Medicaid Caseload Whitepaper

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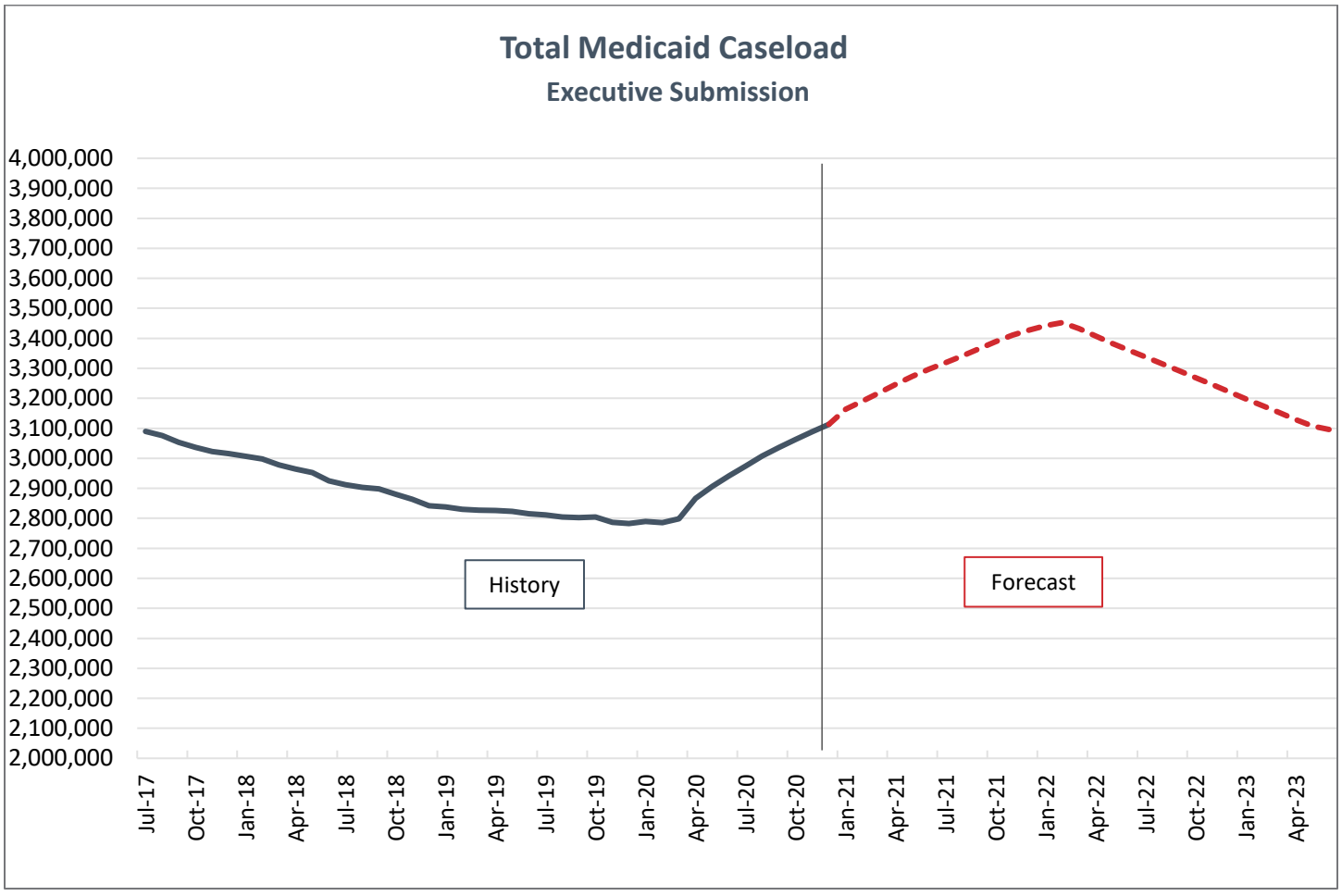
medicaid.ohio.gov

Caseload Summary

After more than two years of Medicaid caseload enrollment decline, driven primarily by a strong economy, the Ohio Medicaid 2020 caseload increased by nearly 330,000 since the start of the Federal COVID-19 Public Health Emergency (PHE). Though many Ohioans enrolled in Medicaid for the first time during the year, the primary driver behind Ohio's growth is the federally required maintenance of effort (MOE) requirement to maintain benefits and suspend routine terminations[1]. State Medicaid agencies receive a 6.2% increase in federal matching funds on the condition that they maintain coverage and eligibility requirements for individuals enrolled for the duration of the PHE. During the PHE Medicaid may only terminate coverage as a result of death or an out of the state relocation. Due to pandemic-related income losses, the vast majority of these individuals would remain eligible regardless of the PHE.

