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States Can Improve Transitions Between Medicaid and the Marketplace

By Claire Heyison

States that run their own state-based health insurance marketplaces (SBMs) are uniquely positioned to help people no longer eligible for Medicaid transition to a marketplace plan and receive financial help if they qualify, as the state administers both the SBM and Medicaid. Thirteen of the 17 states (and Washington, D.C.) that currently operate SBMs¹ are leading new strategies to ease these transitions during the unwinding of the Medicaid continuous coverage provision, and more states should consider similar changes during unwinding and beyond.

Complexity Can Leave People Uninsured

The Affordable Care Act (ACA) envisioned a “no wrong door” policy, in which people can apply using a single, streamlined application and then enroll in the health coverage they are eligible for, whether that’s Medicaid, a marketplace plan, or another program. But this vision has not been fully realized. Typically, someone who loses Medicaid needs to take a series of actions to successfully transition to the marketplace, including figuring out how and where to apply, completing an application, selecting a plan, and submitting any required documentation. People may also experience delays as the state processes their application. These challenges can put people at risk of becoming uninsured or experiencing gaps in coverage,² despite being eligible for no- or low-cost coverage.

Many people who lose coverage during unwinding are likely still eligible for Medicaid, but some have experienced changes that make them eligible for a marketplace plan instead. States with SBMs are employing various strategies to help these individuals access affordable coverage through the marketplace with reduced administrative burden.

¹ In addition, Virginia plans to transition to an SBM in 2024, Georgia plans to transition in 2025, Illinois plans to transition in 2026, and Oregon plans to transition in 2027. Illinois, Oregon, and Virginia have already begun implementing policies aimed at improving transitions between Medicaid and the marketplace.

² MACPAC, “Transitions Between Medicaid, CHIP, and Exchange Coverage,” July 2022, <https://www.macpac.gov/wp-content/uploads/2022/07/Coverage-transitions-issue-brief.pdf>.

State Strategies

Automatic and Streamlined Transitions

Five states are attempting to lessen the potential for coverage loss by cutting the number of steps to transition from Medicaid to a marketplace plan.

- California automatically matches people losing Medicaid to the silver plan with the lowest premiums and cost-sharing charges.³ If a person is matched to a plan with a \$0 net premium, they can opt into coverage online or by phone. People who are matched to a plan for which they owe a premium must pay their contribution to the first month's premium to start coverage.
- Maryland automatically matches people who lose Medicaid with the lowest-cost silver or gold plan that is offered by an affiliate of the plan they selected for Medicaid coverage.⁴ If that is not possible, the state will match them with the silver or gold plan with the lowest premiums and cost sharing. To begin coverage, people who are matched to a plan with a \$0 net premium can opt in online, while people who are matched to a plan for which they owe a premium must pay their contribution to the first month's premium.
- Massachusetts allows people to check a box on its online marketplace application that authorizes the marketplace to automatically enroll them in a plan with a \$0 net premium, if they qualify.⁵
- Oregon received federal approval to allow current Medicaid enrollees who have incomes of 138-200 percent of the federal poverty level (FPL) to temporarily keep their coverage.⁶ People in this temporary Medicaid expansion group will be automatically transitioned to Oregon's Basic Health Program (BHP) once it becomes operational, expected in July 2024.⁷ To reduce confusion and disruption to people's coverage, Oregon's BHP plans will be offered by all insurers participating in the state's Medicaid managed care system and will have similar benefits, premiums, and cost sharing.

³ Covered California, "Public Health Emergency & Medi-Cal to Marketplace Automatic Enrollment Program," January 31, 2023, https://hbex.coveredca.com/data-research/library/Auto_Enrollment_Toolkit.pdf.

⁴ Maryland Health Connection, "Medicaid to Private Plan Enrollment," visited September 18, 2023, <https://www.marylandhealthconnection.gov/how-to-enroll/medicaid-to-private-plan-enrollment/>.

⁵ Marissa Woltmann and Monica Sawhney, "Readiness for the End of the Public Health Emergency," Massachusetts Health Connector and MassHealth, June 9, 2022, https://betterhealthconnector.com/wp-content/uploads/board_meetings/2022/06-09-22/Ongoing-Preparation-for-End-of-the-Federal-Public-Health-Emergency-060922.pdf.

⁶ Centers for Medicare & Medicaid Services (CMS), "Demonstration Approval: Oregon Health Plan (Project Number 11-W-00415/10)," April 20, 2023, <https://www.medicaid.gov/sites/default/files/2023-04/or-health-plan-ca-04202023.pdf>.

