

Keeping People Enrolled During Medicaid Expansion and COVID-19 Continuous Coverage Unwinding

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North Carolina is expanding Medicaid insurance coverage while simultaneously removing coverage from individuals as a result of the end of the COVID-19 emergency. These large-scale eligibility changes have created an opportunity for improved processes. North Carolina chose to build upon the existing Medicaid Family Planning program to maintain access to health care while launching Medicaid expansion.

Medicaid Expansion in North Carolina

The impetus for Medicaid expansion traces back to the Affordable Care Act of 2010, which originally required states to include a new eligibility group for all eligible residents with low incomes to gain Medicaid coverage. A 2012 Supreme Court ruling on the Affordable Care Act nullified this requirement, finding that Medicaid expansion was optional rather than required [1]. From 2014 through November 2023, 39 states and Washington D.C. took up the option to expand Medicaid, with an estimated 22 million individuals gaining coverage nationwide [2]. In March 2023, North Carolina received initial legislative approval for Medicaid expansion under Session Law 2023-7, which tied the expansion to the passage of the budget. In October, the North Carolina General Assembly passed a budget effectuating Medicaid expansion (Session Law 2023-134). On September 25, 2023, the North Carolina Department of Health and Human Services (NCDHHS) announced that Medicaid expansion would begin on December 1, 2023 [3].

COVID-19 Continuous Coverage and Unwinding

The Families First Coronavirus Response Act (FFCRA) was Congress's first major COVID-19 legislation, signed into law in March 2020. Section 6008 of the FFCRA provided a 6.2 percentage-point Federal Medical Assistance Percentage (FMAP), or significant additional federal dollars to states, if they did not terminate health coverage for Medicaid beneficiaries during the federal public health emergency. States were permitted to terminate coverage for a select number of reasons including death, if an individual moved out of state, or if a person requested to no longer be enrolled. Between 2020 and 2023, an additional 21.2 million people were added to Medicaid's rolls nationally,

with approximately 750,000 additional individuals enrolling in Medicaid in North Carolina under the pause on the termination process [4]. Throughout the pandemic, North Carolina continued to conduct its redetermination process, but the state did not terminate any individual's coverage except in the specific situations outlined above. As a result, the state managed to collect updated information on many enrollees.

Under the Consolidated Appropriations Act, signed into law in December 2022, states were required to restart the Medicaid eligibility processes and terminate people deemed ineligible for coverage, beginning this redetermination process by April 2023. In North Carolina, eligibility redeterminations that were deemed ineligible for continued Medicaid coverage would see terminations beginning in July; this delay resulted from the three-month process necessary for county workers to review an individual's eligibility and reach out to beneficiaries to verify information.

North Carolina's Family Planning Program

North Carolina's Family Planning program, formerly known as the Be Smart program, covers North Carolina adults with incomes up to 195% of the Federal Poverty Level (FPL) who also meet Medicaid's citizenship and residency requirements. Though Family Planning is not considered full Medicaid benefits and only offers a limited set of services, the number of people enrolled in this limited benefit has grown to over 450,000 as of October 2023. Of those enrolled, the state estimates approximately 300,000 enrollees fall below 133% FPL, plus a 5% income disregard, which matches the Medicaid expansion income eligibility level [5, 6].

People largely gain Family Planning coverage in one of three ways. First, individuals could directly apply for Medicaid Family Planning coverage due to a need for the limited benefit. Second, individuals who are above the Medicaid

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income limits, and therefore are not eligible for full Medicaid coverage, would be placed in the Family Planning program upon application. Finally, people who have been enrolled in Medicaid coverage but experienced a change in life (e.g., an increase in income) that would leave them ineligible for full Medicaid benefits could receive the partial Medicaid benefits provided under Family Planning. In that case, if the individual is eligible for Family Planning, they have an income under 195% FPL, and the state has verified those life changes, they are placed in the Family Planning program instead of being fully disenrolled from Medicaid coverage. A total of 28 states had implemented the Family Planning program as of September 2021 [7].

Analysis

How North Carolina Navigated Medicaid Expansion and Continuous Coverage Unwinding

Forty states and Washington D.C. have expanded Medicaid coverage; 20 of these states, including North Carolina, have historically had an existing Family Planning program. This has allowed states to move individuals from the limited Family Planning program into the Medicaid expansion eligibility group without having to obtain additional information from them. This approach to providing Medicaid coverage to those newly eligible under Medicaid expansion is one that North Carolina implemented at the launch of expansion. Of the remaining 10 states that have not yet expanded Medicaid coverage, eight have a Family Planning program. This means that in all but Tennessee and Kansas, these states could move hundreds of thousands of people to full Medicaid benefits on launch of expansion if they were to follow the same model.

