



NJ Medicaid Eligibility Trends

Issue Brief

July 2019

Introduction

NJ Medicaid provides coverage to more than 1.7M NJ residents. With the passage of the Patient Protection and Affordable Care Act (PPACA), Medicaid was expanded to non-disabled, non-elderly adults. As a result, the program grew dramatically from 1.3M in January 2013 to 1.7M enrollees in March 2019 and now represents approximately 20% of NJ's population.

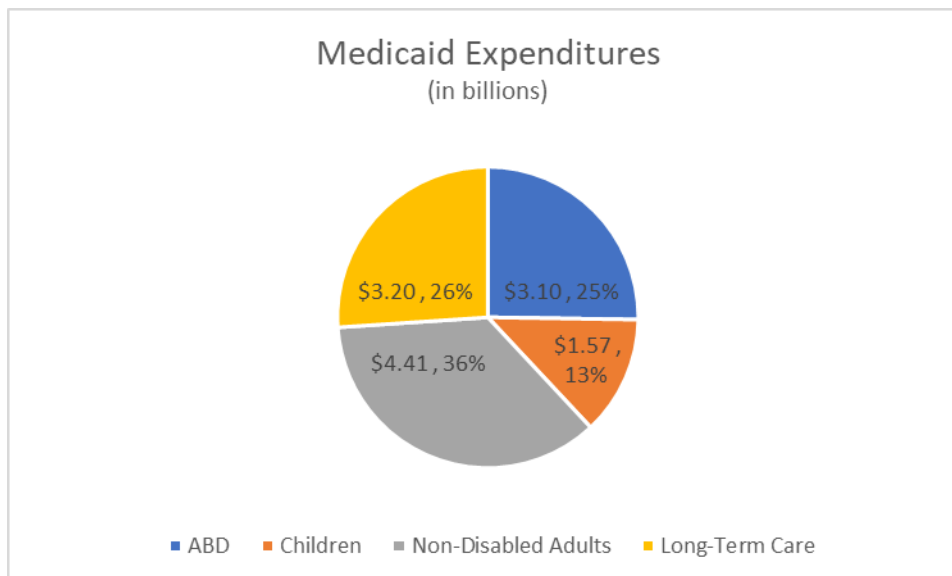
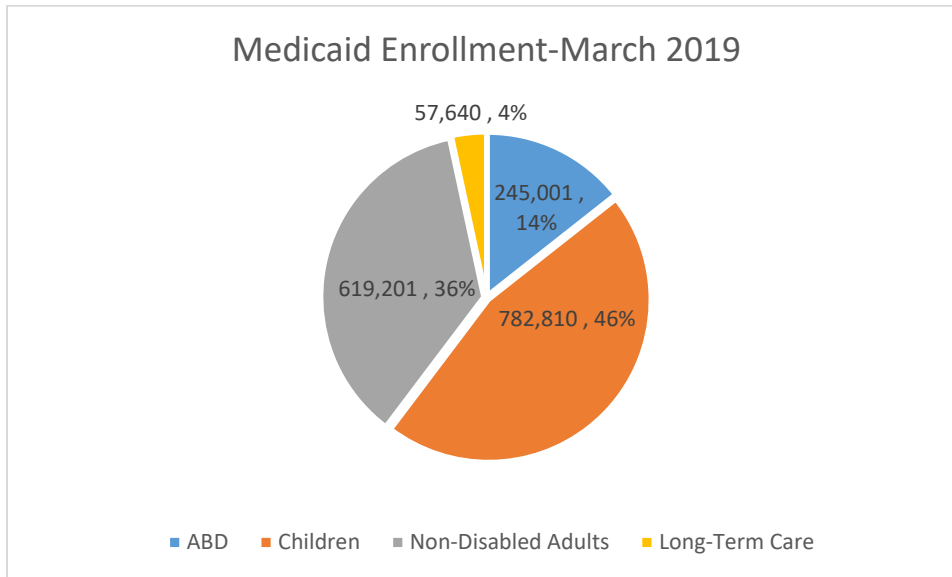
Given that Medicaid represents a fourth of the state's covered lives, changes in Medicaid enrollment trends can have a significant impact on the state budget and state health policy overall. With lower enrollment, NJ has more flexibility to redirect saved financial resources to address the social determinants of health and/or cover additional population not traditionally covered by Medicaid, i.e. undocumented children. In contrast, an increase in enrollment can force the state to restrict coverage and/or benefits.

