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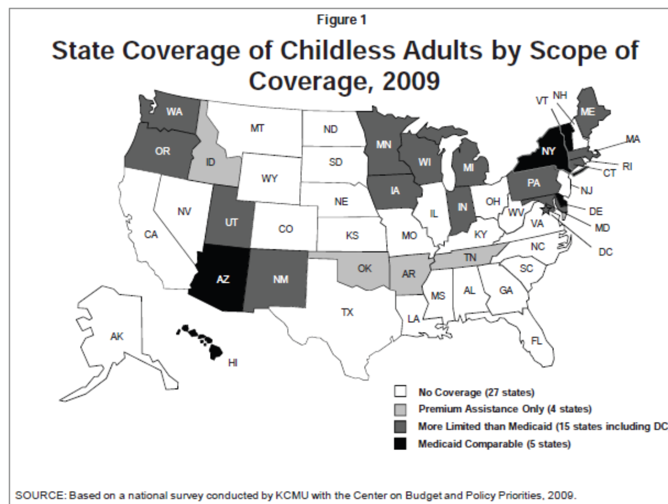
In the Spotlight: Health Care Reform and Medicaid

The Patient Protection and Affordable Care Act (PPACA) and Health Care and Education Reconciliation Act (HCERA), collectively referred to as the Affordable Care Act (ACA), expands coverage of the Medicaid program in two ways: establishing a minimum income eligibility level at 133% of the federal poverty level and expanding Medicaid to all non-Medicare eligible individuals under age 65 (single childless adults (optional), parents, children ages 6-19, and former foster care children under age 26) ("the expansion"). These provisions make up the foundation of efforts to cover the uninsured in health care reform and, according to a July 2010 Kaiser Family Foundation estimate, will extend coverage to 17 million newly eligible low-income adults. The expansion is effective January 1, 2014, but the law permits states to implement expanded eligibility before 2014. The federal government will cover the cost of coverage of newly eligible individuals in non-expansion states in its entirety from 2014 (when the expansion takes effect) until 2016, gradually reducing its share to 90% by 2020 and will offer some additional assistance for coverage of individuals who are not newly eligible. Currently, 24 states including D.C. offer some kind of premium assistance program, as shown in the map below (from Kaiser Family Foundation).



In addition to the Medicaid expansion, ACA directs certain benefits be included in Medicaid packages, namely, prescription drugs, mental health, and all those benefits deemed "essential" that are required for plans to participate in the Exchanges. Other provisions include:

- Effective immediately through October 2019, Maintenance of Effort provisions in PPACA require states to maintain existing eligibility standards for all Medicaid populations. The imposition of any changes in eligibility standards, methodologies or procedures that is more restrictive than those in place on the date of enactment will result in the loss of federal matching funding[1];
- September 3, 2010, U.S. Department of Health and Human Services Secretary Sebelius and U.S. Department of Education Secretary Duncan announced a joint coalition to help enroll eligible children in Medicaid and CHIP coverage;
- Beginning October 1, 2010, requires States to provide coverage for comprehensive tobacco cessation services for pregnant women at no cost share for the beneficiary;

[1] Between January 1,2011 and January 1, 2014, a state is exempt from the maintenance of effort for optional nonpregnant, non-disabled adult populations above 133 percent of the FPL if the state certifies to the Secretary that the state is currently experiencing a budget deficit or projects to have a budget deficit in the following fiscal year.

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- Beginning July 1, 2011, payments will be prohibited to States for Medicaid services related to healthcare-acquired conditions. Directs the Secretary of HHS to define health care acquired conditions consistent with the definition of hospital acquired condition under Medicare, but would not be limited to conditions acquired in hospitals;
- The Secretary will provide guidance and information to States and health care providers regarding preventive and obesity-related services that are available to Medicaid enrollees, including obesity screening and counseling for children and adults;
- In 2013 and 2014, primary care physicians will receive an increase in reimbursement, raising their payment rates to match those of Medicare and provides 100% federal funding for the incremental cost to States meeting this requirement;
- Starting January 1, 2014, States are required to offer premium assistance for employer-sponsored insurance and wrap-around benefits to Medicaid beneficiaries who are offered employer-sponsored coverage as a condition of an individual being or remaining eligible for assistance.
- Also effective January 1, 2014: States must use Modified Gross Income of an individual or a family to determine eligibility; individuals and families may determine eligibility and enroll in Medicaid through a State-established website and, if deemed ineligible for Medicaid, must be screened for eligibility for Exchange subsidies; States are required to offer 12 months of continuous eligibility to reduce on and off coverage and paperwork as well as keeping families enrolled in health care coverage.

