

Continuity of Medicaid Coverage Improves Outcomes for Beneficiaries and States

June 2018



CONTENTS

Overview	3
Access to care and health outcomes	4
Spending	5
Conclusion	6
Endnotes	7



KEY HIGHLIGHTS

- Medicaid beneficiaries can experience disruptions in coverage during eligibility redetermination periods due to a variety of factors.
- Studies demonstrate that continuous coverage has a positive impact on access and outcomes for Medicaid beneficiaries, such as fewer hospitalizations, more preventive care visits, and less medical debt. Continuous coverage also supports more efficient state spending.
- Medicaid managed care organizations can be valuable partners to states in identifying strategies that prevent gaps in coverage while still supporting the state's goals for its Medicaid program.

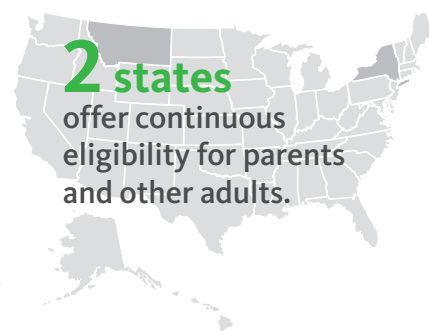
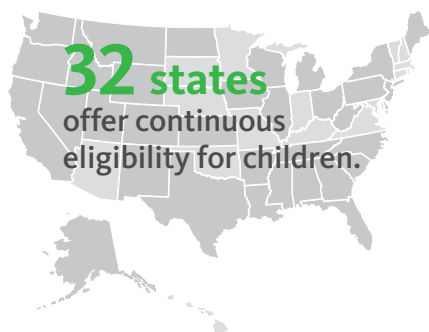
Overview

Recent state and federal efforts to reform Medicaid are focused on improving program effectiveness and efficiency, including modifying eligibility and enrollment rules. This includes how frequently individuals' eligibility for Medicaid must be redetermined.

Currently, states differ in the frequency with which they redetermine an individual's eligibility for Medicaid. Some states redetermine eligibility every month; most conduct eligibility redeterminations every three months. A smaller group of states conducts eligibility reviews every six months. The frequency of eligibility redetermination also varies by eligible populations. In 32 states, children enrolled in Medicaid or the Children's Health Insurance Program (CHIP) are provided 12-month continuous eligibility.¹ Only two states—Montana and New York—extend 12-month continuous eligibility to parents and other adults through Section 1115 waivers.^{2,3}

As a result, Medicaid eligibility and enrollment can be volatile for individuals whose income fluctuates throughout the year, whether due to the loss or gain of seasonal income, inconsistent overtime pay, or other circumstances. Also, individuals may experience gaps in coverage due to missing or delayed paperwork or other administrative setbacks at redetermination.

Regardless of the cause of gaps in coverage, the movement into and out of Medicaid, commonly referred to as “churn,” can be disruptive for beneficiaries and their healthcare. While more frequent eligibility redeterminations may decrease short-term costs for a state, ultimately churn can increase healthcare and administrative costs for states and the federal government, add administrative complexity, and interfere with care management efforts. This issue brief discusses findings from a review of the literature examining the impact that continuity of Medicaid coverage has on health outcomes, health spending, and administrative costs for states and the federal government.



Continuous coverage improves access to care and health outcomes

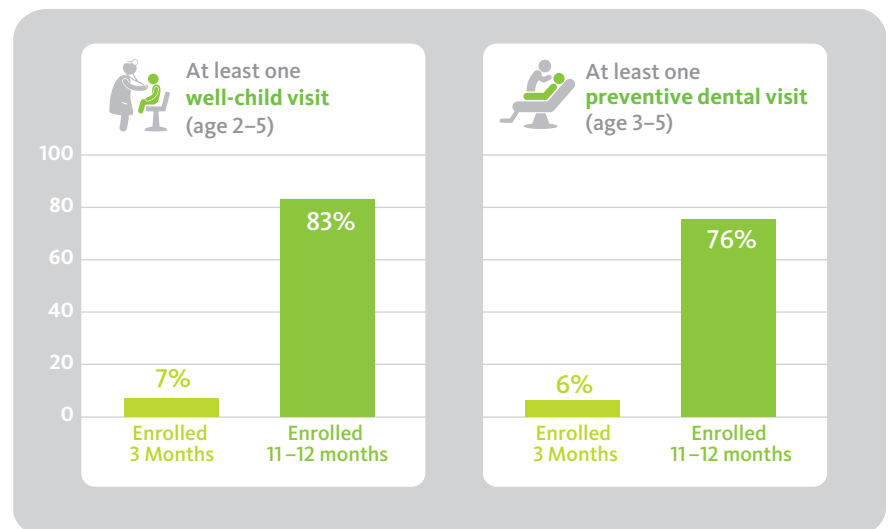
Numerous studies demonstrate the positive impact continuous coverage has on access to healthcare for both children and adults.