Background

Medicaid eligibility in NJ is generally available through four basic categories/entry points. Below are descriptions of each category and their costs. Note the amounts cited below were based on data provided in the NJ FamilyCare Data Dashboard and the FY 2020 Governors Recommended Budget Evaluation Data. Some adjustments to the data were necessary to align inconsistencies between the dashboard eligibility categories and the FY2020 Budget spending categories.

- Low income children with incomes less than 355% FPL – the largest segment of Medicaid, this category accounts for 46% of enrollment but only 13% of total Medicaid expenditures;
- Low income adults with incomes less than 138% of the Federal Poverty Level (FPL) – the second largest segment with 36%, this group accounts for 36% of expenditures;
- Aged and disabled individuals not receiving long-term care – while only 14% of the population, this group accounts for 25% of total spending; and,

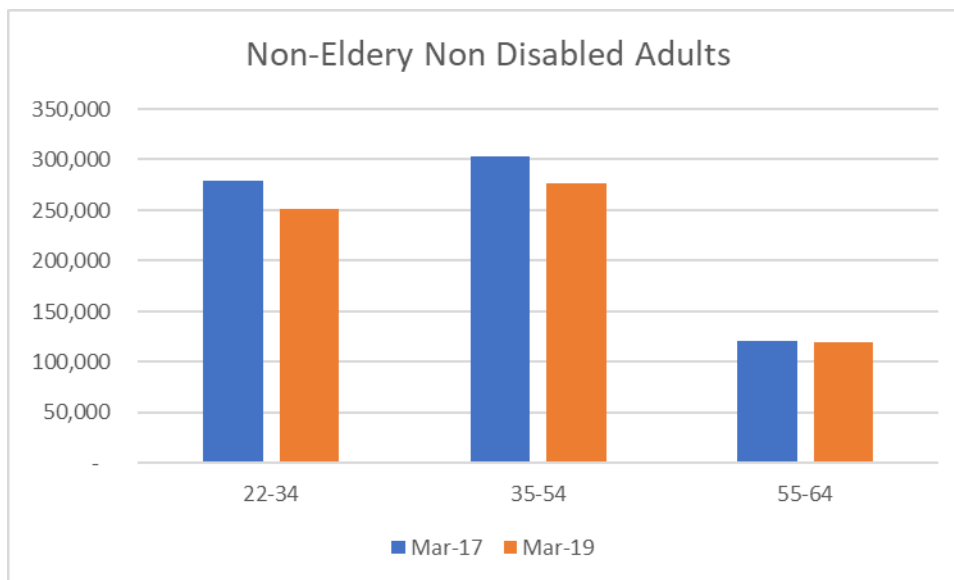
- Individuals that require long-term care and have income less than 300% FPL – this small segment (4%) accounts for 26% of expenditures.



Overall Trends

Since March 2017 when Medicaid enrollment peaked, the overall number of people enrolled (1,786,221) has declined by 4.6% through March 2019 (1,704,652). The largest drops were in two categories: children and non-disabled non-elderly adult. For children, overall enrollment declined through most of 2017 then increased to 814,034 in May 2018. Over the ensuing ten months, enrollment of children dropped by 3.8% to 782,866.

For non-elderly, non-disabled adults, enrollment declined by approximately 8% from 704,127 in March 2017 to 647,851 in March 2019. That decline is further broken down by age bracket below. As illustrated, the decline in enrollment was much more significant in the 22-34 and 35-54 age brackets.