⁷ Laurel Swerdlow *et al.*, "Basic Health Program (BHP), OHPB Update," Oregon Health Authority, July 11, 2023, https://www.oregon.gov/oha/OHPB/MtgDocs/5.0%20Basic%20Health%20Program%20presentation_07.11.23.pdf.

- Rhode Island automatically enrolls people who lose Medicaid and have an income of less than 200 percent of FPL into silver plans with low or no premiums.⁸ As of July 2023, half of the people who lost Medicaid and transitioned to a marketplace plan were auto-enrolled.⁹

Single Eligibility Determination

At least ten states and D.C. have long used a single system to determine eligibility for both Medicaid and the marketplace.¹⁰ This can lead to faster — and in some cases, instantaneous — eligibility determinations. States have implemented this approach by using a single application for both programs, integrating databases, and/or ensuring greater collaboration between Medicaid agencies and SBMs, all of which can serve as the basis for more ambitious coordination efforts between Medicaid and the marketplace.

Streamlined Enrollment Using Tax Data

An easy enrollment system allows Medicaid agencies and SBMs to assess whether a person is eligible for either program based on information from the person’s state tax filing or other sources, such as unemployment insurance filings.¹¹

With easy enrollment, people can check a box to authorize state agencies to share relevant information with Medicaid and the marketplace. These agencies use this information to perform a preliminary eligibility assessment and tell people if they are likely to be eligible for either program before they apply. Unlike automatic and streamlined transition strategies, an easy enrollment approach does not involve matching or enrolling people in a health plan. Five SBM states have implemented easy enrollment for marketplace plans, three SBM states plan to implement this policy in 2024, and two states plan to fully implement this policy after transitioning to an SBM.¹²

Covering Enrollees’ Initial Premiums

Paying initial premiums for people who transition from Medicaid to the marketplace reduces a cost barrier that can discourage people from enrolling. It also allows states to implement automatic enrollment without exposing people to unexpected premium costs.

Several states are covering initial premiums:

⁸ HealthSourceRI, “Transitioning from Medicaid to a Qualified Health Plan,” visited September 18, 2023, <https://healthsourceri.com/transitions>.

⁹ Stay Covered RI, “Medicaid Renewals Data Dashboard,” updated August 15, 2023, <https://staycovered.ri.gov/data-dashboard>.

¹⁰ “SBMs in Plan Year 2023 that operate an integrated eligibility system for purposes of reporting are: California, Connecticut, District of Columbia, Kentucky, Massachusetts, Maryland, Minnesota, New York, Rhode Island, Vermont, and Washington.” From CMS, “Medicaid and CHIP Unwinding: Data Sources and Metrics Definitions Overview,” updated August 2023, https://www.medicaid.gov/sites/default/files/2023-08/data-sources-and-definitions-aug2023-508_0.pdf.

¹¹ Maryland Health Benefit Exchange, “Maryland Easy Enrollment Health Insurance Program Advisory Work Group Meeting,” June 27, 2023, <https://www.marylandhbe.com/wp-content/uploads/2023/07/MEEHP-Work-Group-06.27.23.pdf>.

¹² HealthInsurance.org, “Easy enrollment program,” viewed September 18, 2023, <https://www.healthinsurance.org/glossary/easy-enrollment-program/>.

- New Mexico is paying the first month’s premium for people losing Medicaid who have incomes below 400 percent of FPL and select a marketplace plan.¹³
- Rhode Island is investing funds from the American Rescue Plan to pay the first two months of premiums for people who are automatically transitioned from Medicaid into a marketplace plan that requires premium payments.
- Connecticut is setting up a program to pay the first two months of marketplace premiums for people losing Medicaid who have incomes between 175 and 200 percent of FPL.¹⁴

Looking Ahead

States only implemented many of these policies recently, so it will take time to evaluate the effectiveness of each approach. But state efforts to improve coordination between Medicaid and marketplace eligibility should serve as test cases for other SBMs as well as the federally run HealthCare.gov marketplace.

¹³ New Mexico Office of Superintendent of Insurance, “Medicaid Transition Premium Relief,” viewed September 18, 2023, <https://www.osi.state.nm.us/medicaid-transition-premium-relief>.

¹⁴ Katy Golvala, “Most CT residents enduring Medicaid ‘unwinding’ keep coverage,” CT Mirror, July 12, 2023, <https://ctmirror.org/2023/07/12/ct-husky-health-insurance-medicaid/>.