

A View from the States: Key Medicaid Policy Changes

Findings from the Annual 50-State Medicaid Budget Survey

Robin Rudowitz, Co-Director
Elizabeth Hinton, Senior Policy Analyst
Kaiser Program on Medicaid and the Uninsured
The Henry J. Kaiser Family Foundation

Kathleen Gifford
Principal
Health Management Associates

Washington, DC
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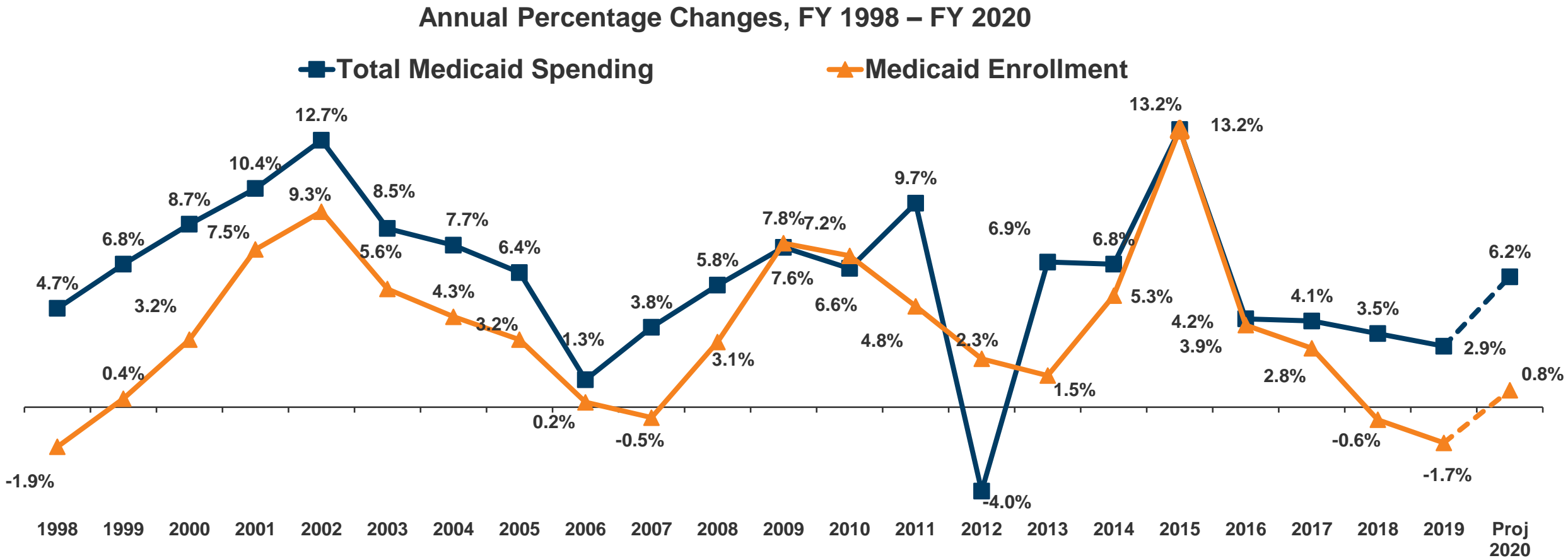


Today, we are releasing 2 reports that draw on findings from our 19th annual survey of Medicaid directors.

- Survey of Medicaid directors in all 50 states and DC
- Conducted in June-September 2019
- Study findings and other research in 2 reports:
 - *Medicaid Enrollment & Spending Growth: FY 2019 & 2020* provides an analysis of national trends in Medicaid enrollment and spending;
 - *A View from the States: Key Medicaid Policy Changes*, jointly released with NAMD, provides a detailed look at the policy and programmatic changes in Medicaid programs across all states.

Figure 2

Enrollment declined and total spending growth slowed in FY 2019. States project flat enrollment but a return to more typical spending growth in FY 2020.



NOTE: Spending growth percentages refer to state fiscal year (FY).

SOURCE: FY 2019-2020 spending data and FY 2020 enrollment data are derived from the KFF survey of Medicaid officials in 50 states and DC conducted by HMA, October 2019; historic data from various sources including: Medicaid Enrollment June 2013 Data Snapshot, KCMU, January 2014. FY 2014-2018 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.

Figure 3

For FY 2019 and FY 2020, states project that a number of factors will contribute to enrollment and spending trends.