In order to provide some assistance to states for planning purposes, the Secretary of Health and Human Services (HHS) has notified Governors that "the PHE will likely remain in place for the entirety of 2021", and states will receive a 60-day notice prior to termination. The ODM Executive Budget assumes that the PHE will be continued through calendar year (CY) 2021, including the requirements to continue coverage and eligibility. Given this, caseload growth is expected to continue for the duration of the PHE, resulting in peak caseload of 3.45 million in February 2022.



[1] Section 6008 of the Families First Coronavirus Response Act.

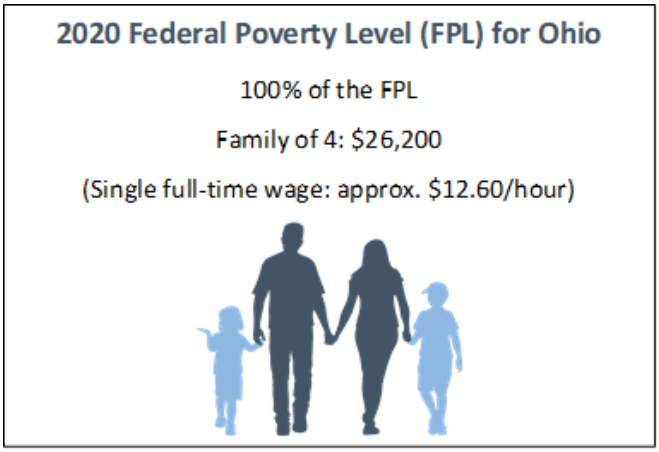
Budget Impact

The average monthly caseload forecast for the Medicaid program in Ohio is projected to be 3.39 million in state fiscal year (SFY) 2022 and 3.22 million in SFY 2023. The forecast assumes a continued monthly caseload increase through December 2021, the projected end of the PHE. As routine redeterminations are reinstated Ohio expects enrollment to decline through the remaining months of SFY 2022 and SFY 2023. However, if the PHE and MOE requirements are extended into CY 2022, caseload is expected to continue to increase and the accompanying enhanced 6.2% federal funding will continue.

Ohio Medicaid does not anticipate that the caseload will return to pre-pandemic levels in the SFY 2022-23 biennium due to two primary factors: higher unemployment levels forecasted during the biennium and continued growth in Ohio's age 65 and older population.

Background

Medicaid eligibility is dependent on several factors established by federal law including income, disability status, age, and pregnancy status. Individuals must be a resident of Ohio, a U.S. Citizen or qualified alien, and meet all requirements for an eligibility category established in approved waivers or a State Plan Amendment. Ohio Medicaid's primary eligibility categories (aka "aid groups") include:

