Issue Brief October 2015

More Low-Income Floridians Covered Through Medicaid:
Context and Implications

Medicaid is the program providing health coverage for the lowest-income and most vulnerable Americans. Medicaid is administered and financed through a partnership between the federal and state governments. Eligibility for Medicaid is based on income, although different income limits apply to the different eligibility categories (children, parents and caregiver relatives, seniors and people with disabilities, and pregnant women).

Despite Florida's strict eligibility rules, enrollment in Florida Medicaid continues to increase. In order to assess what these increases mean in terms of access to coverage as well as fiscal impact, they must be reviewed in context. The facts presented below shed light on the reality underlying the raw numbers.

First and foremost, increased Medicaid enrollment means that more extremely low-income, uninsured Floridians have health coverage they could not otherwise obtain. Beyond this, the increases coincide with the launch and increasing awareness of the federal Health Insurance Marketplace, the subsidies available through the Marketplace that make coverage affordable, and the "No Wrong Door" system that facilitates enrollment in the appropriate coverage program. These elements have outstripped other demographic and economic factors in terms of their impact on enrollment during the past two years, but should have a far less substantial effect going forward.

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Fact #1: During the 20-month period from September 2013 to May 2015, total enrollment in Florida Medicaid increased by almost a half-million recipients, from 3.34 to 3.84 million (a 14.7% increase).[1]

Background: These 20 months span the period since the coverage expansions of the Affordable Care Act (ACA) became relevant to Medicaid enrollment levels in Florida. Specifically, September 2013 was the month immediately prior to the start of the first Open Enrollment period for the federal Health Insurance Marketplace (Marketplace.)

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Of the 3.84 million recipients, almost a half-million did not have full Medicaid, but rather only very limited coverage or benefits (for example, those with short-term catastrophic coverage through the Medically Needy program or Medicare recipients (low-income seniors and disabled individuals) who receive "Extra Help" with cost-sharing.)

Of the remaining 3.35 million who have what can legitimately be called meaningful coverage through the Medicaid program, 2.21 million (66%) were children, while approximately 590,000 (17%) were seniors and individuals with disabling conditions. See Figure A below

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Only about 570,000 (17%) were non-elderly, non-disabled adults. These include parents and caretaker relatives with family incomes up to 35% of the Federal Poverty Level (FPL) and pregnant women up to 191% FPL.

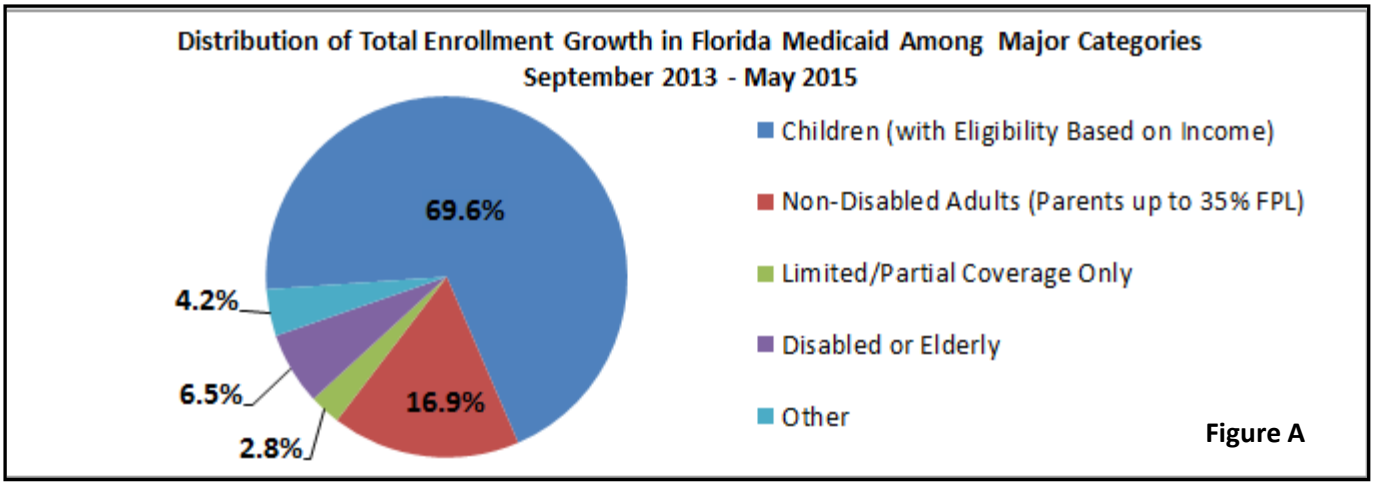

Figure A

Significance: Increased enrollment in Medicaid means that more previously uninsured, extremely low-income Floridians are covered. This is a "win-win" for consumers and taxpayers.

