

Medicaid enrollment estimates: December 2014 data & observations

McKinsey Center for U.S. Health System Reform

December 2014 data (as reported February 2015)



How to use this document

- On February 23, 2015, the Department of Health and Human Services publicly released preliminary estimates of Medicaid/CHIP enrollment through the month of December 2014.
- While the data quality is much improved since initial data on applications was released in November 2013, several limitations remain: first, the baseline may not fully account for seasonal variation in enrollment and potential differences in the first and subsequent open enrollment periods; second, enrollment is not split into new eligibles and pre-ACA eligibles; third, recent data do not fully reflect enrollment through applications via FFMs¹; and finally, the data themselves are preliminary and could have errors.
- Given data limitations, this document provides only a directional view on the evolution of Medicaid/CHIP enrollment.
- For any questions on the fact base, stakeholder-specific implications, or trends in uptake across previous months, please reach out to McKinsey's Center for U.S. Health System Reform at reformcenter@mckinsey.com.

¹ Approximately half a million individuals were found to be Medicaid-eligible after applying for coverage through FFMs (9% of total applicants to FFMs).
NOTE: ACA, Affordable Care Act; CHIP, Children's Health Insurance Program; FFM, federally facilitated marketplace; SBM, state based marketplace

Observations based on analysis of preliminary Medicaid / CHIP enrollment estimates

- 1** According to preliminary estimates, Medicaid / CHIP enrollment increased 25.2% (9.3M) in expansion states and 7.8% (1.7M) in non-expansion states by December 2014, relative to 3-month pre-ACA baseline¹
- 2** 27 expansion states and DC, as well as 20 non-expansion states, reported a cumulative increase in enrollment (as of December 2014) relative to baseline²
- 3** In the expansion states that had not provided full coverage for childless adults before ACA enactment, enrollment increased 27.9%³ over baseline, compared with 12.7% in states with pre-ACA full coverage for childless adults
- 4** The total increase in enrollment through December 2014 surpassed 2014 estimates and is ~50% of 2016 monthly enrollment projections
- 5** Data indicate that Medicaid / CHIP enrollment growth continued through 2014

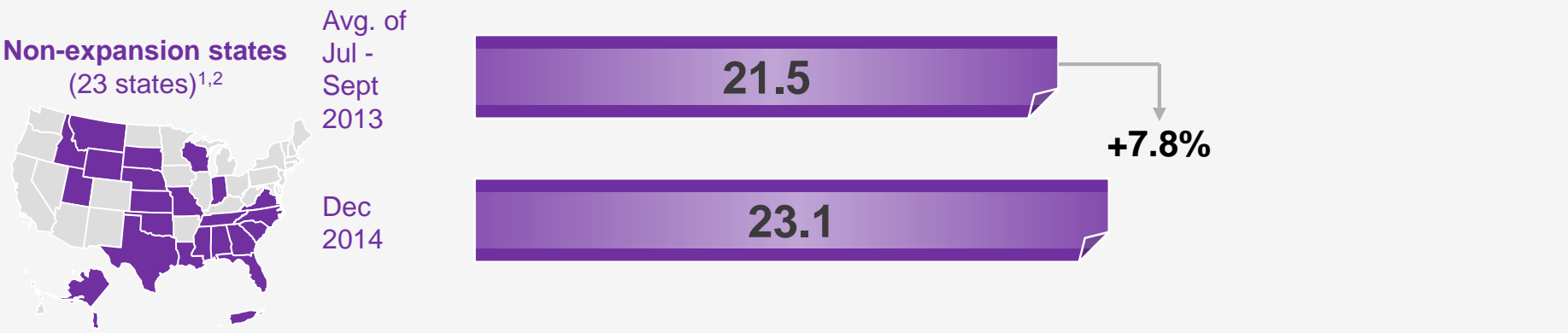
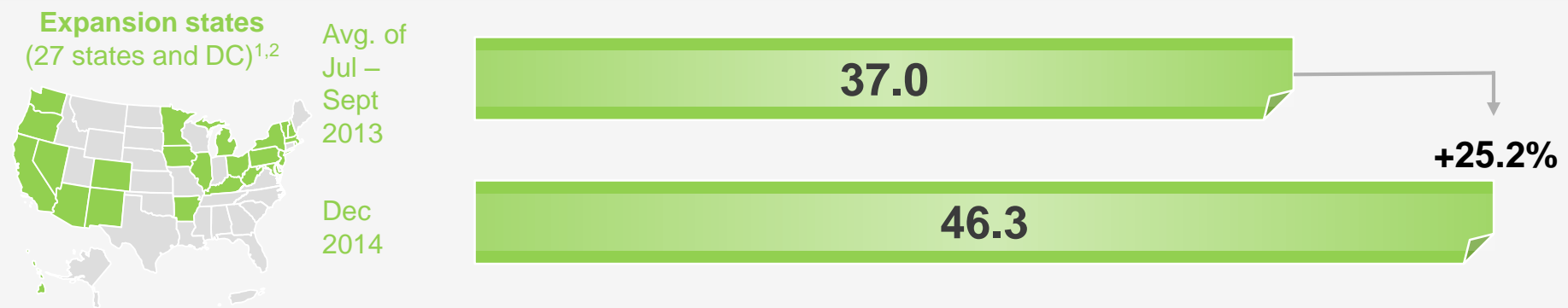
¹ Based on CMS sample of 49 states and DC (ME not included due to missing data) as of February 23, 2015. CT baseline number taken from CT Voices for Children May 2014 report

