Medicaid and CHIP Market Overview

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AADMD Meeting

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Medicaid CHIP State Dental Association

Mission 2012

To develop and promote evidence-based Medicaid/Children's Health Insurance Program oral health best practices and policies through innovative collaboration with a broad spectrum of stakeholders.

Objectives

- To increase knowledge and understanding of Medicaid and CHIPRA'09
- To share information about Medicaid and CHIP
- To raise awareness of current regarding public payment programs

Acknowledgement

Primary Reference for this Presentation

Medicaid and CHIP Payment and Access Commission (MACPAC)

***Report to the Congress on Medicaid and CHIP,* March 2011**

Available at

*www.kff.org/**healthreform**/upload/8061.pdf*

Medicaid

"Entitlement Program"

- Enacted in 1965 under Title XIX of Social Security Act
- Jointly administered by federal and state governments
- Pays for "medically necessary" healthcare services defined in statute
  - EPSDT for children
  - Minimum income and eligibility criteria set by federal government
  - States may expand eligibility criteria
- State variability
  - Eligibility
  - Benefits
  - Payment

Medicaid

Federal and State Responsibility

- Provide appropriate access to care
- Maintain coverage of individuals and benefits
- Ensure adequate provider participation
- Coordinate care with Medicare (dual eligibles)
- Contain costs
- Maintain program integrity
- Maintain fiscal accountability

Medicaid Eligibility

- Varies by state
- Statute creates the mandate
- Federal government
  - Establishes minimum criteria - (FPL)
- State government
  - Upholds federal mandate
  - May opt to expand eligibility (i.e. Increase to 200% FPL)
- U.S. Citizenship, nationals or qualified aliens

Medicaid Eligibility

Federal Mandates

2010

- Low-income children and their parents
- Pregnant women
- Individuals with disabilities
- Individuals ages 65 and over
- Income levels:
  - Children < age 6= 133% of FPL
  - Children age 6 and older=100% FPL
  - FPL=$18,310 for family of 3
  - Differs for other categories

2014 – PPACA*

- Low-income children and their parents
  - Raises eligibility for children ages 6-9 in 20 states
- Pregnant women
- Individuals with disabilities
- Individuals ages 65 and over
- Low-income adults who do not fall into one of these categories (by 2014 or earlier at state option)*

*Patient Protection and Affordable Care Act

Medicaid Enrollment

2010

- **68 M Beneficiaries**
  - 33 M Children (1/3 of all US children)
  - 11 M Low-income with disabilities
  - 17 M non-disabled adults
  - 6 M Low-income seniors/long-term care
  - 1M in US Territories

*Originally in American Recovery and Reinvestment Act (ARRA)

H.R 3590

2014 and PPACA

- Additional 32 M
- Maintenance of Effort (MOE)*
  - State eligibility policies must remain in place until 2014 or until state Exchanges are fully operational-for adults
  - For children –until 2019
- New formula for eligibility
  - "modified adjusted gross income
- IT systems modifications