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Fact #2: More than two-thirds (70%) of the Medicaid enrollment growth over the 20 months – about 345,000 recipients - was concentrated among one category: low-income children who are eligible based on their family incomes. By contrast, about 83,000 (17%) of the enrollment growth was among the extremely low-income adults who qualify based on their incomes. See Figure B below.

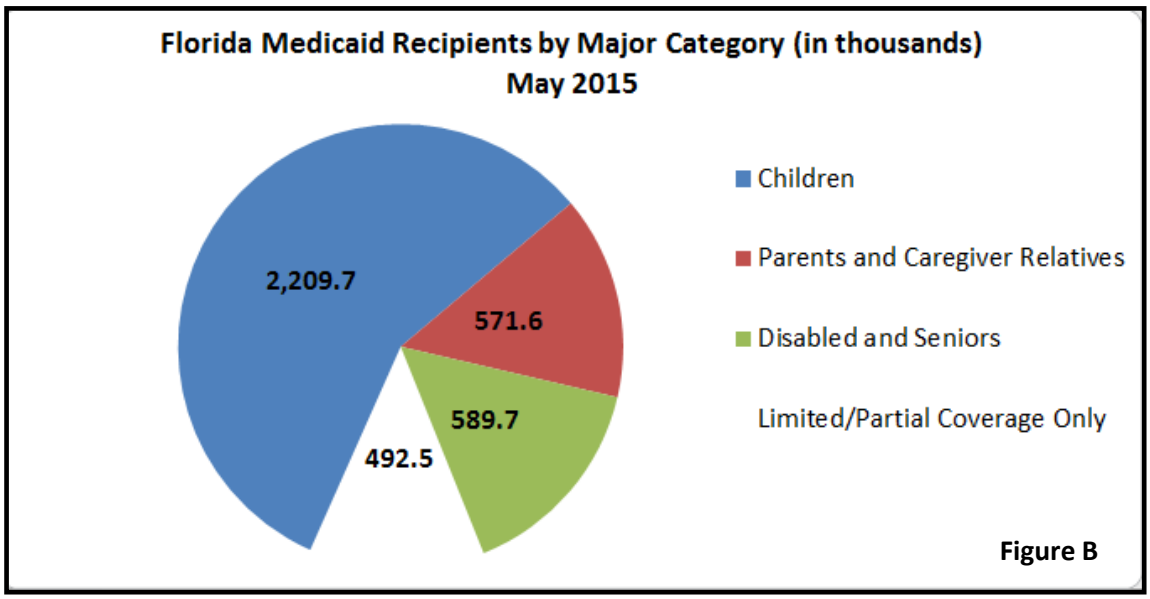

Figure B

Background: Children ages 1 through 5 are currently eligible for Medicaid at family incomes up to 145% FPL, with the income limit for children ages 6 through 18 slightly lower at 138% FPL. The only non-elderly adults who currently qualify for Medicaid based only on their incomes are parents and caretaker relatives (and 19- and 20-year olds) with family incomes at or below 35% FPL. Disabled individuals are eligible up to 75% FPL and pregnant women are eligible up to 191% FPL. Other non-elderly adults with no dependent children are ineligible, regardless of how low their incomes are. Current eligibility limits are summarized in Table 1 below.

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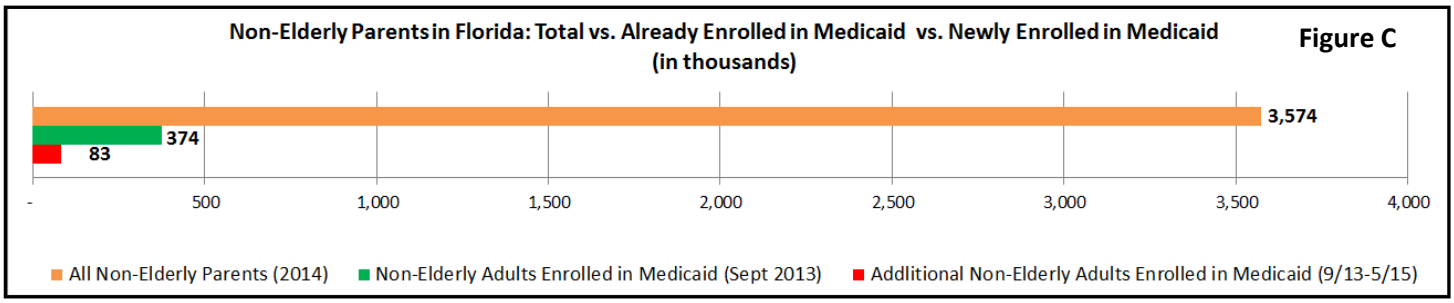
The ACA increased the income limit for Medicaid for school-aged children from 100% to 138% FPL, and this fueled much of the growth in children's Medicaid during the first Open Enrollment period. Also, as many uninsured parents enrolled in coverage for the first time through the Marketplace, their children were enrolled in coverage as well.

