How the Pandemic Continues to Shape Medicaid Priorities
Findings from the Annual Medicaid Budget Survey

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Today, we are releasing 2 reports that draw on findings from our 22\textsuperscript{nd} 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

SOURCE: Annual KFF survey of state Medicaid officials conducted by Health Management Associates, October 2022
States expected the PHE would end in FY 2023, leading to Medicaid enrollment declines and slower spending growth.
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.
This year’s budget survey highlights Medicaid policies in place in FY 2022 or planned for FY 2023.

**Delivery Systems**
- Populations covered by MCOs
- Managed care changes in FY 22 and FY 23
- Other delivery system and payment reforms

**Health Equity**
- Strategies to improve REL data completeness
- Financial incentives (MCO & FFS) tied to health equity
- Other MCO health equity requirements

**Benefits**
- Trends in non-emergency benefit changes
- MCO in lieu of services allowed
- Clinical trial participation coverage

**Telehealth**
- Telehealth policy adopted in response to COVID-19
- Telehealth utilization trends
- Telehealth quality and challenges
- Telehealth policy looking ahead

**Provider Rates & Taxes**
- Fee-for-service provider rate changes
- Provider taxes

**Pharmacy**
- Managed care’s role in administering pharmacy benefits
- Pharmacy cost containment strategies

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

 Managed Care Penetration Rates for Select Groups of Medicaid Beneficiaries as of 7/1/22

- **All Beneficiary Groups**: 41 states
  - Excluded: 2
  - <25%: 36
  - 25-49%: 2
  - 50-74%: 1
  - ≥75%: 1

- **Children**: 41 states
  - Excluded: 2
  - <25%: 36
  - 25-49%: 2
  - 50-74%: 1
  - ≥75%: 1

- **ACA Expansion Adults**: 32 states
  - Excluded: 1
  - <25%: 29
  - 25-49%: 1
  - 50-74%: 2
  - ≥75%: 1

- **All Other Adults**: 41 states
  - Excluded: 2
  - <25%: 35
  - 25-49%: 2
  - 50-74%: 1
  - ≥75%: 1

- **Elderly & Disabled**: 41 states
  - Excluded: 16
  - <25%: 9
  - 25-49%: 8
  - 50-74%: 4
  - ≥75%: 4

SOURCE: Annual KFF survey of state Medicaid officials conducted by Health Management Associates, October 2022
In FY 2023, 25 states are expected to have at least one MCO health equity requirement in place.

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

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

<table>
<thead>
<tr>
<th>Requirement</th>
<th># of States with Requirement in Place in FY22</th>
<th># of States Planning to Add Requirement in FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Require MCO to have health equity plan in place</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>MCO health equity reporting requirements</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>MCO staff training on health equity and/or implicit bias required</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Required to seek beneficiary input or feedback to inform health equity initiatives</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>MCO required to have a Health Equity Officer</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Required to achieve NCQA MHC Distinction*</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2022</th>
<th>States</th>
<th>FY 2023</th>
<th>States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mental Health and Substance Use Disorder (SUD) Services</td>
<td>16</td>
<td>AZ, CA, CT, DC, IL, KS, MA, MO, NJ, NV, NY, OK, PA, SC, TX, WI</td>
<td>14</td>
<td>CA, CO, IA, IL, MD, ME, MT, ND, NM, NV, OH, OR, SC, WV</td>
</tr>
<tr>
<td>Pregnancy and Postpartum Services</td>
<td>14</td>
<td>AL, CA, MD, NC, NJ, NV, NY, OH, OR, RI, TN, UT, VA, WA</td>
<td>11</td>
<td>DC, DE, IL, MD, ME, MI, NM, NY, OH, VT, WV</td>
</tr>
<tr>
<td>Preventive Services</td>
<td>8</td>
<td>CA, CO, IL, LA, MI, NC, NY, TX</td>
<td>10</td>
<td>AK, AZ, CA, ID, NE, NY, OH, SC, UT, VA</td>
</tr>
<tr>
<td>Dental Services</td>
<td>8</td>
<td>CA, IA, MN, NY, OK, RI, UT, VA</td>
<td>10</td>
<td>CA, HI, KY, LA, MD, ME, NH, NV, TN, VT</td>
</tr>
<tr>
<td>Social Determinants of Health (SDOH)</td>
<td>7</td>
<td>CA, CT, DC, KS, NC, OR, WA</td>
<td>11</td>
<td>AZ, CO, CT, DE, MA, MD, ME, NH, OR, UT, WI</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Policy Change</th>
<th># of States with Expansions in FY22 or FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowable telehealth modalities (audio-only)</td>
<td>14</td>
</tr>
<tr>
<td>Services allowed to be delivered via telehealth</td>
<td>15</td>
</tr>
<tr>
<td>Providers allowed to use telehealth</td>
<td>7</td>
</tr>
<tr>
<td>Allowable distant/originating sites</td>
<td>6</td>
</tr>
<tr>
<td>Reimbursement parity with in-person services</td>
<td>3</td>
</tr>
<tr>
<td>Other or unspecified changes</td>
<td>4</td>
</tr>
</tbody>
</table>

SOURCE: Annual KFF survey of state Medicaid officials conducted by Health Management Associates, October 2022
Figure 10

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

<table>
<thead>
<tr>
<th>Provider Type</th>
<th># of States Adopting Rate Increase FY 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient Hospitals</td>
<td>26</td>
</tr>
<tr>
<td>Nursing Facilities</td>
<td>41</td>
</tr>
<tr>
<td>HCBS</td>
<td>40</td>
</tr>
<tr>
<td>Outpatient Hospitals</td>
<td>26</td>
</tr>
<tr>
<td>Primary Care Physicians</td>
<td>19</td>
</tr>
<tr>
<td>Specialist Physicians</td>
<td>17</td>
</tr>
<tr>
<td>OB/GYNS</td>
<td>17</td>
</tr>
<tr>
<td>Dentists</td>
<td>25</td>
</tr>
</tbody>
</table>

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

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

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