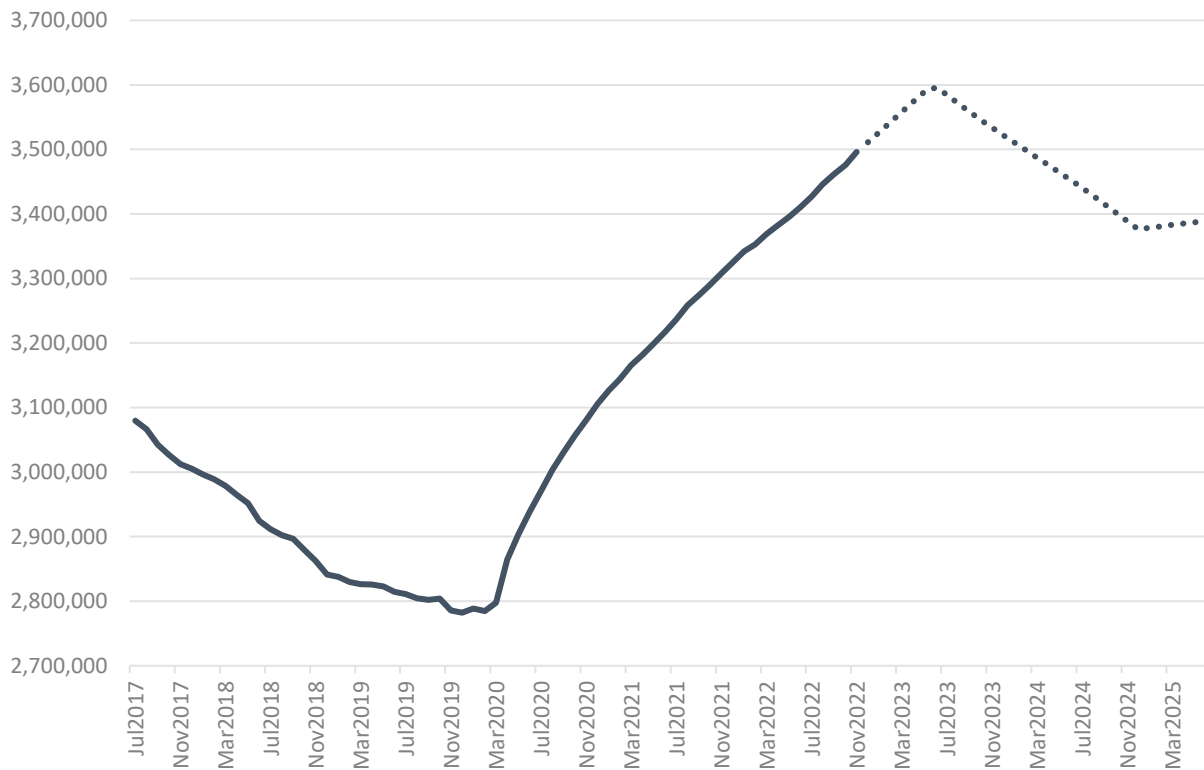


Medicaid Caseload Whitepaper

Medicaid Caseload
SFY 2018-SFY 2025
Executive Submission, SFY24-25



Caseload Projection for SFY24/25

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 (SPA). Ohio Medicaid’s primary eligibility categories, aka “aid groups,” include:

- CFC (formerly the Covered Families and Children Program) including children under

2023 Federal Poverty Level (FPL) for Ohio
100% of the FPL
Family of 4: \$30,000
(Single full-time wage: approx. \$14.40/hour)



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.

