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States Must Plan Now to Limit Medicaid Churn When Continuous Coverage Ends

Suzanne Wikle | July 2022

CLASP
The Center for Law and Social Policy

In an ideal world, when people no longer receive key supports such as food assistance or Medicaid it would mean they no longer needed that help. The reality is often far different. Many people stop receiving benefits, even though they are still eligible, due to confusing and bureaucratic processes. Others may have become ineligible due to a change of circumstances that was only temporary. When people re-enroll shortly after leaving, this is called “churn.”¹

Churn is harmful to people and is costly for states. Federal policy temporarily eliminated churn during the COVID-19 pandemic, but this policy will end later this year or in 2023. In this brief, the Center for Law and Social Policy recommends steps states and advocates can take before churn returns to protect people who remain eligible for Medicaid and conserve state resources.

Medicaid churn leads to health care barriers and administrative burdens

Churn is problematic for several reasons. Most people who churn off and on Medicaid experience a gap in insurance coverage, leading to delayed and more costly care after they re-enroll.² For states, processing terminations of coverage and then processing applications from people recently terminated is an

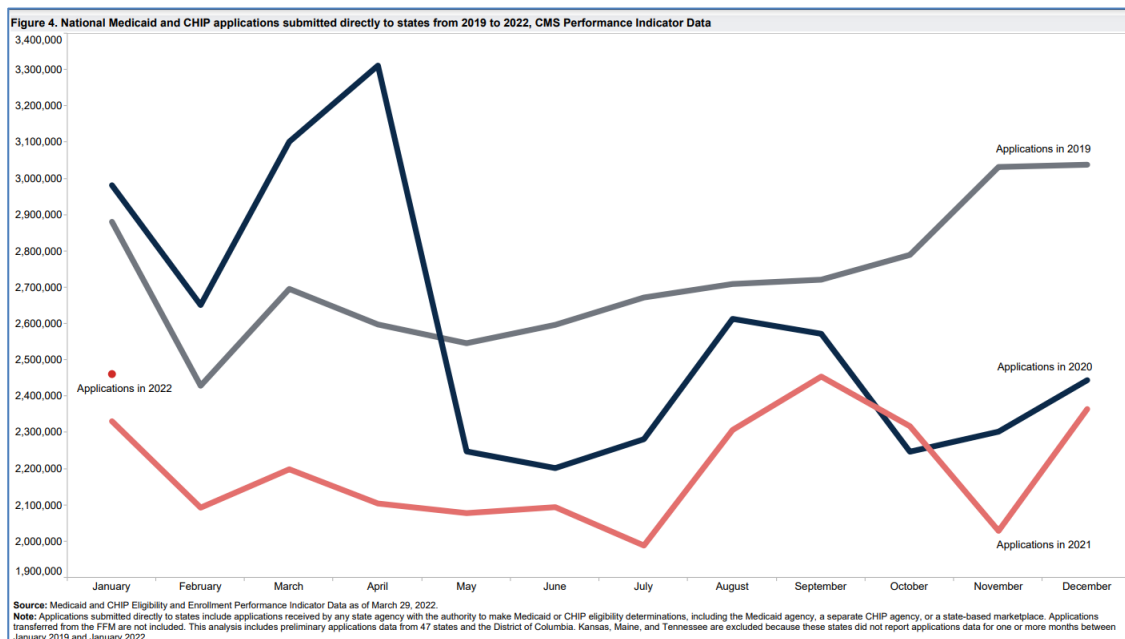
inefficient use of staff time and administrative resources. There's also evidence that churning leads to greater per member per month costs due to the lack of more cost-efficient, consistent care for people with chronic conditions.³

Federal pandemic policy reduced the harm of churn, but millions are at risk of losing coverage when policy ends

During the past two-plus years, Medicaid churn has essentially disappeared because of a continuous coverage provision linked to the Public Health Emergency (PHE) issued by the U.S. Department of Health and Human Services in response to the COVID-19-pandemic.⁴ This provision has maintained people's Medicaid eligibility while the PHE is in place and barred states from disenrolling people from the program. The continuous coverage provision had its intended effect of maintaining health insurance coverage for people as lives were disrupted by a global pandemic.

It had another effect as well—shedding light on the amount of churn in Medicaid. For example, Oregon notes in a recent waiver application to the Centers for Medicare & Medicaid Services (CMS) that, in 2018 and 2019 (before the pandemic), nearly 25 percent of people enrolled in Medicaid had enrolled in the previous six months. Oregon's churn rate dropped to just 5 percent during the last half of 2020, when the pandemic continuous coverage provision was in place.⁵

The pandemic also highlighted how much of the work of processing applications is driven by churn. In the early months of the pandemic, we expected to see an increase in Medicaid applications as people lost employment. Instead, Medicaid applications **dropped sharply** (see figure 4) beginning in April 2020. This indicates that many Medicaid applications are people re-applying after losing coverage.



