

Missouri Medicaid Basics

Spring 2017

Introduction

The Medicaid program, enacted through Title XIX of the federal Social Security Act in 1965 at the same time as Medicare, exists as the largest of the federal-state partnerships for low-income people. Nationally, Medicaid and the Children’s Health Insurance Program (CHIP) provide public health insurance coverage to over 70 million low-income Americans,¹ including working families, seniors, and individuals with diverse physical and mental disabilities. The federal government offers matching funds to states to support the financing of Medicaid.

Each state administers its own Medicaid program. The federal Centers for Medicare and Medicaid Services (CMS) monitors state-run programs and establishes requirements for service delivery and quality, funding, and eligibility standards. State participation is voluntary, and all states have participated since 1982. Missouri’s participation in Medicaid (called MO HealthNet in Missouri) began in 1967.

Overview of MO HealthNet

The Missouri Department of Social Services (DSS), MO HealthNet Division administers the provision and payment of services for Missouri’s MO HealthNet program. The DSS Family Support Division (FSD) determines MO HealthNet eligibility for individuals and families. There are 144 FSD Resource Centers located throughout Missouri (an interactive map of the FSD Resource Centers can be found at: http://dss.mo.gov/dss_map/).

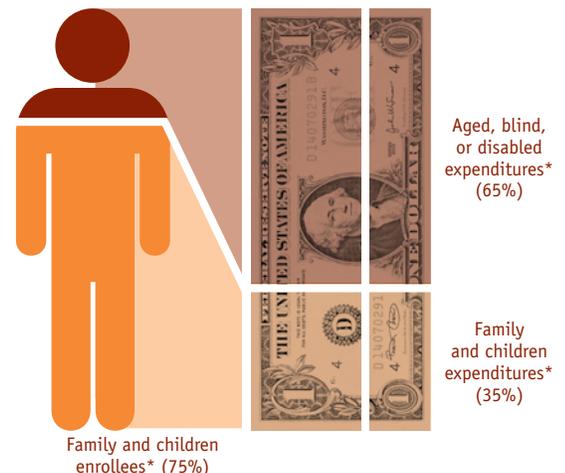
MO HealthNet represents a significant portion of Missouri’s overall state budget. Approximately 30 percent of Missouri’s total budget was dedicated to MO HealthNet in State Fiscal Year (SFY) 2017. However, about 51 percent of the state’s Medicaid funding comes from federal funds. Increases in program costs can have a major impact on the overall fiscal condition of the state.

Missouri’s MO HealthNet:

- covers 1 out of every 6 Missourians
- covers 44% of Missouri's children
- pays for 40% of all births in the state²
- covers 1 out of every 12 seniors over age 65
- pays for 63% of all nursing home care in the state³
- currently provides access to medical treatment for over 965,000 Missourians

Although most people enrolled in MO HealthNet are families and children, the majority of expenditures pay for services to aged, blind, and disabled Missourians.

Aged, blind, or disabled enrollees*	Federal share**	Missouri share**
(25%)	(63.2%)	(36.8%)



*State Fiscal Year 2016

**Effective from Oct. 1, 2016 to Sept. 30, 2017

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Missouri Medicaid Eligibility

Covered Populations	Income Guidelines*
Children (up to age 19)	<305% Federal Poverty Level (FPL)
Parents	≈22% FPL**
Pregnant Women	<201% FPL†
Disabled Individuals	<85% FPL***
Missourians (age 65 & over)	<85% FPL***
Blind Individuals	<100% FPL***
Qualified Medicare Beneficiaries	<100% FPL

*Asset tests and other factors affect eligibility, which is determined by the Family Support Division local offices.

**Income guidelines for parents are based on the July 1996 Aid for Families with Dependent Children (AFDC) payment standard, not on the Federal Poverty Guidelines.

***Deductions and exceptions apply. People may have medical expenses deducted from income calculations to "spend down" to eligible levels.

†The Income Guidelines listed for Pregnant Women excludes Missouri's Show-Me Health Babies Program, which provides pregnancy-related services to women with incomes between 201 and 305% FPL.

Children, Pregnant Women, and Parents are subject to a 5% income disregard as a result of changes made in the Affordable Care Act to amend the Modified Adjusted Gross Income used to determine eligibility.

2017 Federal Poverty Level (FPL)

Family Size	Annual Income			
	85% FPL	100% FPL	201% FPL	305% FPL
1	\$10,251	\$12,060	\$24,241	\$36,783
2	\$13,804	\$16,240	\$32,642	\$49,532
3	\$17,357	\$20,420	\$41,044	\$62,281
4	\$20,910	\$24,600	\$49,446	\$75,030

AFDC Payment Standard for Parent Eligibility (≈22% FPL)

Family Size	Annual Income			
	2	3	4	5
Annual Income	\$3,696	\$4,620	\$5,460	\$6,228

Eligibility

In general, MO HealthNet covers low-income children; their parents, guardians, or caretakers; and aged, blind, or disabled individuals. Nevertheless, certain income and resource criteria must be met as well. Income criteria are largely based on poverty guidelines established by the federal government. Resource criteria (i.e., savings and other countable assets) largely apply only to aged, blind, and disabled people applying for MO HealthNet.

