

# Vermont Legislative Joint Fiscal Office

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## *ISSUE BRIEF*

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### **What Explains High Medicaid Enrollments for Vermonters Ages 18-22?**

#### **Executive Summary**

In December 2013 before the Affordable Care Act went into effect, 5,440 nondisabled Vermonters ages 18 to 22 received Medicaid benefits as either General Adults or Vermont Health Access Program (VHAP) enrollees. In December 2015, 9,658 Vermonters ages 18 to 22 received full Medicaid benefits as either General Adults or New Adults, an increase of 4,218 or 77 percent. A closer look at the specific Medicaid categories reveals that 2,244 people ages 19 and 20 were enrolled as General Adults under the Dr. Dynasaur–Child program; eligibility for that particular program should have ended when they turned 19 years of age. The remaining 1,974 additional enrollees are split almost evenly between an increase in General Adult enrollees and Medicaid expansion for New Adults. Here the focus will be on the Dr. Dynasaur–Child enrollees at ages 19 and 20.

Looking at historical trends in transitions from the Dr. Dynasaur–Child program during 2007 to 2013 suggests that only about 530 to 550 Vermonters ages 19 and 20 of the 2,244 individuals might remain in the General Adult or Aged, Blind or Disabled Medicaid groups following redetermination of their eligibility. Perhaps another 400 to 430 people of the 2,244 might be eligible as New Adults for which the State will receive a higher federal match. In addition, between 500 and 625 of them might receive subsidies through Vermont Health Connect (VHC) at lower cost to the State. Between 650 and 800 of the 19- and 20-year-olds enrolled in Dr. Dynasaur–Child in December 2015 are unlikely to be eligible for any Medicaid program after the redetermination process is complete if historical trends remain relevant.<sup>1</sup>

Problems with Vermont Health Connect led to suspension of Medicaid eligibility screening in 2014 and 2015 under a waiver from the federal government. Not screening for eligibility may have been costly for Vermont because, at least in some cases examined here, federal match rates for services would have been inappropriately low for those who should have been classified as childless New Adults. In addition, Medicaid benefit payments would not have been justified at all for some people absent the waiver.

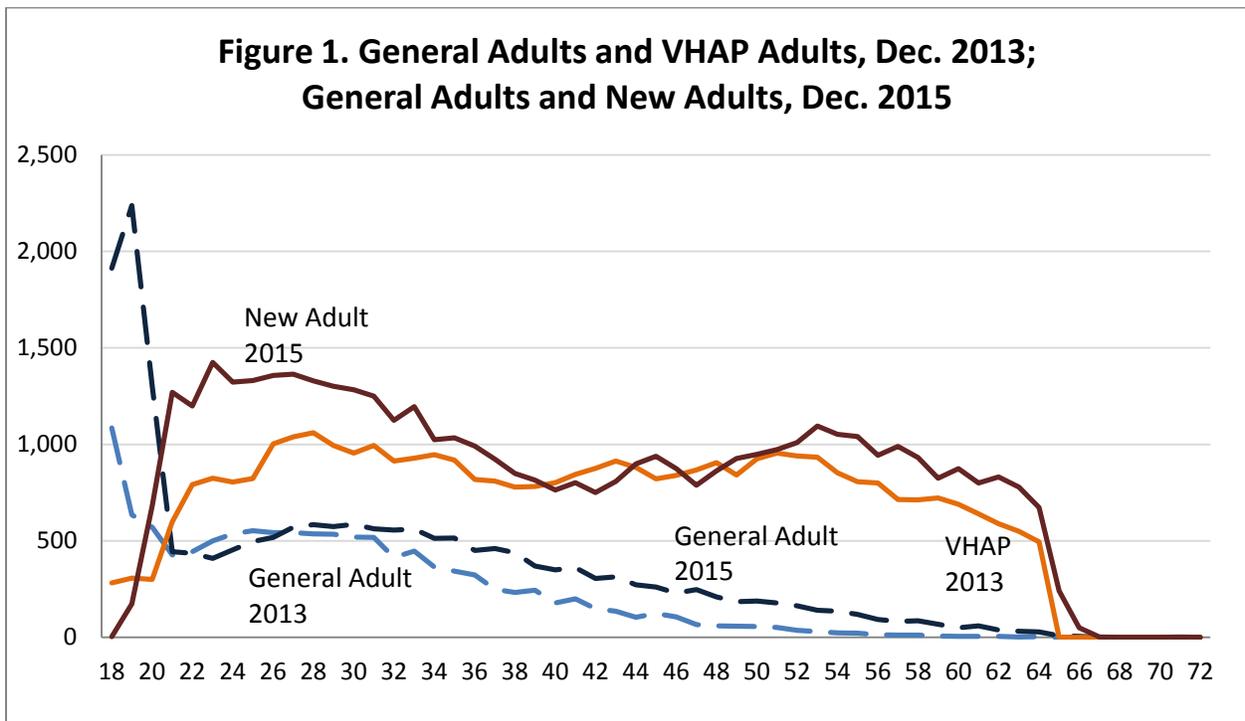
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<sup>1</sup> Those people who are likely eligible for VHC assistance or ineligible for any financial assistance are a subset of the overall number of adults estimated as likely ineligible for full Medicaid benefits in the JFO Issue Brief, [Medicaid Enrollments: A Methodological Comparison](#), June 2016.