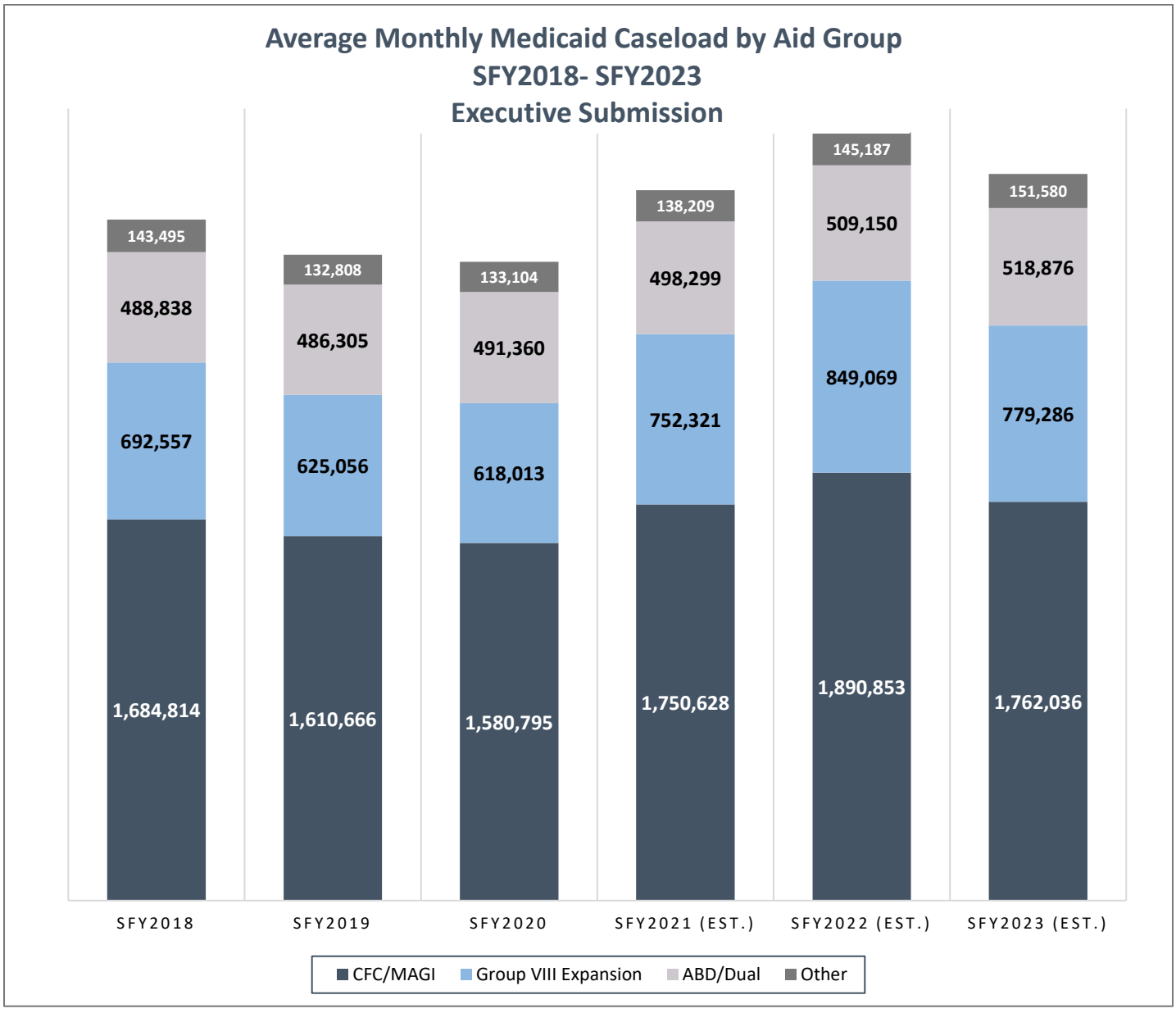


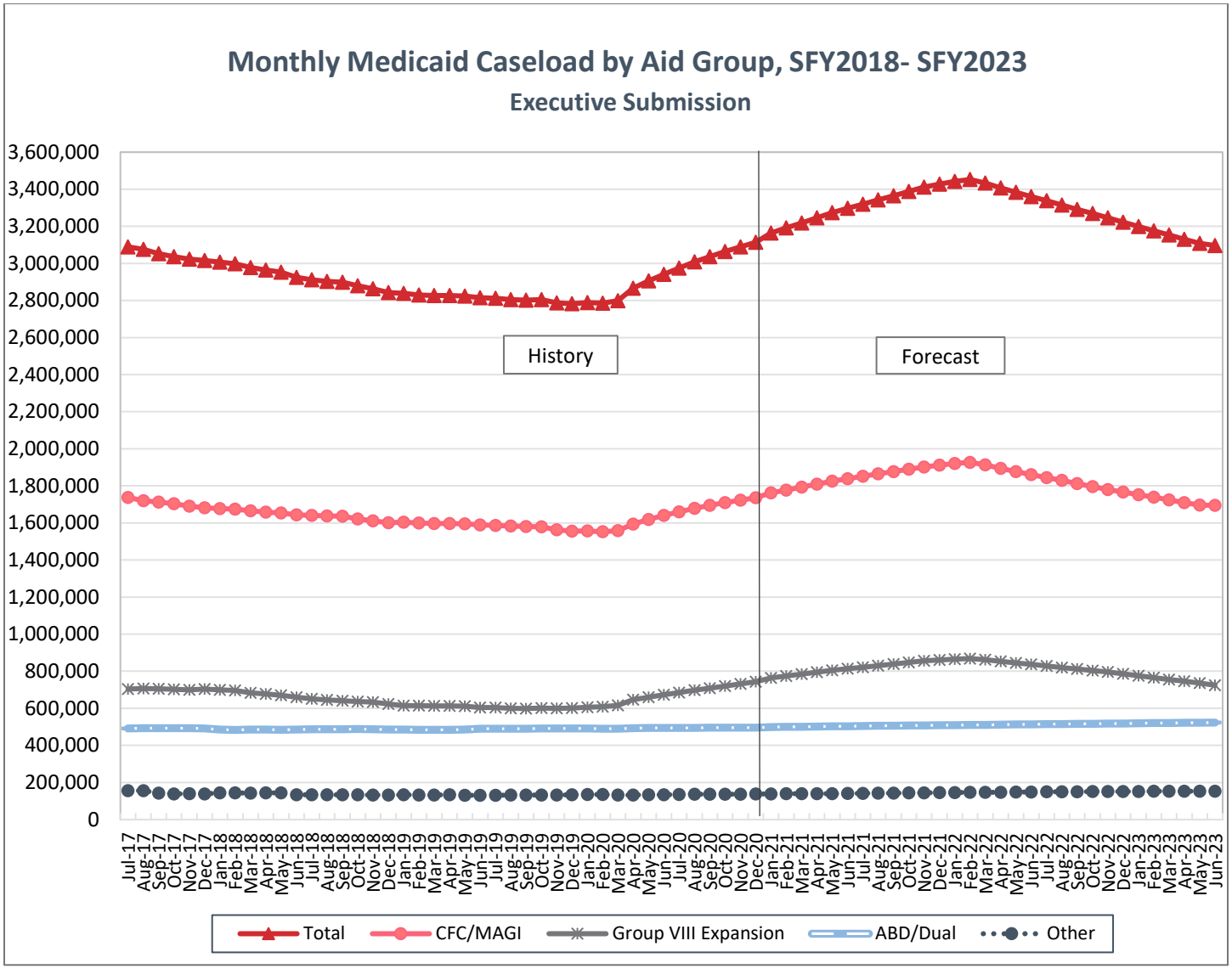
- CFC (formerly the Covered Families and Children Program) including children under 206% of the Federal Poverty level (FPL), pregnant women up to 200% FPL, and low-income parents up to 90% FPL.
- ABD (aged, blind, and disabled) including low-income individuals with disabilities and low-income individuals aged 65 and over.
- Group VIII Medicaid Expansion which covers adults under age 65 with income up to 138% FPL

Ohio Medicaid also includes the Medicare Premium Assistance Program (MPAP), coverage for Ohioans who are dually eligible for both Medicare and Medicaid. MPAP pays some or all the Medicare expenses for lower income individuals who are eligible for Medicare.

Caseload Forecast

Covered Families and Children (CFC) and Group VIII are the two major Medicaid eligibility categories that are most sensitive to an economic downturn and account for most of the forecasted variation in caseload. Prior to the pandemic, Ohio's strong economy was accompanied by two years of declining caseload. The suspension of routine terminations due to MOE requirements has been the primary driver of recent caseload increases, and the resumption of routine terminations is expected to be the key driver for caseload declines late in SFY 2022 and throughout SFY 2023. While we expect caseloads to decline, we do not anticipate the caseload to return to pre-pandemic levels in the SFY 2022-23 biennium due to projected unemployment rates remaining above pre-pandemic levels and an anticipated increase in the population age 65 and older.



