

How the Pandemic Continues to Shape Medicaid Priorities

Findings from the Annual Medicaid Budget Survey

October 25, 2022



Filling the need for trusted information on national health issues.

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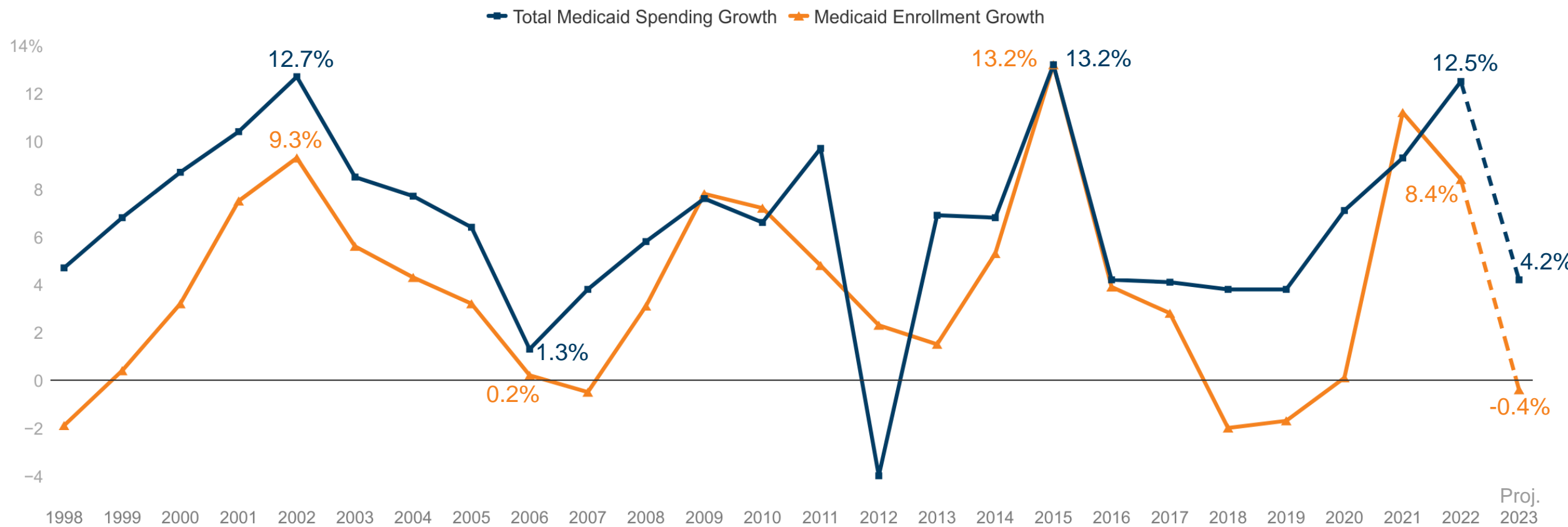
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Today, we are releasing 2 reports that draw on findings from our 22nd annual survey of Medicaid directors.

- Surveyed Medicaid directors (49 responding states, including DC)
- Conducted in June-September 2022
- Study findings and other research in 2 reports:
 - *Medicaid Enrollment & Spending Growth: FY 2022 & 2023* provides an analysis of national trends in Medicaid enrollment and spending
 - *How the Pandemic Continues to Shape Medicaid Priorities: Results from an Annual Medicaid Budget Survey for State Fiscal Years 2022 and 2023*, jointly released with NAMD, provides a detailed look at the policy and programmatic changes in Medicaid programs across states

Figure 3

States expected the PHE would end in FY 2023, leading to Medicaid enrollment declines and slower spending growth.