### **Nondisabled adults enrolled in full Medicaid coverage, 2013-2015**

The number of nondisabled adult Vermonters enrolled in full Medicaid coverage as General Adults or New Adults increased rapidly between 2013 and 2015.<sup>2</sup> The General Adult designation includes a number of categories that determine eligibility, such as participation in cash assistance programs for families of low income, pregnant women with low income, or adoptive parents with special needs children (see Appendix and Glossary at end of paper). The New Adult designation, created as part of the Affordable Care Act (ACA), refers to individuals who qualify for full Medicaid benefits based on their modified adjusted gross income, or MAGI. New Adults must have MAGI less than 138 percent of the federal poverty level. Vermont had a program for individuals with low income prior to the ACA, called Vermont Health Assistance Program (VHAP).

The biggest changes in Medicaid adult enrollments by age occur at the youngest ages (see Figure 1). Particularly among General Adults, many more Vermonters ages 18 through 21 are on the program in December 2015 than were on the program in December 2013.

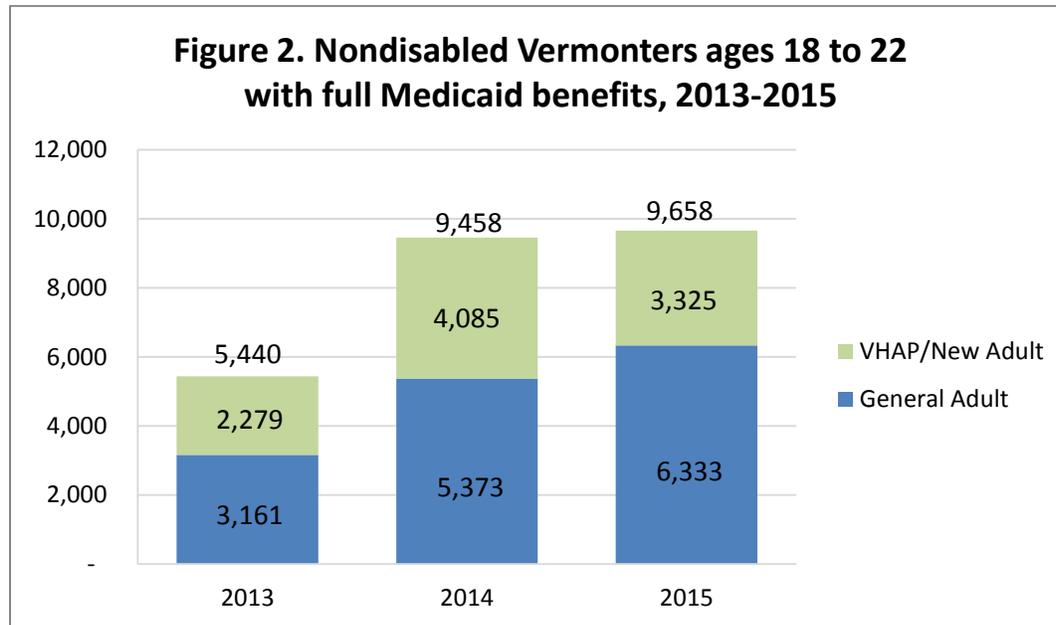


Source: JFO analysis of DVHA enrollment data.

<sup>2</sup> For more information on the increase in Medicaid enrollments in Vermont since 2013, see the Issue Brief from the Joint Fiscal Office, "Medicaid Enrollments: A Methodological Analysis," available at [http://www.leg.state.vt.us/jfo/healthcare/Medicaid\\_Enrollments\\_Issue\\_Brief.pdf](http://www.leg.state.vt.us/jfo/healthcare/Medicaid_Enrollments_Issue_Brief.pdf). Some people with full Medicaid benefits can have other health insurance as well.

### Enrollment of Vermonters ages 18 to 22 in Medicaid programs

As of mid-December 2013, 5,440 Vermonters ages 18 to 22 received Medicaid benefits as either General Adults or VHAP enrollees. By mid-December 2015, 9,658 Vermonters ages 18 to 22 received full Medicaid benefits as either General Adults or New Adults. In two years, the number of nondisabled Vermonters ages 18 to 22 receiving full Medicaid benefits increased 77 percent or by 4,218 (see Figure 2).



Source: JFO analysis of DVHA enrollment data.

Analysts expected some expansion in full Medicaid coverage for people ages 18 to 22 under the ACA because it created the new category of eligibility known as New Adults. Vermont already had expanded Medicaid for adults with low income prior to the ACA. VHAP covered 2,279 Vermonters ages 18 to 22 in mid-December 2013. Two years later, VHAP had disappeared, but 3,325 Vermonters ages 18 to 22 were enrolled in Medicaid as New Adults.

