



Tomorrow's Doctors, Tomorrow's Cures®

# A Brief Overview of Medicaid and the ACA

---

Learn

---

Serve

---

Lead

**Ivy Baer**  
**Sr. Director and Regulatory**  
**Counsel, AAMC**

APPD Spring Meeting  
May 2015



Association of  
American Medical Colleges

# ACA Reminder

- ACA mandated Medicaid expansion to cover adults up to 138% FPL
  - 100% Federal financing 2014-2016
  - Phases down to 90% by 2020 and beyond
  - Enhanced Federal rate only available for individuals who become eligible under the expansion
- Supreme Court found this unconstitutional; expansion became optional

# Medicaid Expansion to Date

30 states (including DC): expanded

4 states: Medicaid Expansion Under Discussion

17 states: not expanding at this time

# 4 more possible expansions

- **Alaska's** Governor announced implementation of the Medicaid expansion as a top priority for his administration.
- **Missouri's** Governor included the Medicaid expansion as part of his FY 2016 executive budget proposal.
- **Montana** passed legislation adopting the expansion; the legislation requires federal waiver approval before it can go into effect.
- **Utah's** Governor has put forward an alternative Medicaid expansion; no formal submission to CMS at this time, though the Governor has been in discussion with CMS about his proposal.

# HHS's Latest Response to No Expansion

HHS tying Medicaid expansion to funding for the Low Income Pool (LIP) program which helps hospitals pay for uncompensated care

- “Medicaid expansion would reduce uncompensated care in the state, and therefore have an impact on the LIP, which is why the state’s expansion status is an important consideration. . . .”

# HHS Principles for Reviewing LIP Request

1. Coverage is preferable to uncompensated care pools for ensuring affordable access
  - a. Uncompensated care pool should not cover costs that would be paid for in Medicaid expansion
2. Medicaid payments should support services provided to Medicaid beneficiaries and low-income uninsured individuals
3. Provider payment rates must be sufficient to promote provider participation and access and should support plans in managing and coordinating care

# Will “Do It Or Else” Work?

Based on Supreme Court ACA decision regarding Medicaid expansion, Florida governor contends HHS action is coercive and has sued

# Non-Expansion States and LIP

- Florida
- Texas
- Kansas
- Tennessee



# DSRIPs

## Delivery System Reform Incentive Payments:

- 1115 waivers to support health care transformation
- Funds tied to meeting performance metrics
- In 6 states: CA, TX, MA, NJ, KS, and NY

# Current DSRIP programs

State	Implementation timeframe	Participating providers	Number of DSRIP projects	Total maximum federal funding (millions \$)
California	5 years	21 hospitals	388	\$3,336
Texas	5 years	20 RHPs	1,491	\$6,646
Mass.*	6 years	7 hospitals	49	\$659
New Jersey	4 years	50 hospitals	50	\$292
Kansas	3 years	2 hospitals	4	\$34
New York	6 years	25 PPSs	258	\$6,419

**Notes:** RHPs are regional health care partnerships and PPSs are performing provider systems, which both represent regional collaborations of hospital and non-hospital providers. Definitions of DSRIP projects vary by state and may fluctuate based on subsequent DSRIP plan modifications. Actual funding is contingent upon provider achievement of milestones.

\* Massachusetts' demonstration was extended for three years in October 2014. This table describes the total funding for all six years of approval and the number of projects for the first phase of the state's demonstration.

