



VERMONT LEGISLATIVE Joint Fiscal Office

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Issue Brief

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Impacts of the Temporary Medicaid Continuous Enrollment in Vermont, 2020-2023

Executive Summary

Medicaid redetermination is the regular eligibility review conducted by state Medicaid programs to determine whether beneficiaries still qualify for Medicaid or the Children's Health Insurance Plan (CHIP).¹

At the start of the COVID-19 pandemic, the federal government enacted the Families First Coronavirus Response Act (FFCRA). The Act included a provision that required state Medicaid programs keep beneficiaries continuously enrolled (with certain exceptions) through the end of the public health emergency. This essentially paused eligibility redetermination reviews.² FFCRA also temporarily increased the Federal Medical Assistance Percentage (FMAP) rate for state Medicaid programs by 6.2 percentage points.³ As a result states, including Vermont, saw substantial growth in Medicaid enrollments.

Vermont Medicaid caseload increased from 180,114 in March 2020 to a peak of 213,769 in March 2023.

The federal Consolidated Appropriations Act, 2023 (CAA, 2023), ended Medicaid continuous enrollment on March 31, 2023. CAA, 2023 gave states up to 14 months to return to normal eligibility and enrollment operations and complete Medicaid redeterminations for all enrollees.⁴ Additionally, CAA, 2023 mandated that the temporary FMAP rate increase be phased out beginning on April 1, 2023, with quarterly decreases until ceasing altogether at the end of calendar year 2023.

The FFCRA policies were temporary but impactful for the State Medicaid program and many Vermonters.

Medicaid Continuous Enrollment and Temporary FMAP Caseload Impact

As a result of the continuous Medicaid enrollment provision in FFCRA, Vermont saw the total caseload in Medicaid increase from 180,114 in March 2020 to 213,769 in March 2023.⁵ The non-disabled adult categories, such as the *General* and *New Adult* categories, were the most impacted, experiencing a combined

¹ In Vermont, CHIP is administered as part of Medicaid's Dr. Dynasaur program.

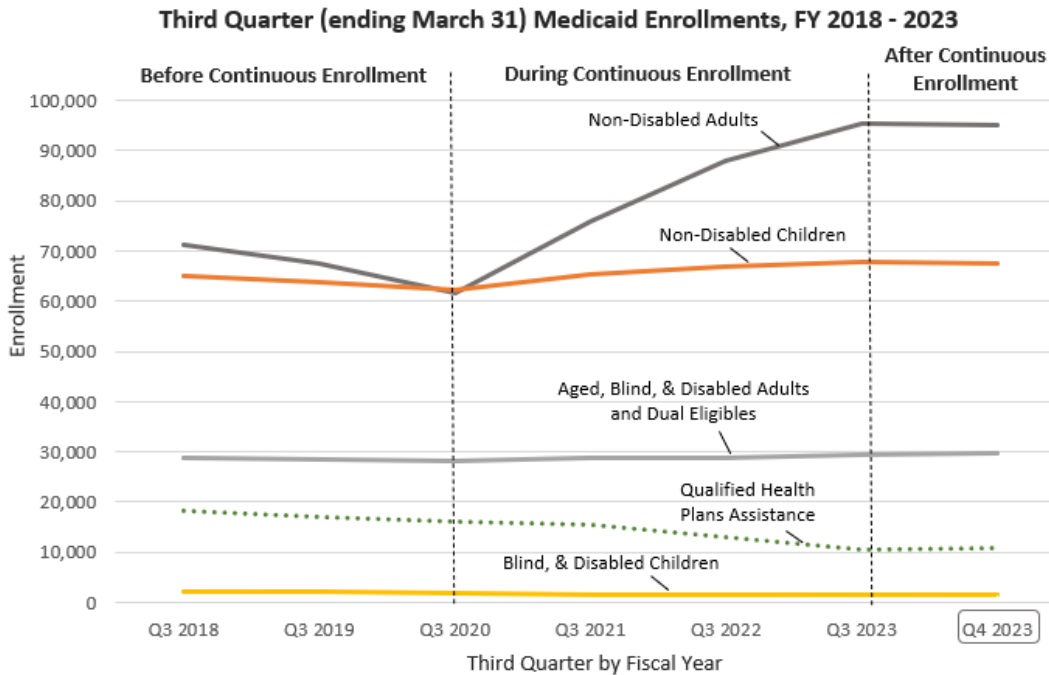
² The Families First Coronavirus Response Act was signed into law on March 18, 2020.

³ Effective retroactively January 1, 2020.

⁴ The Consolidated Appropriations Act, 2023 was signed into law on December 29, 2022.

⁵ Medicaid Enrollment and Expenditure reports, actuals through March 31 for SFY 2020 and 2023, respectively.

increase in enrollment of over 50 percent during this period.⁶ These categories normally experience significant churn due to administrative reasons or changes in eligibility, such as changes in income or employment.^{7,8} Other eligibility categories – such as the *Aged, Blind, and Disabled* and the *Dual Eligibles* – were less impacted because they are tied to categorical distinctions such as specific disability status rather than an employment or income status.⁹



Many of the people who churn off Medicaid due to changes in income or circumstances are typically eligible for Qualified Health Plan (QHP) assistance through the Vermont Premium Assistance (VPA) and Cost Sharing Reduction (CSR) programs. While it can be assumed that Medicaid continuous enrollment resulted in some decrease in the take-up of the VPA and CSR programs, enrollment in these programs was slowly decreasing prior to the COVID-19 pandemic. Because of this, it is difficult to determine the extent to which enrollment in these programs decreased due to Medicaid continuous enrollment versus other underlying population trends.

