



CURRENTLY ELIGIBLE ADULTS IN MEDICAID: THE FEW WHO QUALIFY

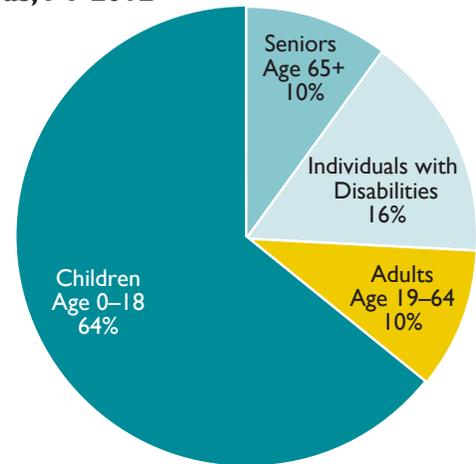
Medicaid and the Children’s Health Insurance Program (CHIP) provide health insurance coverage to approximately 385,000 Kansans each month. Of that total, more than half are children.

There is a common misconception that most low-income adults qualify for Medicaid, but this is not the case. Nearly all adults in Medicaid are seniors age 65 and older or individuals with disabilities. Fewer than 38,000—roughly 10 percent—of Medicaid/CHIP enrollees in the state of Kansas are non-disabled adults under the age of 65. The vast majority of these adults (more than 80 percent) are pregnant women or parents or guardians of children.

As discussions continue over the future of the Medicaid program and the potential for expanding Medicaid coverage through the Affordable Care Act (ACA), policymakers should have a clear understanding of who is currently eligible to participate in the Medicaid program and who is not.

This issue brief describes the non-disabled adults under age 65 in Medicaid and identifies how much the state pays to cover these adults. It also examines how the ACA may affect the number of adults enrolled in Medicaid.

Figure 1: Medicaid/CHIP Populations in Kansas, FY 2012



Notes: This chart represents all consumers in Medicaid/CHIP including those in programs that are only state-funded, such as the MediKan program. The categories are based on Medicaid or CHIP eligibility groups sorted by age. The Children and Adults categories include Medicaid members between ages 0-18 and 19-64, respectively.

Source: KHI analysis of Data Analytic Interface (DAI)—Kansas Medicaid Data Warehouse, 2012, Division of Health Care Finance, Kansas Department of Health and Environment.

Who Are the Adults in Medicaid?

Medicaid is jointly administered and funded by the state of Kansas and the federal government. Medicaid provides health services for adults who meet specific eligibility criteria: low-income parents, pregnant women, low-income seniors or people with disabilities.

KEY POINTS

- It is a common misconception that most poor Kansans are eligible for Medicaid.
- Most adults in Medicaid are over 65 or have a disability, although very low-income parents and pregnant women also are eligible.
- Kansas parents must make no more than \$9,063 a year for a family of four to qualify for Medicaid. In most cases, childless adults cannot qualify even if they have no income.
- There are fewer than 38,000 non-disabled, adult Kansans under age 65 in Medicaid (less than 10 percent of the total Medicaid/CHIP population) and they represent 9 percent of the \$2.8 billion in Kansas Medicaid/CHIP costs.
- Approximately 151,000 newly eligible low-income adults would be likely to enroll if Kansas expands Medicaid.

While all states offer Medicaid, they do so at varying eligibility levels. The federal government sets minimum eligibility requirements for Medicaid and specifies services that must be covered. States may choose to cover groups and services beyond the mandatory federal levels.