² Data likely understates enrollment growth in non-expansion states with FFMs, given known delays in processing applications received through the FFMs

³ Expansion states not included in this measurement are those that offered limited or full coverage to childless adults pre-ACA

1 Medicaid / CHIP enrollment increased by 25.2% in expansion states and 7.8% in non-expansion states, relative to 3-month pre-ACA baseline

Medicaid / CHIP enrollment Millions of enrollees



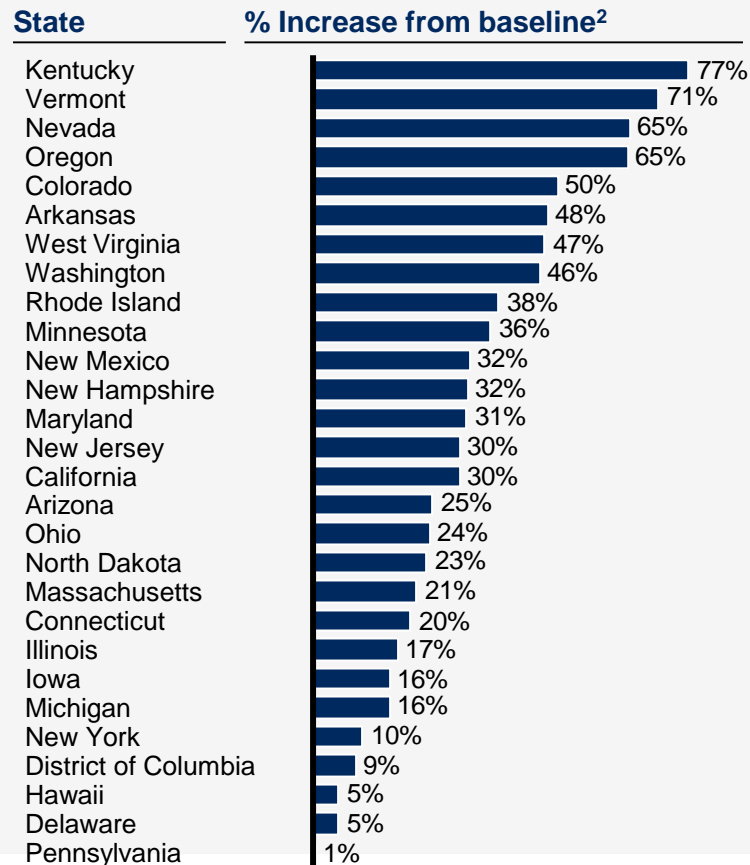
¹ Based on CMS sample of 49 states and DC (ME not included due to missing data) as of February 23, 2015. CT baseline number taken from CT Voices for Children May 2014 report
² Wisconsin did not adopt Medicaid expansion under the ACA; however, it did amend its Medicaid state plan and existing Section 1115 waiver to cover adults <100% FPL

27 expansion states and DC, as well as 20 non-expansion states, reported an increase in Dec 2014 enrollment, relative to baseline

