

# Program by program, person by person: Medicaid is making an impact.

Maryland Medicaid and You:  
Measuring Medicaid Impact

Volume One, Issue One: Medicaid Overview  
September 2015



## Maryland Medicaid 101: Overview



*Medicaid is the nation's largest health insurer, serving over 70 million Americans. It forms the cornerstone of the nation's health care safety net.*

*Maryland's Medicaid Program provides comprehensive health care benefits for 1.2 million people (1 in 6 Marylanders), including 628,000 participants younger than 21.*

**P**resident Lyndon B. Johnson signed the Social Security Amendments of 1965 on July 30, 1965, creating both Medicaid and Medicare. Though both are essential, the programs are very different.

Medicare is a federal program that provides health care coverage to older Americans or those with severe disabilities. Medicare has no income eligibility restrictions, whereas Medicaid is geared specifically toward low-income Americans.

Medicaid provides health coverage for our nation's most vulnerable individuals and families. Medicaid is administered jointly by each state and the Federal Government. State Medicaid programs must comply with federal minimum program requirements.

With the 2014 implementation of Medicaid expansion authorized by the Patient Protection and Affordable Care Act (ACA), more low-income adults became eligible for Medicaid than ever before. For children, low-income individuals, pregnant women, people with disabilities, and seniors, Medicaid is the conduit and funder of health coverage. Medicaid also serves as supplemental health insurance for some individuals who have low incomes and limited health insurance coverage.

Medicaid increasingly has a population health focus. State Medicaid programs can design benefit packages tailored to specific population health care needs. Medicaid provides primary care, prescriptions, reproductive and behavioral health care, and is also the primary payer of early childhood intervention services and nursing facility care for low-income individuals.

# Children to adults, Cumberland to Chestertown: Medicaid is making an impact.

Maryland Medicaid and You:  
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Volume One, Issue One: Medicaid Eligibility  
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Department of Health and Mental Hygiene  
Office of Health Services



## Maryland Medicaid 101: Eligibility



*People who meet specific eligibility criteria receive benefits according to Medicaid coverage groups.*

*In Maryland, there are three main eligibility coverage groups: (1) families and children; (2) individuals that are aged, blind, or disabled; and (3) childless adults.*

**E**ligibility for Medicaid coverage is typically tied to Federal Poverty Level (FPL) standards, though the income methodology for each covered population varies. The Federal Government calculates FPL annually, considering factors like minimum wage, cost of living, and family size.

Some individuals who are eligible for Medicaid may also have other coverage, such as Medicare, which covers individuals age 65 and older and certain people with disabilities. In these cases, Medicaid is considered the payer of last resort. This means Medicare pays for expenses it covers – such as hospital stays – and then Medicaid wraps around to provide additional services that are not covered by Medicare. Examples of services not covered by Medicare, but are covered by Medicaid, include long-term care.

An applicant's income, household size, and such other factors including age and disability status determine general Medicaid eligibility. When an individual applies for Medicaid, Maryland determines eligibility based on the State's specific criteria for income, family size and other factors. All applicants must prove both Maryland residency and that they are either a United States citizen or qualified legal alien. People who receive money through Social Security Income (SSI) automatically receive Medicaid.

Medicaid participants must renew their eligibility once every 12 months. This process is known as getting a "redetermination." The redetermination process has shifted from a paper-based system to a web-based, phone-assisted process. As a result of this change, redeterminations for most Medicaid participants are now processed through Maryland Health Connection. For certain Medicaid populations, redeterminations must be processed through Maryland Service Access and Information Link, also known as SAIL.

# Balanced incentives, accountable care: Medicaid is making an impact.

Maryland Medicaid and You:  
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Volume One, Issue One: Medicaid Budget  
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Department of Health and Mental Hygiene  
Office of Health Services



## Maryland Medicaid 101: Budget



*In Federal Fiscal Year  
FY 2014, federal  
Medicaid spending  
totaled \$475.9 billion,  
accounting for nine  
percent of the budget.*

*To determine  
Medicaid fund sharing  
with states, the  
Federal Government  
uses the Federal  
Medical Assistance  
Percentage (FMAP).  
The wealth of the  
state, the services  
delivered, and  
the populations  
served help the  
Federal Government  
determine FMAP.*

*Generally, FMAP  
between the Federal  
Government and  
Maryland is 50/50 for  
Medicaid services—  
meaning, spending for  
Medicaid services is  
split equally between  
Maryland and the  
Federal Government.  
However, FMAP  
can vary based on  
coverage groups and  
policy priorities. FMAP  
may also be applied  
toward salaries for  
Maryland's Medicaid  
employees.*

**F**Y 2015 statewide Medicaid spending exceeded \$10 billion, 40 percent of which—or roughly \$4 billion—was supported by state General Funds. FY 2016 has a similar forecast, with statewide Medicaid spending projected at \$10.2 billion, \$4.1 billion of which is supported by state General Funds.

