

Florida's Medicaid Choice: Options and Implications

In 2013, the Florida Legislature chose not to expand Medicaid to those with incomes below 133% of the federal poverty line. Consequently, Florida today is among 24 states that are not receiving federal Medicaid expansion funding. As the 2014 Legislative session nears, the question of whether to accept the federal Medicaid dollars likely will be debated again. This fact sheet provides a brief overview of key issues for Florida policymakers and stakeholders to consider.

COVERAGE OR NO COVERAGE?

States not drawing down the federal dollars now have a coverage gap for their most vulnerable adults (Figure 1).

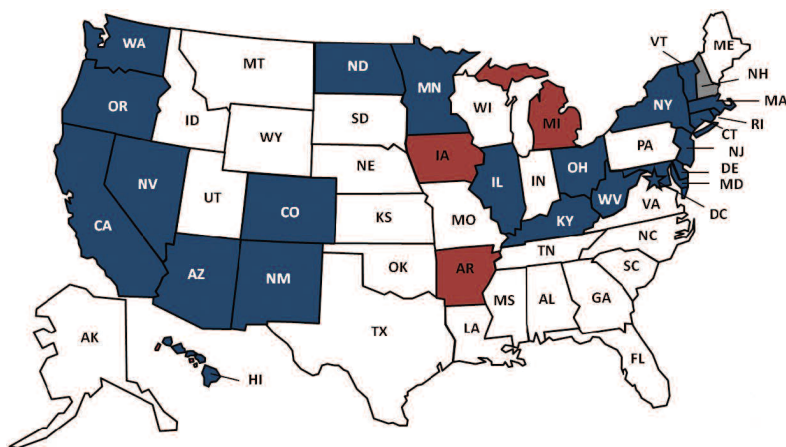
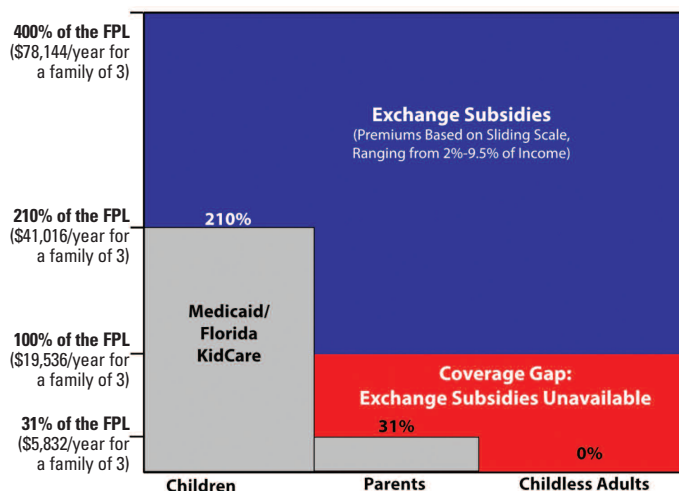
In Florida's case, this includes adults below the poverty line if there is no child in the household and parents with incomes above 30% of the federal poverty level (FPL).

While the newly eligible for Medicaid includes adults up to 133% of the FPL, adults above 100% of the FPL can get tax credits to purchase coverage in the new insurance marketplaces if they don't have Medicaid coverage. Those below the poverty line will remain uncovered.

According to a study done by the Kaiser Commission on Medicaid and the Uninsured, 764,000 Floridians are now in a coverage gap because the state has not taken up the Medicaid option¹. Florida has one of the highest rates of uninsured adults in the country – just under 29%.

Another study finds that Florida's decision not to extend Medicaid significantly blunts the ability of the Affordable Care Act (ACA) to reduce the number of uninsured Floridians. With the Medicaid expansion, 68% of uninsured Floridians would have a path to coverage; only 37% have a path to coverage if the state continues to refuse the federal funding².

FIGURE 1. With its 2013 decision to forego Medicaid expansion, Florida now faces a coverage gap for its most vulnerable adults. If Florida were to choose Medicaid expansion, 68% of uninsured Floridians would have a path to coverage; without it, only 37% have a path to coverage.