The big increase in General Adults ages 18 to 22 does come as a surprise, however, because the categorical eligibility criteria for General Adults did not change with the implementation of the ACA. A closer look at enrollment in the particular categories of General Adult coverage reveals a large increase in the number of people ages 19 and 20 in the category Dr. Dynasaur–Child.

Of the 4,218 increase from December 2013 to December 2015, about one-half comes from 2,244 people ages 19 and 20 who were enrolled as General Adults under the Dr. Dynasaur–Child program when eligibility should have ended when they turned 19 years of age. The remaining 1,974 additional enrollees are split almost evenly between more General Adult enrollees and

New Adult enrollees as part of Medicaid expansion. The focus in this paper will be on the Dr. Dynasaur–Child enrollees at ages 19 and 20.

### **Dr. Dynasaur–Child enrollees at ages 19 and 20**

Based on Medicaid enrollment data from December 2015, 2,244 individuals are enrolled as General Adults under the Aid Category “Dr. Dynasaur–Child” at ages 19 and 20 even though eligibility for Dr. Dynasaur–Child now ends when the child turns 19 years of age. Throughout 2014 and 2015, Vermont Health Connect did not have the capacity to carry out redeterminations to check whether enrollees were still eligible. Vermont received a waiver from CMS that allowed a delay in conducting redeterminations until 2016, leaving children turning 19 and 20 on the program even as they should have aged out. In December 2015, 1,516 people age 19 and 728 people age 20 were enrolled under the Dr. Dynasaur–Child category.

Of course, we would expect that some people incorrectly enrolled in the Dr. Dynasaur–Child category at ages 19 and 20 would be eligible for full Medicaid benefits with some other updated aid category when a review of their eligibility takes place—within the General Adult group; the Aged, Blind or Disabled group; or as New Adults. To get an idea of how many people enrolled in Dr. Dynasaur–Child just prior to the age eligibility cut-off might continue with full Medicaid benefits following redeterminations, we look at data for children in Vermont enrolled in the Dr. Dynasaur–Child category prior to the implementation of the ACA in 2014.

