

Senate Proposes Permanently Eliminating Retroactive Medicaid Eligibility for Non-Pregnant Adults. This Cut Primarily Hurts People with Disabilities and Older Floridians

What is the Senate proposing to cut?

Since 2018, the Legislature has cut retroactive Medicaid eligibility (RME) on a year-to-year basis. The Senate's health conforming bill (SPB 2518) includes language that would make this cut permanent.

What is retroactive Medicaid eligibility?

Under federal law, if someone qualifies for Medicaid, their coverage can go back three months prior to the month of their Medicaid application. This means that Medicaid will cover unpaid medical bills incurred during that time and save people from crushing medical debt. However, Florida obtained permission from the federal government to waive this requirement under a 1115 Medicaid waiver demonstration project ("1115 Demonstration"). Now, affected beneficiaries can only get coverage back to the first day of the month in which they apply.

Example: A healthy adult with low income is seriously injured in an auto accident on March 31. She gets emergency surgery the same day. Even if she can submit a Medicaid application the very next day, her coverage will only go back to April 1. Large medical bills incurred in March will not be covered.

Who is hurt by this cut?

The cut mainly impacts people with disabilities and older Floridians with very low income. (Children and pregnant women still have this coverage.) Victims of this cut include people facing catastrophic medical bills arising from end-of-life care, accidents, strokes, and cancer. The story of George highlights the devastating impact this cut can have on people's lives. (George's story: <https://archive.floridahealthstories.org/george>.)

What is the state's policy justification for this cut?

The state says that eliminating RME will encourage people to enroll in Medicaid quickly when they are healthy instead of waiting until they are sick. However, the reality is that most low-income, uninsured healthy adults don't qualify for Florida Medicaid until they face a major injury or illness because Florida has not expanded its Medicaid program.

Why can't Florida adults get Medicaid when they are healthy?

Florida has not expanded its Medicaid program to cover most healthy, non-pregnant uninsured adults aged 18-64. Only parents with income up to 32 percent of the poverty level (\$6,825 per year for a three-person household) can qualify. Most adults currently covered by Florida Medicaid are seniors or people with significant disabilities.

What did AHCA's study find on the impact of this cut on beneficiaries and consumers?

In 2020, the Legislature directed the Agency for Health Care Administration (AHCA) to prepare a report on the impact of this cut on beneficiaries and providers, including the financial impact. AHCA projected that the state could save about \$40 million based on RME payments made to providers in past years.¹

The final report concluded there was no measurable fiscal impact on providers and Medicaid enrollee debt increased only slightly.² But this begs the question: “If providers did not experience a loss of Medicaid reimbursed payments, and medical debt was not passed on to enrollees, where did the \$40 million cost get shifted?”

One explanation is that the report's methodology for measuring patient debt was flawed. The report measures total debt increase among current Medicaid enrollees rather than just the debt increase among enrollees needing retroactive Medicaid. This dilutes the findings of actual impact on enrollees. In fact, the study authors note that in 2018, the Department of Children and Families paid \$100 million in RME for 10,000 enrollees. That translates to \$10,000 per beneficiary who needed this coverage. This is a potentially large financial hit on relatively few people, and a very important statistic for gauging impact, particularly on Medicaid enrollees with very low income.

The report also relied on actively enrolled Medicaid beneficiaries' credit reports to determine debt. However, most medical providers do not report debt — it is only reported after the debt is sold to collection agencies, meaning that debt may not show up on credits reports for many months and oftentimes years.

Even assuming that this report accurately reflects the moderate increase in debt on beneficiaries and no impact on providers, it clearly shows that this 1115 Demonstration fails to meet federal law requirements. Specifically, these 1115 Demonstration projects are intended to test new initiatives designed **to promote** Medicaid coverage, **not take it away**.³ Here, the state has failed to establish that the project promotes coverage and, even with its flawed methodology, it **still** resulted in harm to Medicaid beneficiaries. The project should not be made permanent. Instead, RME should be reinstated.

For more info: Contact Anne Swerlick, senior policy analyst & attorney at Florida Policy Institute, swerlick@floridapolicy.org or Katy DeBriere, legal director with Florida Health Justice Project, debriere@floridahealthjustice.org

¹ SB 192 (2019): Medicaid Eligibility, <https://www.flsenate.gov/Session/Bill/2019/192/ByCategory>.

² “Evaluation of Florida’s Managed Medical Assistance (MMA) Program Demonstration: Final Report: The Impact of the Waiver of Retroactive Eligibility on Beneficiaries and Providers,” presented to the Agency for Health Care Administration on January 11, 2021.

³ MaryBeth Musucemi, “3 Key Questions About the Arkansas Medicaid Work and Reporting Requirements Case,” March 6, 2020, <https://www.kff.org/medicaid/issue-brief/3-key-questions-about-the-arkansas-medicaid-work-and-reporting-requirements-case/>.