AMA AMERICAN MEDICAL ASSOCIATION

Medicaid Unwinding Update

The Medicaid unwinding has been described as the most significant nationwide coverage transition since the Affordable Care Act (ACA), with major implications for patients, physicians, and health equity. During the Covid-19 public health emergency (PHE), the Families First Coronavirus Response Act required states to provide continuous coverage to nearly all Medicaid and CHIP enrollees as a condition of receiving a temporary federal medical assistance percentage (FMAP) increase. With disenrollments frozen, churn effectively ceased and enrollment increased nationally by 35 percent, from 70,875,069 in February 2020 to 93,876,834 in March 2023. The end of the continuous enrollment requirement on March 31, 2023, marked the start of the unwinding, as states resumed eligibility redeterminations that had been on hold during the PHE.

Although the full impact of the unwinding on Medicaid enrollment and spending remains unclear, at least 15 million people are expected to lose Medicaid/CHIP coverage. Many individuals no longer eligible for Medicaid/CHIP are expected to transition to employer-sponsored insurance (ESI) or subsidized ACA marketplace plans, although data on coverage transitions is still limited. The Congressional Budget Office has projected that more than six million people no longer enrolled in Medicaid/CHIP will become uninsured. Because eligibility redeterminations and resulting coverage losses will disproportionately impact individuals of color and people with disabilities, it is critical that states consider how best to avoid exacerbating existing health care inequities.

Strategies to prevent coverage losses during the unwinding

The potential for coverage losses and the ability to transition individuals disenrolled from Medicaid/CHIP into other affordable coverage is highly dependent on whether states expanded Medicaid and how each state approaches the unwinding. The AMA supports the following strategies to help states ensure that individuals who remain eligible retain their Medicaid/CHIP coverage while those determined to be ineligible are seamlessly transitioned to other affordable coverage for which they are eligible.

- Medicaid/CHIP enrollment, redetermination, and renewal **processes should be streamlined**, and states should maximize use of ex parte renewals that use electronic data sources to verify ongoing eligibility.
- States should **invest in outreach and enrollment assistance** and communicate effectively with Medicaid/CHIP enrollees so they are aware of upcoming redeterminations and actions they must take to retain coverage.
- States should **adopt 12-month continuous eligibility policies**, which reduce the churn that occurs when people lose coverage and then re-enroll in that coverage within a short period of time.
- States should **allow for the presumptive assessment of eligibility and retroactive coverage** to the time at which an eligible person seeks care.
- **Auto-enrollment** in Medicaid, CHIP, and marketplace plans should be pursued as a means of expanding health insurance coverage as long as certain standards are met regarding patient consent, cost, and ability to opt out.
- States should **facilitate coverage transitions, including automatic transitions** that meet certain standards related to patient consent, ability to opt out, and other guardrails.
- State **agencies overseeing Medicaid, ACA marketplaces, and workforce agencies must coordinate** and work closely together to help facilitate coverage transitions.

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Additional unwinding strategies

Even if the aforementioned strategies are adopted, the unwinding of the continuous enrollment requirement will be difficult for many people who have relied on Medicaid and CHIP for their health coverage. Physicians, hospitals, and clinics serving large numbers of Medicaid/CHIP patients will be impacted as well and may experience decreased patient volume and increased uncompensated care costs.

Early data suggests high rates of procedural terminations in some states and high renewal rates in fewer states. Seven months into the unwinding, nearly three-quarters of disenrollments were for procedural reasons. Additionally, 500,000 people, mostly children, were improperly disenrolled in the early months simply because family members were deemed no longer eligible. States that improperly disenrolled people without completing individualized ex parte reviews were subsequently required to pause terminations until the problem was fixed and to reinstate coverage for these individuals. Still, high rates of procedural terminations raise concerns that many people who remain eligible for Medicaid/CHIP may have improperly lost coverage. To help keep individuals covered during the unwinding, states should:

- Implement strategies to **reduce inappropriate terminations from Medicaid/CHIP for procedural reasons**, including automating renewal processes and following up with enrollees who have not responded to a renewal request, using multiple modalities, before terminating coverage.
- **Respond to improper Medicaid disenrollments** by such means as requiring states to reinstate Medicaid coverage for individuals improperly terminated and encouraging states to pause disenrollments until the cause of the improper terminations has been mitigated.
- **Provide continuity of care protections to patients transitioning from Medicaid or CHIP** to a new health plan that does not include their treating physicians and other providers in network, and recognize prior authorizations completed under the prior Medicaid/CHIP plan.
- **Make Medicaid coverage status, including expiration of current coverage and information on pending renewals, accessible** to physicians, clinics, and hospitals through the state's portal or by other readily accessible means.
- Implement strategies to **prevent physicians from being improperly disenrolled** from Medicaid/CHIP.

Additionally, when significant Medicaid/CHIP disenrollments occur, **special enrollment periods should be established** to allow individuals disenrolled to enroll in marketplace plans outside of annual open enrollment dates Funding for health insurance navigators should be increased.

As the PHE unwinds, states should **track and make available key enrollment data** to ensure appropriate monitoring and oversight of Medicaid/CHIP retention and disenrollment, successful transitions to new coverage, and numbers and rates of uninsured.

For more information

Council on Medical Service Report 5-I-23, Medicaid Unwinding Update

Issue Brief: Preventing Coverage Losses After the PHE Ends

Council on Medical Service Report 3-A-22, Preventing Coverage Losses After the PHE Ends

Council on Medical Service Report 3-Nov-21, Covering the Remaining Uninsured

Issue Brief: Medicaid Reform

Council on Medical Service Report 5-Nov-20, Medicaid Reform

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