When Medicaid expansion launched on December 1, 2023, NC Medicaid was able to quickly move those newly eligible for coverage under the expansion eligibility criteria from the Family Planning program to full-benefit Medicaid coverage. Among those eligible were individuals who had previously lost Medicaid coverage due to continuous coverage unwinding.

Continuous Coverage Unwinding and North Carolina's Family Planning Program

During the continuous coverage unwinding period, North Carolina made significant efforts to increase redetermination process automation and reduce burden on Medicaid beneficiaries. By capitalizing on several flexibilities from the federal government—including accessing updated income and address information for beneficiaries from programs such as the Supplemental Nutritional Assistance Program (SNAP) or not requiring certain additional information (such as proof of applying to other benefits from beneficiaries)—North Carolina was able to streamline the redetermination process. This reduced the workload for both beneficiaries who submit coverage applications and for county-eligibility workers who process applications. North Carolina also

“straight-through” processing, in which individual eligibility can be determined by existing data sources, made more possible by the flexibilities from the federal government. If a beneficiary is deemed eligible by straight-through processing, their coverage is automatically renewed. Redeterminations that can be made based on data sources alone, without verifying information from beneficiaries, are known as *ex parte* renewals. As a result of these system improvements and flexibilities, North Carolina has consistently been ranked as having either the highest or second highest level of *ex parte* renewals across all 50 states and Washington D.C. [8], meaning the state renews applications without burdening beneficiaries at a higher rate than other states.

Prior to Medicaid expansion, North Carolina has had limited eligibility levels for non-disabled adults. In North Carolina, a parent needed to make less than approximately 36% FPL, or about \$8,000 for a family of three, to be eligible for Medicaid coverage; however, the eligibility level for children is up to 211% FPL. As a result, when an individual either ages out of child Medicaid coverage or lives in a household where a parent sees an increase in their income, they do not have other Medicaid full coverage insurance options. If the state has data that a person is no longer eligible for their existing coverage category but is eligible for Family Planning, after verifying that information, the person automatically is enrolled in Family Planning.

Beginning in April 2023, North Carolina began conducting renewals that would result in a termination or reduction of coverage. People who had Medicaid coverage in 2020–2023 and saw an increase in their income or aged out of child eligibility were able to temporarily receive the Family Planning benefit during the period of July 2023 through November 2023 (or whenever their renewal application was processed). Though this is not the most ideal scenario, as these individuals do lose their full coverage of health services, they are eligible to purchase free or low-cost health insurance on the federal Marketplace, HealthCare.gov, so not everyone would necessarily see a lapse in coverage.

In the months approaching the launch of Medicaid expansion, the state was able to compile a list of those who were enrolled in the Family Planning program, had an income under the Medicaid expansion threshold (133% FPL plus a 5% income disregard), and had health coverage for their minor children. The eligibility criteria for Family Planning and for Medicaid expansion are the same, except for a higher income level for Family Planning and the expansion requirement that a parent or caretaker have health coverage for their minor children, all of whom should be eligible for Medicaid coverage. In November 2023, more than 260,000 Family Planning beneficiaries were sent letters, text messages, and phone calls letting them know that they were enrolled in Medicaid expansion [9]. These beneficiaries began receiving full Medicaid coverage on December 1, 2023, the day that Medicaid expansion officially launched in North Carolina.

Conclusion

Using the Family Planning program, North Carolina was able to maintain coverage for many people during the continuous coverage unwinding period. While the unwinding period presented significant challenges, the Family Planning program made it possible for the state to maintain relationships with individuals who would ultimately gain coverage under Medicaid expansion. Had the state been able to expand Medicaid earlier in the continuous coverage unwinding period, this key tool would not have been necessary, as people would be immediately transitioned to expansion coverage rather than being moved to Family Planning first. As such, an earlier implementation of Medicaid expansion would have prevented many Medicaid beneficiaries from experiencing lapses in health care services.

As the eight remaining states that have Family Planning programs and have not yet expanded Medicaid consider implementing Medicaid expansion, they can look to North Carolina's model for guidance. NCMJ

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