Overlap Between Medicaid Health Plans and QHPs in the Marketplaces: An Examination

■ ***Updated April 2016***

Summary

Throughout the third annual Health Insurance Marketplace Open Enrollment Period, 12.7 million Americans selected Qualified Health Plans (QHPs) to provide coverage for 2016.[1] Some of these consumers, owing to changes in incomes or other life events, will lose their Marketplace eligibility and gain Medicaid eligibility at some point during the year. The Association for Community Affiliated Plans (ACAP) is interested in better understanding the intersection of Marketplace and Medicaid coverage. Each year, ACAP identifies all QHP issuers offering coverage and highlights those that also serve as Medicaid MCOs in their states. For simplicity, ACAP refers to these issuers as "overlap issuers."

Overlap issuers could limit the impact of "churn"—the term for enrollees entering and exiting coverage due to unforeseen loss of coverage. Churn between Medicaid and the Marketplaces can be caused by minor fluctuations in income, and movement of individuals between these two coverage settings is expected to be substantial. Historically, miscellaneous clerical errors, failure to renew enrollment on a timely basis, and other factors have contributed to significant amounts of churn from the Medicaid program.

ACAP has for three consecutive years looked at the extent products issued by overlap issuers are available on the Marketplaces. For the 2016 benefit year:

- Of the 335 QHP issuers[2] offering Marketplace plans in 2016, **137 (40.8%) offer Medicaid MCOs in the same state**.
    - Nationally, the number of overlap issuers has increased by six issuers (5%).
- Marketplaces in 36 states include at least one overlap issuer, three more states than last year.
    - Of the 33 states that had at least one overlap issuer in 2015, 26 have either the same or a greater number of overlap issuers in 2015.

[1] CMS. "Health Insurance Marketplace Open Enrollment Snapshot - Week 13." 4 February 2016. https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2016-Fact-sheets-items/2016-02-04.html

[2] ACAP counted the number of unique issuers offering QHP plans in each state. As an example, CareSouce offers QHP plans in four different states. Under this methodology they are counted as four issuers rather than one.

Table 1

National Total Summary						State Average Summary				
	QHP Issuers	Overlap Issuers	% Overlap Issuers	MSPs	CO-OPs	QHP Issuers	Overlap Issuers	% Overlap Issuers	MSPs	CO-OPs
2014	284	123	43%	36	24	5.57	2.41	32%	0.71	0.47
2015	338	131	39%	51	27	6.63	2.57	30%	1	0.53
2016	335	137	41%	42	13	6.45	2.69	32%	.82	0.31
2015-2016 Difference	***-3***	***+6***	***+2%***	***-9***	***-14***	***-0.18***	***+0.12***	***+2%***	***-0.18***	***-0.22***

To examine issuer overlap at a more granular level, ACAP conducted its second annual county-level analysis in two states, Texas and New York. This was developed leveraging public use files from HealthCare.Gov, the Robert Wood Johnson Foundation, and Texas and New York Medicaid websites.

As was the case in 2015, the findings suggest that many individuals – even those residing in states with large numbers of overlap issuers – have limited access to plans that operate in both Medicaid and the Marketplace, as many overlap issuer plans are only offered regionally. Though both states boast 12 overlap issuers at the state level, the availability of overlap issuers is far more abundant in New York than in Texas at the county level. The difference between these two states has grown since last year's Open Enrollment Period.

Introduction

The Patient Protection and Affordable Care Act (ACA) established health insurance Exchanges, frequently referred to as health insurance Marketplaces. Health insurance Marketplaces are designed to make QHPs available to individuals and small employers seeking to purchase coverage on the individual and small group markets. Marketplaces are considered to be functioning well if they provide an appropriate choice of affordable, high-quality coverage to consumers. Marketplaces in which QHP issuers also operate Medicaid MCOs provide lower-income health care consumers an opportunity to purchase coverage that can remain continuous even if a change in eligibility from the Marketplace to Medicaid, or vice versa, is experienced.[3] Such coverage may also allow families with "split coverage" (*i.e.*, family members eligible for different programs, such as Marketplace coverage, Medicaid or CHIP) to be covered by the same issuer.

[3] The issue of churn manifests itself differently in states that have chosen to expand their Medicaid programs and states that have not. In expansion states, churn will affect individuals whose household income places them near the border between subsidized Marketplace coverage and Medicaid coverage. In non-expansion states, individuals receiving subsidized Marketplace coverage may become ineligible for any form of health insurance if their income dips below the poverty level.