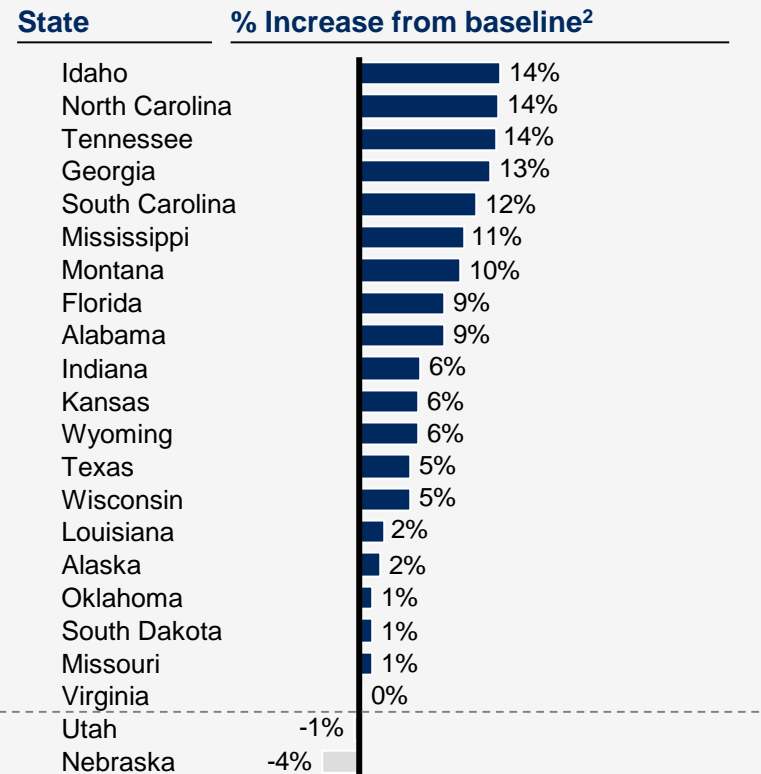
Medicaid / CHIP enrollment

Percentage increase in December 2014 enrollment levels, relative to pre-ACA baseline¹

