of the federal poverty level do not have a high school degree
- May affect enrollees' ability to understand, manage, and comply with complex insurance designs

Source: MACPAC analysis of 2014 National Health Interview Survey

Work

- Workforce participation: 40 percent of people living below 50 percent FPL and 52 percent of those between 50 and 138 percent FPL work
- Inability to work due to disability: 18 percent of those below 100 percent FPL and 23 percent of those below 50 percent
- May affect design and impact of work, job search requirements

Source: MACPAC analysis of 2014 National Health Interview Survey and Adams PF, Kirzinger WK, Martinez ME. Summary health statistics for the U.S. population: National Health Interview Survey, 2012. Table 6. and National Center for Health Statistics. Vital Health Stat 10(259). 2013 and ASPE 2015

Health Status

- 23 percent of people with income below 100 percent FPL have two to three chronic conditions
- Those with lower incomes report being in fair to poor health at higher rates
 - 21 percent of people with incomes below 138 percent FPL
 - 8 percent of people with incomes between 251-399 percent FPL
 - 4 percent of people with incomes over 400 percent FPL
- Higher service use related to poorer health could lead to higher out-of-pocket costs

Source: MACPAC 2016 and National Center for Health Statistics 2016

Serious Psychological Distress

- Rates of those reporting serious psychological distress in the 30 days prior to interview (National Health Interview Survey):
 - 9.1 percent for those living below poverty
 - 1.2 percent for those above 400 percent FPL
- Complexity of Medicaid eligibility, benefit and coverage design could add to stress of people with low incomes

Source: National Center for Health Statistics, 2016

Involvement in Criminal Justice System

- High rates of poverty among those involved in criminal justice system
 - 37 percent of local jail population had incomes at or below 80 percent FPL in 2011
- Criminal justice involvement creates financial burdens
 - Jails and prisons in 41 states charge room and board, processing fees and other fees
 - 80-85 percent of incarcerated people leave the system with debts stemming from the system

Sources: Rabuy and Kopf 2016, Dolan and Carr, 2015

1115 Waivers for Coverage of the New Adult Group

New Adult Group Waivers

- 7 states with approved new adult group waivers
 - AR, AZ, IA, IN, MI, MT, NH
- Goals include:
 - adopt commercial insurance benefit design
 - support moving people into the workforce
 - create greater accountability and responsibility among enrollees for resource use and managing their health.

Eligibility Request Highlights

- Approved for at least one state
 - ✓ Condition eligibility on monthly financial contribution to coverage
 - ✓ Six-month lock out
 - ✓ Waiting periods for coverage
 - ✓ Eliminate three-month retroactive coverage
- Rejected
 - Condition continued eligibility on work
 - Time limit on eligibility (e.g. five years)
 - Require additional proof of citizenship
 - Impose resource requirements on income-only groups (all groups other than aged, blind, disabled groups).

Service/Coverage Request Highlights

- Approved for at least one state
 - ✓ Waive non-emergency medical transportation
 - ✓ Change pharmacy benefit rules such as fulfillment times and drug formulary rules
 - ✓ Require healthy behavior activities, rewards and penalties
 - ✓ Provide adult institutional psychiatric or substance abuse treatment
- Rejected
 - Waive EPSDT for older youth/young adults
 - Eliminate wraparound coverage
 - Cover some housing/rental costs

Cost Sharing Request Highlights

- Approved for at least one state
 - ✓ Higher copayments at lower income levels than under current law
 - ✓ Allow third parties to pay beneficiary financial obligations
 - ✓ Higher copayments for inappropriate use of services such as emergency departments
 - ✓ Beneficiary management of medical spending/savings account
- Rejected
 - Mandatory premiums/contributions for people below 100 percent FPL
 - Allow enrollee financial exposure to exceed 5 percent of family income
 - Charge interest on late contributions or service copayments
 - Charge fees for missed appointment fees

Next Steps

- Feedback
- Comments
- Suggestions for further analysis



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