Medicaid and CHIP Eligibility, Enrollment, and Renewal Policies as States Prepare for the Unwinding of the Pandemic-Era Continuous Enrollment Provision

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EXECUTIVE SUMMARY

In the third year of the COVID-19 public health emergency (PHE), Medicaid enrollment continued to increase albeit at a slower pace than in the first two years of the coronavirus pandemic. Since March 2020, states have provided continuous enrollment in Medicaid in exchange for enhanced federal funding. This continuous enrollment provision and enhanced federal funding were originally in place until the end of the COVID-19 public health emergency (PHE). In December 2022, the Consolidated Appropriations Act, 2023 (CAA) delinked the provision from the PHE and ends continuous enrollment on March 31, 2023. Beginning April 1, 2023, states may restart disenrollments after conducting a full review of eligibility. States that follow all federal Medicaid renewal requirements, take steps to update enrollee contact information, and attempt to reach enrollees via non-mail modes before terminating coverage for returned mail will qualify for ongoing enhanced federal funding that phases down until the end of 2023. States must also report to the federal government specific data needed to monitor the impact of the unwinding or risk financial penalties for not doing so.

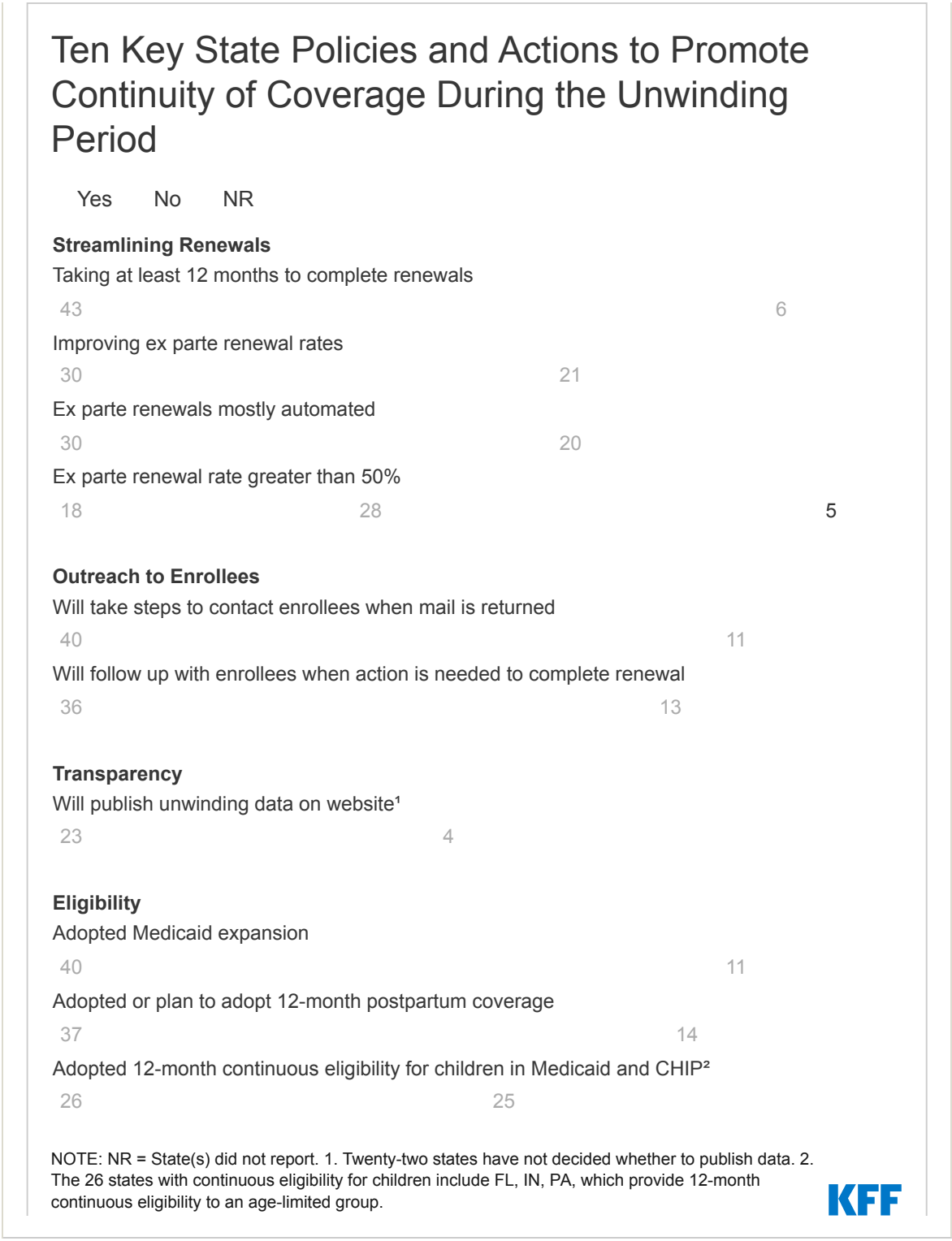
As states begin to “unwind” the continuous enrollment provision, many people will likely be found to be no longer eligible for Medicaid. Others could face administrative barriers and lose coverage despite remaining eligible. Existing state enrollment and renewal procedures, as well as state approaches to the unwinding of the continuous enrollment provision, will have major implications for Medicaid enrollment and broader coverage. Some states are prioritizing maintaining