For instance, studies have found that children with interruptions in coverage are more likely to have delayed care, unmet medical needs, and unfilled prescriptions.⁴ Similarly, adults who experienced a disruption in coverage following policy changes to the Oregon Health Plan were less likely to have a primary care visit, more likely to have unmet needs, and more likely to report medical debt than adults with continuous coverage.⁵

In addition:

- Children with longer enrollment in Connecticut’s HUSKY program were more likely to have at least one well-child visit and one preventive dental visit.⁶ (See Figure 1.)
- Continuous Medicaid enrollment for at least six months prior to a cancer diagnosis improved survival from colon, lung, and stomach cancers as compared with beneficiaries who enrolled at the time of diagnosis.⁷
- In California, coverage interruptions among adult beneficiaries were associated with a higher risk of hospitalization due to ambulatory care-sensitive conditions including heart failure, diabetes, and COPD.⁸
- In the two years after California extended its Medicaid redetermination period for children from 3 months to 12 months, there was a significant increase in the percentage of children who had continuous coverage (from 49 percent to 62 percent). There was also a reduction in hospitalizations related to ambulatory care-sensitive conditions, such as asthma and pneumonia, saving \$17 million in hospital spending.⁹

Figure 1
Percent of Children with At Least One Preventive Care Visit by Length of Medicaid Enrollment, 2012



Source: Lee, M.A., Feder, K., Langer, S. (2015, March). Coverage Continuity in the HUSKY Program Increases Children’s Preventive Medical and Dental Care Utilization. Connecticut Voices for Children.

Continuous coverage drives more efficient spending

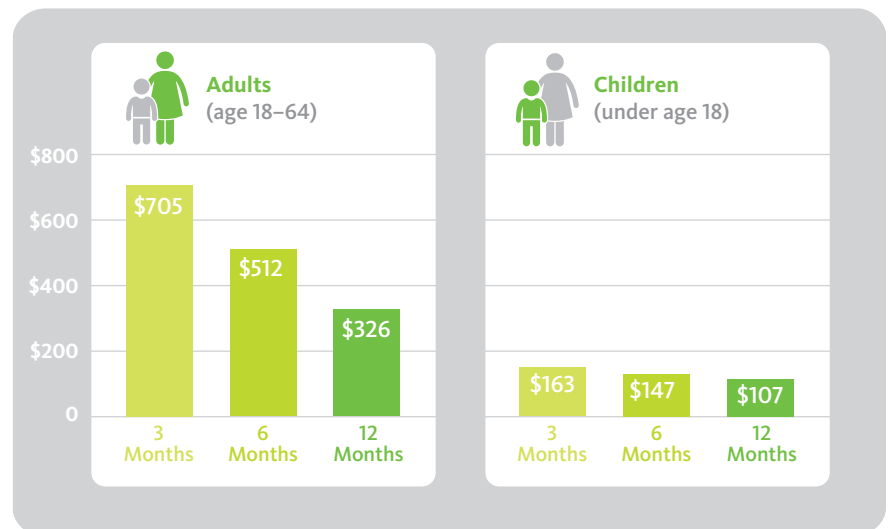
Research suggests that spending per beneficiary is lower for individuals with continuous Medicaid coverage as compared with those who experience disruptions.

One study using data from the Medical Expenditure Panel Survey found that adults with 12 full months of Medicaid coverage had lower average costs than those with six months of coverage or only one month of coverage.¹⁰ (See Figure 2.) Similar results were observed for children.