Parents, Children, and Pregnant Women

In SFY 2016, MO HealthNet covered more than 606,700 low-income children and approximately 94,300 low-income custodial parents. The vast majority of covered adults in families with children are women. Children represent the largest demographic group served by Missouri Medicaid, with almost 63 percent of all MO HealthNet enrollees being age 18 or younger. Pregnant women who meet certain income criteria are also eligible for coverage during their pregnancy and postpartum.

Aged

Approximately 78,100 Missourians age 65 and over were covered by MO HealthNet in SFY 2016. Eligible individuals must meet the income and resource requirements of the program. Missouri seniors can also "spend down" their incomes to qualify for MO HealthNet (see text box on pg. 3 for an explanation of spend down). In some cases, MO HealthNet assists seniors in paying their Medicare premiums, copayments, and deductibles.

Blind and Disabled

According to Missouri DSS, an estimated 159,400 Missourians covered by MO HealthNet qualify for services due to a "physical or mental impairment, disease, or loss which keeps them from working in any job within their skill level for 12 months or longer." People who are eligible for cash assistance through the federal Supplemental Security Income (SSI) program automatically qualify for MO HealthNet on the basis of disability. Other individuals who meet the SSI disability definition are also eligible as long as their income does not exceed 85 percent of the Federal Poverty Level (FPL) for disabled individuals and 100 percent of FPL for those who are blind. Additional people can qualify by spending down their incomes on medical expenses. Some people with a disability also receive MO HealthNet assistance to help pay their Medicare premiums, copayments, and deductibles.

Key MO HealthNet Programs

MO HealthNet refers to the statewide medical assistance programs for elderly and disabled persons, low-income families, pregnant women, and children. MO HealthNet enrollees receive their health care through either the fee-for-service or the managed care delivery systems. MO HealthNet includes both federally matched and state-only funded programs. The following sections discuss the six largest programs that together covered about 93 percent of the individuals enrolled in MO HealthNet in SFY 2016.

1. MO HealthNet for the Aged, Blind, or Disabled

MO HealthNet for the Aged, Blind, or Disabled (MHABD) provides Medicaid coverage to individuals who meet the requirements of Old Age Assistance (OAA), Permanently and Totally Disabled (PTD), or Aid to the Blind. These Missourians account for about 25 percent of all MO HealthNet consumers. Individuals who are over 65 or disabled and have incomes up to 85 percent of FPL qualify automatically, while others qualify for MHABD by spending down their incomes on medical expenses each month. Persons who are blind automatically qualify for MO HealthNet if they have incomes up to 100 percent of FPL. These individuals may also spend down to qualify.

Approximately 27 percent of individuals covered under MHABD are eligible under the OAA requirements (around 64,100 persons), while only about 0.5 percent of individuals (around 1,100 persons) in the MHABD program are eligible under the Aid to the Blind program. Individuals with disabilities account for 67 percent of participants in the MHABD program (around 159,400 persons). People of all ages with a wide variety of physical and mental disabilities can qualify if their disability, income, and resources meet certain criteria.

2. Qualified Medicare Beneficiary

The federal government requires that state Medicaid programs pay Medicare premiums, deductibles, or coinsurance for qualified people enrolled in Medicare Parts A or B. The Missouri Qualified Medicare Beneficiary (QMB) program pays for Medicare premiums, deductibles, and coinsurance for eligible persons enrolled in Medicare Part A with incomes up to 100 percent of FPL. Approximately 14,400 individuals received benefits through the QMB program in SFY 2016. Additionally, Missouri has a Specified Low-Income Medicare Beneficiary (SLMB) program that pays for all or part of the Medicare Part B premiums for persons whose incomes are more than 100 percent of FPL, but less than 175 percent of FPL. Approximately 24,500 individuals received assistance in SFY 2016 under the SLMB program.

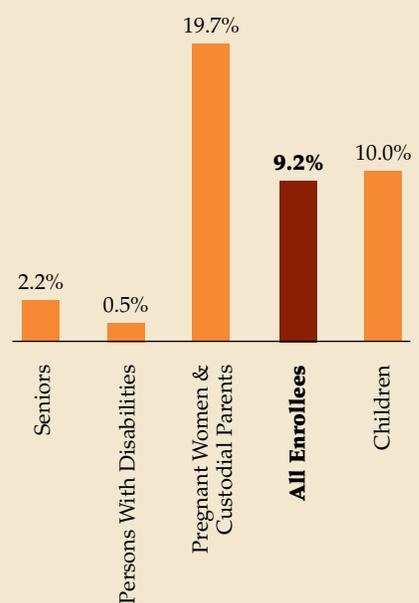
What's Meant by "Spending Down"?

Spending down refers to the amount of medical expenses that an individual must pay each month before becoming eligible for coverage through Medicaid. The total that must be spent down equals the amount by which an individual's or couple's net income exceeds the income eligibility requirement for a given Medicaid program.

An individual's spend down obligation can be met by:

- submitting incurred medical expenses to their caseworker on a monthly basis; or
- paying the monthly spend down amount to the MO HealthNet Division, similar to an insurance premium payment.

2015-2016 MO HealthNet Enrollee Growth



MO HealthNet for Kids (CHIP)

The federal Balanced Budget Act (BBA) of 1997 amended the Social Security Act to create Title XXI, the Children's Health Insurance Program (CHIP). CHIP provides affordable health coverage to 8.3 million children nationally, including over 28,000 in Missouri, who live in families with incomes too high to qualify for Medicaid but too low to afford private coverage. In 2010, the federal health reform law extended the authorization of CHIP through 2019 and extended funding through the end of 2015.