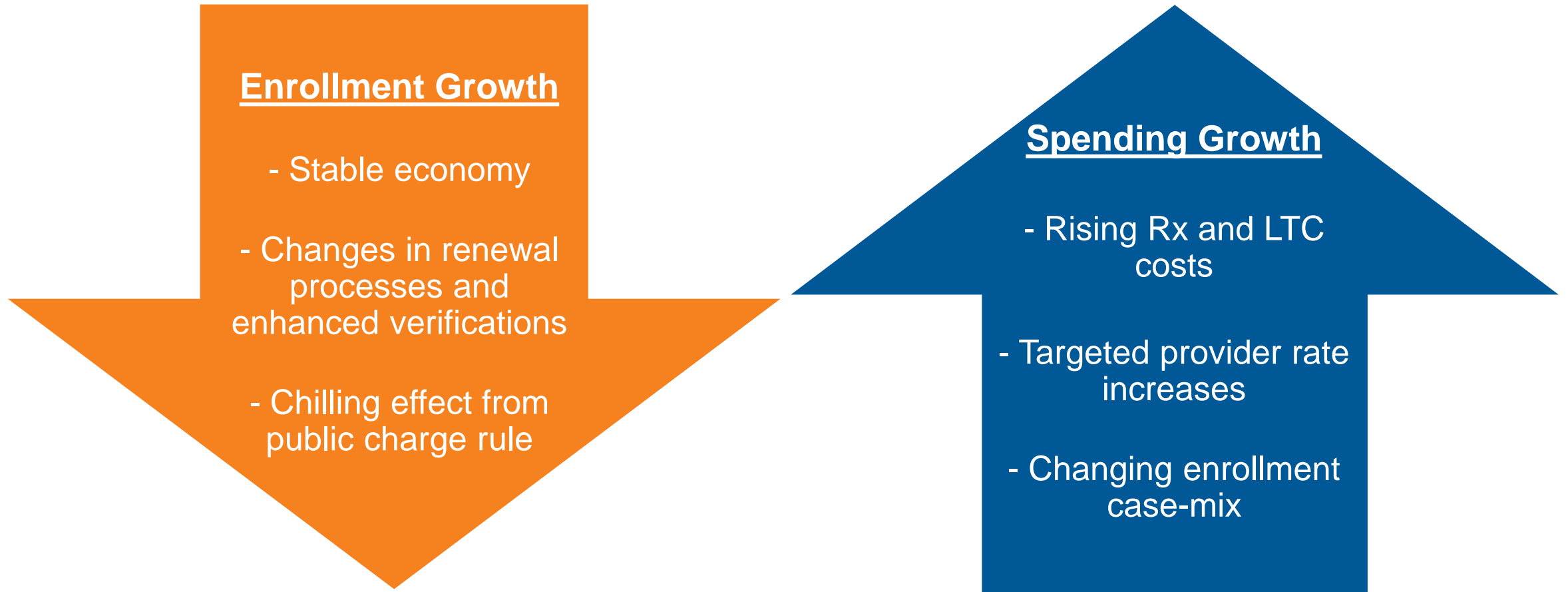
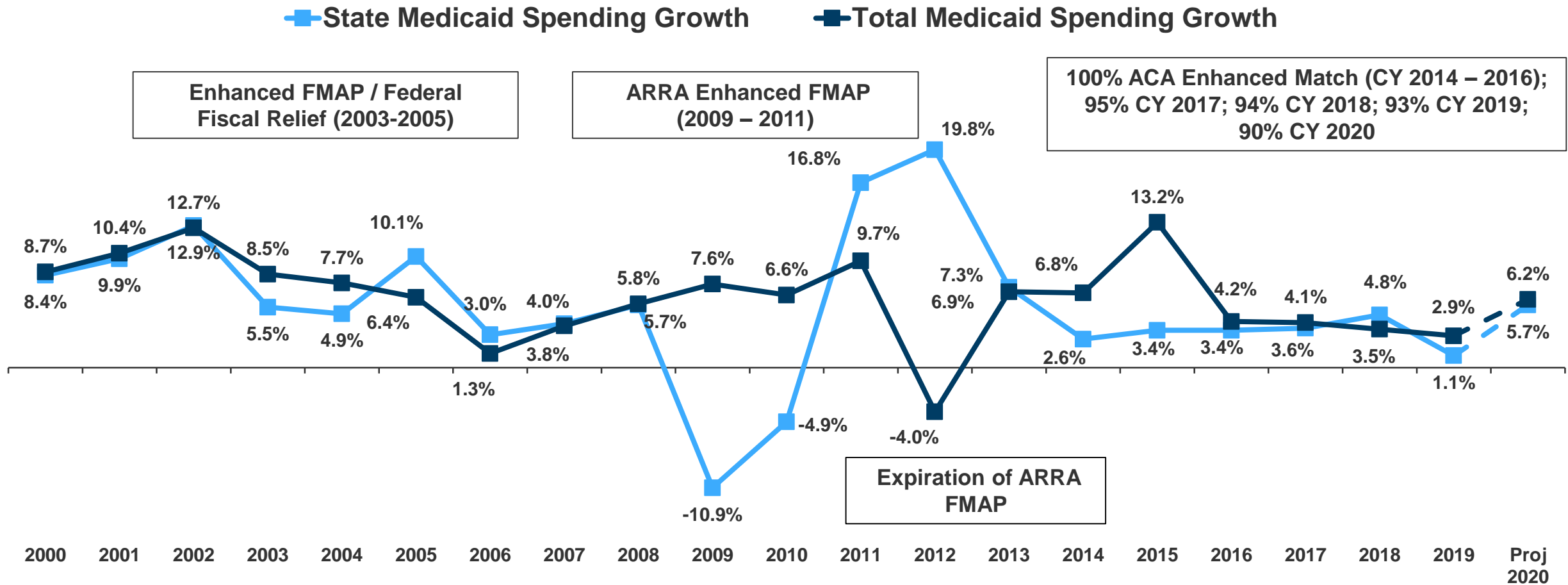