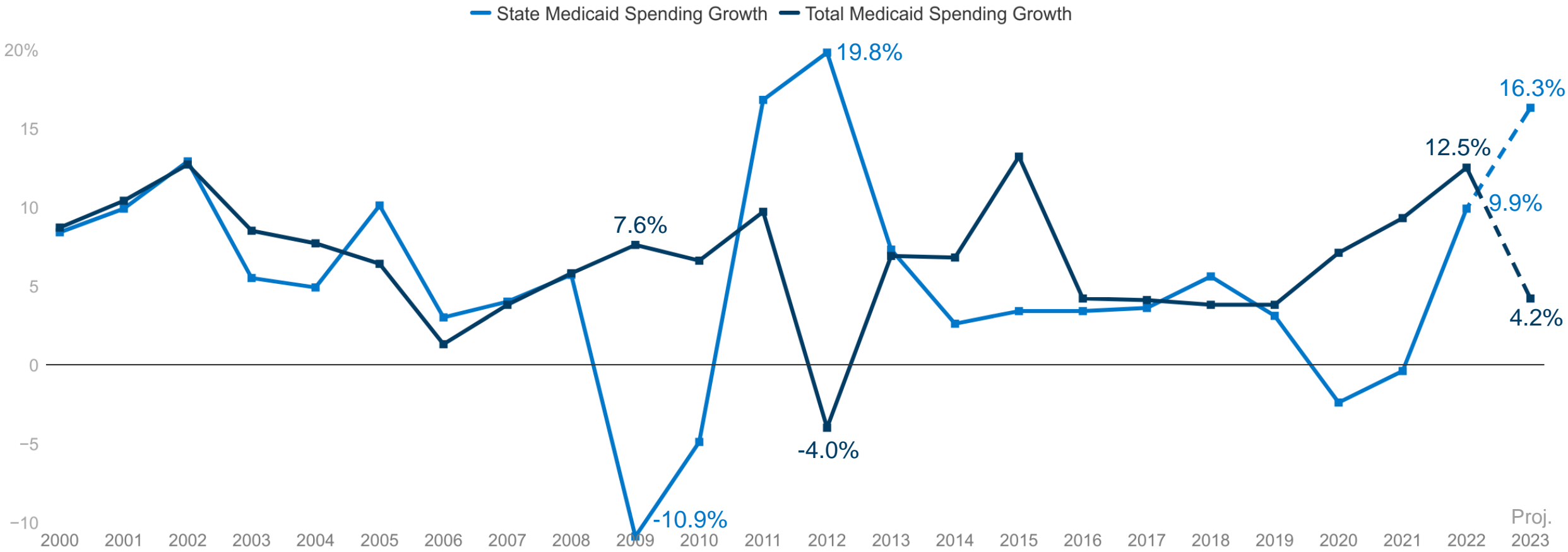
NOTE: Growth percentages refer to state fiscal year (FY).

SOURCE: FY 2022-2023 spending data and FY 2023 enrollment data are derived from the annual KFF survey of state Medicaid officials conducted by Health Management Associates, October 2022. 49 states submitted survey responses by Oct. 2022; state response rates varied across questions. Historic data reflects