In April 2015, the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) was passed by Congress and signed into law by then-President Obama. The law extends CHIP through September 30, 2017 and provides an additional \$19.3 billion for fiscal year 2016 and \$20.4 billion for FY 2017. In addition, MACRA maintains the previous payment formula, which included a 23 percentage point increase in the federal government's CHIP match rate to the states. In Missouri, the FY 2017 enhanced federal match for CHIP is 97.25 percent. Funding for CHIP beyond September 2017 will require legislative action and appropriation by Congress.⁴

EPSDT/HCY Program

Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) is Medicaid's comprehensive and preventive child health program for individuals under the age of 21. In Missouri, the EPSDT program is called Healthy Children and Youth (HCY). HCY provides all MO HealthNet eligible children with appropriate full health screens and subsequent treatment for identified health problems. Components of a full health screen include interval history, physical examinations, anticipatory guidance, laboratory tests, immunizations, lead screening, development/personal social/language, fine/gross motor, hearing, vision, and dental.

3. MO HealthNet for Kids (Medicaid)

This program provides health insurance coverage for children under age 19 whose net family income does not exceed:

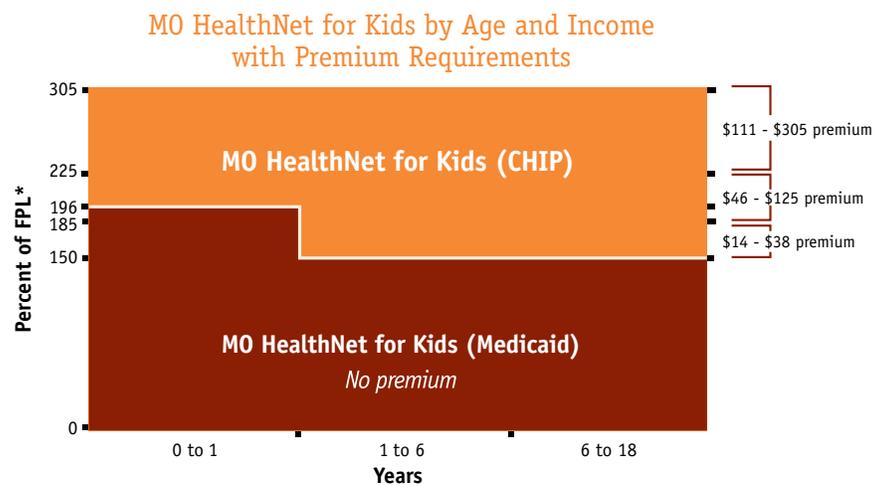
- 201 percent of FPL for children under age 1, and
- 153 percent of FPL for children ages 1-18.

Approximately 510,295 low-income Missouri children have health insurance coverage through this MO HealthNet program. This population represents 53 percent of all MO HealthNet recipients. (Note: About half of these children are classified under MO HealthNet for Families – Children because their parents are also eligible for MO HealthNet; however, they are eligible because of the above income requirements.)

4. MO HealthNet for Kids (CHIP)

Using its allocated CHIP funds, Missouri expanded its existing Medicaid program for low-income children in 1998. This CHIP expansion extended health coverage to low-income children with family income up to 305 percent of FPL.

The MO HealthNet for Kids (CHIP) program provides the same health services as those covered under MO HealthNet for Kids (Medicaid), except that CHIP kids are not eligible for non-emergency medical transportation. Based on an income scale, some individuals covered under Missouri's CHIP program must pay premiums. Premiums paid per family per month range from \$14 to \$305 (see chart). Approximately 28,300 children had coverage under the MO HealthNet for Kids (CHIP) program in Missouri in SFY 2016. This number represents about 3 percent of the total MO HealthNet population.



MO HealthNet for Kids (Medicaid): no premium
 MO HealthNet for Kids (CHIP):

- 151% to 185% - premium of \$14 to \$38 per family per month
- 186% to 225% - premium of \$46 to \$125 per family per month
- 226% to 300% - premium of \$111 to \$305 per family per month

*See page 2 for 2017 FPL guidelines

5. MO HealthNet for Families – Adults

Low-income parents and caretakers are covered through the MO HealthNet for Families (MHF) adult program. Parents with incomes up to the 1996 Aid to Families with Dependent Children (AFDC) income level (about 22 percent of FPL) are eligible for the program. In SFY 2016, about 94,300 adults had health insurance coverage through the MHF program. This group represents approximately 8 percent of all MO HealthNet recipients in the state of Missouri.

6. MO HealthNet for Pregnant Women

Pregnant women with family incomes up to 201 percent of FPL qualify for Medicaid coverage under the MO HealthNet for Pregnant Women (MPW) program. Qualification under this category includes 60-day postpartum coverage even with subsequent increases in family income. Approximately 26,400 women received insurance benefits under this program during SFY 2016. This group represents 3 percent of all MO HealthNet recipients in the state. In 2014, the General Assembly passed legislation creating the “Show-Me Healthy Babies” program in MO HealthNet. This program covers unborn children by expanding health coverage to pregnant mothers. Show-Me Healthy Babies covers pregnancy-related services for women with incomes between 201 and 305 percent of FPL. Roughly 1,200 women are covered through this program in SFY 2016.