coverage by implementing the unwinding more slowly and taking steps to make it easier for people to renew coverage, while others are emphasizing a quicker end to continuous enrollment that reduces budgetary costs.

The 21st annual survey of state Medicaid and CHIP program officials conducted by KFF and the Georgetown University Center for Children and Families in January 2023 presents a snapshot of actions states are taking to prepare for the lifting of the continuous enrollment provision, as well as key state Medicaid eligibility, enrollment, and renewal policies and procedures in place as of January 2023. The report focuses on policies for children, pregnant individuals, parents, and other non-elderly adults whose eligibility is based on Modified Adjusted Gross Income (MAGI) financial eligibility rules. All states and the District of Columbia responded to the survey, although response rates for specific questions varied.

State Policies and Actions Can Promote Continuity of Coverage During the Unwinding Period

Leading up to the end of the Medicaid continuous enrollment provision, CMS has issued guidance and granted states certain flexibilities designed to promote continued coverage during the unwinding period. We have identified ten key policies and actions that could affect continued enrollment in Medicaid. These policies include taking 12-14 months to complete renewals following the end of the continuous enrollment; taking steps to increase the share of *ex parte* renewals and completing more than 50% of renewals using *ex parte* processes; following up with enrollees when action is needed to complete a renewal, attempting to contact enrollees when mail is returned; and publishing comprehensive unwinding data on the state's website. In addition, states have other policy levers, such as adopting the Medicaid expansion, extending 12-months postpartum coverage, and providing 12-months continuous eligibility for children that can also increase the number of people who will be able to retain coverage. State adoption of these policies varies. In states that are planning to move more quickly to complete renewals, have lower *ex parte* renewal rates, do not follow up with enrollees who have not responded to a renewal request, are less transparent with unwinding data, and have not adopted the Medicaid expansion or 12-month postpartum coverage or continuous eligibility for children, the risk of coverage loss during the unwinding period is higher, though budgetary costs from continued enrollment will likely be lower.



Plans and Preparations for the End of the Continuous Enrollment Provision

Most states are waiting until March or April to initiate their "unwinding" plans and plan to spread renewals over 12 to 14 months. States may start the unwinding process by initiating the first batch of renewals in February although they may not disenroll anyone before April 1. However, more than half of the states (28) are waiting until April to begin the process with 15 states starting in March and eight in February. Most states (43 of 49 reporting states) plan to take

12-14 months to complete the unwinding process and return to routine operations. Taking more time to initiate and complete the unwinding process can help to avoid overwhelming staff resources and prevent inappropriate terminations but could maintain enrollment for potentially ineligible people for longer.

More than two-thirds of the states (35 of 49 reporting states) are adopting an approach to prioritizing renewals that considers multiple factors, including time since last renewal and potential ineligibility. The approach a state chooses will determine how renewals are sequenced for various groups or cohorts. Using a hybrid or state-determined approach gives states greater flexibility to target potentially ineligible enrollees early in the process while delaying action on vulnerable groups or enrollees whose eligibility is unlikely to change. Fewer states (12) are adopting a time-based approach, which generally schedules renewals based on application or last renewal date. Only two states are taking a population-based approach that processes renewals by eligibility groups or cohorts.

A majority of states (43) have continued to process *ex parte* renewals over the past year. States are required to first try and complete renewals through *ex parte* processes by using reliable data sources to verify ongoing eligibility. *Ex parte* renewals reduce administrative burden on both states and enrollees and can lower the number of disenrollments that occur because an enrollee is unable to complete the renewal process. Among states that are continuing to process renewals, 32 states have also continued to send prepopulated renewal forms when the enrollee's eligibility cannot be confirmed via *ex parte*.