Figure 4

Growth in state Medicaid spending usually changes at similar rates to total Medicaid spending growth, except when there are changes in the FMAP.

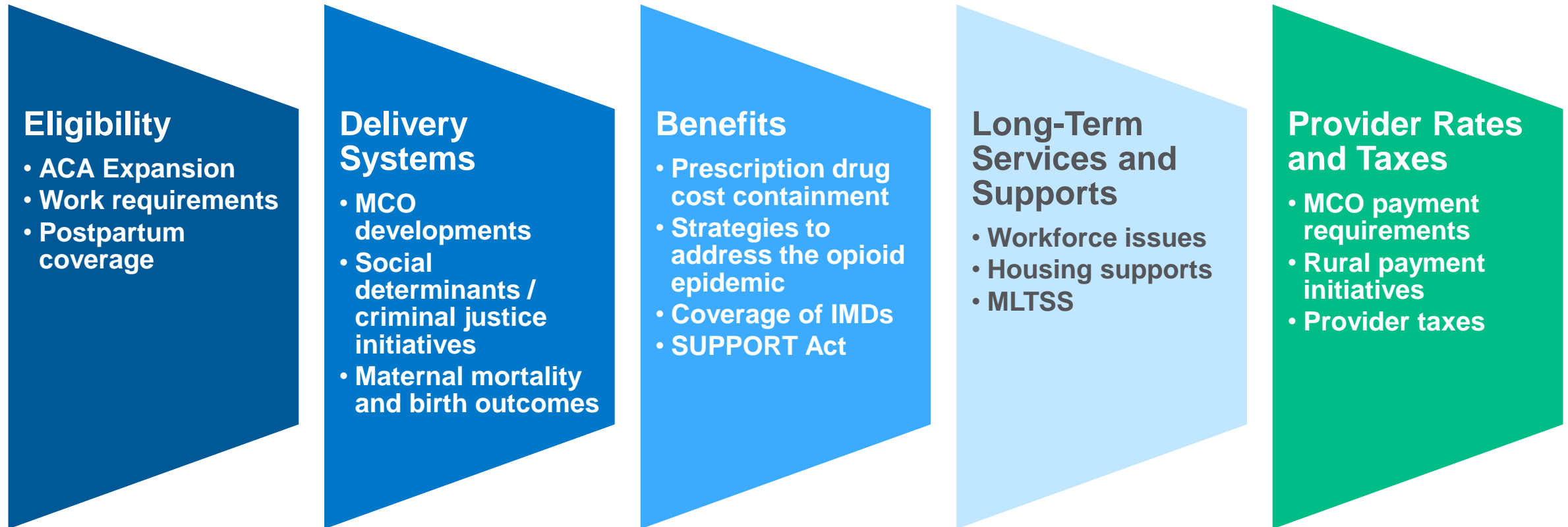


NOTE: FY 2019 projections based on enacted budgets. FMAP: Federal Medical Assistance Percentage.

SOURCE: Historic Medicaid spending growth rates derived from KFF analysis of CMS Form 64 Data. FY 2019-2020 data reflect changes in spending derived from the KFF survey of Medicaid officials in 50 states and DC conducted by HMA, October 2019.

Figure 5

Medicaid policy areas and key issues to watch based on findings from our annual 50-state budget survey for FY 2019 and FY 2020.



SOURCE: KFF survey of Medicaid officials in 50 states and DC conducted by HMA, October 2019.

A number of states are pursuing Section 1115 waivers that include eligibility changes.

