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Monday Morning Medicaid Must Reads

Helping you consider differing viewpoints. Before it's illegal.

May 20th, 2019

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In this issue...

Article 1: *Medicaid*

*Demonstrations: Approvals of Major
Changes Need Increased
Transparency, GAO, 5/17/2019*

Clay's summary: Now that Medicaid waiver requests are asking for something besides "more," we may see an interest in actually doing the 1115 "demonstration" reviews.

Key Excerpts from the Article:

About a third of Medicaid spending is for demonstrations, which allow states to test new approaches to delivering services. States and the federal government are supposed to be transparent about the demonstrations that are proposed and give the public a chance to weigh in. Is that happening?

The short answer is sometimes. Transparency has improved, but there are still significant gaps. For example, the federal government doesn't always require states to share the projected effects of proposals, even when they could significantly affect beneficiary eligibility.

Read full article in packet or at links provided

Article 2: *The inconvenient truths of Louisiana's Medicaid expansion, The Advertiser, Chris Jacobs, May 17, 2019*

Clay's summary: All that "free" federal money? Federal funding still comes from taxpayers like you and me. And expansion may just be killing people on waiting lists.

Key Excerpts from the Article:

Second, the truly vulnerable continue to get overlooked due to Medicaid expansion. Secretary Gee claimed that her "top priority is to ensure every dollar spent [on Medicaid] goes towards providing health care to people who need it most." But Louisiana still has tens of thousands of individuals with disabilities on waiting lists for home and community-based services—who are not getting the

care they need, because Louisiana has focused on expanding Medicaid to the able-bodied.

Since Louisiana expanded Medicaid in July 2016, at least 5,534 Louisiana residents with disabilities have died—yes, died—while on waiting lists for Medicaid to care for their personal needs. Louisiana should have placed the needs of these vulnerable patients ahead of expanding coverage to able-bodied adults—tens of thousands of whom already had private health insurance and dropped that insurance to enroll in Medicaid expansion.

Read full article in packet or at links provided

Article 3: *Why Medicaid carriers are wary of joining the ACA marketplace, BenefitsPro, Scott Woolridge, May 13, 2019*

Clay's summary: Making money on the exchanges is hard. Just stick with the safe bet of Medicaid capitation revenues, and invest in carving out hard stuff.

Key Excerpts from the Article:

The analysis by the Robert Wood Johnson Foundation (RWJ) notes that in areas where Medicaid insurers compete with other carriers in the ACA individual market, premiums for that market tend to be lower overall. Of the 31 states that had Medicaid buy-in programs for at least some state residents, 18 states reported premiums that were priced lower than the national average. "This suggests that convincing more Medicaid insurers to sell marketplace plans could lower marketplace premiums," the report said. "Participating in marketplaces can benefit consumers as well as insurers: several large Medicaid insurers are turning a profit on marketplace plans. Yet many other Medicaid insurers have chosen not to sell marketplace plans."

Read full article in packet or at links provided

Medicaid Demonstrations: Approvals of Major Changes Need Increased Transparency

SourceURL: <https://www.gao.gov/products/GAO-19-315>

Medicaid Demonstrations:

Approvals of Major Changes Need Increased Transparency

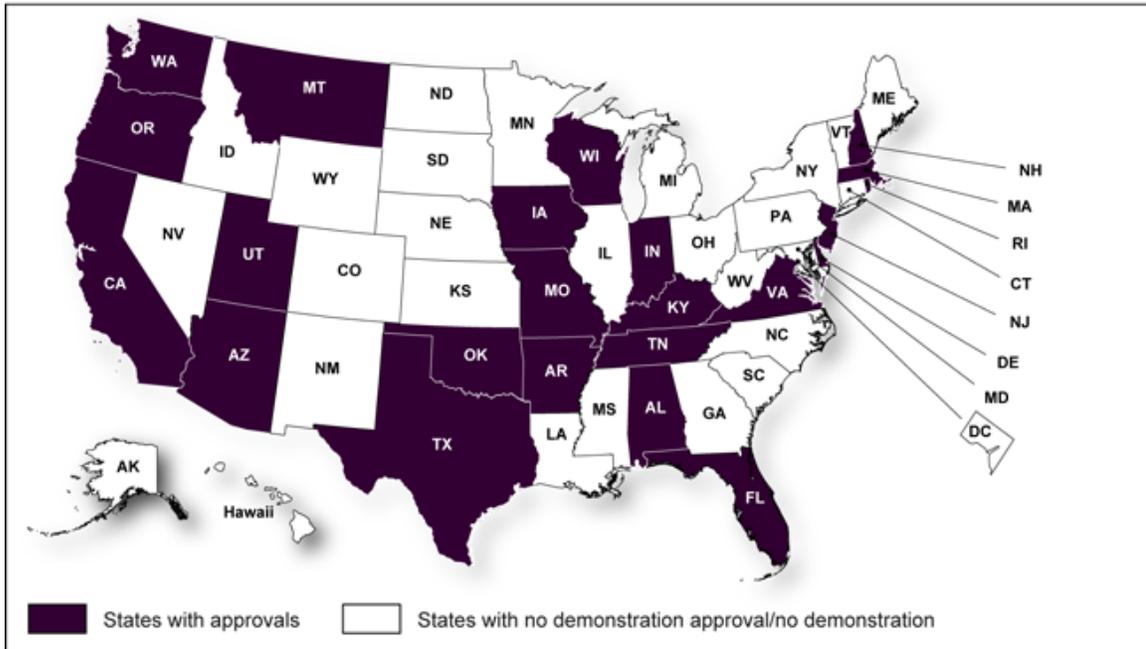
GAO-19-315: Published: Apr 17, 2019.
Publicly Released: May 17, 2019.