growth across all 50 states and DC and comes from various sources. See Methods of “Medicaid Enrollment & Spending Growth: FY 2022 & 2023” for more information.



Figure 4

The end of the enhanced FMAP will shift state and federal shares of Medicaid spending.



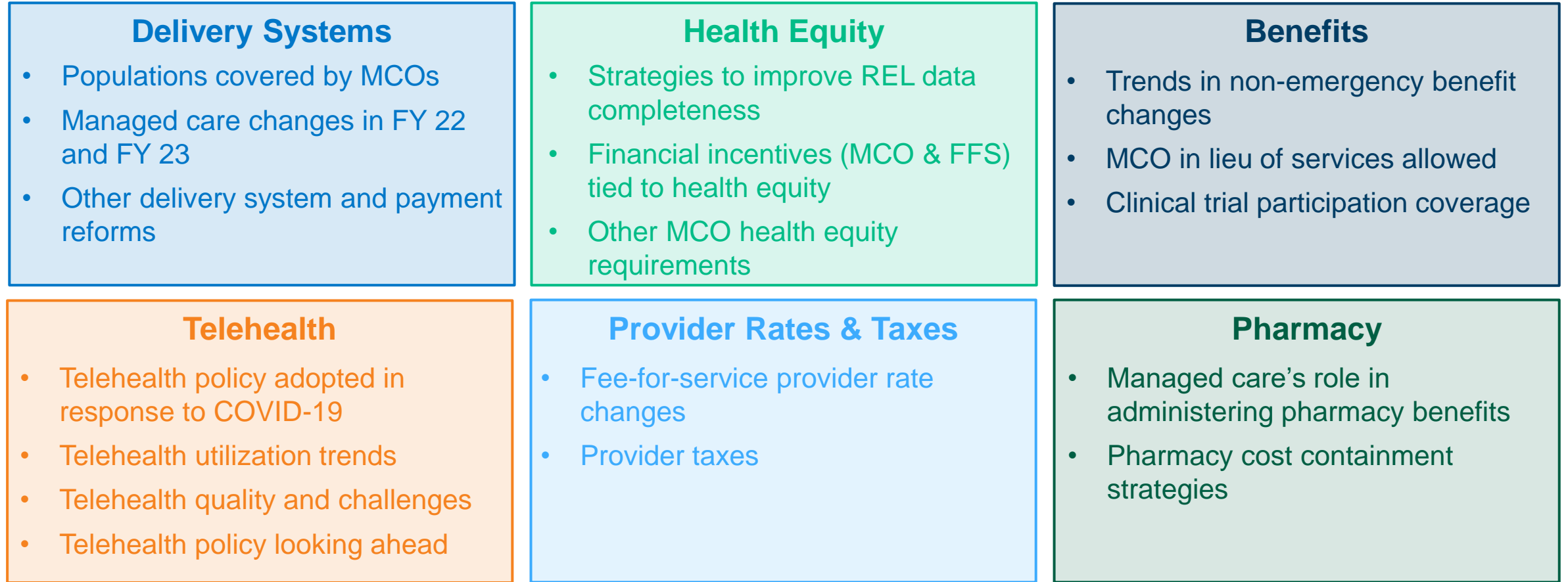
NOTE: Growth percentages refer to state fiscal year (FY). FY 2023 projections based on enacted budgets.

