

Medicaid and CHIP Market Overview

Delta Dental Plans Association Board of Directors Meeting



Mary E. Foley, RDH, MPH
Executive Director

Wednesday, May 25th, 2011

Medicaid SCHIP Dental Association

Mission

To contribute to the optimal oral health of Medicaid and Children's Health Insurance Program (CHIP) beneficiaries by developing, promoting, and promulgating evidence-based best practices for state and national Medicaid and CHIP oral health programs. (Modified 2011)

Medicaid/SCHIP Dental Association

Infrastructure

- Executive Board
- Membership and Network
 - Regular : State Medicaid and CHIP Dental Program Managers
 - Associate: Individuals
 - Organizational Supporters
- Committees
 - Membership
 - Best Practices
 - Data
 - Communication, Education and Technical Assistance
 - Finance

Objectives

- To increase knowledge of Medicaid and CHIPRA'09
- To narrow gap of understanding regarding public payment programs
- To increase knowledge related to *Healthcare Reform* and the *Patient Protection and Affordable Care Act* (PPACA)
- To raise awareness of federal initiatives responding to the PPACA
- To introduce the Medicaid/SCHIP Dental Association and role of state Medicaid and CHIP Dental program managers

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 Match

- Federal medical assistance percentages (FMAP)
- Formula based on state per capita income
 - Lower the state per capita income, the higher the rate
 - Minimum federal match rate: 50%
 - Maximum federal match rate: 83%
 - Exceptions apply

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 for target populations (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 Million Beneficiaries
- 33 Million Children
 - 1/3 of all US children
- 11 Million Low-income with disabilities
- 6 Million Low-income seniors/long-term care

*Originally in American Recovery and Reinvestment Act (ARRA)

H.R 3590

2014 and PPACA

- Additional 32 Million adults
- 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

Dental Coverage in Medicaid

- Comprehensive for children- EPSDT
- Estimated 5.3 M additional children
- Optional coverage for adults will continue
- Adult dental not included as part of “essential benefits package” offered in state Exchanges

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 Spending

- Driven by enrollment growth, inflation and policy changes
- Levers
 - Eligibility
 - Benefits
 - Cost-sharing
 - Provider payments
- Key factors in federal expenditures
 - State coverage and payment decisions
- During economic downturn
 - Eligibles increase
 - Shortfalls in state budgets emerge

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

Medicaid Spending

- Primarily fee-for-service
- Changing more to managed care plans
 - Variety of models
- States contracting with 1 or more managed care organizations
 - AZ- 12 managed care contracts
 - Dental carve outs
 - Subcontracting with dental organizations
 - Increase in use of risk-based models

Medicaid Spending Under PPACA

Beginning 2014

- FMAP adjustments to compensate for newly eligible, non-elderly adults
 - 100% FMAP in FY2014 and FY2016
 - 95% in FY2017
 - 94% in FY2018
 - 93% in FY2019
 - 90% in FY2020
- Increase FMAP available now for states who opt to begin prior to 2014

Enrollee Cost Sharing

- Co-payments and premiums are permitted
- Exemptions and limits applicable
 - Children under age 18
 - Pregnancy related services
 - Hospice and nursing facility residents
 - Income limitations

Medicaid Payment Policies

- Promote the delivery of efficient, economic, high quality care equivalent to general population
- Statute provides flexibility by states in developing provider rates
 - Variety of approaches
 - Value based purchasing
 - Best Practices

Covered Services

- Federal mandatory benefits
 - EPSDT for children defined under statute
 - Regulations in place
 - Cover specific services, providers etc...
 - Definition of services not defined under PPACA
- State role: define **services** *and* **benefits** based on amount, duration and scope
 - Highly variable among states
 - States may expand services (optional)
- Benchmark and benchmark equivalent packages

Waivers

- Social Security Act contains *waiver authorities*
 - Increase state flexibility
 - Test changes in service delivery approaches
 - Categorized as “program” or “research” waivers and “demonstration projects”
 - Federal spending under a “waiver” may not exceed what the costs “would have been” without the waiver.

Children's Health Insurance Program

CHIP

Children's Health Insurance Plan

- Enacted in 1997 and Re-Authorized in 2009 “CHIPRA”
 - Dental services added as a mandatory benefit
- Children from a slightly higher income range than those eligible for Medicaid
- State and federal match program
 - Match is higher than in Medicaid
 - 70% Federal
 - Funding is capped
- State flexibility to operate programs under either a
 1. Medicaid expansion;
 2. Separate program within state; or
 3. Combination of the two

Program Differences

76 Million Total Beneficiaries

Medicaid

- \$406 B Program
- 68 M Enrollees
- 33 M Children (under age 19)
- 11 M Low-income with disabilities
- 6 M Low-income seniors/long-term care
- Eligibility: 100% FPL

CHIP

- \$11 B
- 8 M Children
- Pregnant women and adults
- But- impose waiting periods and enrollment caps
- Income levels higher
 - 89% were at or below 200% FPL
 - 8% 201-250 % FPL
 - 1.8% above 250% FPL