EXPANSION

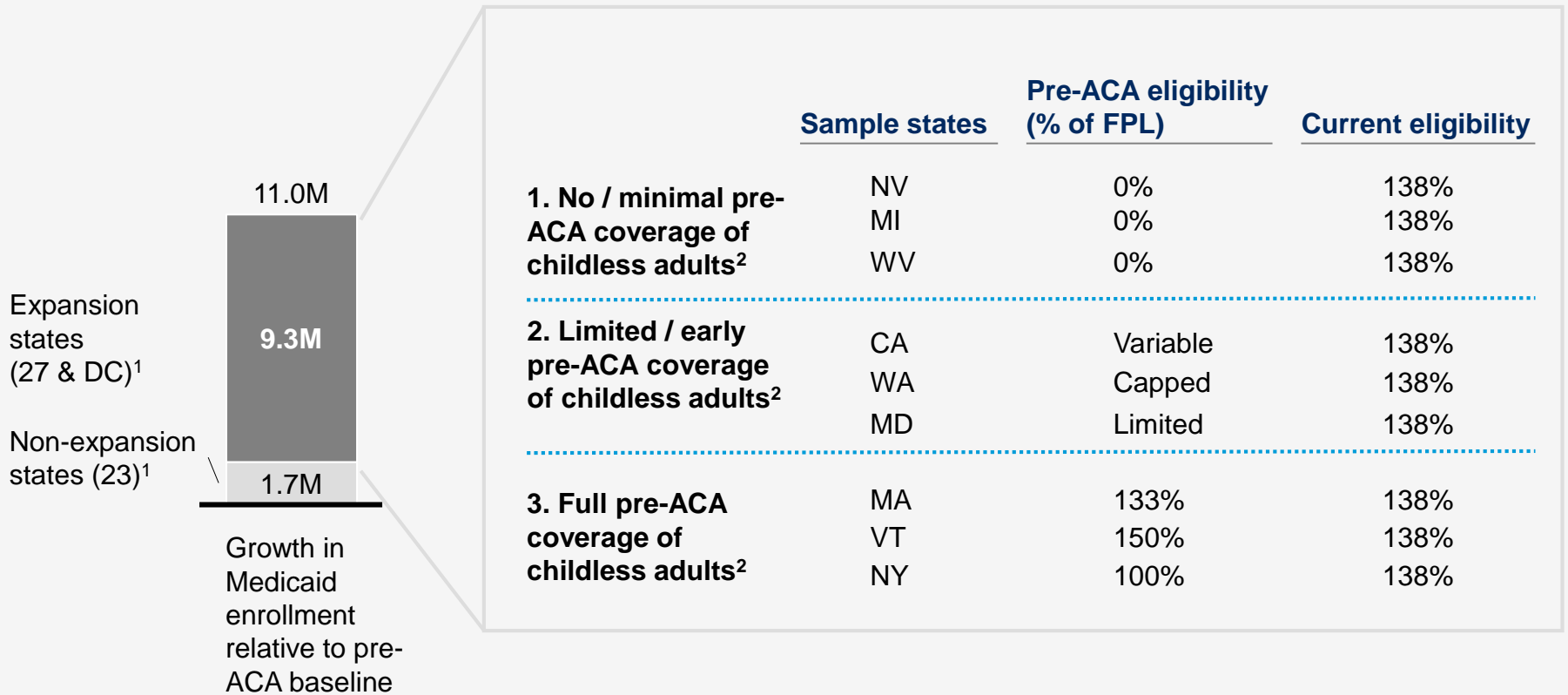


NON-EXPANSION



¹ Based on CMS sample of 49 states and DC (ME not included due to missing data) as of February 23, 2015. CT baseline number taken from CT Voices for Children May 2014 report
² Baseline is CMS-published pre-ACA Monthly Average Medicaid and CHIP Enrollment (July - Sept 2013) as of February 23, 2015. See Note 1 for CT baseline
³ Wisconsin did not adopt Medicaid expansion under the ACA; however, it did amend its Medicaid state plan and existing Section 1115 waiver to cover adults <100% FPL

3 Expansion means different things in different states, depending on the states' pre-ACA coverage

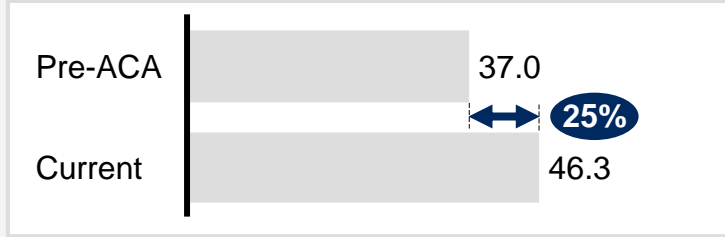


¹ Based on CMS sample of 49 states and DC (ME not included due to missing data) as of February 23, 2015. CT baseline number taken from CT Voices for Children May 2014 report
² States are grouped in order of pre-ACA Medicaid coverage thresholds solely for purposes of this analysis. Distinctions among states are meant to impart relative levels of pre-ACA eligibility..

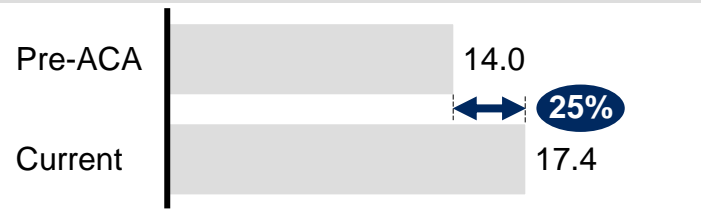
3 When enrollment growth is calculated only for states without pre-ACA full childless adult coverage, the expansion rate rises to 27%¹

Millions

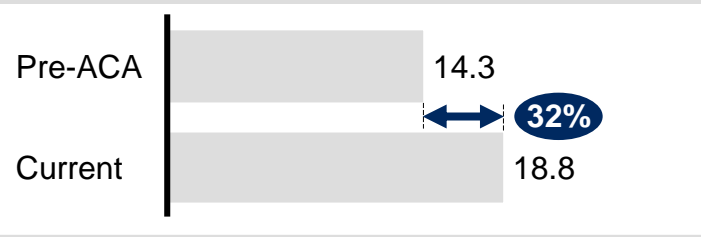
All expansion states²



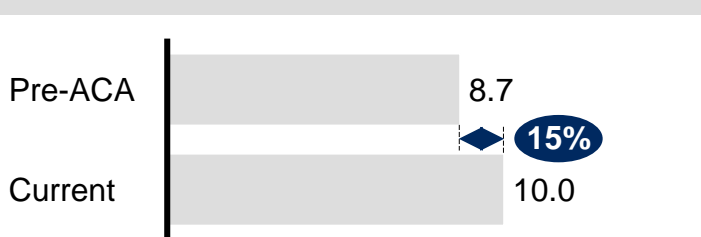
1. No / minimal pre-ACA coverage for childless adults



2. Limited/early pre-ACA coverage childless adults



3. Full pre-ACA coverage for childless adults



Incremental enrollment in states with pre-ACA full coverage is less than half that in other expansion states