ACAP is a national trade association representing 56 not-for-profit, community-based Safety Net Health Plans in 26 states. Collectively, ACAP plans serve more than fifteen million enrollees, representing more than 50 percent of individuals enrolled in Medicaid-focused health plans. Seventeen ACAP member plans offer QHPs in their respective Marketplaces for the 2016 benefit year, including one plan serving as a QHP issuer in four different states. As an association representing community-based Medicaid health plans, ACAP has a particular interest in market alignment between Medicaid programs and Marketplaces.

This brief explores which issuers participate in the Marketplaces and notes which issuers also offer Medicaid managed care coverage in the same state. ACAP has compiled a comprehensive list of QHP issuers serving all Marketplaces, organized by state. As outlined in the Affordable Care Act, to become certified to sell coverage through the Marketplace these QHPs must provide consumers with certain essential health benefits and follow the established limits on cost-sharing, among other requirements.[4] ACAP's list specifies which type of Marketplace will operate in each state (State-based, or SBM; State partnership, or SPM; or Federally-facilitated, or FFM), and notes which QHP issuers are Multi-State Plans (MSPs)[5], which are Consumer Operated and Oriented Plans[6] (CO-OPs), and which also offer coverage through a Medicaid MCO (overlap issuers). The 17 ACAP-member plans participating in the Marketplace are also indicated.

2016 Findings

QHP Issuers. Our research finds that there are 335 QHP issuers nationally, counting each issuer once for each state in which it participates in a Marketplace. The average number of QHP issuers per state is 6.45, down slightly from 6.63 last year. States range from having as few as one QHP issuer (Wyoming) to having many issuers (Table 2). Each issuer may still offer numerous products.

Table 2

States with Highest Number of QHP Issuers, 2016	
Texas	18
Ohio	17
Wisconsin	16
New York	15
Michigan	14
Pennsylvania	13

[4] For more background information on QHPs, visit http://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Marketplaces/qhp.html .

[5] The ACA designed MSPs with the U.S. Office of Personnel Management to have a broad provider network and strong consumer protections. They are intended to drive competition and to offer an option for family members living in different states to be on the same plan.

[6] The ACA created CO-OPs to allow qualified nonprofit health insurance issuers to offer health plans in the individual and small group markets.

Several states also saw large net increases in the number of QHP issuers participating in the Marketplace. The chart below shows the states with the largest net increases and decreases in QHP issuers. In all, 13 states had more QHPs in 2016 than 2015, 19 had the same amount, and 19 had fewer.

Table 3

	State	2015 QHPs	2016 QHPs	Difference
States with largest increases	Texas	15	18	***+3***
	Arkansas	3	5	***+2***
	California	10	12	***+2***
	Illinois	8	10	***+2***
	Kentucky	5	7	***+2***
	Virginia	9	11	***+2***
	Washington	10	12	***+2***
States with largest decreases	New York	19	15	***-4***
	Florida	14	10	***-4***
	Arizona	11	8	***-3***
	Utah	6	4	***-2***
	Oklahoma	4	2	***-2***
	Colorado	10	8	***-2***

MSPs and CO-OPs. Marketplaces in 34 states and the District of Columbia offer a MSP option, down from 36 last year.[7] In 9 states, the issuer offering the MSP option also offers a Medicaid MCO. The ACA established the MSP program with the goal of providing two multi-state plan options in 60 percent of Marketplaces by 2014, increasing to two options in all states within four years. In 2016, there were 44 MSPs available in 34 states. In 2016, CO-OPs in six states—Connecticut, Idaho, Maine, Massachusetts, Montana and New Hampshire–offered a not-for-profit MSP option, down from eleven states last year. This is a reduction of nearly half the states with such product offerings.

We also counted CO-OPs operating in 12 different states, down from 25 last year. CO-OPs are not prohibited by Federal law from participating in Medicaid programs, but none currently do. The sharp decline in CO-OP participation in 2016 is one of the most notable changes in the Marketplace landscape. A confluence of factors, including lower-than-expected risk corridor payouts and limited cash reserves led to the closure of several CO-OP issuers. While the MSP program is expected to expand in coming years, it has yet to be seen what CO-OPs' long-term role in the Marketplaces will be.