Over half of the states (30) have taken steps to increase the share of renewals completed via *ex parte*. Achieving a high share of system- and data-driven renewals increases administrative efficiency, allowing eligibility and call center workers to concentrate on complex cases. However, it may require investments in systems upgrades that can be costly for states, even with enhanced federal funding available. Actions taken to increase *ex parte* rates include enhancing system programming rules and expanding data sources. Of the 38 states reporting *ex parte* rates, 18 states are successfully processing more than half of renewals using *ex parte* processes, up from 11 states in 2022.

About half of the states (27) have been flagging individuals who may no longer be eligible or who did not respond to renewal requests, including six states that are conducting data matches to identify these individuals. States that have continued processing renewals have been able to flag individuals who they have confirmed are no longer eligible or appear to no longer be eligible, although not all states have done so. However, only a small number of states indicated that they plan to prioritize renewals for "flagged" enrollees early in the process.

Among the just over one-third of states able to report, they estimate that about 18% of Medicaid enrollees will be disenrolled when the continuous enrollment provision ends. However, the estimates range widely across reporting states from about 7% to 33% of total enrollees. This estimated average disenrollment rate is slightly higher than the 13% reported by states in 2022, although it is consistent with other estimates (https://aspe.hhs.gov/sites/default/files/documents/a892859839a80f8c3b9a1df1fcb79844/aspe-end-mcaid-continuous-coverage.pdf) indicating about 15-18 million people may lose Medicaid coverage over the coming year.

The unprecedented volume of work ahead comes at a time when most states face significant staffing challenges. More than half of reporting states have staff vacancy rates greater than 10% for frontline eligibility workers (16 of 26 reporting states) and slightly less than half for call center staff (13 of 28 reporting states). States are adopting multiple strategies to address eligibility staffing shortages, including approving overtime and hiring new staff, temporary workers, or contractors. It is less clear what actions are being taken to boost capacity in the nine states that rely on counties to conduct renewals, although several states noted that they are providing additional resources to counties to boost staff capacity.

All states have taken action to encourage enrollees to update their contact information with most states taking a multi-pronged approach. Having updated enrollee contact information will increase the likelihood that enrollees receive important renewal and other notices during the unwinding period. State actions include conducting comprehensive outreach and communications campaigns, including using social media (48 states); checking data from other assistance programs (34 states); working with MCOs (33 states); and using the USPS National Change of Address database (NCOA) (24 states). Thirteen states have created simple online change of address forms and 12 states have a dedicated phone number or option within the interactive voice response system to report changes. States must continue to take steps to update contact information and make a good faith effort to contact an individual before terminating coverage for returned mail to qualify for the enhanced federal funding available until the end of 2023.

Over two thirds of states (36) plan to follow-up with enrollees when action is required to maintain coverage. Reminders to return renewal forms and submit requested information will increase renewal response rates, reduce the number of procedural (non-eligibility related) disenrollments, and increase the share of account transfers to the Affordable Care Act (ACA) Marketplace for individuals who are no longer eligible. Most states (32) plan to follow-up by mail; 19 states will use individual phone calls, automated phone calls, or both; 24 states will follow-up through text messages and 19 states plan to use email.

A majority of states (41) are engaging managed care organizations (MCOs) to conduct outreach and assist members. With a majority of Medicaid enrollees in managed care, MCOs have an interest in retaining members and have resources to supplement the state's capacity to update contact information, amplify state communications, and assist enrollees with renewals or transitions to other coverage. States are providing MCOs with advance lists of members up for renewal (33 states); advance lists of members who may be disenrolled because they have not responded to requests for information (26 states); and lists of members who have been disenrolled noting whether they were determined ineligible or disenrolled for procedural reasons (25 states). Also, the Centers for Medicare and Medicaid Services (CMS) has approved temporary waivers for 31 states to accept updated contact information verified by the MCOs without repeat verification by the state.

Most states collect the required unwinding monitoring data but less than half of the states (23) have committed to posting the data on their websites. An additional 22 states indicate a decision to post data has not yet been made. The data will aid in promoting transparency and accountability during the unwinding process. The CAA requires states to report specific unwinding data, as well as other data required by CMS, and failure to do so could result in financial penalties. While CMS is required to post state-level data, the timeliness of nationally reported data may be insufficient for rapid response. Posting more quickly at the state level could identify early problems, particularly if enrollees are losing coverage inappropriately.

Systems and Enrollment Policies

States continued to make incremental improvements to systems and enrollment policies as they prepare for the unwinding. Nearly all states allow enrollees to create online accounts and states have added features to their online accounts, including allowing enrollees to renew their coverage through their online account. Two-thirds of states (37) have integrated non-MAGI into the Medicaid systems, and over half of states use the Medicaid system for SNAP and TANF. All states have taken some steps to align renewal policies for non-MAGI and MAGI groups. Over half of the states (29) now have online portals that allow community partners and assisters to submit applications and assist applicants and enrollees with enrollment and renewal.

