

CHARTIS TOP READS

Medicaid redeterminations: Supporting patients key to mitigating negative impacts

Week of March 26 - April 1, 2023

| **MAR 31, 2023**

<https://www.chartis.com/insights/medicaid-redeterminations-supporting-patients-key-mitigating-negative-impacts>

The Buzz This Week

The federal public health emergency (PHE) is ending after 3.5 years, ushering in a wave of changes to the healthcare system that will affect millions of Americans. The PHE provided the government with temporary powers to mitigate the impact of the COVID-19 pandemic on healthcare providers, individuals, health insurers, and states. Since former President Donald Trump first triggered the emergency in January 2020, the Department of Health and Human Services (HHS) and its constituent agencies were able to waive or ease many healthcare regulations to cushion the financial blow on the healthcare system and facilitate access to testing, vaccinations, and treatments. As the PHE comes to an end, these flexibilities will cease, and significant changes will take place—including the rollback of some telehealth provisions, an end to higher reimbursements for COVID-19 admissions, and the resumption of Medicaid redeterminations.

Prior to the pandemic, states routinely reviewed whether people were still eligible for Medicaid through redeterminations. However, in response to the pandemic, Congress enacted the Families First Coronavirus Response Act (FFCRA), which required Medicaid programs to maintain continuous enrollment for individuals through the end of the month when the PHE concludes, in exchange for enhanced federal funding. This led to more than 84 million individuals enrolled in Medicaid as of November 2022, a more than 13% increase in enrollees compared to December 2019. Although the PHE is set to expire on May 11, 2023, the Consolidated Appropriations Act of 2023, signed into law in December 2022, established an end date of March 31st, 2023, for the continuous enrollment provision. When the provision ends, an estimated 15 million people are predicted to lose Medicaid coverage.

Why It Matters

As Medicaid redeterminations approach, states, health systems, payers, and other stakeholders face a significant challenge. A recent survey published by the Robert Wood Johnson Foundation and conducted by the Urban Institute revealed that an alarming 64.3% of Medicaid beneficiaries are unaware of the impending redetermination process. With this significant lack of knowledge about the renewal process, many beneficiaries could potentially lose their coverage, putting additional pressure on the healthcare system.

In response to this issue, the federal government has devised an approach to incentivize states to invest in reaching out to enrollees about their need to complete associated paperwork with the redetermination process and find alternative insurance coverage as needed. The federal government will provide states with enhanced funding for 9 months, gradually phasing down from the current 6.2% increase to 5% in April and to 1.5% by the end of 2023. States can qualify for this ongoing enhanced federal funding by adhering to all federal Medicaid renewal requirements, updating enrollee contact information, and attempting to reach enrollees through non-mail methods. Moreover, states must report specific data to the federal government to monitor the impact of the unwinding process. If not, they risk facing financial penalties. The HHS Secretary holds the power to order states to implement corrective action plans if they fail to comply with the rules.

Medicaid redeterminations have always been a complex and error-ridden process, which may leave some eligible individuals without coverage. Other individuals may be eligible for different forms of insurance. In both cases, the change may impact their access to care.

In addition to this tremendous impact on patients, the resumption of Medicaid redeterminations will have ramifications for provider organizations as well. Providers must adapt to the evolving landscape by addressing patient confusion and concerns, ultimately mitigating the negative consequences of the redetermination process for both patients and healthcare providers. As part of this adaptation, provider organizations may face potential loss in reimbursement as patients shift from Medicaid to self-pay responsibility or products with lower reimbursement rates. They may also experience an increase in denials or out-of-network patients as those who are no longer eligible for Medicaid lose or change coverage.

To tackle these challenges, collaborating with stakeholders such as state Medicaid agencies, local assister programs, and Medicaid managed care organizations is essential for better supporting patients who are facing potential coverage and payment changes. Providers should focus on enhancing communication and outreach strategies to raise awareness among Medicaid beneficiaries, ensuring a smooth transition and maintaining stability within the healthcare system. Furthermore, provider organizations would do well to take proactive steps, such as streamlining policies across the healthcare spectrum, staying informed about state-specific processes, actively engaging with enrolled patients, and utilizing technology to navigate the complexities of the redetermination process.

For health plans, Medicaid enrollment represented a smaller, albeit important, portion of a health plan's financial outlook prior to the pandemic. However, continuous enrollment and demographic changes meant more met eligibility requirements for Medicaid, leading to an enrollment surge of more than 19 million people during the past 2 years. Consequently, the redetermination process now has a more significant influence on

payer revenue. This increased importance poses potential risks to the robust performance that many payers have enjoyed in terms of membership, revenue, and margin over the past 2 years.

The lack of awareness among Medicaid beneficiaries and the elevated importance of the redetermination process underscores the need for effective communication and outreach strategies from all stakeholders. Ensuring a smooth transition during the PHE wind-down will be crucial in maintaining stability within the healthcare system.

RELATED LINKS

Robert Wood Johnson Foundation:

Pew Charitable Trusts:

The Commonwealth Fund:

Editorial advisor: Roger Ray, MD, Chief Physician Executive.

Chartis Top Reads

[View All](#)

Our services

[STRATEGIC TRANSFORMATION](#)

[PERFORMANCE TRANSFORMATION](#)

[DIGITAL & TECHNOLOGY TRANSFORMATION](#)

[CHARTIS CENTERS FOR AI & STRATEGIC INTELLIGENCE](#)

[PAYER TRANSFORMATION](#)

[STRATEGIC COMMUNICATIONS & CHANGE MANAGEMENT](#)

LEARN MORE ABOUT THE AUTHORS



Floyd Pitts
Research Associate