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## Medicaid Expansion Under Health Care Reform: Fly Over View

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As part of health care reform, the Patient Protection and Affordable Care Act expands the group of persons eligible for Medicaid coverage beginning in 2014. States may voluntarily extend coverage beginning in 2011. (See *CMS 4.9.10 "guidance" letter SMDL#10-005, PPACA #1*).

The "newly eligible" Medicaid recipient is an individual 19 years or older but under the age of 65, not pregnant, not entitled to, or enrolled for, benefits under Part A of Medicaid or Part A and B of Medicare and otherwise not eligible for Medicaid under any other category. In addition, the eligible income is raised to 133 percent of the Federal Poverty Level (FPL) with a 5 percent adjustment to bring the effective rate to 138 percent of FPL. Income will be measured using a modified adjusted gross income calculation and asset testing as a means of determining eligibility is prohibited. 133 percent of FPL for a single person is \$14,403.90 and for a family of four is \$29,326.50.

If a parent of a child under 19 is a "newly eligible" enrollee, he/she must also enroll all children unless they have other health insurance coverage. Coverage for children in Medicaid and CHIP is required

to be maintained through 2019. Current federal funding for CHIP is authorized through 2015. Exchanges would likely absorb CHIP enrollees whose premiums would be paid through government premium assistance, if CHIP funding is not re-authorized. An additional Medicaid extension provision includes mandatory coverage beginning in 2014 for former foster care children between the ages of 19 and 26 who had been in state foster care and enrolled in Medicaid when they reached 18 yrs. Full Medicaid benefits are available for these individuals.

Medicaid coverage for the "newly eligible" must include minimum essential benefits referred to as benchmarked or benchmark-equivalent benefits, not full Medicaid benefits. The essential health benefits are set forth in the Act and include such services as mental health and substance abuse 9 (in the same manner as mental health services parity under a group plan), prescription drugs, emergency services, maternity and newborn care.

The Act contemplates a simplified application process which will allow individuals to apply for Medicaid through a website which will be linked to the website mandated for the Exchanges. Thus,

individuals (and the state) will be able to determine eligibility for Medicaid or coverage under a Qualified Health Plan with premium assistance. In addition, hospitals that are Medicaid participating providers, beginning in 2014, may request to participate as a qualified entity which will allow it to determine preliminarily whether a patient is eligible for medical assistance under the state's plan for purposes of providing the medical care.

Expansion of the Medicaid rolls necessarily reduces the number of uninsured in Mississippi but increases the cost of the program. The Act provides for a federal cost sharing mechanism which provides for federal payment of 100 percent of costs for the "newly eligible" in 2015-16, 95 percent in 2017, 93 percent in 2019 and 90 percent for 2020 and thereafter. The Kaiser Commission on Medicaid and the Uninsured estimates that Mississippi's rolls will increase by 320,748 individuals by 2019 resulting in a 54.9 percent reduction of uninsured adults and an increase in state spending of \$429 million between 2014-19. This estimated increase is based only on the "newly eligible" category and not any other potential increase related to other Act provisions.



Cheri D. Green is a Member of Brunini Grantham Grower & Hewes, PLLC. Cheri has an extensive insurance practice concentrating on defense of claim issues, coverage litigation and health care issues, including ERISA, HIPAA and COBRA. Cheri has written and spoken on various health care related issues, including presentations focusing on insurance reform and employer impacts. She has a broad litigation practice ranging from commercial litigation, single-plaintiff personal injury and multi-plaintiff mass tort dockets.

Cheri graduated with a B.P.A. from the University of Mississippi in 1983 Summa Cum Laude and with a J.D. from the University of Mississippi, Law School in 1986 Cum Laude.

Cheri is one of several of Brunini's attorneys who have been tapped to handle the broad range of issues which will necessarily arise from the Patient Protection and Affordable Care Act. Brunini has developed various resource tools on PPACA including a Newsletter which can be found at its website [www.Brunini.com](http://www.Brunini.com) in the Regulatory News section of its home page.