Surprising Change in Medicaid Enrollment

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Medicaid enrollment was down 0.6 percent nationwide in 2018, but in Missouri it decreased at a much higher rate of 7.3 percent. In many ways, this is welcome news for those of us worried about the ever-increasing size of the Medicaid program and its impact on the state's budget. Nevertheless, such a precipitous drop without any discernable policy change makes me wonder why.

For calendar year 2018, Medicaid enrollment in Missouri dropped by 71,528, with 56,716 of those no longer enrolled being children (see table below).

<table>
<thead>
<tr>
<th>Category</th>
<th>Jan. 2018</th>
<th>Dec. 2018</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicaid Enrollment</td>
<td>977,531</td>
<td>906,003</td>
<td>-71,528</td>
<td>-7.3%</td>
</tr>
<tr>
<td>Persons with Disabilities</td>
<td>156,460</td>
<td>152,027</td>
<td>-4,433</td>
<td>-2.8%</td>
</tr>
<tr>
<td>Elderly</td>
<td>80,524</td>
<td>80,739</td>
<td>215</td>
<td>0.3%</td>
</tr>
<tr>
<td>Custodial Parents</td>
<td>97,817</td>
<td>86,081</td>
<td>-11,736</td>
<td>-12.0%</td>
</tr>
<tr>
<td>Children</td>
<td>621,535</td>
<td>564,819</td>
<td>-56,716</td>
<td>-9.1%</td>
</tr>
<tr>
<td>Pregnant Women</td>
<td>21,795</td>
<td>22,337</td>
<td>5,542</td>
<td>25.1%</td>
</tr>
</tbody>
</table>
State officials have attributed the majority of the decrease in enrollment to an improved economy. But is Missouri’s economy really outperforming that of the rest of the country? Even the chair of Missouri’s Medicaid oversight committee, Dr. Timothy McBride, appears skeptical. In a St. Louis Post Dispatch article, McBride cited the state’s relatively loose eligibility criteria for children (300% of the federal poverty limit or $77,250 for a family of four) and explained that a parent’s change in job would unlikely be enough for that child to lose eligibility.

According to the Post-Dispatch article, advocates for the poor have pointed to the state’s redetermination process as a reason for the drop in enrollees. Redetermination is the process by which the state’s Department of Social Services checks back in with Medicaid enrollees to ensure they’re still eligible for benefits. The article cites long wait times and arduous paperwork to stay enrolled in the program, the implication being this would cause eligible people to abandon the process.

But the federal government has required states to verify each participant’s Medicaid eligibility since at least 2012. If the redetermination process has been occurring regularly for years, how would it suddenly explain such a radical change in enrollment?

One real possibility stems from the state’s adoption of an automated eligibility verification system in 2018. This new verification system makes it easier for the Department of Social Services to ensure each recipient receives a timely eligibility redetermination; previously the process was done predominantly by hand. But if the new system is better at ensuring Medicaid recipients are eligible, and the state saw a large number of people drop out of the Medicaid program after the system went into effect, it seems to follow that at least some Medicaid recipients had been receiving benefits despite not meeting the eligibility requirements for the program.

Because the state can now send out verification requests faster, more people are being required to prove their eligibility at any given time. It’s possible that the complaints about paperwork and wait times have arisen because the resources available to assist people in navigating the verification process (e.g., help lines) can’t keep up with the higher volume of clients who need help. But if that’s the problem, the solution is not to abandon or slow down the redetermination process—it’s to make navigation of the process easier.

My colleague Patrick Ishmael has written about the potential for wasteful Medicaid misspending on ineligible individuals. Though it may seem obvious, our policymakers cannot begin to get a handle on Medicaid costs if they can’t even ensure that the recipients of covered services are eligible to receive them. Hopefully, this enrollment change encourages further investigation into Medicaid’s program integrity measures.

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Elias Tsapelas earned his Master of Arts in Economics from the University of Missouri in 2016. His research interests include economic development, health policy, and budget-related issues.

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