About a third of Medicaid spending is for demonstrations, which allow states to test new approaches to delivering services. States and the federal government are supposed to be transparent about the demonstrations that are proposed and give the public a chance to weigh in. Is that happening?

The short answer is sometimes. Transparency has improved, but there are still significant gaps. For example, the federal government doesn't always require states to share the projected effects of proposals, even when they could significantly affect beneficiary eligibility.

We recommended ways for Medicaid to address these issues.

States that received a demonstration approval from January 2017 through May 2018



Sources: GAO analysis of Centers for Medicare & Medicaid Services information (data); Map Resources (map). | GAO-19-315

The inconvenient truths of Louisiana's Medicaid expansion

SourceURL: <https://www.theadvertiser.com/story/opinion/2019/05/17/inconvenient-truths-louisianas-medicaid-expansion/3693606002/>

The inconvenient truths of Louisiana's Medicaid expansion

In the wake of a wave of stories about the tens of thousands of ineligible individuals who received Medicaid benefits, supporters keep trying to defend Louisiana's expansion of Medicaid to the able-bodied. But their defenses ignore several inconvenient truths.

First, money doesn't grow on trees. Health Secretary Rebekah Gee recently claimed that Louisiana's "Medicaid expansion comes at no additional cost to taxpayers." Because she believes the federal government will pay all the cost of Medicaid expansion, she thinks Louisiana taxpayers are "off the hook" for the program's spending. But anyone who had to mail a check to the Internal Revenue Service on April 15 would disagree. By definition, any new government spending imposes a cost to taxpayers, because Louisiana residents pay taxes to Washington just like everyone else.

And Louisiana has seen a ton of new government spending due to Medicaid expansion. In 2015, the Legislative Fiscal Office projected spending on expansion to total \$1.2 billion-\$1.4 billion per year. In the last fiscal year, Louisiana spent nearly \$3.1 billion on expansion—or more than double the Fiscal Office's original estimates.



Chris Jacobs (Photo: Courtesy photo)

Second, the truly vulnerable continue to get overlooked due to Medicaid expansion. Secretary Gee claimed that her "top priority is to ensure every dollar spent [on Medicaid] goes towards providing health care to people who need it most." But Louisiana still has tens of thousands of individuals with disabilities on waiting lists for home and community-based services—who are not getting the care they need, because Louisiana has focused on expanding Medicaid to the able-bodied.

Since Louisiana expanded Medicaid in July 2016, at least 5,534 Louisiana residents with disabilities have died—yes, died—while on waiting lists for Medicaid to care for their personal needs. Louisiana should have placed the needs of these vulnerable patients ahead of expanding coverage to able-bodied adults—tens of thousands of whom already had private health insurance and dropped that insurance to enroll in Medicaid expansion.

This skewed sense of priorities pervades supporters of Medicaid expansion. One recently claimed that most of the individuals improperly enrolled in expansion “are poor, but not poor enough to qualify for coverage” under Medicaid.

The Louisiana Legislative Auditor’s report suggests otherwise. The 100 Medicaid recipients studied by the auditor, 93 of whom did not qualify for benefits for at least one month they received them, had an average—repeat, average—household income of \$67,742. Fourteen of the recipients reported income of over \$100,000. One recipient reported income of \$145,146—well above Governor John Bel Edwards’ annual salary of \$130,000.