Source: December 2021 and January 2022 Medicaid and CHIP Enrollment Trends Snapshot, Center for Medicaid and CHIP Services, <https://www.medicaid.gov/medicaid/national-medicaid-chip-program-information/downloads/dec-2021-jan-2022-medicaid-chip-enrollment-trend-snapshot.pdf>.

Medicaid's drop in applications was different than other benefit programs. Applications for other benefit programs—including unemployment insurance and the Supplemental Nutrition Assistance Program (SNAP)—increased in the early months of the pandemic. More than two years into the pandemic, application numbers for Medicaid **remain below** where they were prior to the pandemic. At the same time, Medicaid enrollment is higher than ever. It's estimated that approximately 15 million people, including more than 6 million children, may lose Medicaid coverage when the continuous coverage provision ends.^{6,7}

Recommendations for states to safeguard Medicaid coverage and state resources

The end of the continuous coverage provision will be a challenge for states and enrollees. But it will also be a great opportunity to take a closer look at how the Medicaid renewal process is truly working for people who are eligible for Medicaid and need it to access affordable health care. Because CMS has promised states at least 60 days' notice before the PHE is allowed to expire, and states didn't receive such notice in May 2022, we can safely assume the PHE will be extended at least into October 2022. This gives states and advocates time to thoughtfully prepare for the end of the continuous coverage provision and the return of churn once Medicaid renewals operations return to normal.

With the right planning, states can largely prevent churn, avoiding lapses in coverage for Medicaid enrollees and reducing administrative workload and costs for Medicaid agencies. CLASP recommends state leaders take the following actions now to limit churn after the end of the continuous coverage provision:

- **Minimize opportunities for coverage loss by adopting 12-month continuous eligibility.** Twelve-month continuous eligibility guarantees someone coverage for a full 12 months, regardless of changes in income, household size, or other factors that affect eligibility.⁸ This policy eliminates the possibility that people lose coverage due to a temporary bump in income after working extra shifts, and it prevents coverage loss when someone doesn't receive paperwork or misses the deadline to return documents requested by the state during their certification period.

Twenty-four states currently choose to provide 12-month continuous eligibility for children. Three additional states provide continuous eligibility for a limited population of children, such as those under a certain age. Three states currently have 12-month continuous eligibility for at least some adults. However, one state is poised to phase out its adult 12-month continuous eligibility when the pandemic provisions end.⁹ Oregon has a pending waiver with CMS to provide continuous coverage for children through age 6 and to provide 24 months of continuous coverage for everyone over age 6. Washington state's recent waiver proposal would, like Oregon, provide continuous coverage for children through age 6.¹⁰

A more recent option for states, provided through the American Rescue Plan, is 12-month continuous postpartum coverage.¹¹ States are mandated to provide only 60 days of postpartum Medicaid coverage following pregnancy. Thirty-four states have implemented or plan to implement 12 months of postpartum coverage.¹²

- **Minimize demands for paperwork by increasing *ex parte* renewals.** States are required to attempt an *ex parte* renewal for every Medicaid case.¹³ *Ex parte* renewals are based on existing data and are completed without needing people enrolled in Medicaid to actively submit documentation. States vary in how much of their caseloads are renewed *ex parte*, and some states have a significant opportunity for improvement. States should maximize the use of *ex parte* renewals, especially as they prepare to unwind from the continuous coverage provision. Doing so can decrease the workload of caseworkers and reduce the stress on Medicaid enrollees.
- **Decrease procedural denials.** A procedural denial is one based on something other than a confirmation of ineligibility. Someone could lose Medicaid coverage at renewal, or before their renewal time, because of paperwork barriers. For example, maybe the Medicaid enrollees didn't receive some paperwork in time; perhaps they didn't respond to a request from the state in time; or perhaps the state lost track of paperwork someone sent in. These are all reasons people lose Medicaid coverage that have nothing to do with whether they are still eligible. Consequently, many eligible people lose their Medicaid coverage throughout the year, and then when they reapply and re-enroll, they complete the churn cycle.

Decreasing procedural denials is the crux of reducing churn. When the pandemic-era continuous coverage provision ends, states should be focusing on how to reduce procedural denials to keep eligible people enrolled in Medicaid—and to reduce the workload on caseworkers. Policy options always available to states to decrease procedural denials include eliminating periodic data checks; simplifying and improving notices; and using text messages and other means to remind Medicaid enrollees of their renewals.