STATUS OF MEDICAID EXPANSIONS

- Moving forward at this time (22 states & D.C.)
- Moving forward with a Section 1115 Waiver (3 states)
- Agreement not final (1 state)
- No action

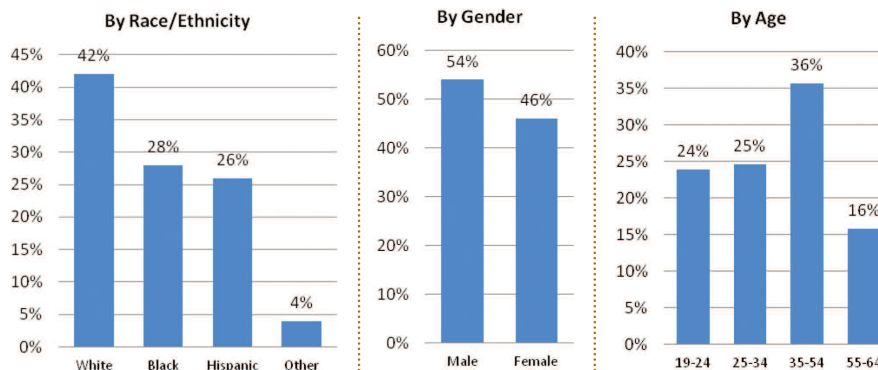
SOURCES: State decisions on the Medicaid expansion as of October 21, 2013. Based on data from the Centers for Medicare and Medicaid, Kaiser Family Foundation and state legislative scan by Georgetown CCF.



This educational brief, authored by Joan Alker, executive director of the Center for Children and Families at the Georgetown University Health Policy Institute, was commissioned by Florida Philanthropic Network and its Health Funders Group, which represents grantmakers who share an interest in supporting health issues, organizations and needs in Florida.

WHO IS AFFECTED BY THE GAP IN FLORIDA'S COVERAGE?

Floridians of all ages and races are affected by the coverage gap. Young families are impacted: 23% of those in the gap are adults with dependent children. Many work in low-wage jobs that do not provide health benefits. — 532,000 workers in Florida had income below 133% of FPL.



SOURCES: "The Impact of the Coverage Gap in States not Expanding Medicaid by Race and Ethnicity", The Kaiser Family Foundation, December 2013; Kenney, G et al. *Opting into the Medicaid Expansion Under the ACA: Who are the Uninsured Adults Who Could Gain Health Insurance Coverage?* Urban Institute, August 2012; "Characteristics of Poor Uninsured Adults who Fall in the Coverage Gap," The Kaiser Family Foundation, December 2013; U.S. Census.

HOW MUCH MONEY IS AT STAKE?

A conservative estimate using the state's Estimating Conference data finds that as of **January 1, 2014**, Florida is losing out on almost \$7 million a day by not accepting federal Medicaid dollars.

This number will grow over time, as more people would have continued to enroll if the state had moved ahead.

Another fiscal issue unique to Florida is that the state's Section 1115 Medicaid Research and Demonstration waiver will expire on June 30, 2014. This waiver authority includes a statewide fund of federal dollars known as the Low Income Pool (LIP), which provides approximately \$2 billion to hospitals and other providers "to provide services to the uninsured and underinsured" as described in the state's renewal request.

In its renewal request, the state renames the fund (System Access and Transformation Incentive Fund), emphasizes positive system reforms and seeks an increase in funding to \$4.5 billion annually for three years. The state asserts that "this request is made to improve the health of Floridians, and this request has no connection to the Medicaid expansion provisions of the Affordable Care Act."³

It is unlikely, however, that the Centers for Medicare & Medicaid Services would see LIP funding, which was established to help serve the uninsured prior to the enactment of the ACA, in the same light now that federal Medicaid funds are available to states to serve uninsured adults below 133% of the FPL.

HOW ARE OTHER STATES MOVING FORWARD?

Of the 26 states and D.C. that are accepting the federal funds in 2014, 23 are doing so through a state plan amendment (SPA) option or the continuation of a pre-existing waiver that meets ACA coverage standards.

The SPA approach provides states with considerable flexibility on matters such as the benefits package (which can be modeled on a commercial package and differ from the state's adult package already in place), delivery system (i.e. mandating managed care without a waiver) and some options to charge cost-sharing (but not premiums).

Three states (Arkansas, Iowa and Michigan) have recently been approved to conduct Section 1115 research and demonstration waivers to expand coverage to their newly eligible population using enhanced federal match and alternative approaches. These experiments include using Medicaid dollars to purchase private coverage through the new insurance marketplaces (AR, IA), incentivizing healthy behaviors (IA), and establishing a new form of health savings accounts (MI). One state (Wisconsin) received federal approval to revise its existing public coverage structure to do a partial expansion for adults below the poverty line (many of whom were already covered) at the regular Medicaid match rate.

ENDNOTES

- 1) Rudowitz, R. A Closer Look at the Uninsured Eligible for Medicaid KCMU (December 2013).
- 2) Buettgens, M et al. Eligibility for Assistance and Projected Changes in Coverage Under the ACA: Variation Across States Urban Institute, October 2013.
- 3) Florida Agency for Health Care submission of Managed Medical Assistance Program extension request, November 27, 2013.

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