The Louisiana Department of Health recently acknowledged that at least 1,672 individuals receiving over \$100,000 qualified for Medicaid benefits. Supporters of Medicaid expansion can claim that these six-figure Medicaid beneficiaries classify as “poor,” but hardworking taxpayers forced to foot the bill for these recipients would likely disagree.

Louisiana taxpayers deserve policies that prioritize the most vulnerable in society—individuals with disabilities currently dying on waiting lists—rather than funding benefits for enrollees with six-figure incomes, or able-bodied adults who dropped their private coverage to enroll in Medicaid. They deserve more than claims that money grows on trees, or that expanding dependency will lead to growth and prosperity. They deserve better than Medicaid expansion’s failed status quo.

Mr. Jacobs is a Senior Fellow with the Pelican Institute, and Founder and CEO of Juniper Research Group, a policy consulting firm.

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Why Medicaid carriers are wary of joining the ACA marketplace | BenefitsPRO

SourceURL: <https://www.benefitspro.com/2019/05/13/why-medicaid-carriers-are-wary-of-joining-the-aca-marketplace/?slreturn=20190414121443>

Why Medicaid carriers are wary of joining the ACA marketplace

At first glance, it might appear that the two types of insurance, funded to some degree by public payors, have much in common.

By **Scott Wooldridge** | May 13, 2019 at 10:28 AM



It turns out, Medicaid carriers have several very good reasons for not participating in the ACA marketplace. (Image: Shutterstock)

A new analysis explores an interesting question—why don't more Medicaid insurers offer plans in the individual marketplaces created by the Affordable Care Act? At first glance, it might appear that the two types of insurance, funded to some degree by public payors, have much in common.

However, significant differences in how Medicaid plans and the ACA marketplaces are organized and regulated have resulted in many Medicaid insurers being unwilling to enter the ACA marketplace.

Related: Insurers returning to pre-ACA profitability

The analysis by the Robert Wood Johnson Foundation (RWJ) notes that in areas where Medicaid insurers compete with other carriers in the ACA individual market, premiums for that market tend to be lower overall. Of the 31 states that had Medicaid buy-in programs for at least some state residents, 18 states reported premiums that were priced lower than the national average.

"This suggests that convincing more Medicaid insurers to sell marketplace plans could lower marketplace premiums," the report said. "Participating in marketplaces can benefit consumers as well as insurers: several large Medicaid insurers are turning a profit on marketplace plans. Yet many other Medicaid insurers have chosen not to sell marketplace plans."

Recently, several states have debated creating [Medicaid buy-in plans](#), which could offer a more affordable option for those who find current ACA plans too expensive. As Medicare for All bills seem unlikely to pass on a national level in the foreseeable future, some states are moving forward with their own Medicaid buy-in plans.

A recent [Pew article](#) outlined the debate going on at state capitols. "Things aren't happening at the federal level, so states are saying, 'Let's see what we can do,'" said Heather Howard, a lecturer on health policy at Princeton University, in the story. "History tells us good ideas bubble up from the states."

Differences between Medicaid plans and ACA plans

The RWJ study surveyed insurance carriers that offer Medicaid plans to find out why more of them were not entering the ACA market on their own. They found that Medicaid carriers had several reasons for not participating in the ACA marketplace:

- Pricing plans is more difficult—requiring Medicaid plans to hire actuaries and put more resources into pricing their products. For most regular Medicaid plans, states set the rates for insurers.
- Collecting premiums is an additional bureaucratic task for insurers in most cases. A Medicaid ACA plan usually has premiums similar to employer-based plans. Most traditional Medicaid plans, on the other hand, are available with no premium.
- Different levels of regulation and risk—ACA plans require additional insurance licenses and maintain larger reserves. In addition, These plans face more risk because conditions have changed in many marketplaces from year to year. This has resulted in losses for some carriers, and caused some to drop out of the ACA marketplace.
- Competition—in some cases, Medicaid carriers have little or no experience in competing for business in this type of marketplace, due to situations where enrollees are assigned or there is no other insurance option in a region or state.

The devil is in the details

Some of the Medicaid officials interviewed for the RWJ study favored the idea of a buy-in program, as long as the program used Medicaid's less-stringent requirements, and did not have the additional regulation and risk of ACA marketplace plans.

The RWJ study concluded by saying that states considering expanding Medicaid should talk to carriers to find out what concerns they might have with creating Medicaid buy-in plans that for those who qualify for ACA marketplaces. "As lawmakers select features and requirements from Medicaid and the marketplace to create their Medicaid buy-in programs, they may want to consider Medicaid insurers' constraints in order to increase participation in the new programs," the study said.

