Overview of Health Coverage in Kansas and Medicaid/CHIP

Jan. 24, 2019
Senate Public Health and Welfare Committee
WHO WE ARE

• Nonprofit, nonpartisan educational organization based in Topeka
• Established in 1995 with a multi-year grant by the Kansas Health Foundation
• Funded by local and national foundations, state and federal agencies, NGOs
• Located directly north of the Kansas Statehouse
WHO WE ARE

• KHI supports effective policymaking through:
  – Nonpartisan research
  – Education
  – Engagement
WHO WE ARE

• KHI believes evidence-based information, objective analysis and civil dialogue enable policy leaders to be champions for a healthier Kansas
TODAY’S AGENDA

1. Health Insurance Coverage in Kansas
2. Introduction to Medicaid and CHIP
HEALTH INSURANCE IN KANSAS
Average annual premiums for single and family coverage, 1999–2018

November 2018 37:11 Health Affairs, data from KFF and HRET’s Employer Health Benefits Survey, 1999–2017
Cost of Health Care Rising Faster Than Workers’ Wages and Inflation

Cumulative increases, 2008-18

+212% Deductibles
+55% Family premiums
+26% Workers’ earnings
+17% Inflation

Reproduced from Kaiser Family Foundation 2018 Employer Health Benefits Survey; Note: Average general annual deductibles are for single coverage; Chart: Axios Visuasl
Figure 2. Average and Range of Premiums, Before APTC, for Benchmark Plan for Family of Four

Source: KHI analysis of data from the Centers for Medicare and Medicaid Services Health Insurance Marketplace, 2014-2019
Figure 1.1 Percentage of Uninsured Residents by State, 2017

Kansas Ranked 30th Among States for Insurance Coverage

Source: KHI analysis of data from the U.S. Census Bureau 2017 American Community Survey Public Use Microdata Sample files.
INTRODUCTION TO MEDICAID AND CHIP
MEDICAID IN 1965
TIMELINE: FIRST 30 YEARS

1965 - Medicaid enacted into law with Medicare
1967 - EPSDT requirements added for Medicaid children
1967 - Kansas adopts Medicaid
1972 - Supplemental Security Income created
1974 - State agency (SRS) takes over administration of Medicaid from counties
1981 - States can request home and community-based service waivers
1986 - Kansas implements its first HCBS waiver (traumatic brain injury)
1995 - Kansas establishes HealthWave managed care for children/families
1996 - Federal welfare reform delinks cash assistance, Medicaid eligibility
MEDICARE AND MEDICAID

Nationwide (2017):

• Medicare: 58.4 million enrollees, total cost of $706 billion
• Medicaid: 72.4 million enrollees, total cost of $582 billion
# MEDICAID OR MEDICARE?

## Differences Between the Medicaid and Medicare Programs

<table>
<thead>
<tr>
<th>MEDICAID</th>
<th>MEDICARE</th>
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<tr>
<td>• Provides health insurance for low-income children and some parents, seniors and individuals with disabilities</td>
<td>• Provides health insurance for seniors age 65 and older, and for some adults with disabilities</td>
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<td>• Provides medical care and long-term care coverage</td>
<td>• Provides medical care coverage, but very limited long-term care coverage</td>
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<td>• Has eligibility rules based on income</td>
<td>• Has no income limit</td>
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<td>• Receives state and federal funding</td>
<td>• Receives federal funding collected by payroll deduction</td>
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<tr>
<td>• Administered on a state level, within federal guidelines</td>
<td>• Administered on a federal level</td>
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Note: Individuals can be eligible for both Medicare and Medicaid, and those who qualify for both are referred to as dual eligible beneficiaries. In FY 2018, an average of 63,424 Medicaid beneficiaries each month were also eligible for Medicare.
DUAL ELIGIBILITY

• Some people qualify for Medicare and Medicaid.
• Medicaid can assist with co-pays, deductibles and long-term care services for low-income Medicare beneficiaries age 65+.
• Some people with disabilities are also eligible for Medicare and Medicaid.
• In 2018, more than 63,000 Medicaid beneficiaries each month were also on Medicare.
WHAT IS CHIP?

- Children’s Health Insurance Program (CHIP) signed into law at the federal level in 1997.
- Covers children in families with incomes too high for Medicaid but who can’t afford private coverage.
- Authorized by Congress through 2023.
- Total cost of $17.5 billion nationally in 2017.
FINANCING MEDICAID

• Medicaid and CHIP are jointly financed by federal and state dollars.