SOURCE: Historic Medicaid spending growth rates reflect growth across all 50 states and DC and are derived from KFF analysis of CMS Form 64 Data. FY 2022-2023 data reflect changes in spending derived from annual KFF survey of state Medicaid officials conducted by Health Management Associates, October 2022. 49 states submitted survey responses by Oct. 2022; state response rates varied across questions.



Figure 5

This year's budget survey highlights Medicaid policies in place in FY 2022 or planned for FY 2023.

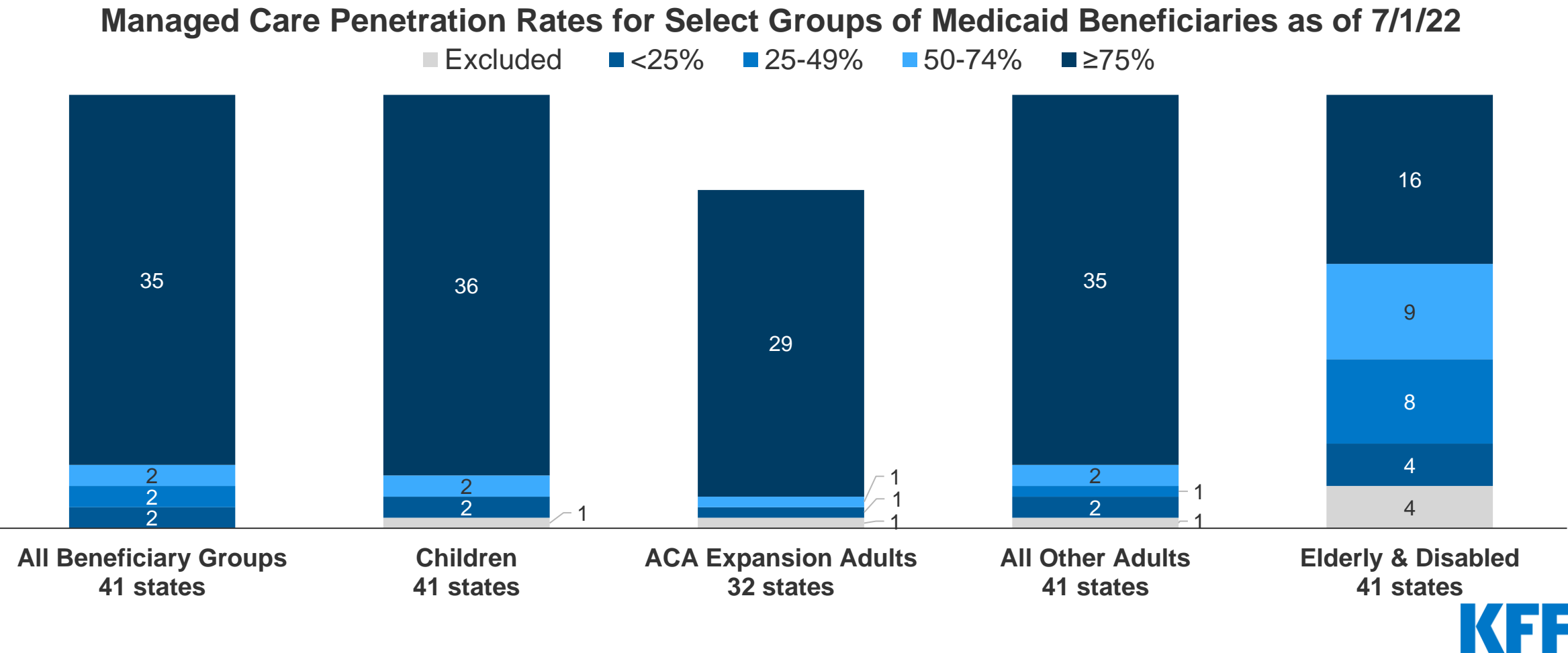


NOTES: REL = race, ethnicity, and language. MCO = managed care organization. FFS = fee-for-service.

SOURCE: Annual KFF survey of state Medicaid officials conducted by Health Management Associates, October 2022

Figure 6

Capitated managed care remains the predominant delivery system for Medicaid in most states.



SOURCE: Annual KFF survey of state Medicaid officials conducted by Health Management Associates, October 2022

Figure 7

In FY 2023, 25 states are expected to have at least one MCO health equity requirement in place.

Specified MCO Requirements to Address Health Equity, FY 22-23

■ # of States with Requirement in Place in FY22 ■ # of States Planning to Add Requirement in FY23



NOTE: n = 37 responding states with MCOs. Response rates per specified policy varied.

SOURCE: Annual KFF survey of state Medicaid officials conducted by Health Management Associates, October 2022

Figure 8

States reported far more benefit expansions than benefit cuts in both FY 2022 and FY 2023.

Select Categories of Benefit Enhancements or Additions, FY 22-23

FY 2022		FY 2023	
	# of States	States	
Mental Health and Substance Use Disorder (SUD) Services	16	AZ, CA, CT, DC, IL, KS, MA, MO, NJ, NV, NY, OK, PA, SC, TX, WI	14
Pregnancy and Postpartum Services	14	AL, CA, MD, NC, NJ, NV, NY, OH, OR, RI, TN, UT, VA, WA	11
Preventive Services	8	CA, CO, IL, LA, MI, NC, NY, TX	10
Dental Services	8	CA, IA, MN, NY, OK, RI, UT, VA	10
Social Determinants of Health (SDOH)	7	CA, CT, DC, KS, NC, OR, WA	11

Figure 9

32 states are adopting permanent telehealth expansions in FY 2022 or 2023, though some are considering limits.