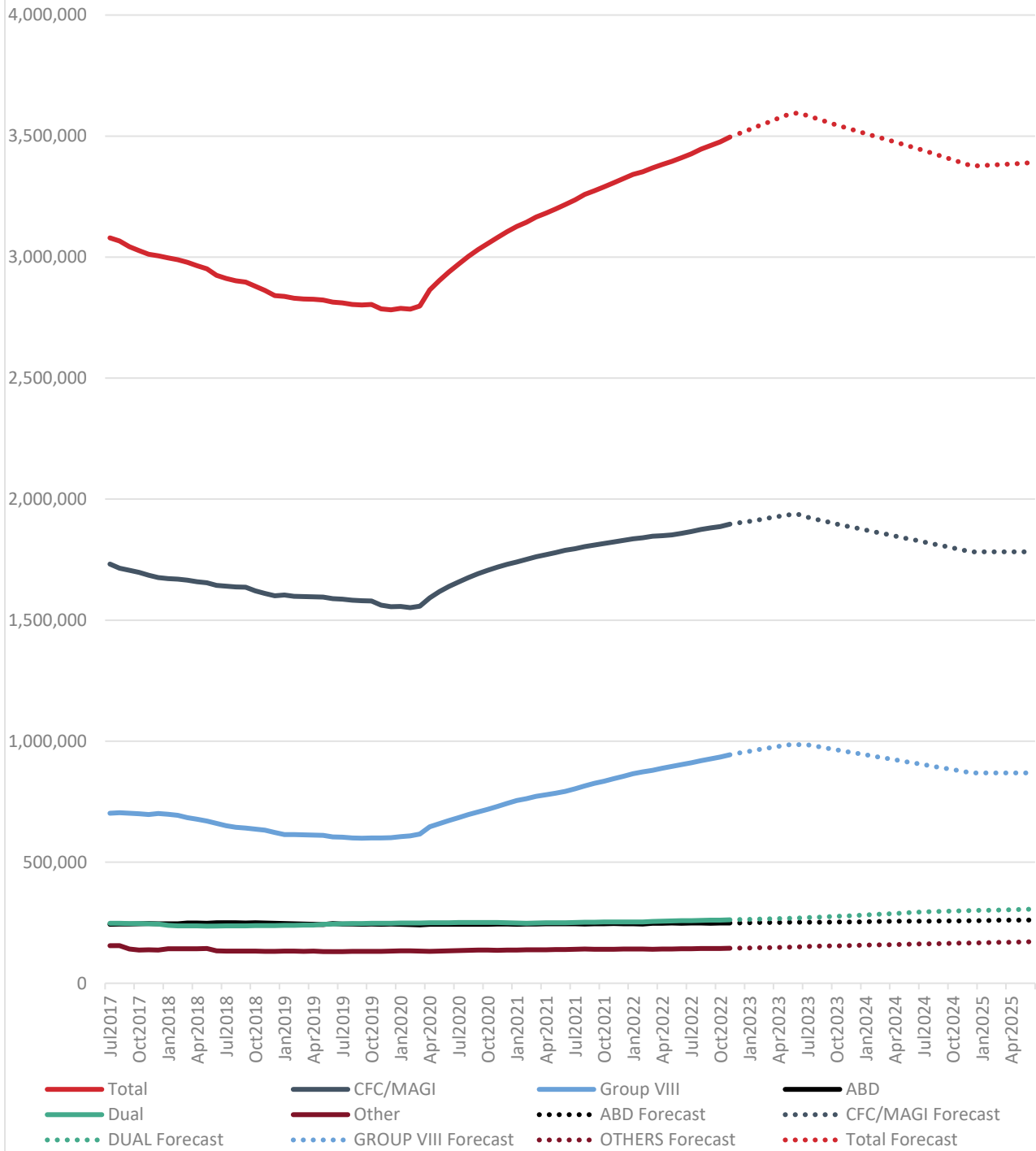
Ohio Medicaid also includes the Medicare Premium Assistance Program (MPAP), coverage for Ohioans who are dual-eligible. MPAP pays some or all the Medicare expenses for lower income individuals who are eligible for Medicare.

The average monthly caseload for the Medicaid program in Ohio is projected to be 3.51 million in SFY 2024 and 3.4 million in SFY 2025. As terminations associated with restoring eligibility operations resume in April, Ohio expects enrollment to decline through SFY 2024 and the first half of SFY 2025. Medicaid caseload will likely decline by approximately 220,000 individuals. As reflected below, these decreases will primarily be in the CFC and Expansion populations.