In addition:

- Medicaid beneficiaries with diabetes and a lapse in coverage of at least one month had costs that were \$239 per member per month (PMPM) greater during the three months after reenrollment than in the three months prior to the coverage lapse.¹¹ Notably, although the likelihood of having an expenditure was lower in the three-month period after the lapse, total expenditures were higher due to emergency department and inpatient use.
- Medicaid acute care spending for adults diagnosed with depression who experienced a break in coverage increased by \$650 PMPM as compared to those with continuous coverage.¹² This was due primarily to increases in inpatient days and emergency department use.
- States may experience higher administrative costs as a result of more frequent eligibility redeterminations. Data from New York indicate that the average cost of enrolling a child in Medicaid is approximately \$282, with nearly 80 percent of the cost associated with complex eligibility rules and paperwork.¹³ Similarly, data from California suggest that re-enrollment costs the state about \$200 per child.¹⁴

Figure 2
Average Monthly Cost per Medicaid Beneficiary by Length of Medicaid Enrollment, 2012



Source: Ku, L., Stenmetz, E., Bysshe, T. (2015, November 1). Continuity of Medicaid Coverage in an Era of Transition. Working Paper Prepared for the Association of Community Affiliated Plans.

Conclusion

As this review of the literature illustrates, continuous coverage through Medicaid can improve individuals' health and healthcare, lead to lower spending per Medicaid beneficiary, and reduce administrative costs and complexity for states.



Continuous coverage leads to better outcomes, lower spending, and less administrative complexity.

As Medicaid reform efforts continue at the state and federal levels, it is important for policymakers to consider policies that support continuity of coverage in the interest of improving individuals' health outcomes while reducing costs. This could include automatic renewal for children or for individuals whose eligibility is unlikely to change over time (e.g., individuals with disabilities). For Medicaid beneficiaries receiving long-term services and supports, longer windows of continuous coverage (e.g., 12 months) can give health plans more time to develop and execute beneficiaries' care plans, foster relationships between the individual, their care manager and providers, and enhance overall coordination of beneficiaries' services and supports. States could also consider partnering with Medicaid MCOs on outreach to beneficiaries who are approaching their redetermination periods and permitting MCOs to assist these individuals with the redetermination process.

Medicaid MCOs are ready partners to work with states and other stakeholders to identify strategies that can prevent gaps in care while supporting states' goals for their Medicaid programs.

