Medicaid Unwinding in Michigan

Center on Budget and Policy Priorities

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Continuous Coverage Requirement

- Part of 2020 COVID legislation, requires states to keep most enrollees on Medicaid during the public health emergency (PHE)

  - Condition of 6.2% increase

- States resumed conducting full renewals and terminating coverage April 1st –known as "unwinding"

- FMAP gradually phases down through December 2023

- Over 7.1 million people have lost coverage since, and counting

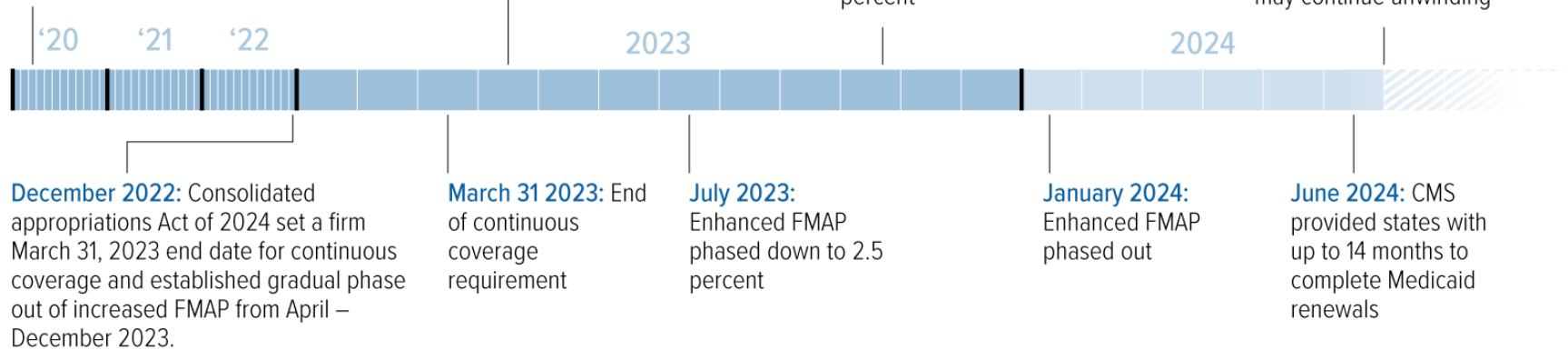- Largest health care event since ACA implementation

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Medicaid Unwinding Timeline

March 2020: Continuous coverage requirement went into effect, giving states 6.2 percentage point increase in federal matching funds (FMAP) in exchange for keeping Medicaid enrollees in the program.

April 1, 2023: First day states can resume Medicaid coverage terminations. Enhanced FMAP phased down to 5 percent.

October 2023: Enhanced FMAP phased down to 1.5 percent

Beyond June 2024 States that temporarily pause renewals or procedural terminations may continue unwinding

'20   '21   '22   2023   2024

December 2022: Consolidated appropriations Act of 2024 set a firm March 31, 2023 end date for continuous coverage and established gradual phase out of increased FMAP from April – December 2023.

March 31 2023: End of continuous coverage requirement

July 2023: Enhanced FMAP phased down to 2.5 percent

January 2024: Enhanced FMAP phased out

June 2024: CMS provided states with up to 14 months to complete Medicaid renewals

It's too hard for people to enroll and stay enrolled in coverage.

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Why are people losing coverage?

- Problems with state renewal process are being uncovered – "ex parte" renewals

- Procedural coverage terminations due to:
  - People not receiving or understanding renewal notice
  - People not submitting information timely
  - Other gaps in the system

- Medicaid agencies have large backlogs, and some people's coverage is being terminated despite submitting paperwork by the deadline

Ex Parte Renewals

- Ex parte renewal: coverage automatically renewed based on information in case or existing data sources; enrollee not required to return a form or take any action to maintain Medicaid coverage

- Extremely effective way to streamline renewals, reducing burden on enrollees & agencies alike

- Required via federal Medicaid regulations

- Unwinding presents opportunity to improve ex parte rates

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Average Cumulative Renewal Outcomes Across States
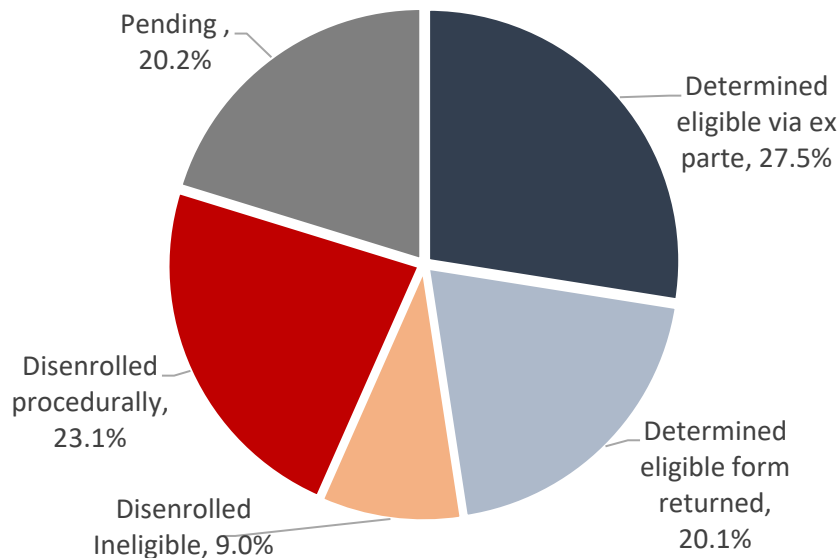
- 47.5% determined eligible
  - 27.5% ex parte
  - 20.1% returned form
- 32.1% disenrolled
  - 23.1% procedural
  - 9% ineligible
- 20.2% pending or incomplete

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Where does Michigan stand?

- One state has already finished (Idaho), many are months in, and some are just getting started

- Michigan's first round of terminations were effective July 1st

- August 2023 data:
  - **57%** determined eligible – jump from 47% in July
  - **32%** *ex parte* renewal rate – slightly above average, still low (and lower than pre-pandemic)
  - Total renewal backlog: **116,685 or 38%** (140k/48% in July)
    - Worth digging deeper
  - **17%** of those disenrolled were disenrolled for procedural reasons

- Ex parte renewals for seniors and people with disabilities

- Ability to submit renewal forms through all required modalities

State Budget Impacts

States gained more federal funds than they spent on higher enrollment from keeping people covered

- During the continuous coverage period, federal funding from the enhanced FMAP was *more than double* the additional state costs from the resulting higher enrollment

States may have budgeted for scenarios that are changing, creating uncertainty. Key factors include:

- Pace of coverage loss in many states likely exceeding early projections

- Some states will have to pause terminations, reinstate people who lost coverage, and spend resources to update systems

Fixes to eligibility and enrollment systems (e.g. *ex parte* fixes) could reduce churn and maintain higher enrollment in the short term

- Long-term budget projections may also change if these fixes lead to new patterns of enrollment

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We need to protect people's coverage now and figure out how to do things better for the future.

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What Stakeholders Can Do

- Public outreach and education

- Story collection
  - Helps flag issues for MDHHS and CMS
  - Helps build strong narratives for needed fixes to eligibility systems

- Support for Navigators and enrollment assisters

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Resources

- [Michigan's Medicaid Unwinding Website](#)

- [Georgetown University's 50-State Unwinding Tracker](#)

- [CMS Unwinding Website](#)

- [CBPP Unwinding Watch](#)

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