Average Monthly Caseload								
SFY	CFC Adults	CFC Children	Expansion	ABD Adult	ABD Children	Dual Eligible	Others	Total
2023	604,639	1,299,833	952,743	197,446	52,458	263,716	145,962	3,516,796
2024	588,015	1,289,345	947,313	200,341	53,849	281,318	156,918	3,517,100
2025	541,069	1,251,431	877,378	203,415	55,285	300,692	167,028	3,396,298

Monthly Medicaid Caseload by Aid Group, SFY 2018-SFY 2025

Executive Submission, SFY24-25



Caseload Summary

After more than two years of Medicaid caseload enrollment increases since the start of the federal COVID-19 public health emergency (PHE), the maintenance of effort (MOE) requirement will end in April 2023. The MOE required states to maintain coverage and eligibility for individuals enrolled for the duration of the PHE. In exchange, states received a 6.2% increase in federal matching funds. For more information, see the *Return to Routine Eligibility Operations* white paper.

As part of the SFY24/25 budget, the Ohio Department of Medicaid (ODM) projects that at its peak, Ohio's caseload will have increased by approximately 800,000 since February 2020. The budget also assumes that while the full redetermination process will take twelve months as each individual is redetermined during their eligibility anniversary month, the caseload decline will occur over 18 months, reaching a trough in December 2024. The Joint Medicaid Oversight Committee (JMOC) actuary, Optumas, also projects an 18-month caseload decline.¹ The Legislative Service Commission (LSC) forecast projects disenrollments over "a period of many months."²

However, not all individuals who joined Medicaid during the PHE will be determined ineligible at their annual redetermination. The average monthly caseload for Medicaid in Ohio is projected to be 3.51 million in state fiscal year (SFY) 2024 and 3.4 million in SFY 2025. As routine operations and terminations resume, Ohio expects enrollment to decline through SFY 2024 and the first half of SFY 2025. ODM's caseload will likely decline by approximately 220,000, and it is not anticipated to return to pre-2020 levels for a variety of reasons, including:

1. February 2020 economy

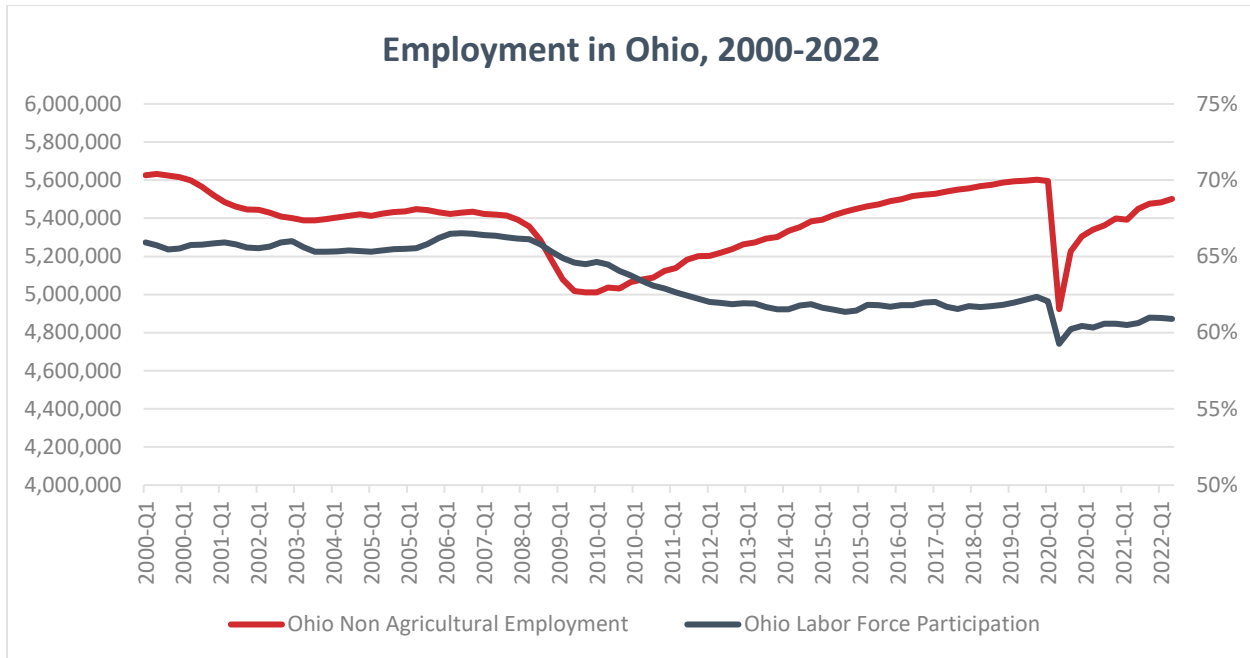
The February 2020 economy, particularly labor force participation and inflation, were significantly better than the current economy. In February 2020, the economy was coming off a decade of economic growth, with historical levels of employment, improving labor force participation, and low inflation. Medicaid caseloads had declined for 35 consecutive months, reaching their lowest point post-ACA eligibility. While the unemployment rate has rebounded, labor force participation and total Ohio non-agricultural employment have not recovered to February 2020 levels. Employment recovery, whether measured by worker education or skill level, has not been shared equally. Employment for high school graduates or those with less than a high school diploma as well as middle-skill and low-skill employment are still below pre-pandemic levels.³