Medicaid and CHIP Costs

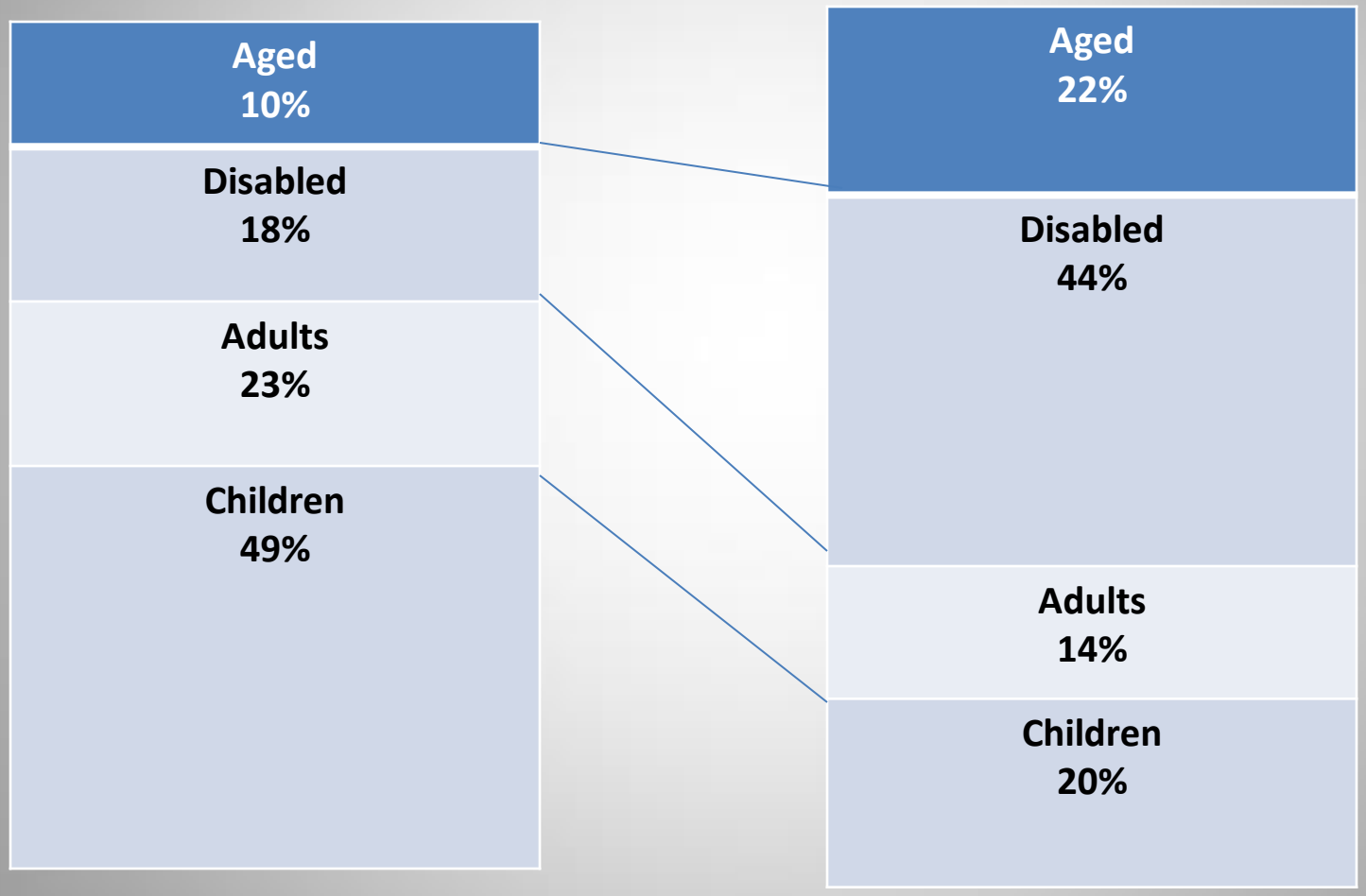
15% Total U.S. Healthcare Spending

	FY1970	FY2010
Federal Output	**1.4%**	**8.1%**
Total 2010 Medicaid		**$406 B**
• State: $132 Billion		
• Federal: $274 Billion		
Total 2010 CHIP		**$11 B**
• State: $ 3 Billion		
• Federal: $8 Billion		

Medicaid and CHIP Costs

- Overarching costs include
  - Provider payments
  - Managed care plans
  - Administrative tasks
- Disproportionate share
  - Individuals age 65 and older and seniors with disability make up 1/3 total eligible= **2/3 total costs**
- Major drivers:
  - Medical practice patterns
  - New, high cost technologies

Distribution of Medicaid Enrollment and Benefit Spending by Basis of Eligibility, Estimated FY 2009



Enrollment- 62 M

Actual Benefit Spending $338 B

Medicaid Spending

- Driven by enrollment growth, inflation and policy changes
- During economic downturn
  - Eligibles increase
  - Shortfalls in state budgets emerge
- Levers*
  - Eligibility
  - Benefits
  - Cost-sharing
  - Provider payments

Dental Coverage in Medicaid

Children

- Comprehensive for under EPSDT
- 2014 -Estimated 5.3 M additional children
- Limitations under CHIP

Adults

- Optional coverage for states
- Not included as part of “essential benefits package” offered in state Exchanges

Annual Medicaid Costs by Age and Disability

- Non-disabled child @ $2900
- Non-Disabled adult @ $4100
- Person with disability @ $16,600
- Person aged 65 or older $15,700 AFTER Medicare (Primary payer for hospital, physician and other acute services)

Medicaid Spending

- Traditionally fee-for-service
- Changing more to Health Maintenance Organizations (HMO)and Managed Care Plans (MCO)
- Increase in use of risk-based models
- States contracting with 1 or more managed care organizations
  - AZ- 12 managed care contracts
  - Dental carve outs
  - HMOs Subcontracting with dental organizations

Changing Landscape

- Demographics changing
- Minorities officially are majority
  - Increased disparities in:
    - Disease risk
    - Disease status
    - Healthcare needs
  - Increased demands on the delivery system
  - Increased demands on payment systems

Broken Healthcare Delivery System

Problems:

- Health outcomes
- Healthcare
- Costs

Health Care Reform

- Awaiting Supreme Court Ruling
- Changes are imminent either way
- Costs are off the chart
- Something needs to change

Federal Government is Cracking Down

Public programs and states that receive federal dollars are being held accountable

Need for accountability is driving the national quality initiative

"Quality" is the new buzz word.

Quality Initiatives

- Health care administrators are defining quality
- Developing quality measures for healthcare delivery
- Medicine- 20 years
- Dentistry- just beginning
  - CHIPRA 2009 Legislative pediatric healthcare quality measures

Medicaid Evolution

- Quality era is forcing states to change the way they do business
- Variety of models exist across states
  - Traditional
  - Health Maintenance Organizations (HMO)
  - Managed Care Organizations (MCO)
  - Hybrid
- New decision makers in the game

Medicaid Program Policies

- Policies = Rules that apply to the 4 levers
- Policies vary by state
- Policies change overnight without warning
- Change in policies arise primarily due to increased costs; fraud and abuse within the system

Burden to States

- States must balance budget annually
- Medicaid is state budget buster
- Economic downturn stresses state budgets
- States must adjust the levers to remain whole:
  - Eligibility
  - Benefits
  - Cost-sharing
  - Provider payments

2011 MSDA National Medicaid and CHIP Oral Health Symposium: *Designing Quality in High Definition*

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