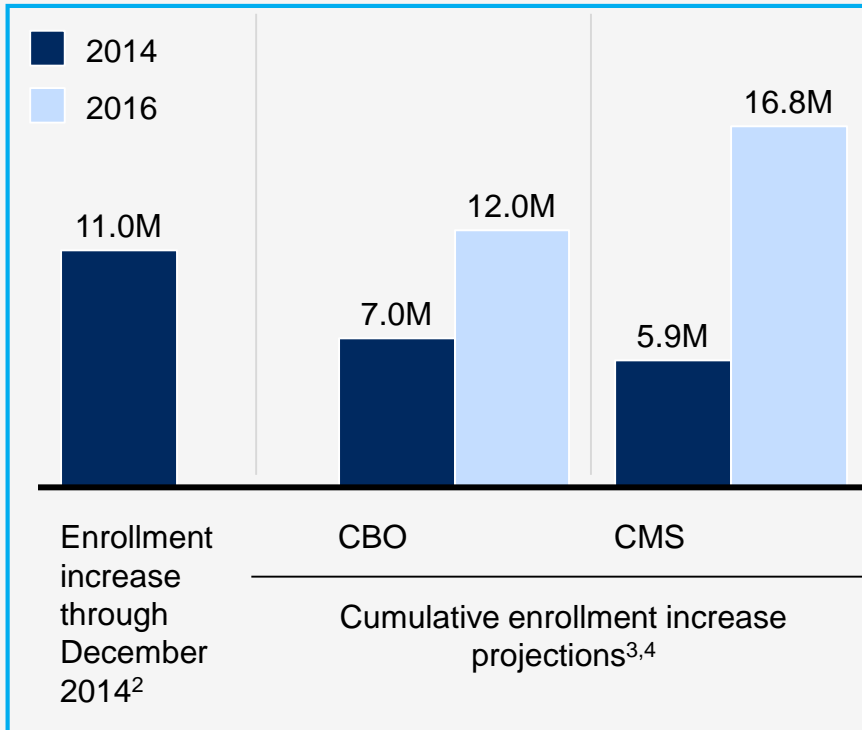
- | States | |
|--------|----|
| AR | NH |
| CO | NJ |
| IL | NM |
| KY | NV |
| MI | OH |
| ND | WV |
| PA | |
| AZ | MD |
| CA | OR |
| CT | RI |
| IA | WA |
| DC | MN |
| DE | NY |
| HI | VT |
| MA | |

¹ This number represents the average increase in states with no, minimal, limited, or early pre-ACA coverage of childless adults

² Expansion state: Expanded eligibility guidelines for full Medicaid benefits to 138% FPL for childless non-disabled adults

4 | By December 2014, enrollment growth had surpassed 2014 estimates and reached ~50% of 2016 monthly enrollment projections

Medicaid / CHIP enrollment , relative to projections for year 1 enrollment and 2016 expansion¹



Factors that should **increase monthly enrollment** include:

- Improved enrollment process, increased outreach, and participation in expansion and non-expansion states
- Medicaid expansion decisions or implementation in states (e.g., NH, UT)

Factors that could **decrease monthly enrollment** include:

- Stronger or more timely reviews of enrollee income and qualifications
- Economic growth and employment

¹ CBO and CMS enrollment projections assume a positive, but unknown, number of states will expand over next two years

² Based on CMS sample of 49 states and DC (ME not included due to missing data) as of February 23, 2015.

³ CMS Medicaid 2013 Actuarial Report

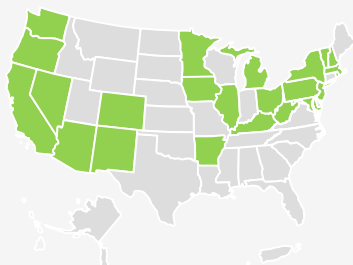
⁴ Average enrollment throughout the course of the year