Health Reform Law

Expand Coverage

Control Healthcare Costs

Improve Healthcare Delivery System

Patient Protection and Affordable Care Act

PPAFA

March 23, 2010

Major PPACA Provisions

- Requires most US Citizens to have coverage
 - Tax penalty to individuals and penalty to employers with 50+ employees who do not offer coverage (Exclusions apply)
- Expand Medicaid to those adults (not previously eligible) with incomes up to 133% FPL based on MAGI
- Create state-based Exchanges to purchase coverage with premium and cost-sharing credits available for those with income between 133-400% FPL

State Health Insurance Exchanges

- American Health Benefit Exchanges and
- Small Business Health Options Programs (SHOP) Exchanges
- Administered by federal government or non-profit organizations
- Provide opportunity for individuals and small businesses (up to 100 employees) to purchase coverage
- At least two plans in each Exchange
- Other criteria apply

Other Major PPACA Provisions

- FMAP adjustment increases (2014-2020)
- Create MACPAC
- Require state eligibility in CHIP to be sustained through 2019; fund through 2015 (CHIPRA '09 ends 2013)
- 2015 states will receive a 23% increase in match-rate up to 100% cap
- Provide cost-sharing subsidies

Major PPACA Provisions

- Eligibility by income and US Citizenship
- Small business tax credits
- Health Insurance Exchanges may be coordinated with Medicaid and CHIP
- Health Insurance Administration
 - Single set of operating rules
- Essential Benefits Packages*
 - Not yet defined
- Create and Innovations Center within CMS

PPACA Impact on CHIP

- Extends through FY2015
- Authorized through FY2019
- FMAP increased 23% beginning FY2016

Federal Initiatives

Oral Health Goals

- To increase the rate of children ages 1-20 enrolled in Medicaid or CHIP who receive any preventive dental service by 10 percentage points over a 5-year period; and
- To increase the rate of children ages 6-9 enrolled in Medicaid or CHIP who receive a dental sealant on a permanent molar tooth by 10 percentage points over a 5-year period.
 - This goal will be phased in during year 2 or 3 of the initiative.
 - CMS technical assistance yet to be defined
 - State financial support and budget impact TBD

CMS Goals

Medicaid and CHIP State Plans

- State Medicaid and Health Departments must develop plan for implementation of goals
- Preventive services
 - Fluoride
 - Dental Sealants
 - Private strategies for implementation
- Public strategies for implementation
 - School-based
 - Title V
 - Head Start



State _____ FY _____		Age Groups							
		Total	<1	1-2*	3-5	6-9	10-14	15-18	19-20
8. Total Eligibles Who Should Receive at Least One Initial or Periodic Screen	CN								
	MN								
	Total								
9. Total Eligibles Receiving at Least One Initial or Periodic Screen	CN								
	MN								
	Total								
10. PARTICIPANT RATIO	CN								
	MN								
	Total								
11. Total Eligibles Referred for Corrective Treatment	CN								
	MN								
	Total								
12a. Total Eligibles Receiving Any Dental Services	CN								
	MN								
	Total								
12b. Total Eligibles Receiving Preventive Dental Services	CN								
	MN								
	Total								
12c. Total Eligibles Receiving Dental Treatment Services	CN								
	MN								
	Total								
12d. Total Eligibles Receiving a Sealant on a Permanent Molar	CN								
	MN								
	Total								
12e. Total Eligibles Receiving Dental Diagnostic Services	CN								
	MN								
	Total								
12f. Total Eligibles Receiving Oral Health Services By a Non-Dentist	CN								
	MN								
	Total								
12g. Total Eligibles Receiving Any Dental Or Oral Health Service	CN								
	MN								
	Total								

* Includes 12-month visit
 Note: "CN" = Categorically Needy, "MN" = Medically Needy

2011 state reporting measures: FORM CMS-416

Oral Health Technical Advisory Group

“OTAG”

- Intent:
 - Give CMS recommendations on oral health strategies
 - Solicit input from state Medicaid and CHIP oral health program representatives
 - Strengthen federal-state oral health partnerships
- Monthly calls with each CMS Region Represented
 - Three national organizations represented:
NASMD, NASHP and MSDA

Other CMS Activities

- Establishment of Dental Quality Alliance (DQA)
 - American Dental Association (ADA) lead agency
 - Develop child quality performance measures
- Center for Medicare and Medicaid Innovations
- InsureKidsNow Website
 - Federal mandate (CHIPRA'09) requiring state information
 - Assists members in identifying state providers
- CMS Oral Health Strategy
 - <http://www.cms.gov/MedicaidDentalCoverage/Downloads/CMSDentalStrategyFINAL040411.pdf>

The Role of the Medicaid Dental Program Manager

Role of the Medicaid & CHIP Dental Program Managers

- Policy Development and Review
- Program Effectiveness
- Quality Assurance
- Program Integrity Review
- Community Liaison
- Enrollee Assistance

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2011 MSDA National Medicaid and CHIP Oral Health Symposium

June 27th-28th, 2011

Washington Marriott Wardman Park

Washington DC 20008

www.medicaidental.org

Email: mfoley@medicaiddental.org



Contact Information

Mary E. Foley, RDH, MPH

Executive Director

Medicaid/SCHIP Dental Association

4411 Connecticut Ave NW, Unit 302

Washington DC 20008

Telephone: 202-248-2315

Mobile: 508-322-0557

Email: mfoley@medicaiddental.org