### **Analysis of historical transitions from the Dr. Dynasaur–Child program**

The comparison between historical transitions and expected current transitions is helpful but not straightforward for several reasons.

- Prior to 2014, eligibility for Dr. Dynasaur–Child ended when the child turned 18. Today, eligibility should end when the child turns 19.
- The focus prior to 2014 was on monthly eligibility, resulting in significant churn in and out of the program, whereas the focus now is on annual eligibility.
- Prior to 2014, enrollees in the VHAP program had to pay monthly premiums to stay enrolled. VHAP ceased to exist in 2014, and no premiums apply to New Adult enrollees. New Adult enrollees do pay small co-pays for prescription drugs, however.
- Eligibility for Medicaid benefits in the New Adult program for people ages 19 and up now follows ACA rules that differ in some respects from Vermont’s VHAP and Catamount rules.

Notwithstanding those concerns, we can get some ideas about the transition from Dr. Dynasaur–Child to other types of full Medicaid benefits by looking at historical transitions.

A small sample of enrollment data for children who were on Dr. Dynasaur–Child at age 17 from 2007 through 2011 suggests that almost two-thirds of 17-year-olds fell off the Medicaid program at ages 18, 19, or 20. Only 35 percent stayed on Medicaid in some category throughout the three years following their age 17 enrollment.

A more extensive data analysis of all children on Medicaid as Dr. Dynasaur–Child enrollees from 2007 to 2013 reveals somewhat similar trends.<sup>3</sup> Of 9,408 children who were Dr. Dynasaur–Child enrollees in any month when they were age 17 and turned age 18 by December 2010, about 70 percent were enrolled in some type of full Medicaid in at least one month when they were age 18; 56 percent were enrolled in full Medicaid in at least one month when they were age 19; and 49 percent were enrolled in at least one month when they were age 20.

A different view comes from looking at 8,950 children who were enrolled in Dr. Dynasaur–Child for at least 3 months when they were age 17 in the years 2007 through 2011. Among that group, only 16 percent were enrolled continuously in every month through ages 18 and 19; just 8 percent were enrolled continuously in every month through ages 18, 19, and 20. However, 79 percent were enrolled in some type of full Medicaid benefits for at least one month at age 18, 19, or 20.

Eligibility rules for Dr. Dynasaur–Child and various General Adult categories are similar both before and after implementation of the ACA in 2014. However, the VHAP program had different income eligibility and premium requirements from the New Adult program as well as monthly determination of eligibility, making the predicted transition from Dr. Dynasaur–Child to the New Adult program a bit less certain based on the VHAP experience. Uncertainty is even higher when comparing the transition to Vermont’s old Catamount Health Assistance Program to the Vermont Health Connect assistance program.

Among 7,457 children enrolled in Dr. Dynasaur–Child from 2007 through 2010 in the last month they were age 17, about 12 percent were enrolled in General Adult or Aged, Blind or Disabled (ABD) categories in the first month they turned 19. Over the 12 months that they were age 19, about 17 percent were enrolled in General Adult or ABD categories, JFO estimates (see Table 1). In addition, JFO estimates another 17 percent were enrolled in VHAP when age 19; most of those are likely to qualify for New Adult benefits. Finally, about 21 percent received Catamount Health subsidies; it is unclear whether people previously eligible for Catamount Health might enroll in premium assistance on Vermont Health Connect, in part because deductibles and co-pays may be more financially burdensome than VHAP premiums.

At age 20, the historical data show slightly higher enrollment in Medicaid as General Adults, particularly in the pregnant women category. About 14 percent were enrolled in General Adult or

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<sup>3</sup> Data analysis conducted by Policy Integrity LLC for the Joint Fiscal Office.

ABD categories in the first month they turned 20. Over the 12 months that they were age 20, about 18 percent were enrolled in the General Adult or ABD categories, JFO estimates. Moreover, about 10 percent were enrolled in VHAP when age 20, and about 17 percent received Catamount Health subsidies.