QHP Issuers & Medicaid MCOs. While more study is needed to determine precisely how overlap between Marketplace QHP issuers and Medicaid MCOs will benefit enrollees, participation by issuers in both the Marketplaces and Medicaid has the potential to strengthen continuity of coverage and care for low-income health care consumers. Marketplaces in 36 states include a QHP issuer that also

[7] Massachusetts, New Mexico, Oregon and Utah no longer carry multi-state plans in 2016. Alabama and Idaho are carrying multi-state plans on the Marketplace for the first time in 2016.

offers a Medicaid MCO. Consumers in these states potentially can stay with their plan even if they experience a change in eligibility between Medicaid or CHIP and the Marketplace. Of the 335 QHP issuers nationally, 137 (40.8%) also operate Medicaid MCOs in the same state where they participate in the Marketplace. Fourteen states and the District of Columbia have no overlap at all; on the other hand, all of Hawaii's issuers also operate Medicaid MCOs.

Table 4

States with Largest Number of Overlap Issuers, 2016		States with Largest Percentage of Overlap Issuers, 2016	
Wisconsin	12	Hawaii	**100%**
New York	12	New York	**80%**
Texas	12	Wisconsin	**75%**
Michigan	10	Michigan	***71%***

For individuals and families with income near the Medicaid eligibility threshold, the option to choose an overlap issuer may help mitigate the effects of churn, as enrollees will be able to remain covered by the same issuer, and reduce gaps in care and coverage accordingly.[8] As has been the case historically in the Medicaid program, enrollees in the Marketplaces are expected to experience a high volume of changes to eligibility as well; a 2011 study by Sara Rosenbaum and Benjamin D. Sommers estimated that within a six-month period more than 35 percent of all adults with family incomes below 200 percent of the Federal Poverty Level will either lose Medicaid coverage and transition into the Marketplace, or vice versa.[9] Not only does reducing churn lower unnecessary administrative costs for states, the Federal government and health care providers, but gaps in coverage can also cause negative health outcomes for Medicaid enrollees.[10]

Market alignment in terms of plans offered in both the Marketplaces and Medicaid matters also for families whose members are eligible for different types of coverage. Research shows that 16.2 million Medicaid or CHIP-eligible children are thought to have parents with income in Marketplace-eligibility range, and 75 percent of Marketplace-eligible parents will have at least one child who is eligible for CHIP or Medicaid and who must enroll in one of these programs.[11]

[8] Another way to combat churn is to enact continuous enrollment in the Medicaid program. During the 113th Congress, Bipartisan H.R. 1698 and S. 1980 were introduced in the House and Senate, respectively, to require states to employ 12-month continuous enrollment for all Medicaid enrollees. Introduction of similar legislation is anticipated in the 114th Congress.

[9] Sommers, B and Rosenbaum, S. (2011). Health Affairs. *Issues in Health Reform: How Changes in Eligibility May Move Millions Back and Forth between Medicaid and Insurance Exchanges*. http://content.healthaffairs.org/content/30/2/228.abstract

[10] Ku, L. and Steinmetz, E. (2013). The George Washington University. *Bridging the Gap: Continuity and Quality of Coverage in Medicaid*. http://communityplans.net/Portals/0/Policy/Medicaid/GWContinuityReport91013.pdf

[11] McMorrow, S., Kenney G. and Coyer, C. (2011). *Addressing Coverage Challenges for Children Under the Affordable Care Act*. http://www.urban.org/UploadedPDF/412341-Affordable-Care-Act.pdf