Mandatory MO HealthNet Services

Federal guidelines require states to cover a minimum set of services under Medicaid, including:

- inpatient hospital services;
- outpatient services, including those delivered in Rural Health Clinics (RHCs) and Federally Qualified Health Centers (FQHCs);
- physician services, including psychiatry;
- family planning services and supplies;
- nursing facility services and home care;
- skilled home health services, including durable medical equipment;
- lab and X-ray services;
- nurse-midwife, certified family nurse practitioner, and certified pediatric nurse practitioner services;
- medical and surgical services of a dentist;
- non-emergency medical transportation; and
- screening and treatment services to children under age 21 under the EPSDT/HCY program.

Optional Services Covered by MO HealthNet

States may opt to cover additional services, which also qualify for federal matching funds. “Optional” means only that federal law does not mandate the service. Some of the optional services Missouri provides to certain eligible Medicaid populations include:

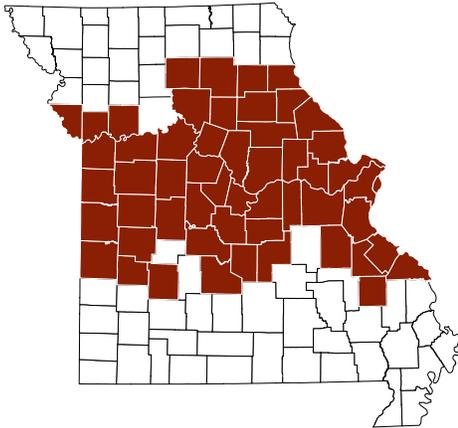
- pharmacy services,
- rehabilitation and specialty services,
- mental health services (may be mandatory in some instances),
- psychiatric care,
- in-home care, and
- dental services.

While considered optional, most of these services are central to effective health care. The elimination of these services may increase utilization and costs of some mandatory services, particularly emergency room care and hospitalizations. In addition, lack of access to optional benefits can affect the ability of elderly and disabled populations to remain in their homes and communities and can result in admission to an institution, such as a nursing home.

In the 2015 legislative session, the legislature passed a bill that used funding generated from a tax amnesty program to reinstate adult dental services for MO HealthNet beneficiaries. Dental services for adults were not covered by the MO HealthNet program since 2005. Previously, dental coverage for adults was limited only to trauma of the mouth, jaw, or teeth as a result of injury or a medical condition. These funds allowed for the expansion of services to an approximate 282,000 eligible individuals. In May 2016, Missouri’s Department of Social Services announced that CMS had approved the state’s plan to expand MO HealthNet dental services to eligible adults. The Missouri General Assembly approved the budget for SFY 2017, which included funding for oral health coverage in the MO HealthNet program. This means that although coverage could be subject to changes through the appropriations process every year, it is no longer tied to special, one-time funding.

Delivery Systems

MO HealthNet Managed Care Counties Prior to May 1, 2017



Missouri's MO HealthNet program works to promote good health, to prevent illness and premature death, to correct or limit disability, to treat illness, and to provide rehabilitation to persons with disabilities. Health services covered by MO HealthNet can be split into two benefit packages: 1) Primary and Acute Health Care and 2) Long-Term Care.

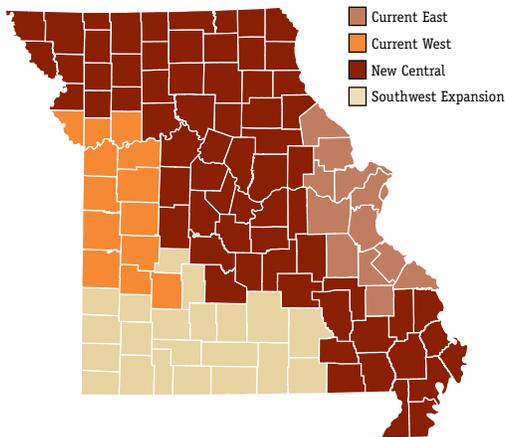
Primary and Acute Health Care

MO HealthNet's Primary and Acute Health Care package provides physician, hospital, laboratory, pharmacy, preventive, and other services. People have access to these services through either the fee-for-service system or the managed care system, depending on the MO HealthNet program for which they are eligible. All MO HealthNet enrollees, however, must obtain prescriptions through the traditional fee-for-service system.

Fee-for-Service

In Missouri, all individuals under the MHABD program participate in the fee-for-service system regardless of their county of residence. Prior to 2017, MO HealthNet children and parents that lived in counties other than those designated as managed care counties participated in the fee-for-service system. Missouri DSS, through the use of a claims processing fiscal agent, paid for services based on an established fee schedule. As of May 1, 2017, all children*, parents, and pregnant women will participate in Missouri's Medicaid managed care system.

MO HealthNet Managed Care Regions Beginning May 1, 2017



MO HealthNet Managed Care

The MO HealthNet managed care system (formerly known as MC+) started in 1995 when Missouri DSS first contracted with managed care plans in an effort to improve the accessibility and quality of health care services for Missouri's MO HealthNet populations, while reducing the costs of providing care. Missouri initially used managed care plans to deliver Medicaid benefits to children, families, and pregnant women across a specific geographic corridor representing 54 counties and the cities of St. Louis, Kansas City, Columbia, and Jefferson City (see map on pg. 6).