Enhancements

- 9 states in FY 2019 and 20 states in FY 2020
- Medicaid expansion through the ACA in ME, VA, and ID, as well as non-ACA expansion in UT
- Most other enhancements are narrow in scope

New Requirements / Restrictions

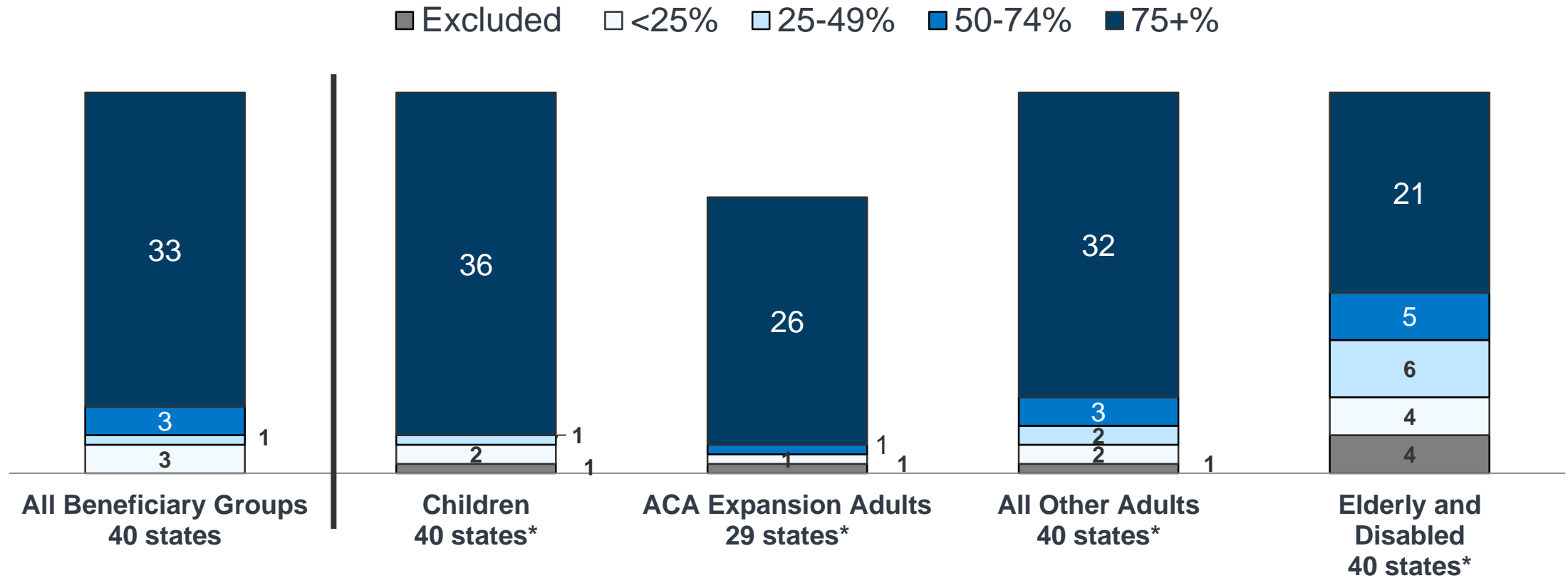
- 7 in FY 2019 and 6 in FY 2020
- Most common are work requirements, retroactive eligibility waivers, and lock-out periods
- All through Section 1115 waivers

What to Watch

- ID, NE, and UT are pursuing waivers to implement Medicaid expansion that differ from ballot initiatives
- Litigation challenging work requirement waivers
- Outcome of pending work requirement waivers from 6 non-expansion states
- Medicaid expansion debates in KS, MO, and NC

Figure 7

In 33 states of 40 states with MCOs, at least 75% of all Medicaid beneficiaries are in an MCO.