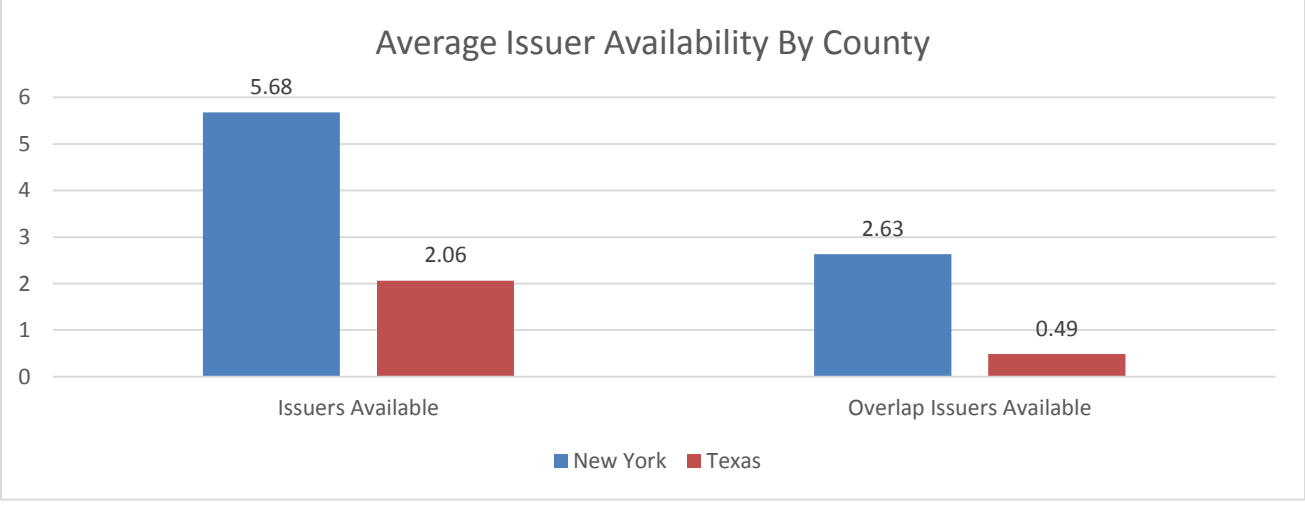
County-by-County Breakdown

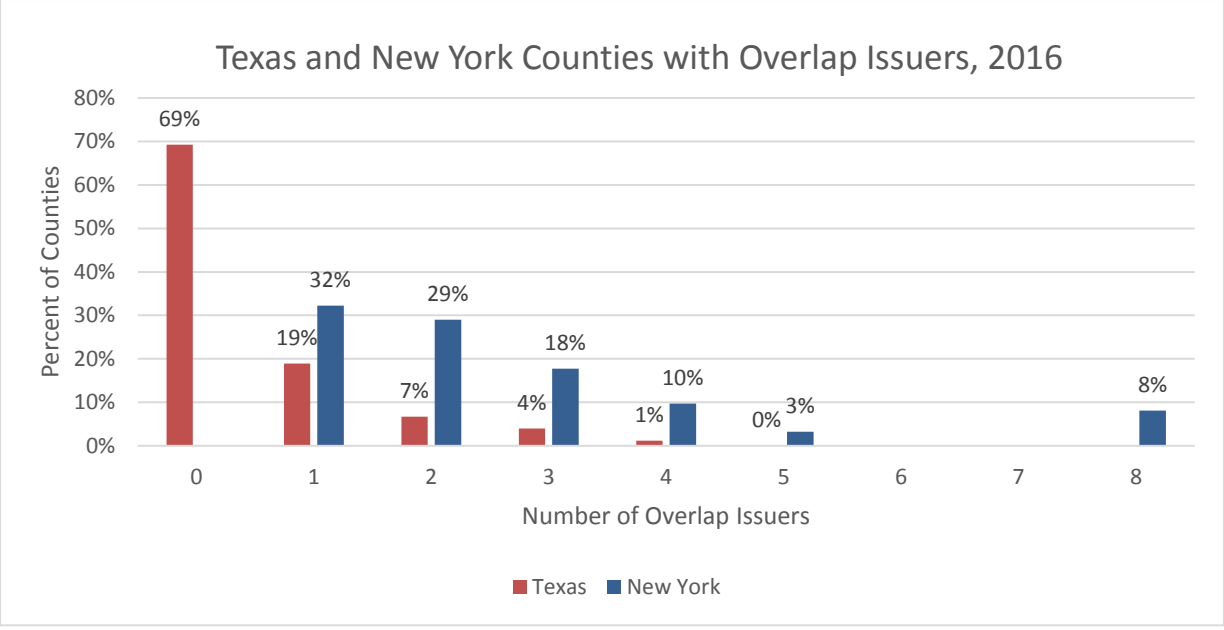
Because certain MCOs and certain QHPs are only offered regionally within a state, the number of overlap issuers in that state does not necessarily mean that every resident of that state will have the opportunity to choose such plans. In last year's brief, ACAP introduced a county-by-county breakdown of overlap issuers in New York and Texas to provide a more precise measure of overlap in two of the nation's largest Marketplaces.

The Excel spreadsheet released alongside this brief includes tabs for updated 2016 data showing New York and Texas county-by-county overlap. Each county includes a list of QHP issuers available to residents of that county, with overlap issuers highlighted in red. ACAP is grateful for the Robert Wood Johnson Foundations' comprehensive HIX Compare data set, which provided information on QHP regional offerings.

