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GOP Bill's Unheralded Changes In Rules Could Undermine Health Of Neediest

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An under-the-radar provision in the Republican proposal to replace the Affordable Care Act would require the millions of Medicaid enrollees who signed up under the Obamacare expansion to renew their coverage every six months — twice as often as under current law.

That change would inevitably push many people out of coverage, at least temporarily, experts say, and help GOP leaders phase out Medicaid expansion — a key goal of the pending legislation.

“That’s designed to move people off those rolls as soon as possible,” said Ken Jacobs, chairman of the University of California, Berkeley, Center for Labor Research and Education.

The proposal to cut renewal time in half is among other changes that seem only procedural but could have a profound effect on Medicaid enrollees’ health, pocketbooks and ability to get — and keep — coverage.

Another proposal would eliminate the ability of new Medicaid enrollees to request retroactive coverage for up to three months before the month they apply, which they can do under the current law — assuming they were eligible during that previous period.

Health care experts and advocates fear that could potentially saddle people on Medicaid with unaffordable medical bills, shortchange providers and raise costs throughout the health care system.

“These are changes to fundamental pieces of the Medicaid program,” said Cathy Senderling-McDonald, deputy executive director of the County Welfare Directors Association of California in Sacramento, which represents human services directors from the state’s 58 counties.

“They could result in people delaying their health care or having to pay out-of-pocket and not having any hope for reimbursement at all,” she said.

But Michael Cannon, director of Health Policy Studies at the libertarian Cato Institute, said some of these changes would prevent fraud and keep ineligible people from obtaining benefits, thus saving taxpayer money.

“It’s so hard to eliminate fraud in Medicaid, because someone always benefits from it,” he said. “They don’t want to give that up.”

The expansion of Medicaid — the federal-state health care program for people with low incomes, known as Medi-Cal in California — would be phased out under the Republicans’ plan starting in 2020.

The expansion, adopted by 31 states and the District of Columbia, added more than 11 million people to the rolls, including about 3.7 million in Medi-Cal. The federal government picks up a much higher proportion of the cost for this population than for traditional Medicaid enrollees.

In the GOP plan, people already covered under the expansion would continue to be funded by the federal government after Jan. 1, 2020, but if states opted to sign up new enrollees under the expansion criteria after that date, they wouldn’t receive the more generous federal funding for them.

And those who remained in the program after 2020 but later lost eligibility would not draw the more generous federal funding for expansion enrollees if they became eligible again and re-enrolled at a later date.

In California, the potential loss of federal dollars caused by the rollback of the expansion would be massive. The state Legislative Analyst’s Office estimated last month that the Golden State is slated to receive more than \$17 billion from the federal government for the Medi-Cal expansion in 2017-18.

“We’re talking about a big shift in costs to the state of California and potentially a major loss in coverage,” said UC Berkeley’s Jacobs.

The GOP legislation, which is scheduled for a vote on the House floor on Thursday, would impose the new renewal requirement on expansion enrollees starting Oct. 1.

“They’re saying to states that do the expansion, ‘We’ll cover people who are continuously in the program, but we’ll make it really hard for people to be continuously in the program,’” Jacobs said.

Wolf Faulkins, a resident of Mariposa, Calif., who enrolled in Medi-Cal in 2014 as a result of the expansion, said the proposed rule change regarding renewal would add one more layer to Medi-Cal’s already considerable bureaucratic requirements, none of them logical or simple.

“If I were more of a senior citizen than I am now, I would be overwhelmed” by it, Faulkins, 61, said. “I would not be a happy camper.” But he would complete the extra paperwork, he added,

because his Medi-Cal coverage keeps him alive: Among other things, he has a heart condition and high blood pressure as well as knee and hand ailments.

Senderling-McDonald said the new paperwork will lead some enrollees to drop out for two reasons: Either they're no longer eligible, or they're eligible but the new bureaucratic hurdle stops them.

Faulkins agreed. Even though he would jump through the necessary hoops to keep his coverage, some others probably wouldn't, he guessed. "There are people who are just going to say, 'It's important, but it's too overwhelming. There's no one to advocate for me. There's no one to help me figure this out,'" he said. "People are just going to get frustrated and say no."

The new renewal time frame has a precedent in California, which adopted a semiannual reporting requirement in 2003 for some enrollees that lasted about a decade. Though it was less cumbersome than the regular annual renewals, it nonetheless resulted in people dropping from the rolls, Senderling-McDonald said.

But the Cato Institute's Cannon believes six-month renewals are reasonable. "The savings from removing ineligible people would justify the paperwork involved," he said.

The paperwork imposed by these changes could be the least of the headaches for Medicaid beneficiaries.

Retroactive benefits, for example, are extremely valuable for new Medicaid enrollees who face medical bills during a gap in coverage, and losing them could cause financial pain.

"If they have had health expenses, like having to pay for a prescription out-of-pocket or a doctor's visit, or a woman goes into labor uninsured, they can say to the county, 'I had medical bills. Can you see if I was eligible during that time?'" said Senderling-McDonald.

Pregnant women are among the most frequent beneficiaries because they often don't know that they're pregnant right away, she added.

The GOP bill would end this, and would allow coverage to begin only the month in which enrollees apply. This provision would affect all Medicaid applicants and, like the change in renewal time, would begin Oct. 1.

Some experts believe the proposed change would increase medical debt for consumers hit with massive bills, and for providers who ultimately won't get paid for their services.

The three-month retroactive rule is "a big deal for hospitals as well as people, because it keeps them from being saddled with medical debt," said Judith Solomon, vice president for health policy at the Center on Budget and Policy Priorities in Washington, D.C.

Senderling-McDonald warned that as more consumers racked up medical debt, the cost of it would shift to other people. "If someone has to declare bankruptcy when they are hit with bills they can't pay, everybody else takes the hit for it," she said. "They're going to raise insurance

rates or costs of care for everybody. People who have coverage through employers or the private market could see their rates go up.”

Cannon agreed that providers will get hit with more unpaid bills, but said that this provision would save the federal government money. “States have taxing authority and can fund these benefits themselves if they want to,” he said. “If they don’t, that should tell us something — that they don’t value these benefits that much.”