Specific FFS Telehealth Policy Expansions in FY22 or FY23

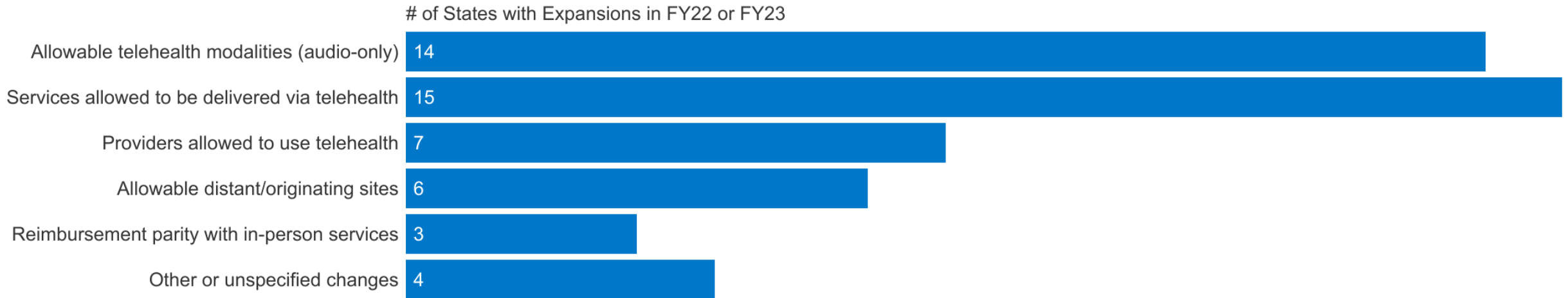
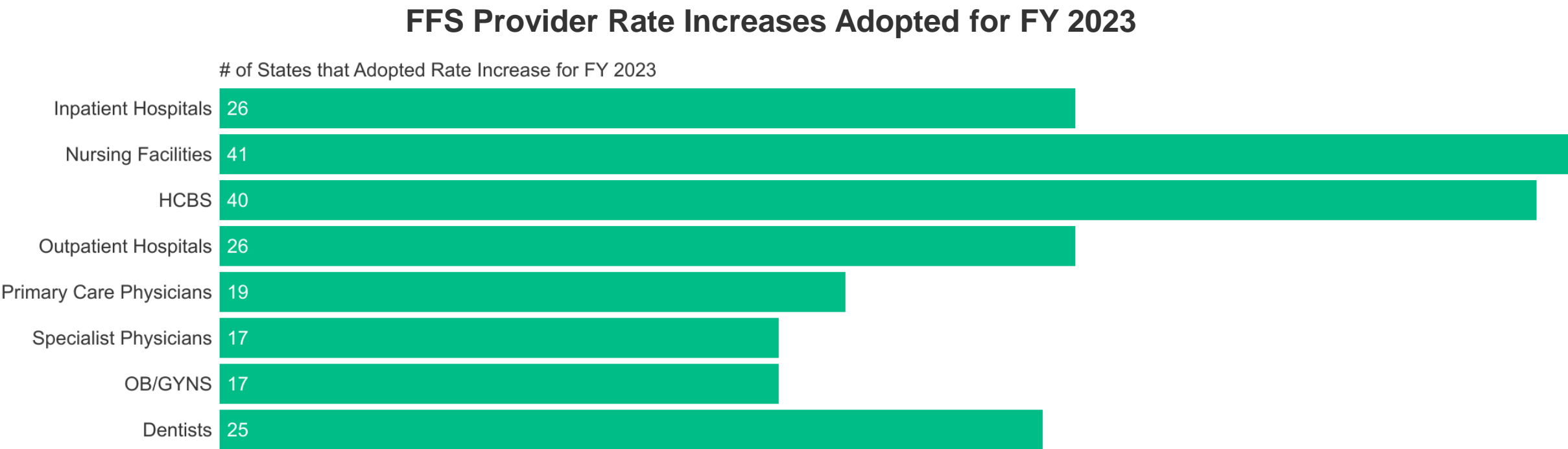


Figure 10

Fee-for-service rate increases outnumbered rate restrictions in FY 2022 and FY 2023.



NOTE: HCBS = home and community-based services.
SOURCE: Annual KFF survey of state Medicaid officials conducted by Health Management Associates, October 2022



Figure 11

States are implementing or expanding initiatives to improve pharmacy benefit administration and contain costs.

Full Rx Carve-Outs or Single PBM Req'ts

- Most states carve in Rx benefits, but a few have recently moved to a full MCO carve-out
- Other states are moving to require MCOs to contract w/ a single PBM designated by state

Value-Based Arrangements (VBAs)

- 7 states reported VBAs in place with 1+ Rx manufacturers as of 7/1/22
- 16 states are considering opportunities or planning to implement a VBA in FY23 or later

PBM Transparency and Spread Pricing

- 6 states recently implemented or are planning policies to prohibit spread pricing or req. pass through pricing in MCO contracts with PBMs
- Other states address spread pricing in alternative ways

Uniform PDL Requirements

- 4 states reported expanding uniform PDL policies for at least a subset of Rx in FY22 or FY23
- 1 additional state reported plans to newly implement a uniform PDL by 7/1/23

Figure 12

Looking ahead, states are considering future operations within the context of pandemic-related impacts.

Federal PHE Unwinding

- Resumption of redeterminations
- Expiration of emergency authorities

Pandemic-Related Health Concerns

- Vaccination and booster rates
- Utilization of preventive care

New Priorities & Opportunities

- Equity
- Telehealth
- Behavioral health
- Workforce
- Delivery system and info system procurements

Future Uncertainties

- Uncertainty in longer term fiscal outlook
- Outcomes of gubernatorial elections in November