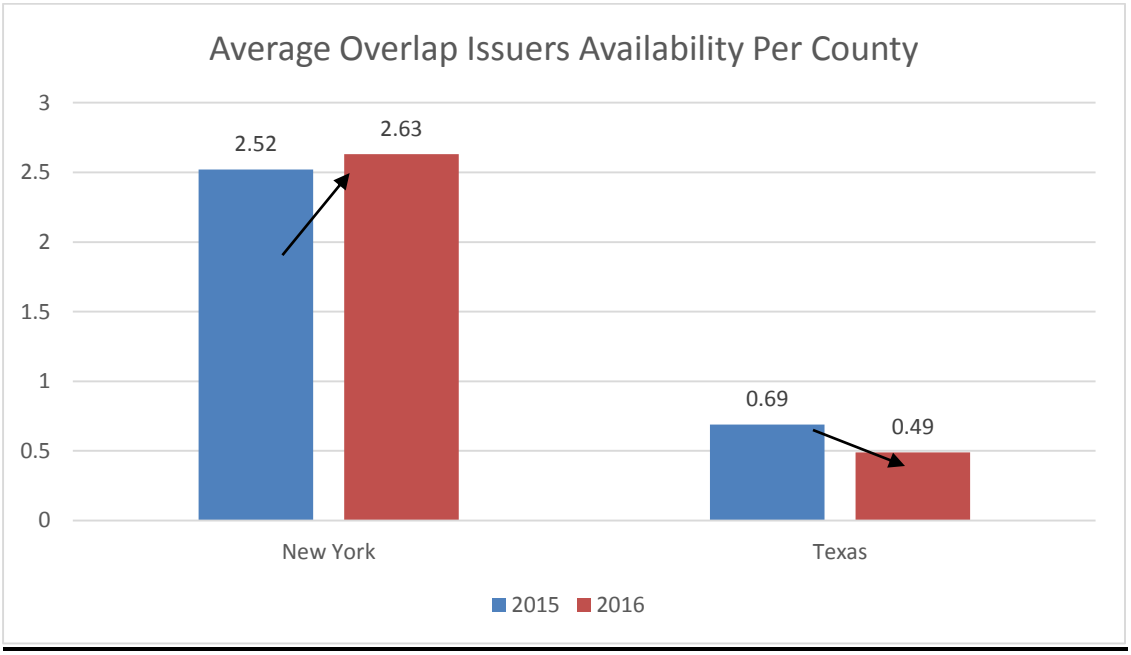
The data compiled from the county-by-county overlap analysis demonstrate that a state's large number of overlap insurers does not necessarily guarantee that all residents of that state will have the option to choose plans within their service areas that operate in both the Marketplace and Medicaid. In Texas, nearly 70 percent of counties in the State have no overlap issuers, and just 12 percent of all Texas counties have more than one overlap issuer available. Statewide, 67 percent of QHPs in Texas are overlap issuers but the percentage of overlap issuers exceeds 50 percent in only twelve of Texas' 254 counties. This suggests that consumers have fewer opportunities to select an overlap issuer than a state-level analysis may initially suggest.

The county-by-county data in New York tell a different story. Every county in New York includes at least one overlap issuer, and two-thirds of all New York counties have two or more overlap issuers. The average number of overlap issuers in New York counties is more than four times greater that of Texas counties.





The 2016 county-by-county analysis reveals a more pronounced divide between New York and Texas this year than last year. The gap between New York and Texas' average number of overlap issuers in a county has grown from 1.83 issuers to 2.14 issuers. The number of available overlap issuers has grown slightly in New York and declined slightly in Texas.



Opportunities for Consumer Education

Millions of parents eligible for premium tax credits or cost-sharing reductions in the Marketplaces will have children who are eligible for Medicaid or CHIP. And individuals with incomes close to the eligibility threshold between Medicaid and the Marketplaces are likely to experience churn.