5 Data indicate that Medicaid / CHIP enrollment growth continued through 2014

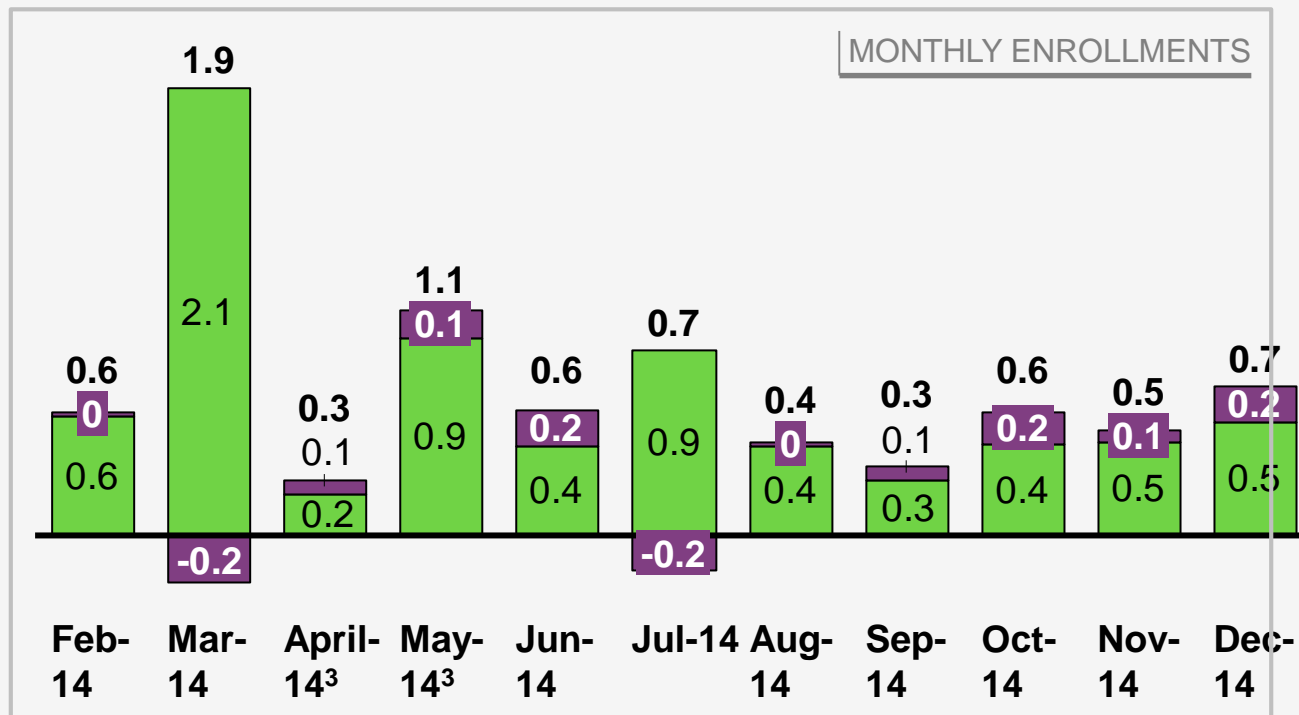
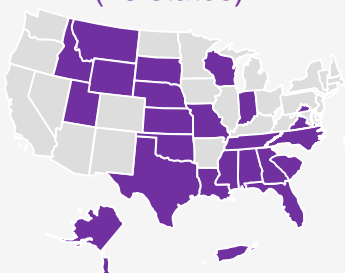
Medicaid / CHIP incremental monthly enrollment

Millions of enrollments per month

Expansion states
(27 states and DC)¹



Non-expansion states
(23 states)^{1,2}



¹ Based on CMS sample of 49 states and DC (ME not included due to missing data) as of February 23, 2015. CT baseline number taken from CT Voices for Children May 2014 report

² Wisconsin did not adopt Medicaid expansion under the ACA; however, it did amend its Medicaid state plan and existing Section 1115 waiver to cover adults <100% FPL

³ March data based on final April 2014 report; April 2014 data updated as of June 2014; May 2014 data modified by CMS in August enrollment report; July and August data modified based on September enrollment report

Additional observations on enrollment changes

- In the first month of the 2015 open enrollment period (11/15/14 – 12/15/14), approximately half a million individuals were found to be eligible for Medicaid after applying for coverage through the FFM in the 37 states using that Marketplace
- Nationally, this represents 9% of total applicants to the FFM. Medicaid enrollments resulting from these applications do not yet show up in the December 2014 totals
- The proportion of FFM applicants found to be eligible for Medicaid varied dramatically across the states, from a low of 3% in Montana and Texas to a high of 21% in Nevada
- As expected given the higher Medicaid threshold in expansion states, 12 of the 14 states with above-average rates of Medicaid eligibility determinations among those applying through the Marketplace had expanded Medicaid, while 18 of 19 states with below-average eligibility determination rates had not expanded Medicaid
- It is possible that a state's expansion status affects the number of low-income families that apply for Medicaid through the Marketplace (this issue may be a target of future analysis)