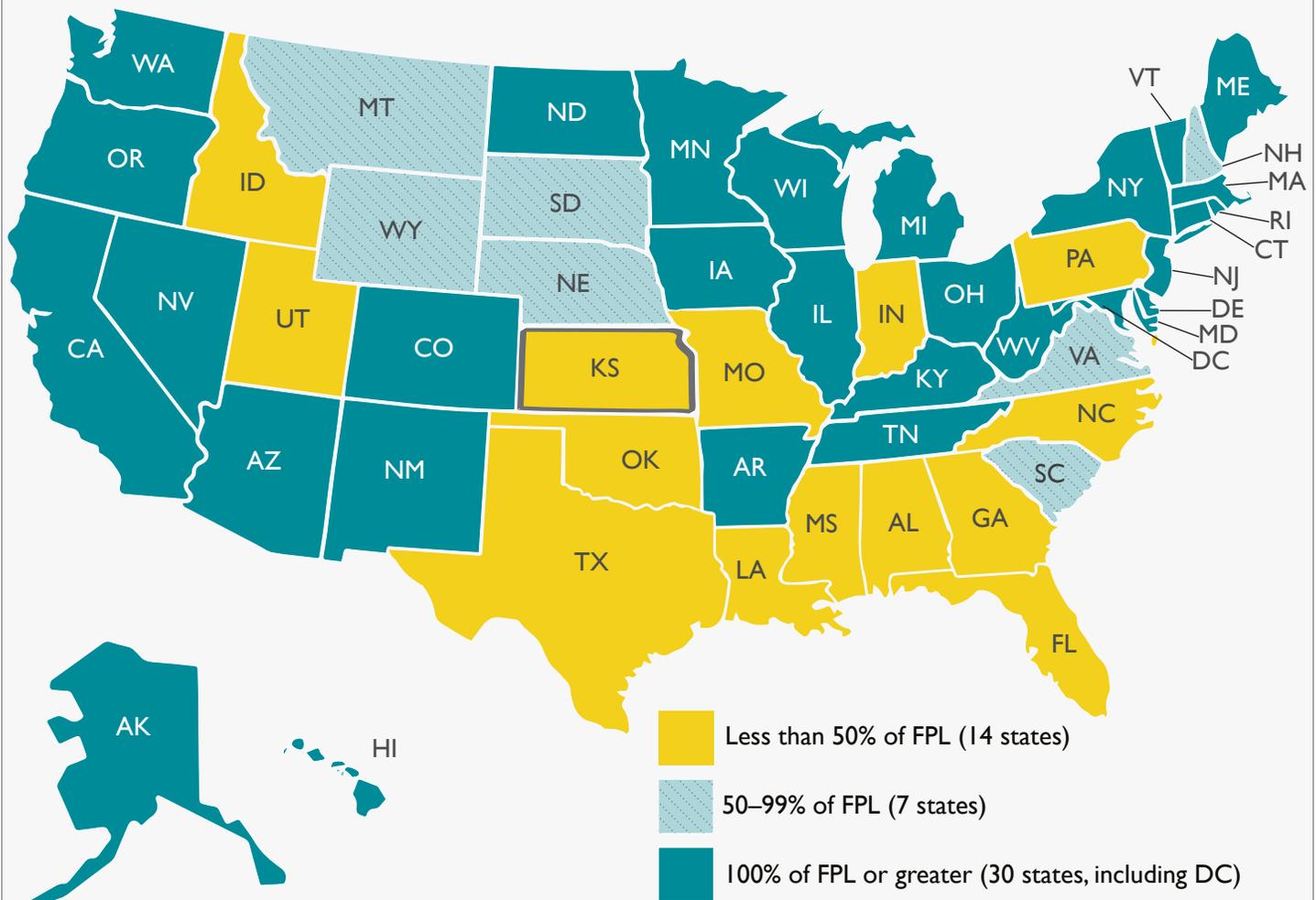
Kansas has strict Medicaid eligibility levels for childless, non-disabled adults under age 65. To qualify, parents cannot make more than 38 percent of the federal poverty level (FPL), or \$9,063 annually for a family of four. As shown in Figure 2, Kansas eligibility levels are among the strictest in the nation. Childless adults are not eligible even if they have no income. In most cases, an adult under age 65 without a disability and without children is not eligible for Medicaid in Kansas.

Pregnant Women

Coverage for pregnant women in Medicaid includes care during pregnancy, labor, delivery and 60 days after birth. Kansas offers Medicaid coverage to pregnant women with incomes up to 171 percent of FPL or \$40,784 per year for a family of four. Infants born to women receiving Medicaid coverage are automatically eligible for Medicaid and are covered until their first birthday, when coverage is reassessed based on family income.

Kansas also covers some pregnant women under the medically needy or “spend-down” program. This program requires pregnant women with income above 171 percent of FPL to spend some of their income each month if they

Figure 2: Medicaid Eligibility for Parents by Income, January 2014



Notes: The eligibility levels reflect 2014 Modified Adjusted Gross Income (MAGI) income rules, including a 5 percent income disregard that may be applied on an individual basis. The federal poverty level (FPL) for a family of four in 2014 is \$23,850 per year. Several states also offer coverage with a benefit package that is more limited than Medicaid to parents at higher income levels through waiver or state-funded coverage, which is not reflected on the map above.