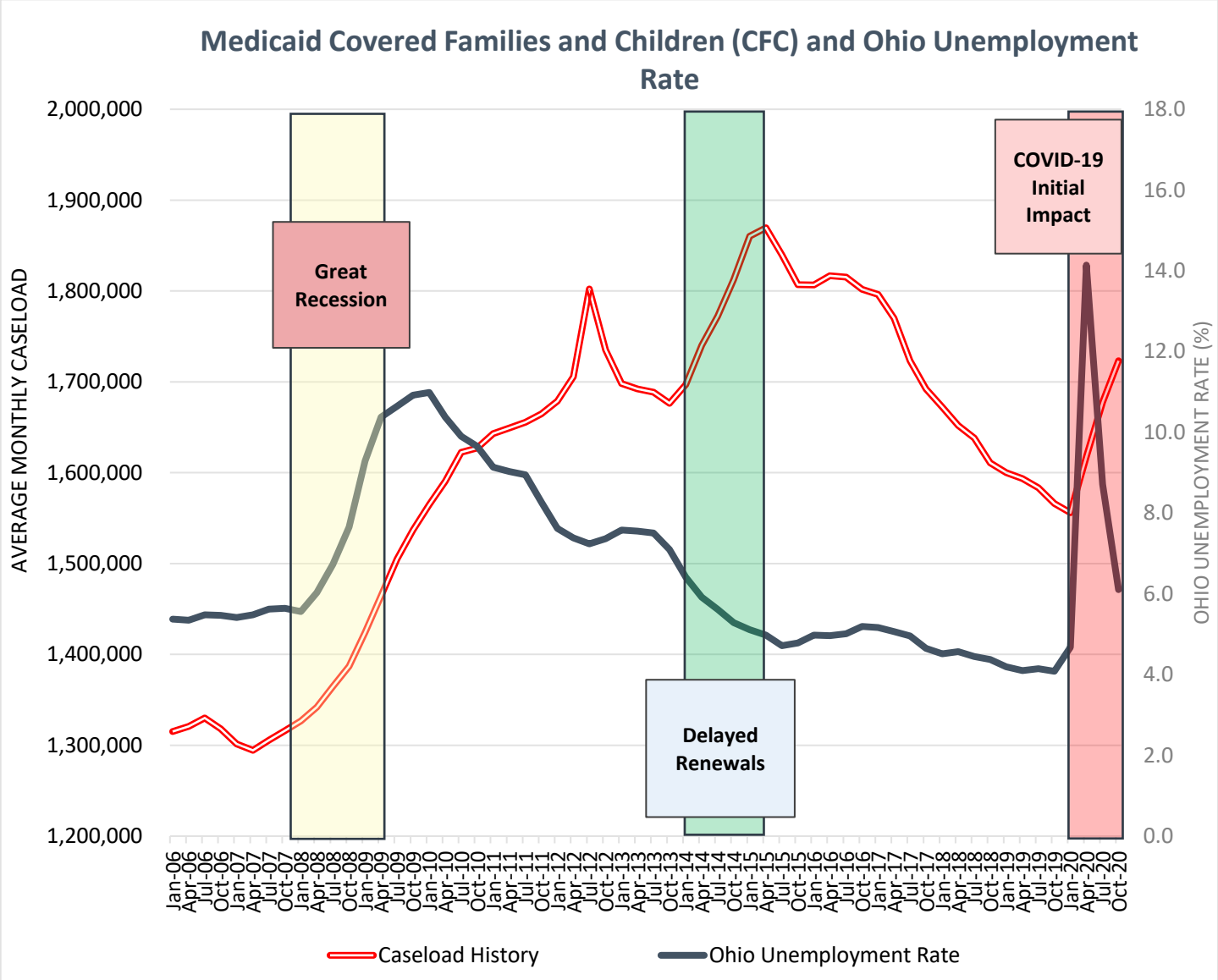


ODM's forecast expects slight increases in ABD, dual Medicare/Medicaid eligible, and MPAP populations during the SFY2022-23 biennium, driven by the aging of Ohio's population.

Average Monthly Enrollment								
SFY	**CFC Adults**	**CFC Children**	**Expansion**	**ABD Adult**	**Abd Children**	**Dual Eligible**	**Others**	**Total**
2021	527,505	1,223,123	752,321	193,205	50,431	254,664	138,209	3,139,458
2022	591,579	1,299,274	849,069	195,303	49,975	263,872	145,187	3,394,259
2023	528,064	1,233,972	779,286	197,558	49,856	271,463	151,580	3,211,779

Medicaid Caseload and Employment

Historically, there has been a direct and inverse correlation between Medicaid caseloads and state unemployment rates, with the caseload lagging behind the economy.