MO HealthNet Managed Care Plans as of May 2017:

1. Home State Health Plan (Centene)
2. Missouri Care (WellCare)
3. UnitedHealthcare of the Midwest

In 2015, Missouri's state budget included an allocation for statewide Medicaid managed care in all 114 counties and the city of St. Louis for that same population. In response to this legislation, Missouri began revising its MO HealthNet Health Plan request for proposals (RFP) to include the expanded geographic region. The newest RFP was released in April 2016, with awards given to three managed care companies in October 2016. Services reflected in the contract are scheduled to begin May 1, 2017.

* Children with disabilities have the option to use fee-for-service or managed care.

The contracted MO HealthNet managed care health plans provide a particular range of benefits to each enrolled recipient in return for a capitated payment made on a per member per month basis. The new state system, along with federal regulatory changes, mandate different safeguards to ensure beneficiaries obtain accessible care. Additional information on the requirements of managed care plans can be found in the MFH publication, Medicaid Managed Care Final Rule: Implications for Missouri at <http://mffh.org/MMC>.

All MO HealthNet recipients must enroll in a managed care health plan if they fit into one of the following eligibility categories:

- parents/caretakers, children, pregnant women, and refugees;
- other MO HealthNet children who are in the care and custody of the state and receive adoption subsidy assistance; and
- CHIP children.

Approximately 506,800 Missourians were enrolled in one of the three contracted MO HealthNet managed care plans in SFY 2016. This number will substantially increase with statewide enrollment and will likely cover more than 700,000 people.⁵

Long-Term Care

MO HealthNet provides long-term care services to people who have chronic or disabling conditions and meet certain “level of care” criteria. These services fall into two categories based on the setting of service delivery. Medicare and private insurance rarely cover long-term care services; therefore, Medicaid typically becomes the primary source of coverage.

Facility-Based Care

Facility-based nursing care covers services provided in certain residential settings and accounts for one of the largest portions of MO HealthNet costs. Medicaid also covers care in residential facilities for eligible people with developmental disabilities, including intellectual disability. To qualify, individuals need a planned program of active treatment, must live in a licensed facility, and must meet certain other criteria. A large majority of Missourians living in intermediate care facilities for individuals with intellectual disabilities are MO HealthNet consumers.

Community-Based Care

Community-based care in Missouri’s MO HealthNet program supports a number of Home-and Community-Based (HCB) waivers that allow certain consumers to receive care in their homes or in the community rather than in a nursing facility or other institution. HCB services, available on a limited basis (i.e., a specific number of slots for each type of HCB waiver), have eligibility requirements based on income, resources, and level of care required.

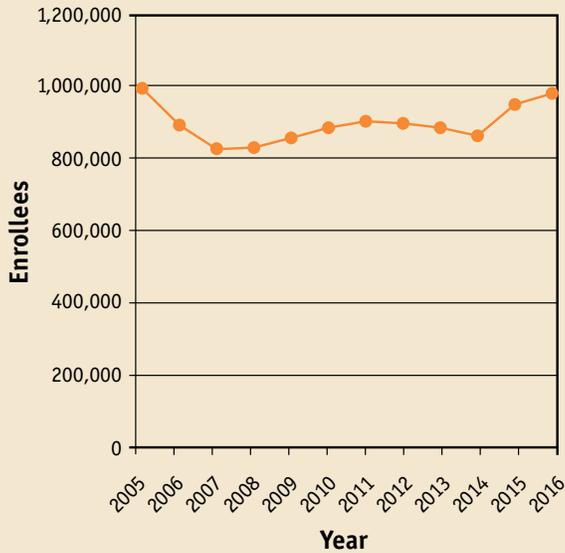
Missouri currently has ten HCB waiver programs that receive funding from state General Revenue, Social Services Block Grants, Medicaid, and the Older Americans Act. Authorization for waiver services comes through

What’s a Waiver?

States have flexibility when it comes to designing and running Medicaid and CHIP. However, federal law sets minimum standards for operating those programs. Sections 1115 and 1915 of the Social Security Act define specific circumstances in which the federal government may, at a state’s request, “waive” certain provisions of these federal laws. The “waiver” is the agreement between the federal government and the state that exempts the state from the provisions of the federal law that were waived. The waiver includes special terms and conditions that define the strict circumstances under which and for whom the state is exempt from the provisions of federal laws. Missouri currently has ten 1915(c) HCB waivers, a 1915(b) waiver authorizing a managed care system, and three 1115 waivers.

The first 1115 waiver expands coverage to uninsured women ages 18-55 years old who would otherwise lose their MO HealthNet eligibility 60 days after the birth of their child. The other two 1115 waivers are currently pending federal approval. The first would continue the Gateway to Better Health demonstration in St. Louis City and County, which expands coverage to individuals ages 19-64 with income up to the poverty level. The second pending waiver would establish the Mental Health Crisis Prevention project, allowing for increased access to integrated medical and behavioral health services for people experiencing a behavioral health crisis.

Changes in MO HealthNet Enrollment, SFY 2005-2016



either the Missouri Department of Health and Senior Services (DHSS)* or the Missouri Department of Mental Health (DMH)** which determine need for care and the availability of services.

The Missouri HCB waiver programs include the:

- Adult Day Care Waiver,*
- Aged and Disabled Waiver,*
- AIDS Waiver,*
- Independent Living Waiver,*
- Medically Fragile Adult Waiver,*
- Autism Waiver,**
- Developmental Disabilities (DD) Comprehensive Waiver,**
- Division of DD Community Support Waiver,**
- Missouri Children with Developmental Disabilities Waiver,** and
- Partnership for Hope Waiver.**

For the majority of individuals, home care is preferred and less expensive than institutional care. In general, those who enter institutional care settings generally do not return home. Therefore, prevention of institutional care is important both for quality of life and for cost containment. The HCB waivers help create a healthier aging population by serving more people for less money than institutional care.