Additionally, states should consider the following options provided by CMS during “unwinding” from the continuous coverage provision:¹⁴

- Employ a 1902(e)(14) waiver during the unwinding period to use enrollment in SNAP or other human services programs to renew Medicaid eligibility;¹⁵
 - Use a 1902(e)(14) waiver during the unwinding period to waive the requirement that states send notices to both old and new addresses when they receive an updated address from managed care organizations. This allows states to prioritize the new address if their computer system can only store one address; and
 - Extend the timeframe for people to respond to requests for information from the Medicaid agency.¹⁶
- **Use data to understand why people are losing coverage and churning.** Churn data is not regularly collected and reported by states, but states should be able to track how many people are coming back to Medicaid within three or six months after leaving the program. When states begin the unwinding process from the continuous coverage provision, they will be required to make **monthly data reports to CMS**. Importantly, these monthly data reports during the unwinding period will include the number of procedural denials. Digging into this

data to explore the leading causes of procedural denials will help states and advocates identify policy solutions. This information will be valuable to states and stakeholders, who should ask their states to make the data reports available.

Conclusion

When the pandemic era continuous coverage provision ends, people will once again churn on and off Medicaid. States have many tools at their disposal to minimize churn and should be planning now for how to best use those tools and ensure that eligible people are able to stay enrolled in Medicaid. Doing so will reduce the burden on people who remain eligible for Medicaid and better focus state caseworkers' limited time.

Endnotes

¹ Bradley Corallo, Rachel Garfield, Jennifer Tolbert, and Robin Rudowitz, Medicaid Enrollment Churn and Implications for Continuous Coverage Policies, *Kaiser Family Foundation*, Dec. 14, 2021, <https://www.kff.org/medicaid/issue-brief/medicaid-enrollment-churn-and-implications-for-continuous-coverage-policies/>.

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³ Sugar et al., *Medicaid Churning and Continuity of Care*.

⁴ Suzanne Wikle and Jennifer Wagner, *Unwinding the Medicaid Continuous Coverage Requirement FAQ*, CLASP and CBPP, March 9, 2022, <https://www.clasp.org/publications/fact-sheet/unwinding-medicaid-continuous-coverage-requirement-faq/>.

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⁶ Matthew Buettgens and Andrew Green, *What Will Happen to Unprecedented High Medicaid Enrollment after the Public Health Emergency?*, Urban Institute, September 2021, https://www.urban.org/sites/default/files/publication/104785/what-will-happen-to-unprecedented-high-medicaid-enrollment-after-the-public-health-emergency_0.pdf.

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⁸ Residency is the exception.

⁹ Kaiser Family Foundation, "State Adoption of 12-Month Continuous Eligibility for Children's Medicaid and CHIP," January 1, 2022, <https://www.kff.org/health-reform/state-indicator/state-adoption-of-12-month-continuous-eligibility-for-childrens-medicaid-and-chip/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D#note-2>.

¹⁰ Oregon Health Plan submitted waiver application <https://www.medicaid.gov/medicaid/section-1115-demo/demonstration-and-waiver-list/82956>; Washington waiver application <https://www.hca.wa.gov/assets/program/wa-mtp-renewal-application.pdf>

¹¹ Department of Health & Human Services' Centers for Medicare & Medicaid Services, *Letter to State Health Officials: Improving Maternal Health and Extending Postpartum Coverage in Medicaid and the Children's Health Insurance Program (CHIP)*, December 7, 2021, <https://www.medicaid.gov/federal-policy-guidance/downloads/sho21007.pdf>.

¹² Kaiser Family Foundation, "Medicaid Postpartum Coverage Extension Tracker," June 14, 2022, <https://www.kff.org/medicaid/issue-brief/medicaid-postpartum-coverage-extension-tracker/>.

¹³ Jennifer Wagner, *Streamlining Medicaid Renewals Through the Ex Parte Process*, CBPP, March 4, 2021, <https://www.cbpp.org/research/health/streamlining-medicaid-renewals-through-the-ex-parte-process>.

¹⁴ For a full list of state options, see CMS, *Letter to State Health Officials* and Department of Health & Human Services' Centers for Medicare & Medicaid Services, "Eligibility & Enrollment Processing for Medicaid, CHIP, and BHP During COVID-19 Public Health Emergency Unwinding Key Requirements for Compliance," presentation, May 17, 2022, <https://www.medicaid.gov/resources-for-states/downloads/eligibility-enrollment-rules.pdf>.

¹⁵ CMS, "Eligibility & Enrollment Processing."

¹⁶ CMS, "Eligibility & Enrollment Processing."