MACPAC

Medicaid and CHIP Payment and Access Commission

Policy Options for Improving Access to Care and Reducing Out-of-Pocket Costs for Dually Eligible Beneficiaries

Katie Weider

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Presentation Outline

- Past Commission work
- Discuss potential recommendation options
  - Medicaid payment of Medicare cost-sharing
  - Medicare savings programs (MSP) eligibility and enrollment
- Next steps
  - Provide the Commission additional information
  - Recommendations to vote on at a future meeting
  - Suggestions on draft chapter

Overview of Past Commission Work

- March 2013 report: *lesser-of* payment policy
- October 2014 Commission meeting:
  - State Medicaid payment policies for Medicare cost-sharing
  - MSP categories and enrollment
  - Analysis suggesting that lower Medicaid payment of Medicare cost sharing is associated with lower Medicare service utilization among dually eligible beneficiaries relative to Medicare-only beneficiaries
  - Potential policy options

Background on Medicaid Payment of Medicare Cost Sharing

- Change in predicted utilization rates vary based on state Medicaid cost-sharing payment percentages
- States payment procedures and amounts for Medicare cost sharing differ based on Medicare FFS and managed care plan enrollment
- Medicare bad debt policies affect providers' ability to recoup unpaid cost sharing

Rationale for Increasing Payment of Medicare Cost Sharing for Dually Eligible Beneficiaries

- Dually eligible beneficiaries are:
  - among the poorest and sickest Medicare beneficiaries
  - are subject to state payment policies (unlike Medicare-only beneficiaries)
- Lower Medicaid payment of Medicare cost sharing is associated with lower Medicare service utilization among dually eligible beneficiaries relative to non-dual Medicare beneficiaries
- Among services examined by MACPAC, utilization effects are largest for primary care, a recent focus of federal policy
- Medicare already makes bad debt payments for uncompensated amounts resulting from states' lesser-of policies

Medicare Cost-Sharing Payment Policy Options for Dually Eligible Beneficiaries

1. **Medicaid pays** the full amount of Medicare cost sharing <u>for targeted services</u>

2. **Medicaid pays** the full amount of Medicare cost sharing <u>for all services</u>

3. **Medicare pays** Medicare cost sharing

Policy Options #1 and #2: State Medicaid Payment of Medicare Cost Sharing

Impact on federal government	Impact on states	Impact on beneficiaries	Impact on providers
Increased costs	Depending on financing mechanism (regular state match or 100% federal), potential to increase costs, which could lead states to scale back on other aspects of benefits or eligibility Varying financial effects across states based on current cost-sharing policies	Improved access to care Depending on financing mechanism and state costs, potential decrease in benefits or eligibility	Increased payment Incentive to serve dually eligible beneficiaries using certain services Continued fragmented billing procedures for some claims

Policy Option #3: Medicare Payment of Medicare Cost Sharing*

Impact on federal government	Impact on states	Impact on beneficiaries	Impact on providers
Increased costs	Decreased costs if maintenance of effort payments not required Potential to increase MSP eligibility levels and expand Medicaid benefits with state savings	Improved access to care Potential increase in MSP eligibility levels and expanded Medicaid benefits with state savings	Increased payment Incentive to serve dually eligible beneficiaries Improved billing processes

*Medicare policy options are beyond MACPAC's statutory authority

Background on MSP Eligibility and Enrollment

- Enrollment in the MSPs has been historically low
- The Part D Low Income Subsidy (LIS) program has a more streamlined application process and expanded eligibility requirements
- Despite efforts to align the MSPs with LIS, the programs' eligibility levels remain disconnected

Rationale to Expand MSP Eligibility or Improve the MSP Enrollment Process

- Enrollment into the MSPs has increased as result of expanding eligibility requirements, increasing education and outreach, and improving enrollment processes
- Simplifying the MSP application has reduced administrative burden on states
- Aligning state MSP and federal LIS eligibility criteria and processes would simplify enrollment for applicants and increase the number of beneficiaries enrolled in both programs

MSP Eligibility and Enrollment Policy Options

1. Eliminate asset tests for MSP enrollment
2. Permanently fund the (Qualifying Individuals) QI program
3. Expand the QI program
4. Increased support of MSP education and outreach
5. Create a single eligibility determination for the Part D LIS program and MSP

Policy Option #1: Eliminate Asset Tests for MSP Enrollment

Impact on federal government	Impact on states	Impact on beneficiaries	Impact on providers
Increased costs to cover newly enrolled MSP beneficiaries and LIS beneficiaries eligible through the MSPs	Increased costs to cover newly enrolled MSP beneficiaries Decreased administrative costs and burden	Increased number of beneficiaries eligible for the MSP and LIS programs Decreased out-of-pocket health care costs <u>Misalignment between MSP and LIS eligibility</u>	Depending on level of previous out-of-pocket payments from beneficiaries versus new payments from Medicaid, potential change in bad debt

Policy Option #2: Permanently Fund the Qualifying Individual Program

Impact on federal government	Impact on states	Impact on beneficiaries	Impact on providers
Increased costs, since QI is 100% federally funded	End uncertainty about whether the QI program will continue	End uncertainty about whether the QI program will continue	No direct effect

Policy Option #3: Expand the Qualifying Individual Program

Impact on federal government	Impact on states	Impact on beneficiaries	Impact on providers
Increased costs to cover newly enrolled MSP and LIS beneficiaries, since QI program is 100% federally funded	Administrative cost to process applications	Increased number of individuals eligible for QI program; potential for some loss of medically needy eligibility	No direct effect

Policy Option #4: Increased Support of MSP Education and Outreach

Impact on federal government	Impact on states	Impact on beneficiaries	Impact on providers
Increased costs due to new MSP beneficiaries, and educational/out-reach efforts Potential for increased administrative effort	Increased costs due to new MSP beneficiaries, and educational/out-reach efforts Potential for increased administrative effort	Increased beneficiary knowledge of MSPs Increased number of beneficiaries enrolled in MSPs	Depending on level of previous out-of-pocket payments from beneficiaries versus new payments from Medicaid, potential change in bad debt

Policy Option #5: Create a Single Eligibility Determination for the Part D LIS Program and the MSPs

Impact on federal government	Impact on states	Impact on beneficiaries	Impact on providers
Increased costs Increased administrative burden	Decreased administrative costs and burden for MSPs, but process might then differ from full-benefit Medicaid Increased costs due to new MSP beneficiaries	Improved MSP enrollment processes Increased number of beneficiaries enrolled in MSPs	Depending on level of previous out-of-pocket payments from beneficiaries versus new payments from Medicaid, potential change in bad debt

Next Steps

- Develop recommendation language for a future meeting
- Develop draft chapter with more information and evidence for a MACPAC report