Financing and Expenditures

Medicaid and CHIP are financed jointly between the states and federal government. In fiscal year (FY) 2015, federal spending on the Medicaid and CHIP programs totaled approximately \$359 billion. In that same year, states spent \$205 billion on Medicaid and bore approximately 30 percent of the costs related to CHIP⁶

MO HealthNet Financing

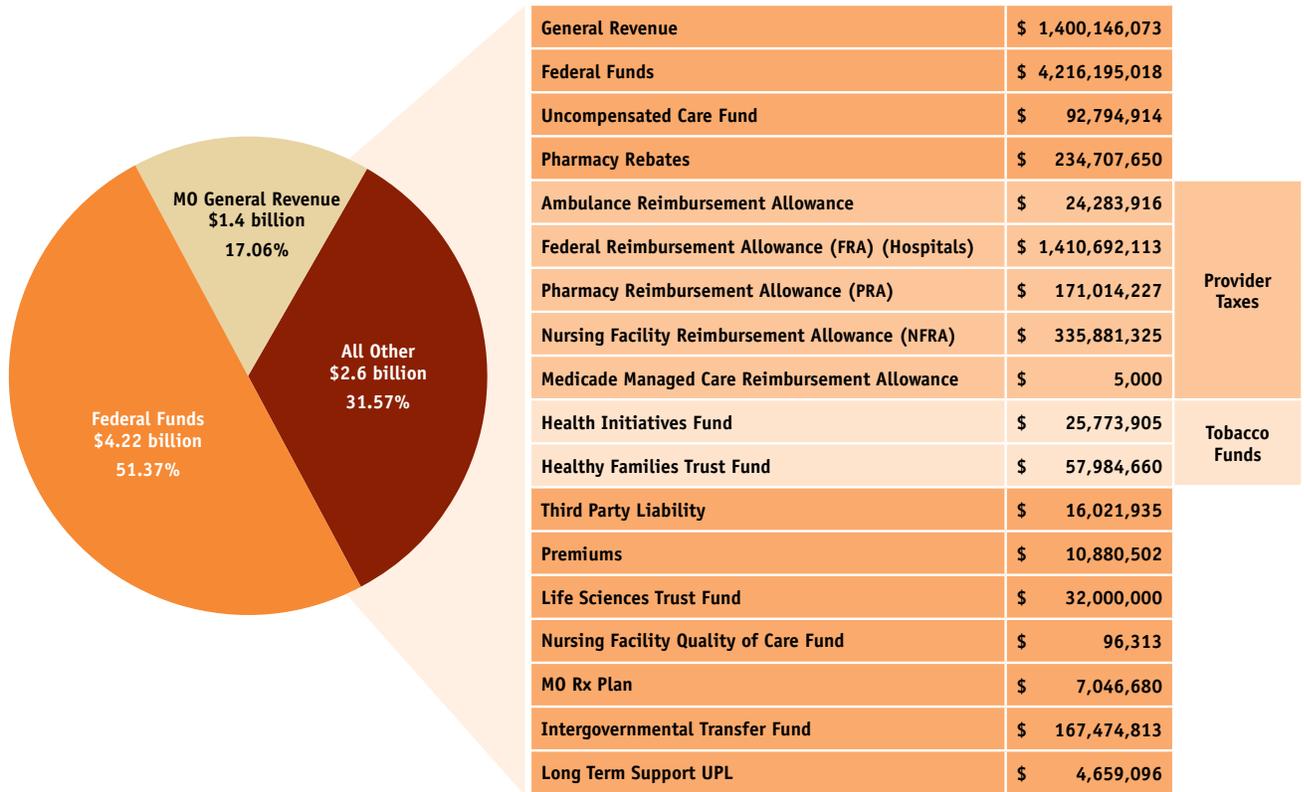
In general, there are three different levels of federal matching funds for MO HealthNet. They are the Federal Medical Assistance Percentage (FMAP), the Enhanced Federal Medical Assistance Percentage (EFMAP), and MO HealthNet administrative costs for which the federal government pays 50 percent of expenditures. FMAP covers the majority of MO HealthNet programs, while EFMAP is for the MO HealthNet for Kids (CHIP) program. Currently, under EFMAP the federal government pays 97.25 percent of CHIP expenditures in Missouri. The federal match rate for Missouri’s FMAP is currently at 63.2 percent.⁷

The enacted state budget for SFY 2017 appropriated approximately \$8.2 billion for MO HealthNet. Yet, only \$1.4 billion of this cost comes from state general revenue.

Annual MO HealthNet Expenditures by Population and Individual per Month Costs, SFY 2016

	Enrollees	Annual Expenditures (millions)	Average Monthly Cost per Enrollee (dollars)
Elderly	78,121	1,486.0	1,585.0
Persons with Disabilities	159,453	3,804.0	1,988.0
Children	606,793	2,061.0	294.4
Adults (non-disabled and under 65)	120,729	797.9	151.3

Sources of MO HealthNet Funding, SFY 2017* – Total \$8.2 Billion



*This represents the program budget for the MO HealthNet Division, it does not include administrative appropriations or Medicaid funds appropriated to other state departments such as DHSS or DMH.