Table 1
2015 Income Eligibility for Florida Medicaid (excluding limited coverage)

Eligibility Group	Income Limit - as % of the Federal Poverty Level (FPL)[2]	Annual Income Limit (2015)	
		Individual	Family of 3
Infants under age 1	211% FPL		$42,390
Pregnant women	191% FPL	$22,481	$38,372
Children ages 1 through 5	145% FPL		$29,131
Children ages 6 through 18	138% FPL		$27,724
SSI recipients (elderly or disabled)	75% FPL (for a portion: 88% FPL)	$8,796 ($10,358)	
Parents and relative caregivers	35% FPL		$6,945
Young adults ages 19 and 20	35% FPL	$4,093	$6,945
Non-elderly, non-disabled adults with no dependent children	Not eligible at any income level	Not Eligible	Not Eligible

Significance: Most of the growth in Medicaid during the past 20 months has been among children, all of whom are in very low-income families. This fact alone should be sufficient to curtail concerns about enrollment growth; the provision of coverage for children is both widely supported and inexpensive to provide. As for the 83,000 newly enrolled, extremely low-income parents and caregiver relatives, they comprise less than one-half of one percent of Florida's total population.[3] See Figure C below.[4]



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Fact #3: The rate of enrollment increase was not at all uniform throughout the 20-month period. For example, dividing the second half of the period into two equal parts, 63% of the enrollment growth occurred during the latter five months.

Background:

The "welcome mat" effect refers to increases in enrollment in Medicaid (and the Children's Health Insurance Program) resulting from people applying for coverage in the federal Health Insurance Marketplace. For one, unprecedented public education and outreach efforts led to greater numbers of low-income, uninsured Floridians applying for coverage, many of whom had not previously sought coverage despite their eligibility. For another, the ACA created a "No Wrong Door" system of coordinated eligibility and enrollment. If an individual applies but does not qualify for subsidies to help purchase coverage in the Marketplace, the application will be screened for potential eligibility for Medicaid and transmitted directly to the state whenever appropriate. In short, education and outreach brought more Floridians into the system, and then the No Wrong Door routed them to the appropriate coverage.

States have significant flexibility in setting Medicaid income limits. Florida's limits are at or near the bare minimum requirements established in federal law to ensure that a basic health coverage safety net is in place. Most recently, the Florida Legislature has repeatedly declined to extend coverage to uninsured, non-elderly adults with family incomes below or near the poverty line, despite the fact that federal funds would cover at least 90 percent of the cost, as provided in the Affordable Care Act.

The ACA also changed the way income is counted and calculated for purposes of determining Medicaid eligibility for families and children starting in 2014, converting to a system based on Modified Adjusted Gross Income. These changes made some very low-income parent and caretaker relatives eligible for the first time (although it stripped eligibility from a smaller number as well).

Finally, ACA reforms included a "personal responsibility" provision requiring most Americans to maintain health coverage (whether obtained through an employer, direct purchase or enrollment in a public program like Medicaid) or be subject to a financial penalty. Although there are numerous exemptions from the penalty for which many low-income individuals qualify, including an exemption available to all Floridians who would have been Medicaid-eligible had Florida expanded, many remain unaware.

Significance: Open Enrollment for 2015 coverage began in November 2014 and ended in February 2015. As a result, the welcome mat effect on Medicaid enrollment was likely concentrated from January to May. This period coincided with significantly higher Medicaid growth than the previous five months, an indication that the welcome mat (including increased awareness of potentially available coverage) has been the primary driver of enrollment since 2013.

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Fact #4: The difference in the welcome mat effect over the two 5-month periods described above was greatest among parents and caregiver relatives. During the first five months (July - December 2014), enrollment increased by 10,900, but grew by 32,200 over the next five months (corresponding with Open Enrollment in the Marketplace).

Background: In 2013, state economists estimated that approximately 80% of Florida adults who were eligible for Medicaid were enrolled. The increase in enrollment among these adults is far lower than the number who were eligible but not enrolled. Furthermore, the welcome mat effect already seems to be slowing. The enrolment growth among low-income children and parents was much slower during 2014-15 than in 2013-14.

Significance: Again, Medicaid eligibility is primarily a function of income. Extremely low-income parents and low-income children are the primary group of Floridians who are currently eligible for Medicaid. The fact that the lowest-income parents and children signed up for coverage during the Open Enrollment periods is by no means an indication that the number who are eligible to enroll in the current Medicaid program will somehow increase without limit. Rather, fears of uncontrolled growth in Medicaid enrollment given the current economic landscape are unfounded.