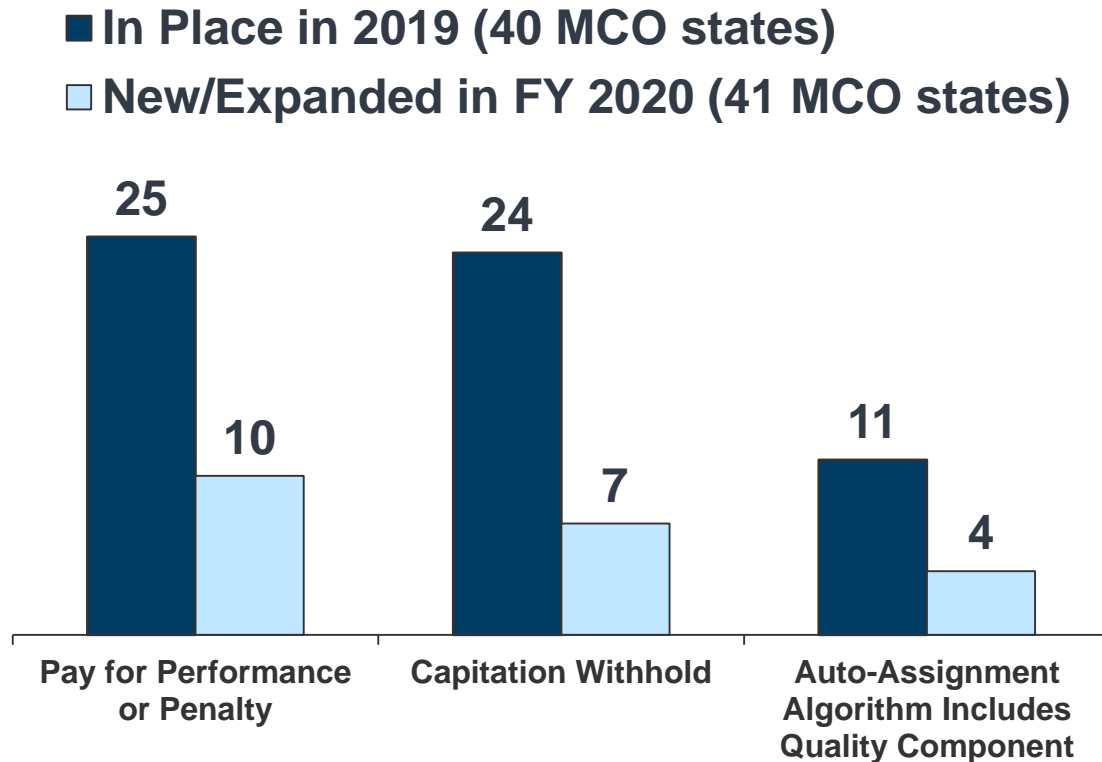


NOTES: Limited to 40 states with MCOs in place on July 1, 2019. Of the 34 states that had implemented the ACA Medicaid expansion as of July 1, 2019, 29 had MCOs in operation. *Maryland reported the MCO penetration rate for “All Beneficiary Groups” but did not report penetration rates for the individual eligibility categories and Georgia reported the MCO penetration rate for all categories except “All Other Adults”; therefore, the rates reported in the 2018 survey were used for the missing penetration rates.

SOURCE: KFF survey of Medicaid officials in 50 states and DC conducted by HMA, October 2019.

Figure 8

States with MCO quality initiatives are linking these initiatives to a variety of performance measure focus areas.



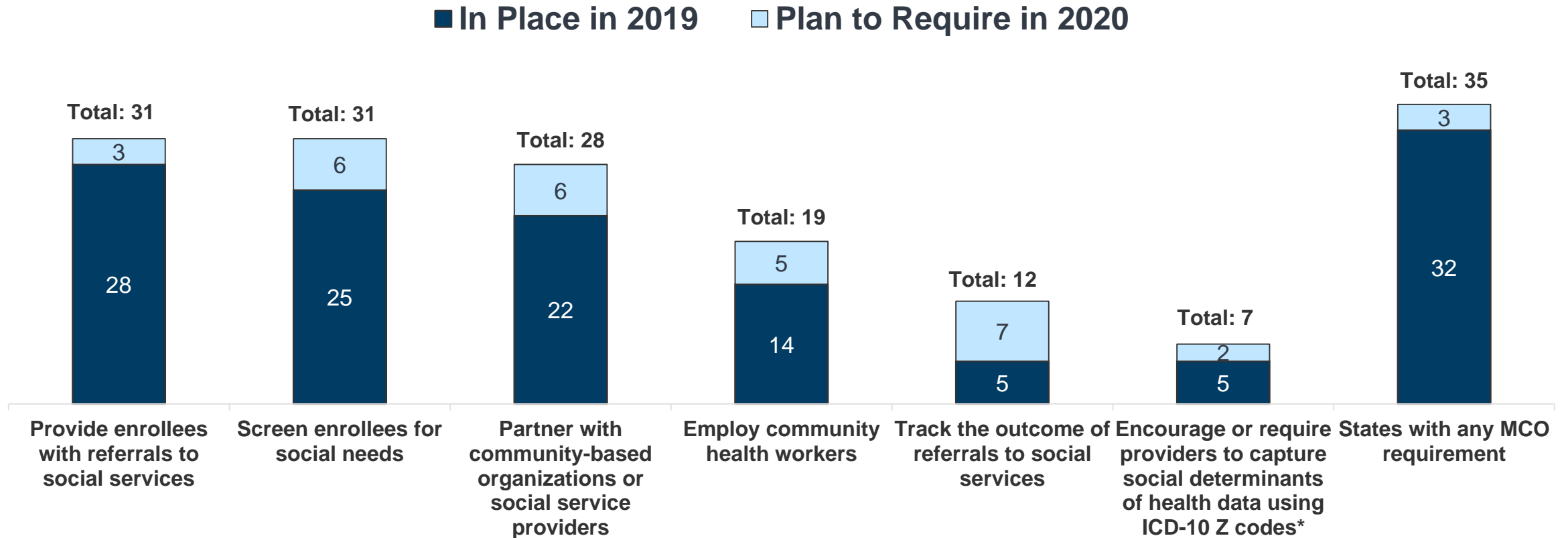
Performance Measure Focus Areas for MCO Incentives	
	# states
Chronic Disease Management	31
Perinatal/Birth Outcome	26
Mental Health	24
Potentially Preventable Events	22
Substance Use Disorder	19
Value-Based Purchasing	17

