

MEDICAID EXPANSION

OPTIONS FOR FEDERAL AUTHORITY

- Essentially two options that states are taking to gain federal authority to expand Medicaid.
 - **State Plan Authority** – Authority is gained through amending the current Medical Assistance State Plan (State Plan amendments and if necessary section 1915 Waiver)
 - **Section 1115 Demonstration Waiver** - Section 1115 of the Social Security Act gives the Secretary of Health and Human Services authority to approve experimental, pilot, or demonstration projects that promote the objectives of the Medicaid and CHIP programs. The purpose of these demonstrations, which give States additional flexibility to design and improve their programs, is to demonstrate and

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-evaluate policy approaches such as:
 - Expanding eligibility to individuals who are not otherwise Medicaid or CHIP eligible
 - Providing services not typically covered by Medicaid
 - Using innovative service delivery systems that improve care, increase efficiency, and reduce costs
- In general, section 1115 demonstrations for Medicaid expansion are approved for a three-year period and can be renewed, typically for an additional three years. Demonstrations must be "budget neutral" to the Federal government, which means that during the course of the project Federal Medicaid expenditures will not be more than Federal spending without the waiver.

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- Areas not affected by option selected include:
 - State Legislation requirement
 - Eligible population
 - Covered health benefits
 - Medicaid “wrap around” services

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- Areas that differ by option selected include:
 - CMS approval, oversight and renewal
 - Use of QHPs vs Medicaid contracted plans (RFP)
 - Provider network
 - Payment to plans
 - Cost Sharing – actual limits are the same
 - Consumer Choice
 - Budget neutrality
 - Personal responsibility and healthy behavior incentives
 - Provider incentives
 - Access to data