MO HealthNet Spending by Key Component



Certified Community Behavioral Health Clinic Demonstration

In 2014, Congress passed the Protecting Access to Medicare Act, which, through Section 223, created a demonstration program for up to eight states to establish Certified Community Behavioral Health Clinics (CCBHCs). CCBHCs were first defined by certain criteria set forth in the Excellence in Mental Health Act and are clinics that furnish a range of behavioral and mental health services to individuals with complex needs. In a collaborative effort, the Substance Abuse and Mental Health Services Administration (SAMHSA), CMS, and the Assistant Secretary of Planning and Evaluation (ASPE), awarded planning grants to 24 states at a total of \$22.9 million. Missouri received \$982,373 in 2015 to begin the planning process for a CCBHC demonstration. In December 2016, Missouri was chosen as one of eight states to receive a two-year demonstration grant to begin implementation of the CCBHC plan. CCBHCs must offer a wide range of comprehensive behavioral health services, including but not limited to crisis mental health services; screening, assessment, and diagnosis; patient-centered treatment planning; and outpatient mental health and substance use services.

These services will be provided to individuals with either serious mental illness, emotional disturbances, long-term addiction, or substance use disorders. Under the demonstration grant, Missouri will receive Medicaid reimbursement for treatment provided in CCBHCs through a prospective payment system. Clinics will also be required to collect and report on 21 quality metrics for evaluation purposes. HHS will publish annual reports on the demonstration programs beginning in December 2017. Missouri has until July 2017 to begin its demonstration program.⁹

The majority of Medicaid financing, \$4.22 billion, stems from federal funds. The remaining balance of MO HealthNet financing derives from several nongovernmental sources, including provider taxes (e.g., hospitals and nursing homes), premiums, and tobacco funds (see pg. 9 for a complete list of sources).

MO HealthNet Expenditures

In SFY 2016 MO HealthNet spent \$6.6 billion or about 81 percent of its budget on:

- hospitals (\$1.32 billion),
- pharmacy services (\$1.34 billion),
- managed care premiums (\$1.21 billion),
- nursing facilities (\$1.09 billion),
- mental health services (\$1.03 billion), and
- physician services (\$554 million).

Although families and children constitute 75 percent of all MO HealthNet enrollees, this population uses only 35 percent of all Medicaid resources. By contrast, the elderly and disabled comprise 25 percent of all MO HealthNet enrollees but use 65 percent of all expenditures.

National Spending and Enrollment Growth

Medicaid enrollment across the country surged in FY 2015 with a 13.4 percent increase since FY 2014. As a result, state and federal Medicaid expenditures also increased by 3.8 and 10.5 percent respectively. These trends amount to over 70 million Americans covered by Medicaid or CHIP with spending totaling approximately \$509 billion in June 2016. Of this amount, the federal government paid approximately 62 percent with states paying the remaining 38 percent. The increases were largely due to the implementation of the ACA, which included major coverage expansion provisions that many states implemented in 2014. Despite the spikes in enrollment and spending, the growth rate for both enrollment and Medicaid spending have dropped significantly in FY 2016. It is projected that the growth rate for both enrollment and federal spending will continue to trend downward, while state spending will increase slightly in FY 2017. This is likely due to the scheduled decrease in federal financing for states who expanded their Medicaid programs.⁸

Federal Health Reform

In March 2010, then-President Obama signed federal health reform legislation into law. The Affordable Care Act (ACA) has far-reaching implications for the health care system, including prohibiting pre-existing condition exclusions; providing tax credits to individuals, families, and small businesses to make insurance more affordable; closing the Medicare Part D “donut hole;” and creating state health insurance Marketplaces.

Under the ACA, states can choose to expand Medicaid eligibility to all non-Medicare eligible individuals with incomes up to 138 percent of FPL as of January 1, 2014. In Missouri, parental eligibility could be expanded from the current 22 percent of FPL, and a new eligibility category of childless adults could be created. Before the ACA, some states had used a waiver to provide coverage to certain childless adults (Missouri Medicaid has never provided coverage for this population). Through 2016, the federal government provided 100 percent of the funding for this expanded population. In 2017, the federal share decreases to 95 percent and then steps down each year until it reaches 90 percent federal funding in 2020 and beyond.¹⁰ In 2012, the U.S. Supreme Court ruled that the expansion of Medicaid eligibility is optional for states. At this time, Missouri has not expanded MO HealthNet eligibility.

In 2017, President Trump’s administration and Congress will likely begin the process to reform the ACA. No specifics on repeal or replacement have been detailed at this time, but it is possible that both will occur. Possible reforms to the ACA include a repeal of the aforementioned Medicaid expansion and other changes to the current Medicaid program as defined by federal law.

Even without repeal or reform of the ACA, a new administration has certain authority to alter how states run their Medicaid programs, such as the power to grant waivers. The Obama administration was particularly strict on states’ ability to include certain personal and fiscal responsibility measures into waivers, but the new executive branch could provide more flexibility in this manner. States have thus far not been allowed to incorporate work requirements into their programs and have been limited in the ability to impose cost-sharing on enrollees. Under direction from President Trump, HHS could set a precedent for states to utilize these and other elements in administering their programs. Such changes could also have an impact on enrollment, eligibility, and cost.