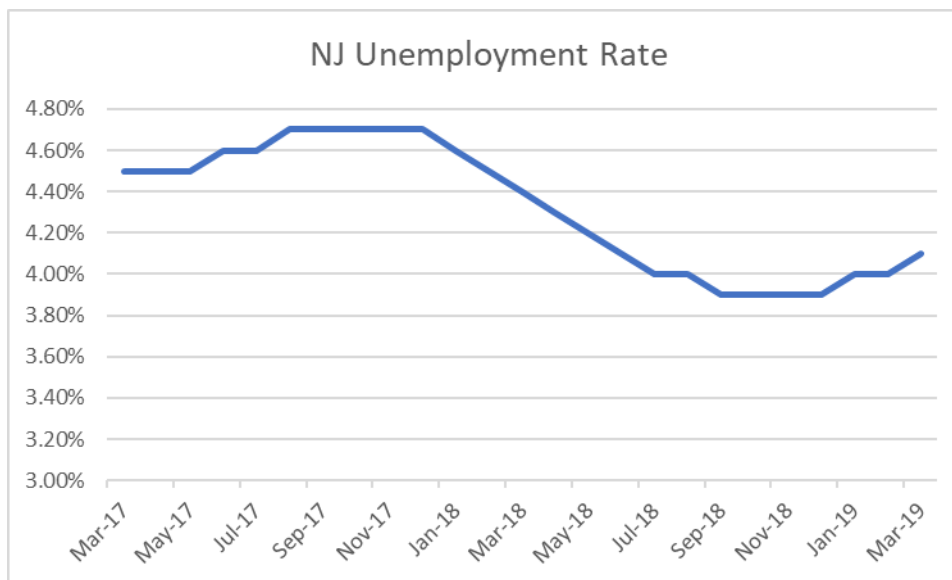


Historically these declines are associated with improving economic conditions – particularly low unemployment.¹

¹ Holahan, John, and Bowen Garrett. "Rising Unemployment and Medicaid." Health Policy Online Timely Analyses of Current Trends and Policy Options. October 16, 2001.

<https://www.urban.org/sites/default/files/publication/61631/410306-Rising-Unemployment-and-Medicaid.PDF>.

(<https://www.urban.org/sites/default/files/publication/61631/410306-Rising-Unemployment-and-Medicaid.PDF>.) In March 2019, the NJ unemployment rate was 4.1%, nearly 15% lower than 4.7% in the fall of 2017.



Similar patterns have been observed in other states and nationally as well. While the trends provide some temporary financial relief for NJ, the state should anticipate a reverse of these trends after the next recession which a majority of economists forecast will occur for some time in the early 2020s according to a June 2019 survey conducted by the National Association of Business Economics.

Beyond the impact of economic performance, Medicaid eligibility for non-disabled, non-elderly adults and their children will decline as NJ's minimum wage is gradually increased to \$15.00 per hour between 2019 and 2024. While a precise estimate of the impact is difficult to calculate, we know there are at least 300,000 adults working hourly and may be impacted by the minimum wage.

Aged and Disabled



There are a relatively small number of enrollees over 64 – 140,000 in March 2019. That number has grown steadily from 134,012 in March 2017 as baby boomers become eligible at increasing rates. Notably 90% of the Aged also have Medicare coverage which covers most acute care costs. Long-term care costs are largely Medicaid's responsibility.

Utilization of long-term care has increased since the beginning of the Managed Long Term Services and Supports (MLTSS) benefit was implemented in 2014. MLTSS provides a comprehensive set of long-term care benefits including nursing homes, adult day care and personal care assistance with the goal of allowing as many patients as possible to remain in their homes.

The overall number of disabled individuals remained steady at approximately 163,000 between March 2017 and March 2019.

Implications for the Future and Suggested Next Steps

With the recently enacted increase in the minimum wage, the decline in Medicaid enrollment observed over the last few years may last beyond the impact of a normal economic cycle. As the minimum wage increases, some NJ families will lose Medicaid eligibility and become eligible for subsidies to purchase insurance on the health exchange. If they are offered coverage through their employer, they may not be able to afford it because deductibles and coinsurance for employer sponsored coverage have grown disproportionately to wages in recent years.

The minimum wage increase will also result in an increase in the remaining Medicaid population's acuity level as healthier individuals leave that risk pool and move into private coverage. Medicaid and the contracted Managed Care Plans will need to monitor these changes and develop strategies for managing the care of the sicker populations. These strategies might include expanding the scope of care coordination and increasing the availability of telehealth.

Given these implications the State should consider monitoring the transition of Medicaid beneficiaries to private health coverage to ensure continuation of coverage. Identifying those individuals who have not obtained private coverage will allow the State to determine gaps in coverage and develop alternatives to private health coverage. This could include evaluating options to facilitate the purchase of insurance for those transitioning off



Medicaid, including a Medicaid Buy In and/or requiring that Medicaid managed care plans also offer coverage on the health insurance exchange.