Enrollment in Dr. Dynasaur – the umbrella name for Vermont’s Medicaid coverage for children and teenagers under age 19 and pregnant women who meet eligibility requirements – remained relatively flat throughout the public health emergency.

It’s expected that Medicaid program caseloads for adults will decrease as the Medicaid “unwind” is implemented by the Department of Vermont Health Access (DVHA). Conversely, QHP assistance programs could see a modest uptick in enrollment during fiscal year 2024.

Temporary Enhanced FMAP

States received a temporary increase of 6.2 percent points to their Federal Medical Assistance Percentage (FMAP) rate as part of FFCRA. FMAP is the share of costs the federal government will pay for eligible Medicaid expenses. Between fiscal years 2020 and 2023, the increased FMAP rate resulted in over \$300 million in General Fund savings for Vermont. Although it is being wound down, it’s estimated that the increased FMAP rate will result in another \$15 million in General Fund savings in fiscal year 2024.

⁶ Between March 2017 and March 2020, these eligibility categories experienced a combined decrease of almost 20 percent.

⁷ Medicaid churn is the cycling of individuals on and off Medicaid coverage.

⁸ Administrative reasons include failure to respond, failure to update contact information, incomplete paperwork, etc.

⁹ Dual eligible are individuals who are enrolled in both Medicare and Medicaid.

The CAA, 2023, included provisions to decouple Medicaid continuous coverage and the temporary 6.2 percent FMAP rate increase from the COVID-19 public health emergency. The Act gave states up to 14 months to restart and complete Medicaid eligibility redeterminations, which would end coverage for individuals found to be ineligible or unable to meet procedural requirements (such as failure to respond). It also phased out the temporary FMAP increase. On April 1, 2023, the enhanced FMAP rate decreased from 6.2 percent to 5 percent. It decreased on July 1, 2023, to 2.5 percent and to 1.5 percent on October 1, 2023. It will cease altogether on December 31, 2023.

Phasedown of FFCRA FMAP Increase

Period (CY 2023)	FMAP % Increase
January - March	6.2%
April - June	5.0%
July - September	2.5%
October - December	1.5%

The Unwinding Period

The CAA, 2023, gave states up to 14 months to return to normal eligibility and enrollment operations and complete Medicaid redeterminations for enrollees. This transition has been broadly referred to as “the unwinding period.” In March, DVHA released a “Vermont Unwinding Plan” that laid out its planning goals and a proposed timeline.¹⁰

The plan anticipated reviewing approximately 16,475 beneficiaries per month with an expectation that some Vermonters would lose coverage. As of September, DVHA appeared to be on track, having reviewed eligibility for 31 percent of the Medicaid population.¹¹ On average, each month roughly 60 percent of enrollees reviewed were renewed, 25 percent were disenrolled (more than two thirds of which were due to administrative reasons such as failure to respond), and 10 percent were pending. Many individuals that are disenrolled for administrative reasons may eventually be re-enrolled. Further, anyone who loses Medicaid coverage during the transition is eligible to enroll in Vermont Health Connect and is potentially eligible for VPA and/or CSR.

The unwinding has not been without bumps in the road. On August 30, 2023, the Center for Medicare and Medicaid Services (CMS) identified 30 states, including Vermont, that had incorrectly processed auto-renewals (also known as ex parte renewals).¹² Auto-renewals are intended to simplify the redetermination process. In its unwinding plan, DVHA estimated its auto renewal rate to be around 40 percent. Federal rules require that states process auto-renewals at the individual level rather than the household level. However, CMS identified that when these states were unable to auto-renew everyone in a household, they would send renewal forms to all family members and then disenroll the entire family if the forms were not returned, even if the state had information to renew coverage on some of the family members. It is estimated that some 500,000 people nationwide were disenrolled because of this. DHVA has since remedied the issue and has reinstated approximately 1,500 people, mostly children. The July floods also led to disruptions in the unwinding process.

The unwinding period is anticipated to end in May 2024. Related eligibility activities should be complete by August 2024. While legislative and administration staff have used preliminary estimates for budgetary purposes, the true impact of the unwinding on both Medicaid enrollments and spending remains to be seen.

12-Month Continuous Coverage for Children

Beginning January 2024, the CAA, 2023, requires that states provide 12 months of continuous eligibility for children under the age of 19 who are covered by Medicaid and the Children’s Health Insurance Program (CHIP). Amongst other reasons, this is intended to ensure continuity of coverage, reduce

¹⁰ <https://dvha.vermont.gov/unwinding/references>

¹¹ <https://dvha.vermont.gov/unwinding/renewal-dashboard>

¹² <https://www.medicaid.gov/sites/default/files/2023-09/state-asesment-compliance-auto-ren-req.pdf>

administrative burdens associated with churn, and promote health equity.¹³ Prior to this, states had the option to provide such continuous coverage, which 34 states did, for either Medicaid, CHIP, or both.¹⁴ Vermont was not one of those states. Children may continue to come off the programs due to voluntary disenrollment and changes of state residency. Preliminary estimates indicate this continuous eligibility requirement will create an annualized \$2 million budget pressure.

Appendix: Resources

- Vermont Medicaid Renewal Dashboard: <https://dvha.vermont.gov/unwinding/renewal-dashboard>
- Vermont Unwinding Plan: <https://dvha.vermont.gov/unwinding/references>
- Vermont Medicaid Enrollment and Expenditure reports: <https://dvha.vermont.gov/budget-legislative-and-rules/reports-and-studies/enrollment-and-expenditure-reports>

¹³ <https://www.hhs.gov/about/news/2023/09/29/hhs-takes-action-provide-12-months-mandatory-continuous-coverage-children-medicaid-chip.html>

¹⁴ <https://www.medicaid.gov/medicaid/enrollment-strategies/continuous-eligibility-medicaid-and-chip-coverage/index.html>