¹ <https://www.jmoc.state.oh.us/Assets/documents/reports/JMOCRateReportFY2024AndFY2025.pdf>

² Page 33, <https://www.lsc.ohio.gov/assets/legislation/135/hb0/in/files/hb0-baseline-forecast-as-introduced-135th-general-assembly.pdf>

³ (Blue Book, page 25 and 26)

https://archives.obm.ohio.gov/Files/Budget_and_Planning/Operating_Budget/Fiscal_Years_2024-2024/ExecutiveBudget/BudgetRecommendations_FY2024-2025.pdf



2. CMS/federal requirements re: procedures, repeated notifications, and appeal requirements

Federal law pre-dating the pandemic and congressional action in December 2022 have specific requirements regarding the process of notifying, assessing and terminating Medicaid eligibility. The December legislation, CAA (needs better cite) also gives CMS additional oversight and enforcement authority. So, ODM must follow the federal requirements related to all eligibility processes, and reporting requirements. CMS has indicated that the state cannot process more than one-ninth of its membership per month. Ohio’s Medicaid eligibility system is designed to begin processing renewals two months in advance of a renewal date. So, beginning in February, ODM will run *ex parte* on all April renewals and complete routine eligibility operations, including all repeated notifications and appeal requirements. This process of redeterminations will continue for one calendar year until all individuals have been processed, with the caseload decline occurring over 18 months.

3. Ohio and national economists are predicting a mild recession in CY 2023

Historically, there has been a direct and inverse correlation between Medicaid caseloads and state unemployment rates, with caseload lagging behind the economy. Many economists are now predicting a recession in 2023.⁴ Ohio’s Office of Budget and Management (OBM) has determined “it seems prudent to use a forecast that has a national recession, even if mild, as

⁴ https://nabe.com/NABE/Surveys/Business_Conditions_Surveys/January-2023-Business-Conditions-Survey-Summary.aspx January 2023 Business Conditions Survey Summary

the basis for revenue and spending forecasts” and is including this recession in Medicaid caseload and tax revenue forecasts.⁵

CFC and Group VIII are the two major Medicaid eligibility categories that are most sensitive to an economic downturn and, as a result, account for most of the forecasted decline in caseload during SFY24/25.

Prior to February 2020, 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 throughout SFY 2024 and halfway through SFY 2025. While we expect caseloads to decline, we do not anticipate the caseload to return to pre-pandemic levels during the biennium due to a projected lower labor force participation rate and an anticipated increase in the population age 65 and older.