**Source:** NASHP analysis for MACPAC of special terms and conditions and other available DSRIP documentation

March 24, 2015

# Threats to DSRIP Funding

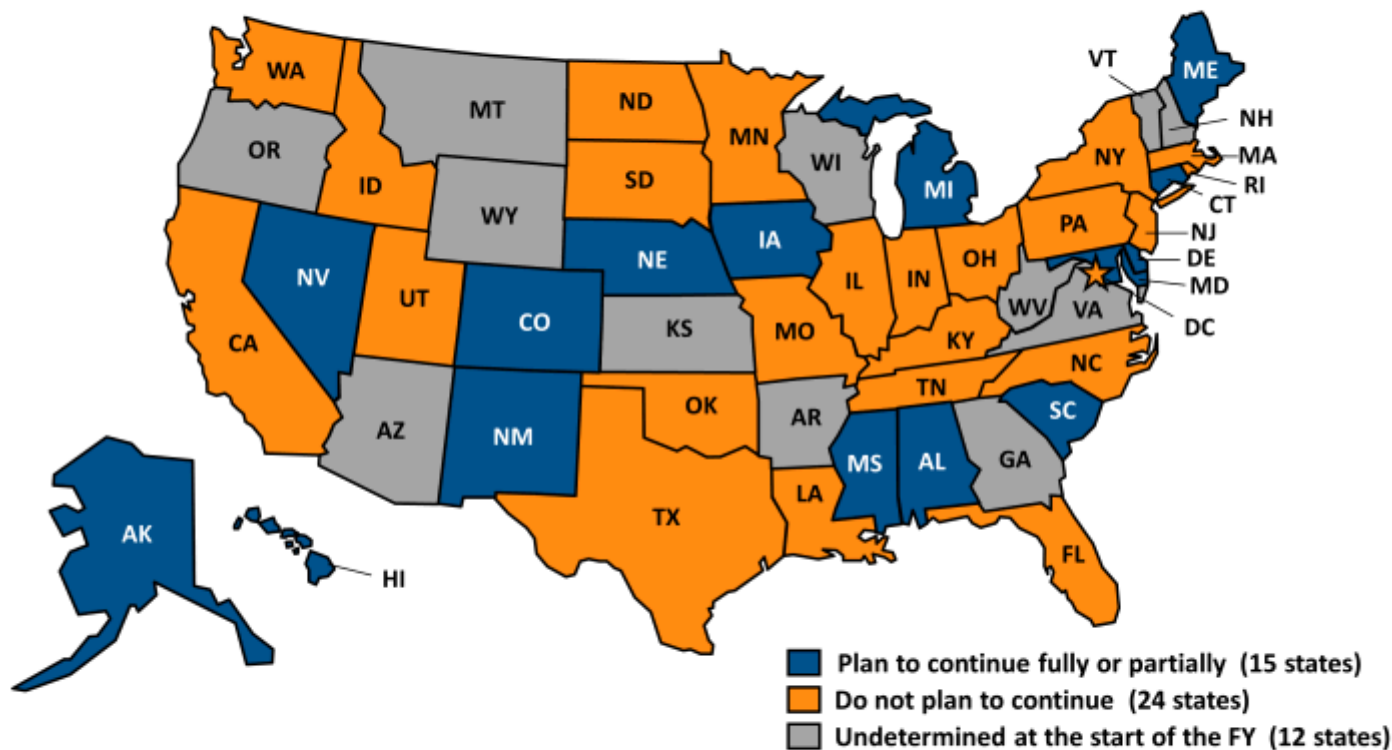
- If Congress moves Medicaid to block grants
- FTC: concerned that collaborative activity in NY is anti-competitive
  - May increase costs and decrease access

# A few ACA payments that have—or will soon—expire

# Medicaid Primary Care Increase: GONE

Increased payment for physicians for Medicaid primary care to Medicare levels for 2013-2014: not extended by Congress

# State Plans Related to the ACA Primary Care Increase for SFY 2015



NOTE: States reported their plans as of the beginning of state fiscal year 2015, which for most states started July 1, 2014. The federal funding for the primary care increase sends December 31, 2014.

SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2014.



State Plans Related to the ACA Primary Care Increase for SFY 2015

# ACA Payment Increases 2011-15 ONLY

1. 10% increase in Medicare for general surgeons in HPSAs for major surgical procedures
2. 10% increase for primary care services for
  - Family, internal, geriatric, and pediatric medicine physicians;
  - Clinical nurse specialists;
  - Nurse practitioners; and
  - Physician assistants
    - 60% of paid charges under Medicare PFS must be primary care