NOTES: States with MCOs indicated if selected quality initiatives were in place in FY 2019, new or expanded in FY 2020.

SOURCE: KFF survey of Medicaid officials in 50 states and DC conducted by HMA, October 2019.

Figure 9

Most states have in place or will require MCO contract requirements related to social determinants of health.

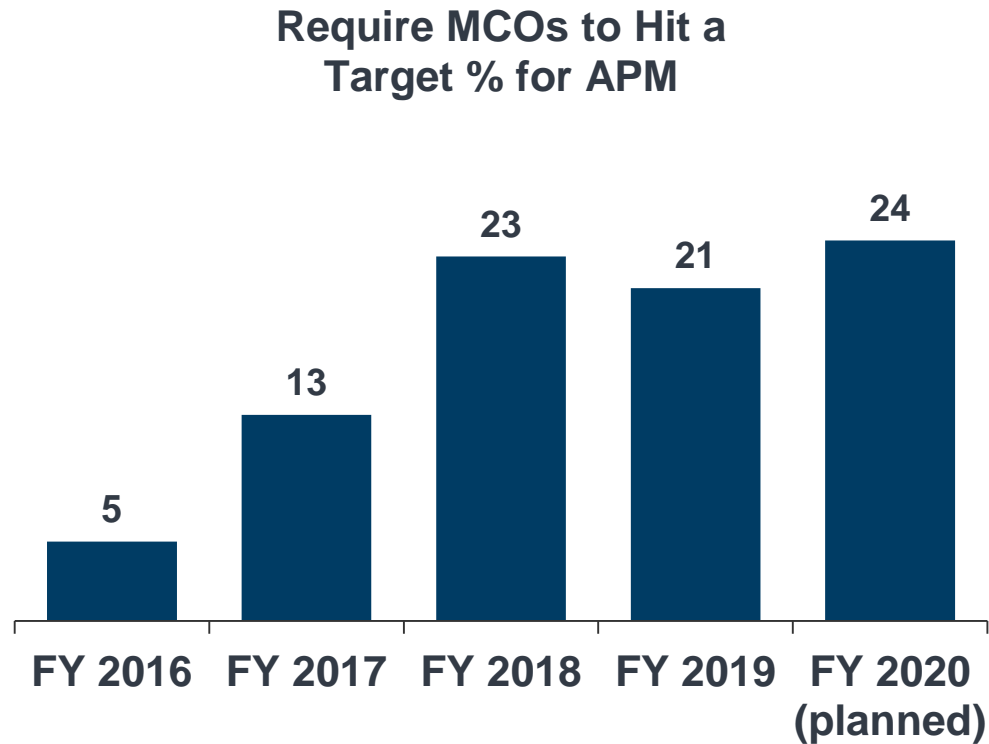


NOTES: States with MCOs (40 in FY 2019 and 41 in FY 2020) indicated if selected policies are part of MCO requirements in place in FY 2019 or new in FY 2020. *ICD-10 Z codes are a subset of the ICD-10 diagnosis codes that reflect patient social characteristics.

SOURCE: KFF survey of Medicaid officials in 50 states and DC conducted by HMA, October 2019.

Figure 10

States are increasingly requiring MCOs to replace FFS provider payments with Alternative Payment Models (APMs).