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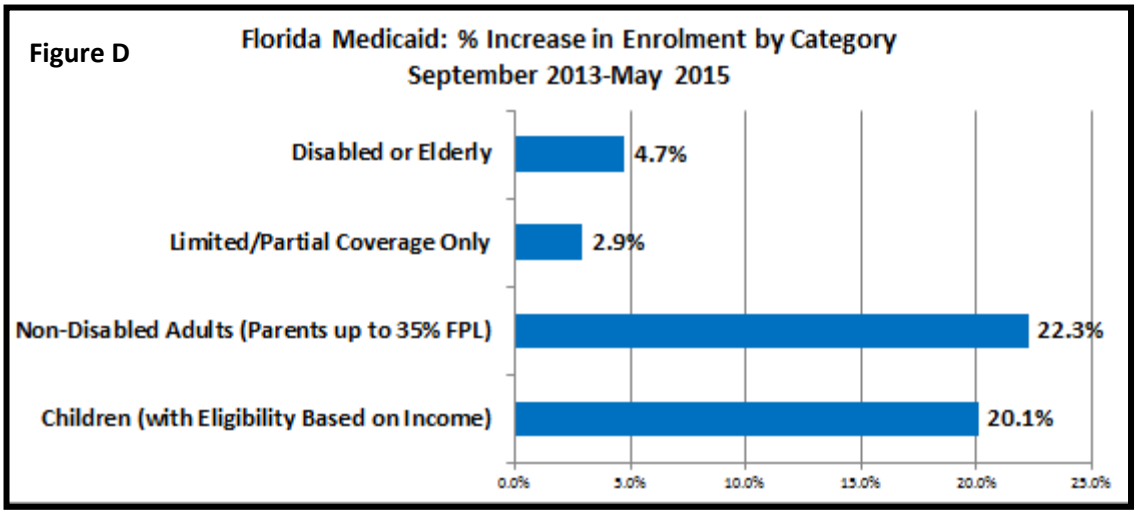
Fact #5: Although enrollment by children and parents whose Medicaid eligibility is based on their income increased by 20% and 22%, respectively, since September 2013, the number of seniors and disabled individuals increased by less than 5%. See Figure D below.



Background: The rate of enrollment increase among seniors, for example, was not significantly higher than the growth rate of Florida's senior population overall. (Note: The level of enrollment level among seniors in Medicaid has little relationship to the elderly uninsurance rate, which is extremely low because of the availability of Medicare coverage.)

The rate of increase in Medicaid enrollment among seniors, for example, was not significantly higher than the growth rate of Florida's senior population overall. (Note: The level of enrollment level among seniors in Medicaid has little relationship to the elderly uninsurance rate, which is extremely low because of the availability of Medicare coverage.)

Significance: The "welcome mat" effect (enrollment among those who are already eligible for Medicaid under current rules) of the Marketplace was not significant among groups whose eligibility was based on the fact that they are elderly or disabled, for example. For one, this means that enrollment among some eligibility groups has not increased significantly. Second, the eligibility groups that have *not* seen large enrollment increases are the ones that are the most expensive to serve.

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In summary, recent consternation in response to enrollment growth in the Medicaid program is misplaced. Rather, concern might be better focused on the high numbers of Floridians living below the poverty line, with a focus on those caught in the health care coverage gap and therefore remain uninsured. The vast majority have no hope of obtaining coverage until such time as Florida expands Medicaid as called for in the ACA.

This report was written by Greg Mellowe, Health Policy Analyst. Karen Woodall is Executive Director of FCFEP; Alan Stonecipher is Communications Director.

Endnotes

[1] All Medicaid enrollment-related data reported or analyzed in this brief were found in or derived from monthly Medicaid Eligibles Reports published by the Agency for Health Care Administration. See http://www.fdhc.state.fl.us/medicaid/Finance/data_analytics/eligibles_report/index.shtml.

[2] Under the Affordable Care Act (ACA), Medicaid income limits for the various eligibility groups are the result of conversion of historical income limits to limits based on Modified Adjusted Gross Income, as well as an upward adjustment equal to 5% of the Federal Poverty Level (FPL). For example, strictly speaking, although the income limit for children ages 1 through 18 is set uniformly under the ACA at 133% FPL, *de facto* income limits for children ages 1 through 5 and 6 through 18 are different (145% FPL for ages 1-5 and 138% FPL for ages 6-18.) See http://www.medicaid.gov/medicaid-chip-program-information/program-information/downloads/medicaid-and-chip-eligibility-levels-table.pdf for current income limits expressed as a percentage of FPL, but not including the 5% adjustment.

[3] See, e.g., 45 CFR §155.345

[4] Estimate of number of non-elderly parents derived via query of the Current Population Survey (CPS) Table Creator of the U.S. Census Bureau, located at http://www.census.gov/cps/data/cpstablecreator.html