Additionally, most experts project a mild recession in 2023, with Ohio employment falling by 1% from the fourth quarter of 2022 to the fourth quarter of 2023 and unemployment peaking in 2023. As a result, new applications may partially offset disenrollments, reducing the steepness of the overall caseload decline.⁶

4. Woodwork effect

The woodwork effect refers to an increase in enrollment that can occur after programs are expanded or changed, encouraging eligible participants to “come out of the woodwork” to enroll in the program.⁷ During the PHE, the MOE was a significant change to the Medicaid program. Additionally, in Ohio between 2019 and 2021, there was a drop in the estimated number of uninsured adults and children at Medicaid-eligible income levels (<138% FPL and <206% FPL, respectively).⁸ It is likely that these individuals will remain eligible for Medicaid when routine redetermination operations resume. Both the potential 2023 recession and woodwork effect have tempered the number of CFC and Group VIII individuals projected to be disenrolled as normal redetermination operations resume.

5. Pressures/reductions in commercial insurance

A reduction in employer-sponsored insurance (ESI) coverage and an increase in the cost of ESI have also put pressure on the Medicaid caseload. In Ohio, ESI coverage decreased from 50.7% in 2015 to 45.4% in 2021 for adults ages 19-64 in Appalachia. Additionally, the Ohio Medicaid

⁵ (Blue Book, pg 31)

https://archives.obm.ohio.gov/Files/Budget_and_Planning/Operating_Budget/Fiscal_Years_2024-2024/ExecutiveBudget/BudgetRecommendations_FY2024-2025.pdf

⁶ (Blue Book, pg 36)

https://archives.obm.ohio.gov/Files/Budget_and_Planning/Operating_Budget/Fiscal_Years_2024-2024/ExecutiveBudget/BudgetRecommendations_FY2024-2025.pdf

⁷ https://www.huduser.gov/portal/periodicals/em/fall13/highlight2_sidebar1.html

⁸ <https://grcapps.osu.edu/app/omas>

Assessment Survey (OMAS) shows an analogous decline in working rates to decreases in ESI rates in rural Appalachian counties from 66.6% in 2015 to 63.8% in 2021.⁹ Moreover, in the Group VIII Survey of 2021, of those who were eligible for ESI but did not have ESI, the most common reason was that it costs too much (76.4%).¹⁰

6. County challenges

Counties have experienced their own workforce challenges, but they also must grapple with unique issues and competing priorities.