**Table 1. Transition from Dr. Dynasaur–Child to other Medicaid programs in Vermont at ages 19 and 20, 2007-2013**

	over 12 months when age 19	over 12 months when age 20
General Adult/ABD	17%	18%
VHAP	17%	10%
Catamount Health	21%	17%
Not enrolled	45%	55%
Total	100%	100%

Source: JFO estimates based on Vermont Medicaid enrollment data from 2007 through 2013; based on 7,457 Dr. D-Child enrollees in the last month when age 17 and 8,950 Dr. D-Child enrollees who had benefits in at least 3 months at age 17 between 2007 and 2010.

### **Rough estimate of outcomes of redeterminations**

Applying those historical transition trends to data on enrollments in December 2014 offers some insight into what we might expect after redeterminations take place for the Dr. Dynasaur–Child enrollees in December 2015 who were ages 19 and 20. Because the eligibility rules changed from VHAP to New Adult and from Catamount Health subsidies to subsidies on Vermont Health Connect, those transitions will be less certain than the transitions from Dr. Dynasaur–Child to General Adult or MABD. Enrollment at age 18 was 1,541 people age 18 with the Dr. Dynasaur–Child aid category in the General Adult group in December 2014. Those individuals had been automatically enrolled in accordance with Vermont’s agreement with CMS.

Using the historical trends from the group that had been enrolled for at least 3 months when they were age 17, we might expect to see about 17 percent of the Dr. Dynasaur–Child enrollees still enrolled in the General Adult or ABD Medicaid programs at age 19 following redeterminations. Another 17 percent might qualify as New Adults, implying that Vermont should receive an enhanced federal match rate, currently about 87 percent, to pay for their Medicaid expenses. Another 21 percent might qualify for health insurance subsidies or possibly cost-sharing assistance, but those costs would be much less than the State pays for full Medicaid coverage. If historical trends hold up, about 45 percent of the 19-year-olds enrolled in Dr. Dynasaur–Child in December 2015 would not qualify for any type of Medicaid program.

Also based on those historical trends, we might expect to see about 18 percent of 20-year-olds still enrolled in the General Adult or ABD Medicaid program. Another 10 percent might be eligible for the New Adult program, and perhaps 17 percent would be eligible for premium subsidies or cost-sharing through Vermont Health Connect. Of course, we do not have a good count of 18-year-olds enrolled in Dr. Dynasaur–Child in 2013 because eligibility for the program prior to 2014 ended when a child turned 18. As a substitute, we use the number of 18-year-olds enrolled in Dr. Dynasaur–Child in December 2014. Applying the historical transition percentages yields about the same projected number of 20-year-olds who would be enrolled as General Adults/ABD, New Adults, or subsidized Vermont Health Connect as were actually enrolled in the Dr. Dynasaur–Child program in December 2015. At least for the 20-year-olds, the overall number seems about right even if the specific program type is not.

Using the transitions estimated from the historical analysis suggests that between 530 and 550 Vermonters ages 19 and 20 might be expected to receive full Medicaid benefits as General Adults or in the Medicaid for Aged, Blind or Disabled program after redeterminations have been completed (see Table 2). Perhaps another 400 to 430 might be eligible for New Adult benefits. In addition, perhaps another 500 to 625 might qualify for premium assistance and/or cost-sharing through Vermont Health Connect.