North Carolina and Medicaid

North Carolina is widely recognized for managing Medicaid care in an innovative, effective, and cost-efficient way. Most new Medicaid enrollees are placed into a medical home, which is a comprehensive approach to primary care that facilitates partnerships between patients and their primary care providers. Medicaid managed care in North Carolina consists of two initiatives: the Carolina Access Program and Community Care of North Carolina. Carolina Access is the primary care case management program for Medicaid, begun in 1991. Community Care of North Carolina started in 1998 as a pilot program for enhanced medical homes and was eventually expanded to encompass the entire state in 14 separate networks. It is one of the oldest and largest Medicaid medical home programs in the country. Each network is comprised of a medical management committee, a medical director, a clinical pharmacist, and care managers. Doctors and networks are paid a per-member, per-month fee to coordinate care and the Medicaid payments are near Medicare rates. The program is structured so that networks can respond to local patients' needs. This approach has been credited with reducing asthma patients' emergency room admissions by 40% from 2003 to 2006 and seen "notable" gains in diabetes monitoring. Because of these numerous successes, more than 30 states have implemented similar medical home Medicaid programs since 2006.[2]

Still, the expansion of Medicaid presents challenges. According to the July 2010 Kaiser report, 1 in 3 uninsured childless adults that fall below 133% of the federal poverty line have a chronic condition; 1 in 6 are reported to be in fair or poor health with little access to care. Since some of these individuals have been uninsured for an extended period of time, the initial cost of the expansion of coverage could be higher than expected due to untreated chronic conditions and potential for adverse selection. Reaching this group with information is also expected to present a challenge and will necessitate a large enrollment effort. One way that States will address outreach concerns will be through "no wrong door" policies, meaning that families and individuals will be connected with private insurance, CHIP, or Medicaid services no matter where they apply. This should simplify the coverage options available, increasing enrollment in CHIP and Medicaid programs. For those who are currently eligible for Medicaid but not currently enrolled, ACA does

[2] In addition to being touted for its creative, effective way of approaching Medicaid, Community Care has also saved North Carolina $574 million between 2003 and 2007.

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not provide for a higher federal match (as it does for newly eligible beneficiaries under the expansion). Referred to as "Woodwork" Medicaid, the North Carolina Institute of Medicine estimates there will be 167,000 of these individuals in North Carolina in 2014. This will have a significant impact on state budgets at a time of economic downturn and state budget shortfalls and will further increase state fiscal pressures. [3]

BCBSNC Views

Blue Cross and Blue Shield of North Carolina (BCBSNC) supports expanding access to health care to low-income individuals but we acknowledge the difficult fiscal challenges that the greater Medicaid Program will bring to the state. Already supportive of many of the provisions in the Medicaid program under ACA, BCBSNC and the BCBSNC Foundation are currently involved in efforts to help improve and increase safety net providers in North Carolina.

For More Information

Community Care of North Carolina: www.communitycarenc.com

North Carolina Division of Medical Assistance: http://www.dhhs.state.nc.us/dma/

Healthcare.gov Fact Sheet on Medicaid: http://www.healthcare.gov/foryou/generalinformation/medicaid/

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[3] There is some variation on the estimates of how many North Carolina residents will be newly eligible as a result of ACA. However, in a May 2010 report, the Kaiser Family Foundation estimated that up to 633,485 North Carolina could be eligible for Medicaid as a result of the health care reform Medicaid expansion.

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