Summary

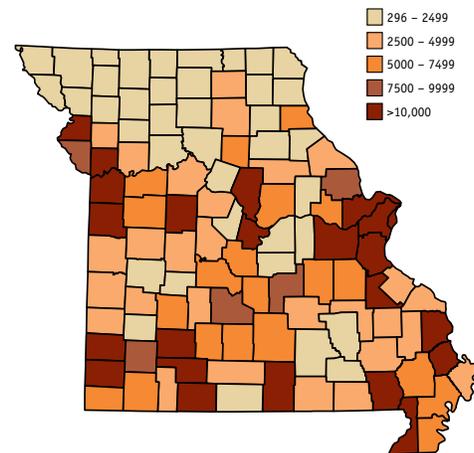
MO HealthNet has a health impact on the lives of the low-income children, families, elderly, and disabled it serves. The availability of Medicaid reduces the number of uninsured Missourians and provides insurance coverage for vulnerable populations. MO HealthNet assisted thousands of Missourians affected by the 2008 recession, stemming greater increases in the number of uninsured.

MO HealthNet supports the state’s entire health care infrastructure by helping to reduce uncompensated care, promote earlier treatment in appropriate settings, reduce preventable hospitalizations, decrease unnecessary emergency room use, and support education and training in academic medical centers.¹¹

Missouri’s MO HealthNet program exists as a complex system that affects the lives of individuals and families in every county across the state. Policymakers, state administrators, and others must consider how changes to MO HealthNet impact the entire health care system and the economy when implementing reforms to this major health insurance program. Reforming a state’s Medicaid program is never a simple undertaking because it is not a single program but rather a collection of programs, services, and funding mechanisms. In many cases, an adjustment to one element of this system will have unintended effects or consequences on other elements. Understanding the basics of this system is an important step in addressing the health care needs of all Missouri residents.

Total Population Enrolled in MO HealthNet by County

In June 2016, 16 percent of Missourians (965,095 individuals) were enrolled in MO HealthNet.



For More Information About Medicaid

Missouri Medicaid Basics provides a brief outline of the Missouri MO HealthNet program. For more information about **MO HealthNet**, please visit the Missouri Department of Social Services, MO HealthNet Division at www.dss.mo.gov/mhd/index.htm.

Online Resources

- Center on Budget and Policy Priorities – www.cbpp.org/pubs/health.htm
- Centers for Medicare and Medicaid Services (CMS) – www.cms.gov/
- Families USA – www.familiesusa.org
- The Kaiser Commission on Medicaid and the Uninsured – www.kff.org/kcmu
- Missouri Department of Health and Senior Services – www.health.mo.gov
- Missouri Department of Mental Health – www.dmh.mo.gov
- Missouri Department of Social Services – www.dss.mo.gov/mhd/index.htm
- National Academy for State Health Policy – www.nashp.org

Endnotes

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- ⁴ Kaiser Family Foundation, State Health Facts: Enhanced Federal Medical Assistance Percentage for CHIP, 2017, <http://kff.org/other/state-indicator/enhanced-federal-matching-rate-chip/?currentTimeframe=0>. See also, Georgetown University Health Policy Institute, Center for Children and Families, “Medicare Access and CHIP Reauthorization Act of 2015: Summary of Key Provisions Impacting Children,” October 2015, <http://kff.org/other/state-indicator/enhanced-federal-matching-rate-chip/?currentTimeframe=0>.
- ⁵ Presentation to MO HealthNet Oversight Committee, “Managed Care Update,” December 6, 2016, <http://dss.mo.gov/mhd/oversight/pdf/161206-MHD-Managed-Care-Presentation.pdf>.
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- ⁸ The Kaiser Commission on Medicaid and the Uninsured, “Medicaid Enrollment & Spending Growth: FY 2016 & 2017,” 2016, <http://files.kff.org/attachment/Issue-Brief-Medicaid-Enrollment-&-Spending-Growth-FY-2016-&-2017>.
- ⁹ National Council for Behavioral Health, “Fact Sheet: CCBHC: Certified Community Behavioral Health Clinics,” 2015, https://www.thenationalcouncil.org/wp-content/uploads/2015/11/Fact-Sheet_what-is-a-ccbhc-FINAL.pdf. See also, Centers for Medicare and Medicaid Services, Section 223 Demonstration Program to Improve Community Mental Health Services, <https://www.medicaid.gov/medicaid/financing-and-reimbursement/223-demonstration/index.html>.
- ¹⁰ Focus on Health Reform, “Summary of New Health Reform Law,” Kaiser Family Foundation, 2013, <http://kaiserfamilyfoundation.files.wordpress.com/2011/04/8061-021.pdf>.
- ¹¹ Ellen O’Brien and Cindy Mann, “Maintaining the Gains: The Importance of Preserving Coverage in Medicaid and SCHIP,” *Covering Kids and Families*, June 2003, http://ihcrp.georgetown.edu/pdfs/maintaining_the_gains.pdf. See also, Elayne Heisler, et al., “Federal Support for Graduate Medical Education,” Congressional Research Service, February 2016, <https://fas.org/sgp/crs/misc/R44376.pdf>.

Missouri Medicaid Basics

is prepared by Alexandra Dansicker, Health Policy Associate at the Missouri Foundation for Health (MFH), and has been adapted with permission from The Health Foundation of Greater Cincinnati.

Statistics come from the Missouri Department of Social Services unless otherwise indicated. All dollar figures are for SFY 2016 unless otherwise noted.