<b>Table 2. Vermonters on Dr. Dynasaur-Child at ages 18, 19, and 20</b>							
	Actual Enrollment, Dec 2014		Hypothetical annual reenrollment after redeterminations				
			General Adult/ABD (expect rules similar to pre-ACA)	New Adult (expect rules changed from VHAP)		Vermont Health Connect (subsidy; rules changed from Catamount)	
age 18		1,541					
			if 17%		if 17%		if 21%
age 19				262		262	324
			if 18%		if 10%		if 17%
age 20				277		154	262
Modeled, ages 19 and 20				539		416	586
Estimated range, 19 and 20				530-550		400-430	500-625

The State of Vermont stands to gain financially from putting the 19- and 20-year-olds in the proper Medicaid programs. Vermont pays about 45 percent of Medicaid costs for its General Adult/ABD enrollees, and the federal government pays the rest. The New Adult category implemented as part of the ACA in 2014 receives an enhanced match rate, currently at about 87 percent, implying that Vermont pays only 13 percent of those costs. And the State support for people with subsidies through Vermont Health Connect is much lower than for General Adults. Putting people in the correct categories will help the State’s budget as well as reflect actual Medicaid eligibility.

<b>APPENDIX: BASIC FACTORS THAT DETERMINE ELIGIBILITY FOR MEDICAID</b>					
<b>Coverage Type</b>		<b>Age</b>	<b>Income Limits</b>	<b>Health Status</b>	<b>Family Structure</b>
<b>Prior to the ACA (prior to January 2014)</b>					
Full	General Adults	18+	yes	no	parents
Full	VHAP	18+	yes	no	not parents
Full	Aged, Blind or Disabled	18+	yes	yes for <65	-
Subsidies	Catamount Health	18+	yes	no	-
Full	General Child, incl. Dr. Dynasaur	0-17	yes	no	-
Full	Blind or Disabled Child	0-17	yes	yes	-
<b>After the ACA (starting January 2014)</b>					
Full	General Adults	19+	yes	no	parents
Full	New Adults	19+	yes	no	parents or not
Full	Aged, Blind or Disabled	19+	yes	yes for <65	-
Subsidies	Vermont Premium Assistance	19+	yes	no	-
Subsidies	Cost Sharing Reduction	19+	yes	no	-
Full	General Child, incl. Dr. Dynasaur	0-18	yes	no	-
Full	Blind or Disabled Child	0-18	yes	yes	-

For more detailed eligibility rules, see

<http://www.vtlawhelp.org/income-limits-medicaid>

<b>GLOSSARY</b>	
<u>MEDICAID ELIGIBILITY TYPES</u>	
General Adults	Parents or caretaker relatives of minor children, including cash assistance recipients and those receiving transitional Medicaid after the receipt of cash assistance, whose income is below 138% of the federal poverty level (FPL).
VHAP (pre-2014)	Vermont Health Access Program; age 18 or older, VT resident, income less than 150% of the FPL, and one of the following applies: uninsured for at least 12 months; ages 18-26 and currently on the parents' health insurance plan (with some exceptions for students); current insurance provides only hospital care or doctors' visits (but not both); or if recently lost health insurance.
New Adults	Adults who are at or below 138% of the FPL.
Dr. Dynasaur	Low-cost or free health coverage for children, teenagers under 19, and pregnant women.
Dr. Dynasaur—Child	Coverage for children through their 19th birthday with family income between 100% and 225% of the FPL.
ABD	Medicaid for the Aged, Blind or Disabled; family income must be no more than the PIL and individual must be age 65 or over, blind or disabled as defined by the Social Security Administration.
Premium Assistance	Individuals with household income over 138% of FPL can enroll in qualified health plans purchased on Vermont Health Connect, Vermont's health benefit exchange. Federal tax credits make premiums more affordable for people with incomes less than 400% of FPL, and federal subsidies make out-of-pocket expenses more affordable for people with incomes below 250% of FPL. In addition, the State of Vermont further subsidizes premiums and cost sharing for enrollees with income less than 300% of FPL.
<u>INCOME LIMITS</u>	
FPL	Federal poverty level; in 2016 for a family of four, 100% of FPL is \$24,250; 138% of the FPL is \$33,465. For a family of two, 100% of FPL is \$15,930; 138% of FPL is \$21,983.
PIL	Protected income level; the maximum amount of income allowed to qualify for Medicaid for the Aged, Blind or Disabled (ABD). In 2016, the PIL is \$12,996 in Chittenden County and \$12,096 in the rest of Vermont. The PIL is protected to pay for the nonmedical needs of the family.