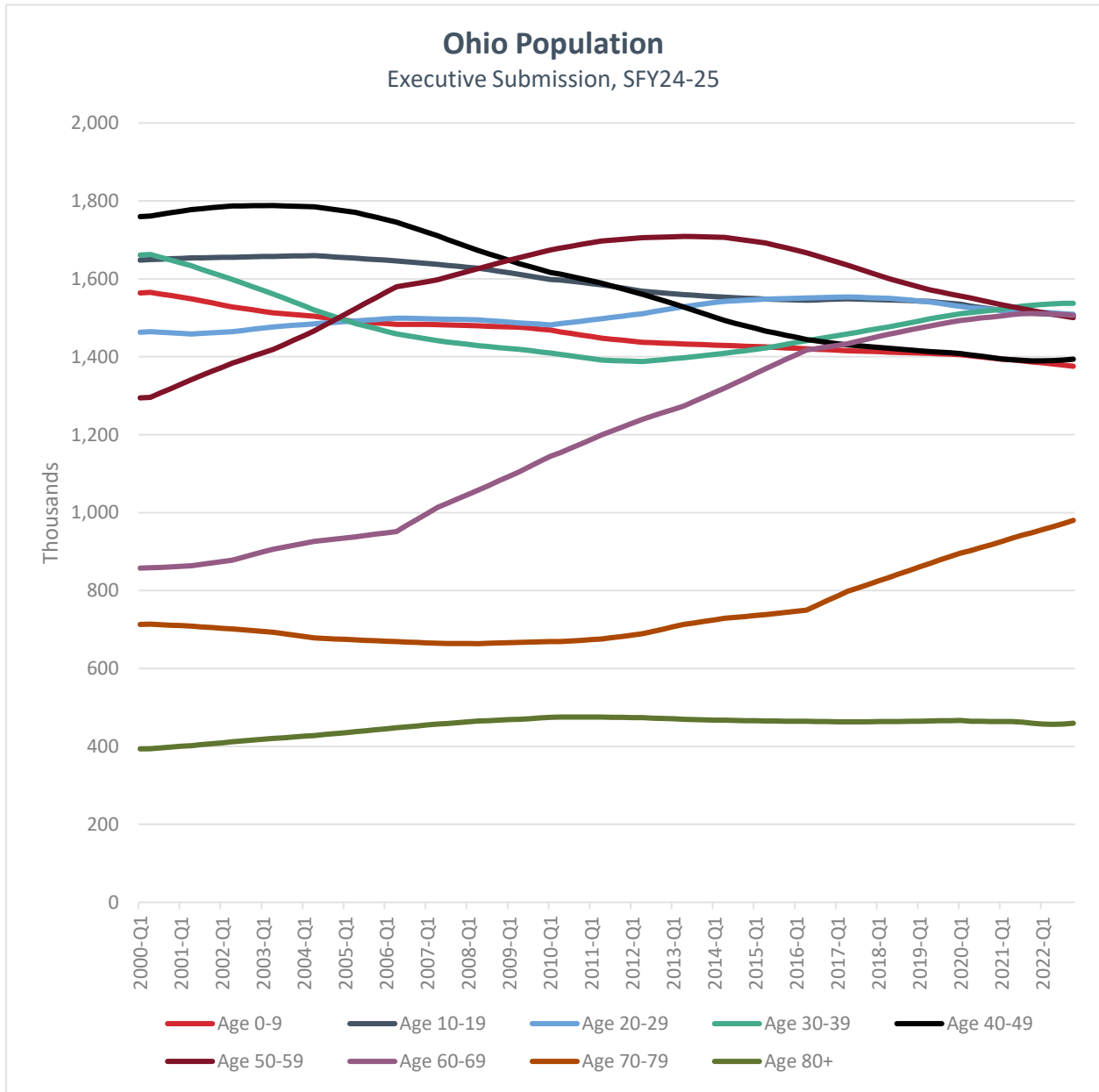
- New Medicaid applications.
 - Ohio is still under a federal corrective action plan (CAP) and must remain in compliance by continuing to timely process new applications.
- Administering other programs.
 - In addition to Medicaid, county JFS offices administer several other programs such as SNAP, TANF, childcare, and others.
- Workforce challenges.
 - Unprecedented economic conditions and pressures have impacted the ability of county JFS offices to maintain, recruit, and train staff. Additionally, this will be the first time that many case workers have processed a disenrollment.
- Other Medicaid functions.
 - County workers must clear alerts from Ohio Benefits, process changes in circumstances, perform resource verification for ABD applications, and many other functions to administer Medicaid eligibility and enrollment.

⁹2015: 66.6% [90% CI: 65.3%-67.9%]; 2021 63.8% [90% CI: 62.0%-65.7%] <https://grcapps.osu.edu/app/omas> (OMAS, 2021)

¹⁰ Group VIII Survey, 2021

7. Aging of Ohio's population

In contrast to the CFC and Group VIII populations, the ABD and dual eligibles populations – those who are eligible for both Medicare and Medicaid – are much less sensitive to fluctuations in the economy. Additionally, Ohio's population is growing increasingly older. In 2010, 17.4% of the population was 62 years and older, while in 2021, this figure is 22.1%.¹¹ ODM's caseload reflects this shift as both the ABD and dual caseloads increase through SFY25.



¹¹ <https://data.census.gov/table?q=ohio+age&tid=ACSDP1Y2010.DP05>

Conclusion

After more than two years of Medicaid caseload enrollment increases since the start of the federal COVID-19 public health emergency (PHE), the maintenance of effort (MOE) requirement will end in April and Ohio will once again resume routine eligibility operations.

As routine operations and terminations resume, Ohio expects enrollment to decline through SFY 2024 and the first half of SFY 2025. ODM's caseload will likely decline by approximately 220,000, and it is not anticipated to return to pre-2020 levels for the reasons described above.

Given the effect caseload has on overall spending estimates, the Department will be closely monitoring the economy for cyclical shifts and analyzing economic changes.