NOTE: Chart includes only the CFC population in order to be able to show 15 years of history, predating the Affordable Care Act and other significant eligibility changes.

During the Great Recession (2007-08), ODM's CFC caseloads increased substantially as state unemployment rates climbed. And the trend continued even after the recession ended. Ohio has witnessed similar growth during the COVID-19 pandemic, influenced largely by suspending terminations as a condition of enhanced federal funding. New or first-time Medicaid applications, though higher, have not reached levels reflected in previous economic downturns due to a variety of factors, including:

- Employers continued to provide health care insurance for workers laid-off during the pandemic. About 42% of the establishments that laid off staff as a result of the pandemic continued to pay a portion of health insurance premiums for those workers, at least for a period of time.[2]

Percentage of establishments that paid health insurance premiums for some employees told not to work, by industry[3,4]

Industry	Percentage that paid health insurance for some employees [2]	Standard error [3]
Total U.S., private sector [4]	**41.86**	**0.42**
Utilities	73.92	2.05
Scheduled Air Transportation	68.83	2.48
Management of Companies and Enterprises	65.48	2.27
Finance and Insurance	62.36	2.19
Wholesale Trade	59.33	1.66
Mining, Quarrying, and Oil and Gas Extraction	54.92	4.95
Manufacturing	53.05	0.63
Health Care	51.13	0.72
Information	47.15	3.69
Social Assistance	46.85	8.43
Transportation and Warehousing (excluding Scheduled Air Transportation and Truck Transportation)	42.98	3.78
Professional and Technical Services	42.93	1.35
Educational Services	41.30	3.85
Retail Trade	40.11	0.69
Real Estate and Rental and Leasing	39.97	2.14
Construction	35.80	0.73
Truck Transportation	35.64	3.72
Administrative and Waste Services	34.04	1.77
Arts, Entertainment, and Recreation	33.55	3.16
Agriculture, Forestry, Fishing and Hunting	29.05	3.40
Other Services, Except Public Administration	27.82	1.38
Accommodation and Food Services	23.28	0.52

[2]Percentage of establishments that paid health insurance premiums for some employees told not to work

[3]Standard error of the percentage of establishments that paid health insurance premiums for some employees told not to work

[4]Total U.S., private sector includes the 50 states, District of Columbia and Puerto Rico

[2] Update: How Many Americans Have Lost Jobs with Employer Health Coverage During the Pandemic? | Commonwealth Fund

[3] https://www.bls.gov/brs/data/tables/.../covid-table10-q4-naics.xlsx

[4] www.bls.gov › spreadsheets › covid-table10-q4-naics

- Many who lost jobs expect their layoffs to be temporary, so may not seek alternative health care coverage.
- People may delay applying for Medicaid due to lack of awareness of enrollment resources, online options or reluctance to seek support through local, county offices.
- With an economic downturn, an individual or family's primary concerns will be for food and other basic living essentials, so though they may be Medicaid eligible, they may not apply for coverage until they need medications or medical care.
- Since Ohio has coverage of the Group VIII expansion group with incomes up to 138% of the FPL, individuals who were previously marginally employed and lost their jobs during the PHE may have already been enrolled in Medicaid.

Periods of increased unemployment during the Great Recession, or the suspension of routine terminations while renewals were delayed with the implementation of the Ohio Benefits system, historically have led to increased caseloads in Ohio. The COVID-19 PHE has featured both conditions, with elevated but declining unemployment rates likely to persist throughout the SFY2022-23 biennium even after the PHE ends. ODM forecasts CFC and the Expansion group caseloads to remain elevated during SFY2022-23.

Once the PHE ends, the caseload is projected to decline throughout the remainder of the biennium, particularly with the Group VIII and CFC populations. These eligibility categories are most sensitive to changes in economic conditions. Most experts project that economic conditions will improve during SFY22 and SFY23. However, as previously stated, higher projected caseloads for these populations is largely due to the requirement to pause redeterminations and terminations during the PHE.