Source: KHI analysis of eligibility levels based on data from the Kaiser Family Foundation, 2014.

have significant health care expenses. After the "spend-down" amount is reached, Medicaid covers the remainder of their medical expenses.

Parents and Guardians

Kansas has some of the most stringent income requirements for non-pregnant, non-disabled adults under age 65. Only parents or guardians with a dependent child who have annual incomes less than \$9,063 for a family of four, or 38 percent of FPL, are eligible for Kansas Medicaid coverage, as shown in Figure 3. Parents with annual incomes above this level are not eligible for Medicaid even though their children might be covered.

Other Adults in Medicaid

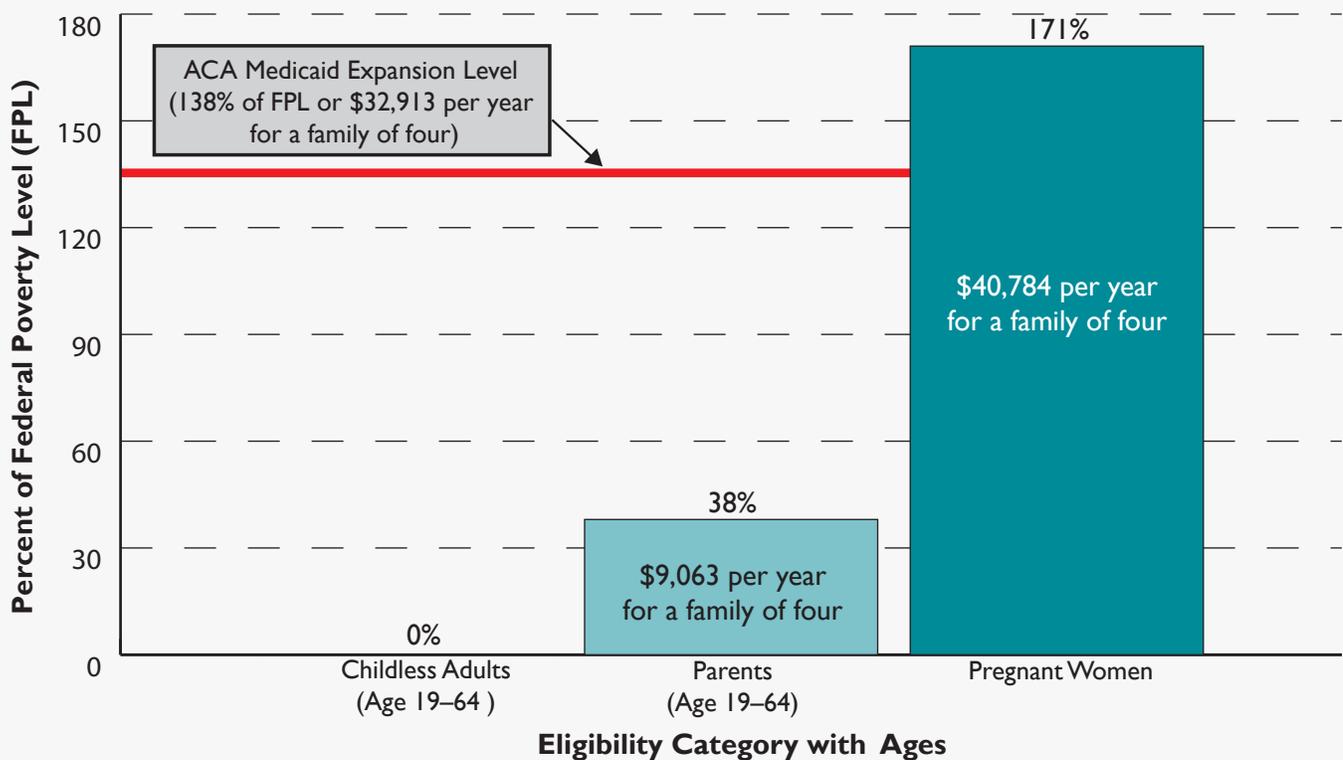
There are other adults eligible for Medicaid in addition to those already described. These adults make up less than 1 percent of all Medicaid or CHIP beneficiaries. These adults are covered due to severe health conditions such as tuberculosis, AIDS and breast or cervical cancer. The ACA

requires that young adults who are in foster care and are covered by Medicaid when they turn 18 remain eligible until age 26. In addition, children in the juvenile justice system are automatically eligible for Medicaid coverage until they turn 21.