Maryland Medicaid's budget must address cost efficiency, enrollment fluctuations, service needs, access issues, implementation costs, and program administration. One way the State is able to help control cost is by assigning certain benefits and coverage groups to be covered under either managed care or fee-for-service.

### **Managed Care**

Managed care is a health care delivery system organized to manage cost, utilization, and quality. The majority of states have sought approval from the Federal Government through waivers to use managed care to provide comprehensive coverage to certain eligible populations.

Maryland Medicaid's managed care program is called HealthChoice. Under HealthChoice, managed care organizations (MCOs) contract with DHMH to provide Medicaid covered services through their provider networks. In return, MCOs receive a risk-adjusted, fixed per-member-per-month payment from DHMH.

Payments to HealthChoice MCOs constitute \$4.5 billion in FY 2016. HealthChoice MCOs are responsible for paying the providers in their networks to render most services to Medicaid participants.

### **Fee-for-Service**

The fee-for-service Medicaid population generally includes individuals over 65, individuals receiving Home and Community-Based Services, and individuals who are eligible for both Medicaid and Medicare. Additionally, some individuals do not qualify for HealthChoice, but receive Medicaid services through fee-for-service.

Services not covered by HealthChoice MCOs are administered through Medicaid fee-for-service. Services provided on a fee-for-service basis include specialty mental health and substance use treatment services, as well as long-term care services such as nursing homes. Fee-for-service accounts for \$5.3 billion of Medicaid's budget in FY 2016. Prior to the HealthChoice program's establishment in 1997, all provider claims for Medicaid services were handled on a fee-for-service basis.

# Patient-driven programs, comprehensive care: Medicaid is making an impact.

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Volume One, Issue One: Medicaid Benefits  
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Department of Health and Mental Hygiene  
Office of Health Services



## Maryland Medicaid 101: Benefits



*Though the Federal Government requires every state Medicaid program to cover a specific set of services, states have some flexibility to design their own benefit packages.*

*Services must be equal in amount, duration, and scope for all participants – in addition to being available across the state.*

*Maryland Medicaid fee-for-service providers, Managed Care Organizations, (MCOs), and administrative services organizations (ASOs), partner to administer Medicaid services.*

**T**o boost health outcomes and to reduce hospital stays, Maryland Medicaid offers a full range of services for all Medicaid participants. Our comprehensive children's benefit package includes dental services and helps kids avoid health problems at an early stage.

All states must cover the following services as part of their Medicaid benefits package:

- inpatient and outpatient hospital services;
- Early Periodic Screening, Diagnostic, and Treatment (EPSDT) Services;
- nursing facility services;
- home health services;
- physician services;
- rural health clinic services;
- Federally-Qualified Health Center (FQHC) services;
- laboratory and x-ray services;
- family planning services, including nurse midwife services;
- certified pediatric and family nurse practitioner services;
- freestanding birth center services (when licensed or otherwise recognized by the state);
- transportation to medical care; and
- tobacco cessation counseling for pregnant women.

Maryland Medicaid covers the following services in addition to the federally mandated benefits package:

- pharmacy services (for beneficiaries not eligible for Medicare part D);
- clinic services;
- physical, speech and occupational therapy;
- ambulatory surgical center services;
- diabetes care services;
- home and community-based waiver services;
- hospice care;
- kidney dialysis services;
- medical day care services;
- behavioral health treatment, including case management and rehabilitation services;
- long-term care services;
- respiratory equipment services;
- personal care services;
- podiatry services;
- substance abuse treatment services;
- targeted case management for HIV-infected individuals and other targeted populations; and
- vision care services (eye examination every two years).

For participants younger than 21, Maryland Medicaid also covers dental services and dentures, eye glasses, hearing aids, private duty nursing, and school-based health services. Maryland Medicaid also covers dental services for pregnant women.