MassHealth, the Massachusetts Medicaid Program

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MASSHEALTH BASICS
MassHealth Overview

- Public health insurance program covering over 1.3 million Massachusetts residents
  - 20 percent of state’s population
- State administered subject to federal rules
  - “Medicaid” = “MassHealth”
  - Title XIX (Medicaid) and Title XXI(SCHIP)
  - Mandatory and optional populations
  - Mandatory and optional benefits
- Program costs shared by federal government
  - 50% for Medicaid and 65% for SCHIP
  - Match was increased in FFY 2009-2011
Who is Eligible?

- Low-income children and their parents
- Pregnant women, people with HIV/AIDS, women with breast or cervical cancer
- Seniors and long-term unemployed adults, at lower income levels
- Low-wage employees of qualified employers
- People with disabilities may “buy in” at higher income levels
MassHealth Eligibility Overview

% of FPL

Children

% of FPL

Adults under 65

Coverage by Expansion

- Base Population (eligible before 7/97)
- Expansion 7/97, SCHIP if child and uninsured
- CommonHealth 7/97 (formerly state-funded program)
- Expansion 7/97, SCHIP if uninsured
- Expansion 1/99, 1/00, Premium Assistance
- Expansion 4/01, Family Assistance
- Expansion 7/06, 10/06
- Commonwealth Care, 10/06*

*Commonwealth Care excludes employed people whose employers offer coverage.

Source: EOHHS

Center for Health Law and Economics, Commonwealth Medicine
Adapted from material developed by the Massachusetts Medicaid Policy Institute and MassHealth
What is MassHealth Today?

- Provides health coverage to a broad cross-section of Massachusetts residents
- A major factor in low level of uninsured
- Central to structure of health reform and critical to its success
A minority of MassHealth members account for most of the spending.

Source: MassHealth Budget Unit, reported in “EHS Results,” www.mass.gov/hhs/ehsresults
MEDICAID WAIVERS & HEALTH CARE REFORM
“Waivers” of standard Title XIX rules

- **Section 1115**: Research and Evaluation demonstration waivers to "promote objectives of [Title XIX]"
  - Used historically to expand coverage
- **Section 1915(c)**: Home and Community-Based Services waivers
  - Used to provided long-term services and supports to people with disabilities in order to delay or prevent institutionalization
- **Section 1915(b)**: waivers to promote cost-effectiveness and efficiency; aka “Freedom of Choice” waivers
  - Used when choice of provider will be restricted, e.g. for managed care
How MassHealth Uses Sec. 1115 Waivers

• MassHealth waiver: originally approved in 1995; implemented in 1997
• MassHealth is a demonstration program to reduce the number of uninsured and the cost of their care, to get federal funding for existing state health programs, and to innovate
• MassHealth covers most non-elderly people in the Massachusetts Medicaid program
• Financing vehicle for reform initiatives since 1997, particularly Chapter 58 of the Acts of 2006 (Massachusetts Health Reform)
  • Public coverage expansions since the beginning
  • More recently, delivery system redesign
Original Provisions of the MassHealth Waiver

• New eligibility categories and expanded income limits for existing categories
• Increased the number of Medicaid enrollees in managed care
• Authorized federal matching funds for expenditures not ordinarily eligible
• Supplemental payments to Medicaid MCOs and safety net hospitals
Massachusetts Health Care Reform Connections with MassHealth

• FY2006 waiver renewal required new measures to promote expanded coverage
• Law went beyond; seeks “near-universal” coverage
• Chapter 58 is financed in great part by state and federal dollars in MassHealth waiver; “Safety Net Care Pool”
  • Principle was to redirect dollars paying for care for the uninsured to pay for coverage
439,000 more people had coverage in March 2011 than in June 2006
Safety Net Care Pool

- Commonwealth Care subsidies
- Payments to providers for uncompensated care
- Designated State Health Programs
- Delivery System Transformation Initiatives (DSTI)
MASSHEALTH & COST CONTAINMENT
Delivery System Transformation Initiatives (DSTI)

- Incentive payments for 7 hospitals with high Medicaid patient volume
- For development and implementation of programs that improve access, quality of care and health. Categories:
  - Fully integrated delivery system
  - Improved health outcomes and quality
  - Ability to respond to statewide transformation initiatives
  - Population-focused improvements
DSTI

- $628 million over 3-year waiver period
- Not payment for direct services, but to support and reward system improvement
- Commonwealth Master DSTI Plan
- Followed by DSTI plan for each hospital
MassHealth’s role in payment and delivery system reform

- Pediatric asthma bundled payment pilot
- Money Follows the Person demonstration
- Demonstration to integrate financing and services for dual eligibles
- Patient-centered medical home initiative
- Cost containment bills: MassHealth directed to develop ACO and PCMH, implement alternative payment methods
IMPLICATIONS FOR MASSHEALTH OF THE SUPREME COURT’S ACA DECISION
Challenges to PPACA

• Anti-Injunction Act
  ▪ A Tax cannot be challenged before it has been assessed
  ▪ Legislative history undermines argument

• Minimum Coverage Requirement
  ▪ Commerce clause allows regulation of activity that has a substantial effect on interstate commerce; what activity effects commerce and what activity is being regulated? What are limits of Congress’ commerce clause authority?

• Medicaid expansion
  ▪ Spending Clause Congress can impose conditions on federal funds, but is fiscal impact of opting out of Medicaid so severe the expansion amounts to unconstitutional coercion of state administrative functions and spending?
    ▪ All lower courts rejected plaintiffs argument here, but USSC reviewing anyway.

• Severability - Justices found this daunting
Potential effects on Massachusetts health care system

- 2006 State reforms would remain
  - Coverage expansions
  - Shared responsibility (indiv. mandate)
  - Commonwealth Care
  - Connector/Exchange
- Earlier insurance reforms would remain
  - Limited pre-ex exclusions
  - Guaranteed issue
Potential effects on Massachusetts health care system

• Loss of anticipated federal funds
  • Enhanced federal match for childless adults ≤ 133% FPL and CHIP (Title XXI)
  • Coverage subsidies 134-400% FPL
    (plus subsidies stay at 300% rather than rising to 400%)
• Unwinding ACA grants, pilots & demos already begun, or finding alternative funding
• Legal challenge to state insurance mandate?
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