The Daily Dish

Getting Medicaid Back in Shape

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Medicaid got a bit bloated during the pandemic, a phenomenon not entirely unfamiliar to many. The Kaiser Family Foundation estimates that enrollment in Medicaid and the Children's Health Insurance Program (CHIP) grew by 19.3 million – 27.1 percent – to roughly 90 million between February 2020 and September 2022. Some of this was due to five states (Oklahoma, Utah, Idaho, Nebraska, and Missouri) implementing Medicaid expansions authorized under the Affordable Care Act (ACA).

But the biggest reason is that the Families First Coronavirus Response Act suspended the practice of checking eligibility before renewing Medicaid coverage. This "continuous coverage" provision was the price of receiving an additional 6.2 percentage points in federal medical assistance percentage (FMAP; the usual FMAP runs from roughly 50 to 80 percent). Put simply, states were bribed to keep the ineligible on the rolls as long as the declaration of a public health emergency (PHE) was still in place. (The same provisions apply to CHIP when a state runs Medicaid/CHIP as a consolidated program.)

All of this goes away when the PHE ends, which currently looks to be May. The prospect of the sudden loss in Medicaid coverage has raised alarm in the march-to-single-payer crowd (never mind that the problem is that these individuals are *too rich* to be eligible for Medicaid), and has been one of the forces (on top of sheer lust for administrative power) that has kept the PHE in place.

Having created this problem, Congress took it upon itself to legislate an exit strategy in the Consolidated Appropriations Act, 2023 – the 4,000-page, $1.7 trillion, bloated miscarriage of budgetary justice known as "the omnibus." That law breaks the link between ending the PHE and resuming eligibility determinations. Beginning April 1, states can disenroll the ineligible. They can also qualify for a phase-down of the enhanced FMAP (6.2 percentage points through March 2023; 5 percentage points through June 2023; 2.5 percentage points through September 2023, and 1.5 percentage points through December 2023) if they Try Really Hard (TRH) to keep the eligible enrolled. (TRH is Eakinomics term for federal rules about conducting renewals, maintaining contact information, and attempting to contact enrollees prior to disenrollment.)

TRH matters because the Department of Health and Human Services (HHS) estimated that 15 million individuals will leave the program, but that 8.2 million would leave because they were ineligible and another 6.8 million would suffer loss due to "administrative churning" even though still eligible. TRH is targeted on these 6.8 million.

As for the 8.2 million ineligibles, HHS estimated that 5 million would get employer coverage and that 2.7 million would qualify for ACA premium tax credits. (Notice that the latter will further raise the record 16 million enrollment in the ACA, a tribute to the power of throwing money at the problem – enhanced subsidies – and raising eligibility through the legally questionable fix of the "family glitch.") That leaves 500,000 unaccounted for.

The end of the continuous coverage requirement will be portrayed as a coverage apocalypse. But a close look at the numbers suggests it will be much ado about very little, with lots of FMAP cash to make even the very little go down easy.