Endnotes

- ¹ Brooks, T., et al. (2018, March). Medicaid and CHIP Eligibility, Enrollment, Renewal, and Cost Sharing Policies as of January 2018: Findings from a 50-State Survey. Henry J. Kaiser Family Foundation. Retrieved May 5, 2018 from: files.kff.org/attachment/Report-Medicaid-and-CHIP-Eligibility-Enrollment-Renewal-and-Cost-Sharing-Policies-as-of-January-2018.
- ² Ibid.
- ³ For adults ages 19 to 64 who are eligible for Medicaid through the expansion under the Affordable Care Act, their financial eligibility for Medicaid is redetermined no more frequently than once every 12 months. Montana's waiver provides continuous eligibility for all non-expansion Medicaid-covered individuals whose eligibility is based on modified adjusted gross income (MAGI). (See: dphhs.mt.gov/MontanaHealthcarePrograms/Medicaid/Medicaid1115Waiver.) New York's waiver provides 12-month continuous coverage for all Medicaid beneficiaries eligible on the basis of MAGI. (See: www.health.ny.gov/health_care/medicaid/publications/gis/15mao22.htm.)
- ⁴ Olson, L.M., Tang, S.S., Newacheck, P.W. (2005, July 28). Children in the United States with Discontinuous Health Insurance Coverage. *N Engl J Med* 355, no. 4: 382-391. Retrieved June 15, 2017 from: www.nejm.org/doi/pdf/10.1056/NEJMsa043878.
- ⁵ Carlson, M.J., DeVoe, J., Wright, B.J. (2006, September 1). Short-Term Impacts of Coverage Loss in a Medicaid Population: Early Results from a Prospective Cohort Study of the Oregon Health Plan. *Ann Fam Med* 4, no. 5: 391-398. Retrieved June 14, 2017 from: www.annfammed.org/content/4/5/391.full.pdf+html.
- ⁶ Lee, M.A., Feder, K., Langer, S. (2015, March). Coverage Continuity in the HUSKY Program Increases Children's Preventive Medical and Dental Care Utilization. *Connecticut Voices for Children*. Retrieved June 15, 2017 from: www.ctvoices.org/sites/default/files/h15coveragecontinuityandutilization.pdf. The HUSKY program encompasses the state's Medicaid and CHIP programs.
- ⁷ Dawes, A.J., Louie, R., Nguyen, D.K., Maggard-Gibbons, M., Parikh, P., Ko, C.Y., Zingmond, D.S. (2014, December). The Impact of Continuous Medicaid Enrollment on Diagnosis, Treatment, and Survival in Six Surgical Cancers. *Health Serv Res* 49, no. 6: 1787-811. Retrieved June 14, 2017 from: www.ncbi.nlm.nih.gov/pubmed/25256223.
- ⁸ Bindman, A.B., Chattopadhyay, A., Auerback, G.M., (2008, December). Interruptions in Medicaid Coverage and Risk for Hospitalization for Ambulatory Care-Sensitive Conditions. *Ann Intern Med* 149, no. 12: 854-860. Retrieved June 17, 2017 from: www.ncbi.nlm.nih.gov/pubmed/19075204.
- ⁹ Bindman, A.B., Chattopadhyay, A., Auerback, G.M., (2008, October). Medicaid Re-Enrollment Policies and Children's Risk of Hospitalizations for Ambulatory Care Sensitive Conditions. *Medical Care* 46, no. 10: 1049-1054. Retrieved June 13, 2017 from: journals.lww.com/lww-medicalcare/Abstract/2008/10000/Medicaid_Re_Enrollment_Policies_and_Children_s.10.aspx. See also: www.commonwealthfund.org/publications/journal-article/2008/oct/medicaid-re-enrollment-policies-and-childrens-risk.
- ¹⁰ Ku, L., Stenmetz, E., Bysshe, T. (2015, November 1). Continuity of Medicaid Coverage in an Era of Transition. Working Paper Prepared for the Association of Community Affiliated Plans. Retrieved June 14, 2017 from: www.communityplans.net/Portals/0/Policy/Medicaid/GW_ContinuityInAnEraOfTransition_11-01-15.pdf.
- ¹¹ Hall, A.G., Harman, J.S., Zhang, J. (2008, December). Lapses in Medicaid Coverage: Impact on Cost and Utilization among Individuals with Diabetes Enrolled in Medicaid. *Med Care* 46, no. 12: 1219-1225. Retrieved June 13, 2017 from: www.ncbi.nlm.nih.gov/pubmed/19300311.
- ¹² Ji, X., et al. (2017, August). Discontinuity of Medicaid Coverage: Impact on Cost and Utilization Among Adult Medicaid Beneficiaries with Major Depression. *Medical Care* 55, no. 8: 735-743. Retrieved October 3, 2017 from: journals.lww.com/lww-medicalcare/Abstract/2017/08000/Discontinuity_of_Medicaid_Coverage_Impact_on_Cost.1.aspx.
- ¹³ Fairbrother, G., Dutton, M.J., Bachrach, D., Newell, K., Boozang, P., Cooper, R. (2004). Costs of Enrolling Children in Medicaid and SCHIP. *Health Affairs* 23, no. 1: 237-243. Retrieved June 16, 2017 from: content.healthaffairs.org/content/23/1/237.full.pdf+html.
- ¹⁴ Kenefick, E. (2013, October 30). Churning through Children's Health: Improving Continuity of Medicaid Coverage. *Chicago Policy Review*. Retrieved June 15, 2017 from: chicagopolicyreview.org/2013/10/30/churning-through-childrens-health-improving-continuity-of-medicaid-coverage/.

ABOUT US

Elevance Health Public Policy Institute

The Public Policy Institute (PPI) was established to share data and insights that inform public policy and shape the healthcare programs of the future. PPI strives to be an objective and credible contributor to healthcare transformation through the publication of policy-relevant data analysis, timely research, and insights from Elevance Health’s innovative programs.

 [ElevanceHealthPPI.com](https://www.ElevanceHealthPPI.com)

Elevance Health

Elevance Health is a lifetime, trusted health partner fueled by its purpose to improve the health of humanity. The company supports consumers, families, and communities across the entire care journey—connecting them to the care, support, and resources they need to lead healthier lives. Elevance Health’s companies serve more than 119 million people through a diverse portfolio of industry-leading medical, digital, pharmacy, behavioral, clinical, and complex care solutions.

 [ElevanceHealth.com](https://www.ElevanceHealth.com)