These two important areas for coverage gaps or changes point toward a strong need for consumer education and efforts to promote continuity of coverage and cohesiveness in coverage for families. ACAP believes that all Marketplaces should strive to inform consumers of the 41 percent of QHP issuers that also provide Medicaid coverage for decision-making purposes. In particular, the Marketplaces should help lower-income consumers understand why it is important to know about both QHPs and Medicaid MCOs, since families may wish to seek a QHP issuer that also operates a Medicaid plan, so that she or he does not need to switch issuers during the year even if eligibility changes. Marketplace websites could better educate consumers by including questions in the application process to inquire whether any members of the family have recently been enrolled in a Medicaid MCO and creating a special tag or label to indicate which Marketplace plans are associated with overlap issuers.

Conclusion

The number of overlap issuers nationwide has increased from 131 to 137, and for the third consecutive year, the percentage of overlap issuers in the Individual Marketplace has hovered around 40 percent. Marketplaces in which QHP issuers also operate Medicaid MCOs provide lower-income health care consumers the option to purchase coverage that can remain continuous despite shifts in eligibility. We also believe that overlap issuers can allow families with "split coverage" to be insured by the same issuer—and streamline coverage for the whole family accordingly.

When viewed at the state level, the proportion of QHP issuers that overlap with Medicaid is fairly substantial. But looking at overlap at the county level in Texas shows that a high state-level total of overlap does not necessarily translate into more overlap options for individual consumers statewide. In fact, residents in more than half of Texas counties have no overlap issuers to choose from at all. In New York counties, there is far greater overlap availability for consumers, though a majority of counties still only have one or two overlap options.

Further research exploring market alignment and health coverage offerings in Medicaid and the Marketplaces will be helpful in determining whether the prevalence of QHP overlap issuers help low-income health care consumers retain continuous coverage.

Methodology

We define "overlap" in the context of QHP issuers and Medicaid MCOs as the percentage of QHP issuers that also operate a Medicaid MCO in the same state. For example, in a state with 100 percent overlap, each QHP issuer also offers a Medicaid MCO in that state. If a QHP shares a parent

firm with an MCO in the state or if the QHP itself is a parent firm to a Medicaid MCO, it is labeled as an overlap issuer.

Qualified Health Plan Issuers. ACAP developed lists of QHP issuers in each state by accessing several resources, including healthcare.gov (for lists of QHP issuers participating in the FFM) and state-based Marketplace web sites. County-level QHP data was available through the Robert Wood Johnson Foundation's HIX Compare Data Set. These sources are cited in the attached spreadsheet for each state. Issuers offering QHPs in multiple states are counted once per state.

Type of Marketplace. The chart indicates whether the state established an SBM, SPM, FSM or FFM. The data used to identify the 14 SBMs, seven SPMs, three FSMs and 27 FFMs can be accessed at http://kff.org/health-reform/state-indicator/state-health-insurance-Marketplace-types/.

Medicaid MCOs. The Medicaid MCO data are based on a variety of sources, but the primary resource was the Kaiser Family Foundation Medicaid Managed Care Tracker, which can be accessed here: http://kff.org/data-collection/medicaid-managed-care-market-tracker/. In the rare instances when Medicaid MCO data were not available on the tracker, we consulted state Department of Insurance websites, Medicaid program websites and relevant news articles. This information has been augmented through conversations with Medicaid policy experts and health plan representatives in various states.

Consumer Operated and Oriented Plans. Information on CO-OPs was partially gathered from the web site of the Centers for Medicare and Medicaid Services, which operates the CO-OP program. These data can be accessed at http://www.cms.gov/CCIIO/Programs-and-Initiatives/Insurance-Programs/Consumer-Operated-and-Oriented-Plan-Program.html. Additional information was accessed on the web site of the National Association of State Health Cooperatives (NASHCO). This web site can be found here: http://nashco.org/.

Multi-State Plans. Information on MSPs is from the web site of the Office of Personnel Management (OPM), and is available at http://www.opm.gov/healthcare-insurance/multi-state-plan-program/.

ACAP continues to refine this list of QHP issuers and Medicaid MCOs. Contact Heather Foster, ACAP Vice President of Exchange Policy, at HFoster@communityplans.net with comments, questions or suggestions for the list.

Acknowledgements

ACAP gratefully acknowledges assistance provided by a number of organizations and individuals as we developed and refined this resource. In particular, we thank McKinsey & Company's Exchange Offering Database, which provided the underlying data for the county-by-county analysis in our 2015 version of this brief. We are also grateful to the Kaiser Commission on Medicaid and the Uninsured at the Henry J. Kaiser Family Foundation for assistance developing lists of Medicaid MCOs and the Robert Wood Johnson Foundation for its HIX Compare data set.