

PUBLICATION

Medicaid Enrollment Redeterminations Looming

Authors: Joseph B. Keillor
February 2023

The Consolidated Appropriations Act (CAA) enacted on December 29, 2022, decoupled the Medicaid continuous enrollment requirement from the end of the Public Health Emergency (PHE), effective March 31, 2023.¹ While CMS guidance has emphasized that state agencies should proceed deliberately with redeterminations of continued eligibility to avoid erroneous disenrollment, Medicaid rolls are likely to be reduced by several million in the coming months. If coverage transition rates for disenrolled individuals are similar to historic trends, it seems probable that the uninsured population may rise significantly.

Specifically, a Medicaid and Chip Payment and Access Commission (MACPAC) review of pre-pandemic data revealed that less than 4 percent of adults who were disenrolled from Medicaid transitioned to Affordable Care Act (ACA) Exchange coverage, while nearly 30 percent returned to Medicaid within a year after a gap in coverage. Although it is not known exactly what proportion of the remaining uninsured individuals were post-disenrollment, the extraordinarily low uptake to ACA Exchange coverage raises serious concerns.

As part of emergency relief, the Families First Coronavirus Response Act included a continuous enrollment requirement, through which states generally cannot disenroll Medicaid enrollees during the PHE in exchange for higher federal Medicaid match rates.² This led to a dramatic increase in Medicaid rolls from 64 million in February 2020 to more than 83 million as of August 2022.³ Before the recent change enacted through the CAA, normal eligibility and enrollment operations were not set to resume until the end of the PHE.

Given the acceleration of the resumption of disenrollment actions, providers with a significant proportion of Medicaid patients should consider modeling the financial impact on operations if a significant proportion of such patients become uninsured in the coming months. Providers may wish to consider thoughtful adjustments to current practices, including potentially educating patients about ACA Exchange coverage and re-evaluating the terms of financial assistance programs to low-income individuals who do not avail themselves of ACA Exchange coverage, while recognizing that such approaches raise legal issues to be navigated.

Savvy health plans could capitalize on the waves on disenrolled Medicaid members to increase their covered lives and grow market share. Due to the limited positive and negative incentives generally available under Medicaid, individuals transitioning from Medicaid may be accustomed to certain suboptimal practices, such as Emergency Department over-use. It may thus be worthwhile for plans to redouble efforts to educate and provide appropriate incentives for new enrollees about best practices in using health care services.

If you have questions about this alert, please contact [Joseph Keillor](#) or a member of Baker Donelson's [Health Law Group](#).

¹ Public Law 117-328, §5131.

² COVID-19 Frequently Asked Questions (FAQs) for State Medicaid and Children's Health Insurance Program (CHIP) Agencies, p. 9, <https://www.medicaid.gov/state-resource-center/downloads/covid-19-faqs.pdf> (last visited Dec. 5, 2022) (citing Families First Coronavirus Response Act §6008(a), § 6008(b)(3))."

³ Medicaid and CHIP Enrollment Trend Snapshots, <https://www.medicaid.gov/medicaid/program-information/medicaid-chip-enrollment-data/medicaid-and-chip-enrollment-trend-snapshot/index.html> (last visited Dec. 5, 2022).