

Issue: Medicaid Expansion-FL

Florida's Current Medicaid Program

Florida has the fourth largest Medicaid population in the country. In 2016, despite the fact that approximately 4 million Florida residents were eligible for Medicaid under Federal ACA guidelines, there are still an estimated 877,000 residents who have no insurance because they are not eligible for Medicaid in Florida, unless the State approves a Medicaid expansion program under the ACA.¹

The Medicaid program is administered by the state and jointly funded by the state and the federal government. For fiscal 2016-17, expenditures were \$23.3 billion. The federal government funds approximately 61% and the state covers 39% of the costs. The average spending is \$5,865 per eligible recipient.²

Services are delivered through the following programs:³

- Managed Medical Assistance (MMA): Most Medicaid beneficiaries must participate in a capitated managed care delivery system which includes 16 Medicaid managed care plans. \$17.5 billion are the estimated expenditures for managed care in 2017. (Capitated managed care systems are contractual arrangements where Florida's Medicaid agency pays a fixed amount of money per patient per month (capitation payment) in advance to health care providers.⁴)
- Long-term Care
- Comprehensive: Offers both long-term care and managed medical services

Eligibility is restricted to 2 groups of people:⁵

- Family-related: children, pregnant women, parents, caretakers
- Supplemental Security Income (SSI) related: aged, blind, disabled and SSI recipients

Since Florida has not approved Medicaid expansion, poor adults who earn less than 100% of the federal poverty level (about \$16,460 for a family of 2)⁶ do not have access to healthcare insurance. This means that adults above 26 years old, who are not parents, not pregnant, and not disabled, are not eligible for Medicaid in Florida.⁷ And, they are not eligible for subsidized coverage under the ACA exchanges because their income falls into the coverage gap.

Section 1115 Waiver

Florida's Medicaid program is available through a Section 1115 waiver from the Centers for Medicare & Medicaid Services (CMS). A waiver is necessary when a state wants to change certain federal requirements or spend Medicaid dollars in a different way. Florida needed a waiver because it wanted to move its most vulnerable residents, such as children receiving disability payments, children in foster care and all persons who are eligible for both Medicare and Medicaid into its capitated managed care program (MMA). Federal Medicaid guidelines do not allow this.⁸ Essentially, it meant that most of Florida's entire Medicaid beneficiaries would be in capitated managed care.

In August 2017, CMS approved a five-year extension of Florida's MMA Section 1115 waiver. The special terms and conditions were generally unchanged from the waiver approved in 2014.⁹ To ensure that the MMA program protects consumers and meets quality of care standards, the original approval imposed certain additional, more stringent requirements than a typical 1115 waiver:

- (1) CMS required that all managed care plans must spend 85 percent of premium revenues on medical care (85% medical-loss ratio) and report quarterly on their ratios. *This appears to be the first time that CMS has required a medical-loss ratio as part of a Section 1115 Medicaid waiver agreement.*
- (2) The state must adopt and implement a comprehensive quality program that focuses on quality improvement at state, plan, and provider levels. The state is expected to adopt a set of quality metrics and set targets that equal or exceed the 75th percentile national Medicaid performance level. These metrics should focus on areas such as improved prenatal care, well-child visits in the first 15 months and better preventive dental care for children.
- (3) The state is also required to create consumer health plan report cards to be available to consumers and other stakeholders on an annual basis – a feature unique to Florida’s waiver.¹⁰

Low-Income Pool (LIP)

In the waiver agreement, the Trump administration indicated it would fund Florida's low-income pool at \$1.5 billion annually through 2022. CMS Administrator Seema Verma incorrectly stated: “This extension has a positive and direct impact on people’s lives and their ability to access care.”¹¹ In fact, the LIP reimburses uncompensated care of providers who treat uninsured patients and does nothing to improve people’s ability to access care. The Obama administration had planned to only give the state \$600 million, questioning the need for the low-income pool because the state had the option of expanding Medicaid, thereby eliminating the need for the low-income pool which compensate providers for treating uninsured patients.¹²

The LIP has both state and federal funding sources. The state share is funded almost entirely through contributions by local governments or other entities on behalf of providers that receive money from the LIP. Once the local contributions to the LIP are fully provided, Florida’s Medicaid agency can then draw down federal matching funds (at a matching rate of 60 percent) to fully fund the LIP.¹³

¹ Daniel Chang, “Medicaid expansion in Florida would reduce uninsured, Zika risk, reports say,” Miami Herald, July 20, 2016.

² Beth Kidder, “Florida Medicaid,” Slides shown at Senate Health and Human Services Appropriations Subcommittee, January 11, 2017.

³ Ibid.

⁴ <https://www.medicaid.gov/medicaid/managed-care/index.html>

⁵ Kidder

⁶ Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services <https://aspe.hhs.gov/poverty-guidelines>.

⁷ Kidder

⁸ Joan Alker and Jack Hoadley, Health Policy Institute, Georgetown University, educational brief, “Medicaid Managed Care in Florida: Federal Waiver Approval and Implementation,” October 2013.

⁹ Presentation to the Senate Health and Human Services Appropriation Subcommittee, October 11, 2017

¹⁰ Alker

¹¹ Virgil Dickson, “CMS renews Florida’s Medicaid waiver, low income pool,” Modern Healthcare, August 3, 2017.

¹² Ibid.

¹³ Jessica Schubel and Judith Solomon, “Understanding the Issues Surrounding Florida’s Low-Income Pool,” Center on Budget and Policy Priorities, April 27, 2015.