• By law, every state receives at least a 50-percent Medicaid match in federal dollars (at least 1:1).

• Federal Medical Assistance Percentages (FMAP) vary by state.
• Most administrative costs are split equally between federal and state governments.

• The CHIP federal matching rate is higher than a state’s “regular match” (a 60 percent FMAP leads to a 72 percent CHIP matching rate).

• The Affordable Care Act (ACA) temporarily increased the CHIP matching rate by another 23 percentage points.

• ACA includes an enhanced matching rate for the “new adult” population in Medicaid expansion states.
KANSAS MATCHING RATES

- FFY 2019 matching share in Kansas is 57.1 percent.
- Equates to $1.33 in federal contribution for every $1 of regular state Medicaid spending.
- Kansas CHIP federal match is 92.97 percent in FFY 2019.
- FFY 2020 = 59.16 percent for Medicaid, 82.91 percent for CHIP (per federal CHIP extension).
STATE PLAN OR WAIVER?

• State Plan Amendments (SPAs) propose changes to state Medicaid programs within federal requirements.
• Waivers seek to have federal requirements waived.
• SPA approval is permanent. Waivers are time-limited (typically 3 or 5 years).
• Waivers must be either cost-effective or budget-neutral (depending on the type); SPAs have no similar rules.
ELIGIBILITY

• States establish eligibility within federal guidelines.
• Mandatory populations include:
  – Low-income infants, children and pregnant women
  – Very low income parents and caretakers
  – Those receiving SSI (older adults, people with disabilities)
  – Children in foster care, adopted children with special needs
  – (We’ll look at more mandatory and optional categories tomorrow…)
NATIONAL MEDICAID SPENDING, ENROLLMENT

Annual Percentage Changes, FY 1998 – FY 2019

- Total Medicaid Spending
- Medicaid Enrollment

NOTE: Spending growth percentages refer to state fiscal year (FY).
SOURCE: FY 2016-2019 spending data and FY 2019 enrollment data are derived from the KFF survey of Medicaid officials in 50 states and DC conducted by Health Management Associates. October 2016; historic data from various sources including: Medicaid Enrollment June 2013 Data Snapshot, KCMU, January 2014. FY 2014-2016 are based on KFF analysis of CMS, Medicaid & CHIP Monthly Applications, Eligibility Determinations, and Enrollment Reports and from KFF Analysis of CMS Form 64 Data.
WHAT IS MANAGED CARE?

• Managed care is a delivery system intended to manage cost, utilization and quality.
• Medicaid and CHIP services can be provided through contracts between state agencies and managed care organizations (MCOs).
• MCOs are paid per member/per month “capitation” payments that place them at risk for the cost of care.
• MCOs contract with providers to deliver care.
MANAGED CARE MODELS

Kansas was part of a movement toward comprehensive, integrated managed care. Nationally, managed care models vary:

- Comprehensive
- Population-based
- Incremental
- Service-specific
- Regional or statewide
MEDICAID MANAGED CARE

Medicaid Managed Care Penetration Rates by Eligibility Group: Total Population, as of July 1, 2018

Source: Kaiser Family Foundation
State Health Facts
MEDICAID IN THE KANSAS BUDGET

Medicaid and CHIP Spending Compared to all Categories of Spending, Kansas Fiscal Year 2017

- Medicaid/CHIP: $3.62 billion
- Other Human Services: $1.52 billion
- K-12 Education: $4.62 billion
- Higher Education: $2.8 billion
- Transportation: $1.1 billion
- Public Safety: $0.57 billion
- All Other: $1.34 billion

Source: KHI analysis of FY 2019 Governor’s Budget Report, Schedules 2.1, 2.2, 5.1 and 5.2, FY 2017 Actual.
ENROLLMENT AND EXPENDITURES

Medicaid and CHIP Average Monthly Enrollment and Annual Expenditures in Kansas, Fiscal Years 2008–2018

Note: Enrollment represents the average monthly enrollment for the state fiscal year. All Medicaid and CHIP beneficiaries are included. Expenditures include total state and federal spending for the fiscal year.

TOMORROW…

- KanCare
  - Services
  - Populations
- Looking Ahead
  - KanCare
  - Federal policy
MORE FROM THE PRIMER

Kansas Medicaid: A Primer 2019 is available at:

https://www.khi.org/policy/article/MedicaidPrimer2019

THANK YOU
Any questions?
You can connect with us at:
rstpeter@khi.org and kbruffett@khi.org