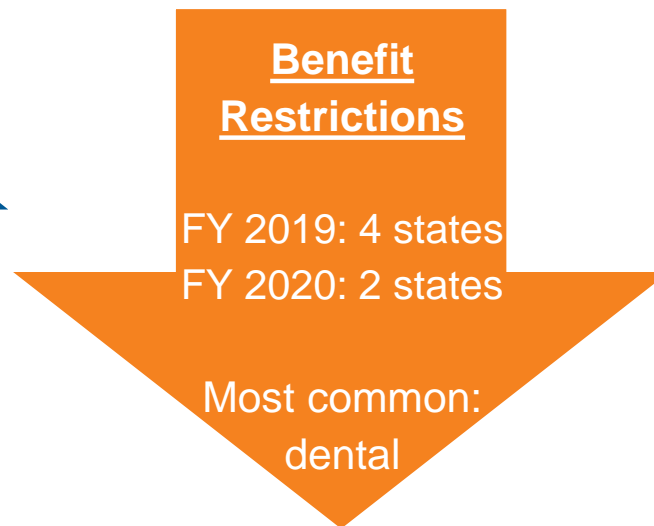
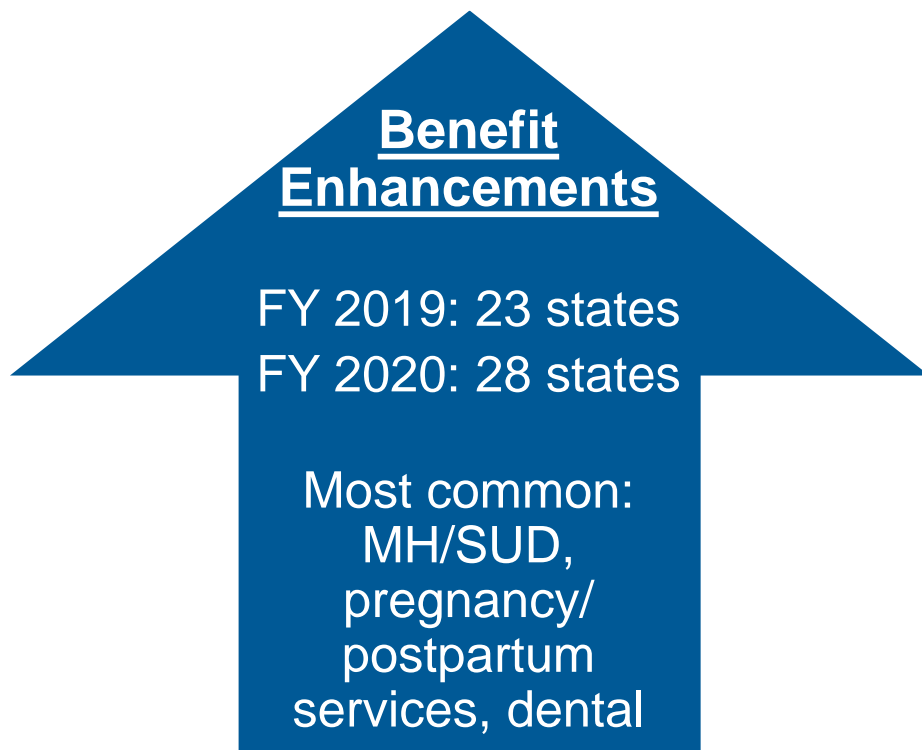


State Requirements for MCO VBP Initiatives		
	FY 2019	FY 2020
Participate in a state-directed VBP initiative	8 states	7 states
Develop a VBP strategy within state specified guidelines	12 states	5 states

SOURCE: KFF survey of Medicaid officials in 50 states and DC conducted by HMA, October 2019.

Figure 11

Reported benefit enhancements significantly outpaced benefit restrictions and most states report coverage of IMD services.



Coverage of IMD Services

43 states will use at least one authority in FY 2020:

- Managed care “in lieu of” authority
- Section 1115 waiver
- SUPPORT Act State Plan option

24 states in FY 2019 and 26 states in FY 2020 reported implementing or expanding at least one pharmacy cost containment strategy.

PBM Transparency and Spread Pricing

- At least 7 states in both FY 2019 and FY 2020 include PBM transparency laws and bans on spread pricing

Value-Based Contracting

- 3 states in FY 2019 and 5 states in FY 2020 reported pursuing value-based contracts linking pharmacy reimbursement to patient outcomes for certain high-cost drugs