Costs of Adults in Medicaid

Health care costs for non-elderly, non-disabled Kansas adults in Medicaid totaled \$248 million in fiscal year 2012, accounting for 9 percent of the total \$2.8 billion spent on Kansas Medicaid and CHIP that year. Based on administrative data from the Kansas Department of Health and Environment (KDHE), health care spending for these adults in Medicaid averages about \$6,500 annually per enrollee. This is about half of the cost of an elderly person in Medicaid and one-third the cost of a person with disabilities in Medicaid. Compared with other Medicaid adults, the elderly and adults with disabilities tend to use more expensive care, such as nursing facilities and other long-term care services and support.

Figure 3: Income Eligibility Levels for Adults in Medicaid, January 2014



Note: The eligibility levels reflect 2014 Modified Adjusted Gross Income (MAGI) income rules, including a 5 percent income disregard that may be applied on an individual basis. Income levels shown are only applicable to non-elderly adults without disabilities or other health needs that would make them eligible at a different income level.

Source: KHI analysis of eligibility information from the Division of Health Care Finance, Kansas Department of Health and Environment.

Spending for non-disabled adults under age 65 is about three times the cost of a child in Medicaid or CHIP, on average. Much of the cost difference between children and adults can be attributed to the costs for prenatal care and labor and delivery coverage for pregnant women in this population.

As of January 1, 2013, Kansans eligible for Medicaid receive care through one of the three managed care organizations (MCOs), collectively organized under KanCare. These MCOs coordinate primary care, physical and behavioral health care, community-based services and long-term care services for most of the 385,000 Kansans in Medicaid/CHIP. The state in-turn pays the MCOs for the care. The majority of adults that are eligible for Medicaid are included in KanCare.

Implications of Medicaid Expansion

The ACA expands Medicaid eligibility to all adults with annual incomes up to 138 percent of FPL. However, the June 2012 U.S. Supreme Court decision that upheld the ACA made Medicaid expansion essentially optional for states. As a result, governors and state legislators across the country are evaluating how the expansion could affect the size and cost of their Medicaid programs. As of April 2014, Kansas officials had not expanded the program to cover adults whose individual or family income is under 138 percent of FPL.

The U.S. Census Bureau estimates that 324,000 Kansans age 19 to 64 have income below 138 percent of FPL. Of those, about 131,000 are uninsured. If Kansas decides to expand Medicaid, KDHE estimates that about 151,000 Kansans who were not previously eligible would sign up for Medicaid.

KDHE estimates that Medicaid expansion would increase spending by a total of \$9.2 billion between 2014 and 2023. The federal government pays the majority of the

cost for the newly eligible adults that would gain coverage through Medicaid expansion. The state's cost of Medicaid expansion would total \$1.1 billion over the same period. This includes the cost of newly eligible Kansans as well as additional adults and children that would enter Medicaid as a result of the "woodwork" effect.

The woodwork effect occurs as children and adults who are currently eligible for, but not enrolled in Medicaid, choose to enroll. This increased enrollment could be due to the requirement for all individuals to have health insurance coverage, or a spillover from efforts to sign people up through the federal insurance marketplace created by the ACA. Either of these could expand the size of the Medicaid program. The state estimates that an additional 41,500 people will enroll in Medicaid through the woodwork effect, and the majority of these will be children.

If Kansas expands Medicaid, the newly eligible Kansans added to Medicaid would shift the makeup of the adult population in the Medicaid program. Medicaid expansion would allow parents to be eligible at an income level four times the current level. Medicaid expansion also would make health coverage available to childless adults, a group that is not eligible for coverage now unless they are over age 65 or have a disability.

Conclusion

There is a common misconception that all Kansans who are extremely poor qualify for Medicaid. In reality, only a few categories of non-disabled adults under the age of 65 qualify. These categories include primarily pregnant women, very poor parents and guardians, and a few others who have very specific health care needs. Policymakers face a decision about expanding Medicaid coverage to more low-income adults or maintaining current Medicaid eligibility levels.

About the Issue Brief

This brief is based on work done by Scott C. Brunner, M.A., Emily Meissen-Sebelius, M.S.W., and Chelsea Mertz. It is available online at khi.org/adultsinmedicaid.

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