Eligibility Policies

South Dakota became the seventh state to approve a ballot initiative to adopt the Medicaid expansion, which will be implemented in July 2023. Legislators in North Carolina announced an agreement to move ahead with expansion that will be voted on later this year. Many low-income parents in the remaining non-expansion states who lose coverage during the pandemic will find themselves in the coverage gap without options to obtain affordable coverage. Most non-expansion states base eligibility for parents and caretakers on a dollar

threshold, which is not routinely adjusted. As a result, the median eligibility for parents in non-expansion states, converted to an FPL equivalent level, declined from 39% FPL in 2022 to 37% FPL in 2023. In Medicaid expansion states, eligibility is extended up to 138% FPL for all adults, irrespective of family status.

States have taken action to improve maternal and immigrant coverage in Medicaid during the pandemic. More than two-thirds of states (37) have now extended or plan to extend postpartum coverage for a full 12-months post pregnancy. Kentucky and Oklahoma increased income eligibility levels for pregnancy coverage. Kentucky also removed the five-year bar for pregnancy coverage of lawfully-residing immigrants in Medicaid and CHIP. Connecticut and Maine adopted the CHIP unborn child option, effectively providing pregnancy coverage regardless of immigration status. Connecticut, Maine, New Jersey, Rhode Island, and Vermont are now using state funds to cover children regardless of immigration status while Illinois, Oregon and Vermont are also using state funds to newly cover some adults who are not eligible for Medicaid due to immigration status.

Nearly two-thirds (33) of states provide 12-month continuous eligibility to children in Medicaid and/or CHIP, while several states are moving toward multi-year continuous eligibility. Of these 33 states, 26 provide continuous eligibility in both Medicaid and CHIP to some or all children while seven states provide it in CHIP only. All states will be required to adopt 12-month continuous eligibility for children by January 2024. Additionally, several states are working to cover children for longer periods. Oregon became the first state to receive approval to cover children continuously until their sixth birthday; three other states, California, New Mexico, and Washington, have similar plans. Oregon also received approval to provide two-year continuous coverage for all other ages, a policy that Illinois is planning to adopt.

Looking Ahead

States are moving from planning for the end of the continuous enrollment provision to implementation of their unwinding plans, but the impact of the unwinding will vary by state. How the unwinding impacts Medicaid enrollees and state budgets will vary significantly from state to state depending on each state's systems capabilities, including *ex parte* renewal rates; communications strategies; staff capacity; and adoption of operational policies that make it easier for people to stay enrolled.

It is likely that the uninsured rate will increase as states resume Medicaid disenrollments. Most people who are disenrolled from Medicaid because they are no longer eligible should have a path to other coverage options through the Marketplaces or an employer, but knowledge of how and where to apply as well as affordability concerns may remain a barrier for some. Research (https://www.kff.org/medicaid/issue-brief/what-happens-after-people-lose-medicaid-coverage/) indicates that 65% of people disenrolled from Medicaid experience a period of

uninsurance in the year following disenrollment. At the same time, disenrollments for procedural reasons among people who remain eligible are expected to be high. Boosting staff resources and consumer assistance capacity, actively monitoring the unwinding to identify issues, and rapidly responding to systemic or recurring problems can help avoid disenrollments that lead to coverage losses.

CMS is working to finalize rule changes to streamline eligibility and enrollment, promote access and improve quality, while at the same time, Congress may debate eligibility restrictions and cuts to Medicaid and other assistance programs. The Department of Health and Human Services (HHS) Regulatory agenda calls for finalizing changes relating to eligibility and enrollment, access and managed care, mandatory reporting of the child core set of healthcare quality measures, and anti-discrimination. In connection with the need to raise the government's debt ceiling, interest in putting restrictions on Medicaid enrollment, such as work requirements, have resurfaced in Congress, along with strategies to slow the growth in Medicaid spending that largely shift increasing costs on the states by putting constraints on federal funding through per capital caps or block grants. How serious this debate is remains to be seen.

REPORT (HTTPS://WWW.KFF.ORG/REPORT-SECTION/MEDICAID-AND-CHIP-ELIGIBILITY-ENROLLMENT-AND-RENEWAL-POLICIES-AS-STATES-PREPARE-FOR-THE-UNWINDING-OF-THE-PANDEMIC-ERA-CONTINUOUS-ENROLLMENT-PROVISION-REPORT/) ›

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