Prior Authorization on Certain Drugs

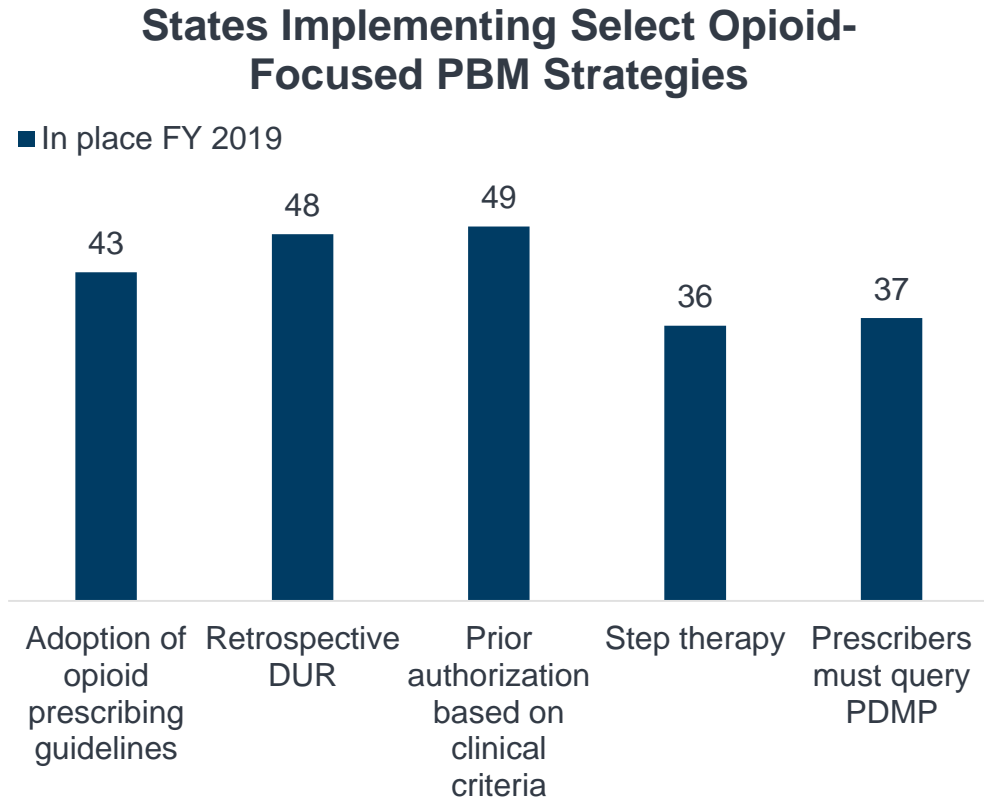
- 4 states report using prior authorization and other utilization management tools for specific new and/or high cost drugs

Uniform PDL Requirements

- 4 states plan to implement a uniform PDL for the first time in FY 2020
- 2 additional states are expanding uniform PDL policies in FY both 2019 and FY 2020

Figure 13

States are implementing pharmacy cost-containment initiatives and strategies to address the opioid epidemic.



SUPPORT Act Requirements

- ➕ Coverage of all FDA-approved MAT drugs
- ➕ Point-of-sale safety edits
- ➕ Retrospective drug utilization review activities

SUPPORT Act State Options

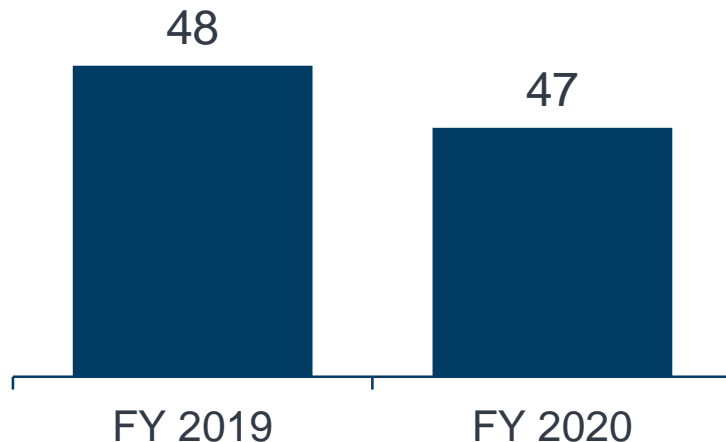
- ➕ 100% FMAP for certain PDMP activities
- ➕ Extension of enhanced federal match rate for SUD Health homes
- ➕ State plan option for RPRC services for NAS

SOURCE: KFF survey of Medicaid officials in 50 states and DC conducted by HMA, October 2019.

Figure 14

Nearly all states are expanding community-based LTSS in FY 2019 and FY 2020.

Total States with HCBS Expansions



LTSS Direct Care Workforce

- Wage increases: 25 states in FY 2019, 27 states in FY 2020
- Workforce development strategies: 15 states in place in FY 2019, 10 states adding/enhancing in FY 2020

Housing Services

- 37 states reported offering at least some housing-related services in FY 2019 (under SPA, Section 1115, or 1915 (c))
- States identified a range services and key admin activities they expect to discontinue if/when MFP funding expires

Key priorities and challenges in FY 2020 and beyond include the following:

- Improving quality and focusing on health outcomes through managed care, value-based purchasing initiatives, and other delivery system reforms
- Managing high priority information technology projects (such MMIS and eligibility system upgrades and replacements)
- Managing program costs (particularly costs tied to new specialty drugs)
- Pursuing, implementing, amending, or renewing a Section 1115 demonstration waiver
- Continuing to tackle the opioid epidemic
- Developing and implementing strategies to prepare for an aging population