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The End of the Continuous Enrollment Period in Montana

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Executive Summary

Beginning in April 2023, Montana will begin a year-long period of "unwinding" Medicaid coverage. In response to the COVID pandemic, the 2020 Families First Coronavirus Response Act (FFCRA) increased federal Medicaid funding and prohibited Medicaid beneficiaries from being disenrolled during the COVID-19 Public Health Emergency (PHE). As a result, Medicaid enrollment in Montana grew by 30 percent (as of September 2022) and will continue to grow through March 2023. After that, based on recently passed federal legislation – the 2023 Consolidated Appropriations Act (CAA) – the moratorium on disenrollment will end. In April 2023, Montana will begin to redetermine the eligibility of all Medicaid beneficiaries, numbering more than 300,000 persons, and terminate coverage for those who no longer appear eligible. The new legislation provides some guardrails for the redetermination process and provides transitional federal funding from April to December 2023, which we estimate is worth about $30 million for Montana.

This report discusses the background for these changes, describes the new legislation, and provides an update on the Montana Department of Public Health and Human Services' (DPHHS') proposed plan to complete redeterminations and renewals within 12 months, by March 2024. Based on this timeframe, we estimate about 71,000 people will lose Medicaid coverage by January 2024, a 24 percent decline from March 2023 enrollment.

We suggest an alternative plan to conduct redeterminations at a slower pace that is still within federal guidelines. It includes a more gradual 14-month pace, more time for beneficiaries to respond to requests for renewal information prior to termination, and greater resources for outreach and referrals to other insurance coverage, especially the Health Insurance Marketplace. Under this alternative plan, we estimate that about 9,000 fewer Montanans would lose Medicaid coverage by May 2024.

Introduction

Montana, like other states in the nation, experienced a steady increase in Medicaid enrollment after March 2020, when the federal Families First Coronavirus Response Act (FFCRA) established a temporary moratorium on disenrollment during the COVID-19 Federal Public Health Emergency (PHE). Under the FFCRA, states received an increased Medicaid federal match rate of 6.2 percentage points if they did not disenroll Medicaid beneficiaries for the duration of the PHE. Although low-income children and adults could continue to join Medicaid during the PHE if eligible, their enrollment could not be terminated, unless they voluntarily dropped coverage or moved to another state. Montana and every other state accepted the federal offer. In Montana, Medicaid enrollment grew by 30 percent, rising from 222,805 in March 2020 to 290,228 as of September 2022 and will grow even higher through March 2023.[1]

[1] Data based on Montana Department of Public Health and Human Services enrollment data as of December 18, 2022 for traditional adult and child and expansion adult beneficiaries. It excludes CHIP children, Medicare Savings only, Medically Needy (not issued) and Plan First waiver beneficiaries.

The FFCRA allowed for enhanced federal matching funds and a moratorium on disenrollment through the end of the PHE. Since February 2020, the Trump and Biden Administrations consistently extended the PHE every 90 days, and the White House announced in January that it would end the PHE on May 11, 2023.[2] However, the recently enacted 2023 Consolidated Appropriations Act (CAA) ends Medicaid continuous coverage provisions on March 31, 2023, regardless of the expiration date of the PHE, and provides for a transitional end to enhanced federal matching funds. Beginning in April, Montana and the other states in the nation will begin the process of "unwinding," in which state agencies must redetermine the eligibility of all Medicaid beneficiaries, renew coverage for those who are still eligible and terminate coverage for those who no longer appear eligible. Notably, many beneficiaries could be terminated due to administrative barriers rather than eligibility, such as if they failed to receive a renewal notice. A federal study estimated that about half of those losing coverage encountered administrative and paperwork problems but were actually still eligible for coverage.[3]

Key elements of the CAA include: [4]

- Ends the moratorium on Medicaid disenrollment on March 31, 2023, regardless of the expiration date of the COVID PHE. Thus, state Medicaid programs can begin redeterminations and terminations in April 2023.
- Provides transitional increases in the federal Medicaid matching rate by quarter: January to March 2023, 6.2 percentage points; April to June 2023, 5.0 percentage points; July to September 2023, 2.5 percentage points; and October to December 2023, 1.5 percentage points. Prior legislation increased the rate by 6.2 percentage points until the end of the PHE, but no transitional funding was authorized.
- Provides additional requirements for states as they conduct redeterminations and terminations, including good faith efforts to update addresses and contact information and to contact beneficiaries prior to termination.
- Requires monthly reporting of state redetermination activity and transitions from Medicaid to Health Insurance Marketplaces.
- Gives CMS authority to require corrective action plans for states, which may be enforced through a reduction in federal funding.

The CAA also requires all states to provide 12 months of continuous eligibility for children in Medicaid and the Children's Health Insurance Program (CHIP) and makes the state option for 12-month continuous eligibility for postpartum women permanent. Montana already

[2] The White House. Statement of Administration Policy. Jan. 30, 2023. https://www.whitehouse.gov/wp-content/uploads/2023/01/SAP-H.R.-382-H.J.-Res.-7.pdf

[3] Office of the Assistant Secretary for Planning and Evaluation, HHS. Unwinding the Medicaid Continuous Enrollment Provision: Projected Enrollment Effects and Policy Approaches. Aug. 2022. https://aspe.hhs.gov/sites/default/files/documents/60f0ac74ee06eb578d30b0f39ac94323/aspe-end-mcaid-continuous-coverage.pdf

[4] The text of the law is at https://www.congress.gov/117/bills/hr2617/BILLS-117hr2617enr.pdf. Subtitle D concerns these provisions.

provides 12-month continuous eligibility for children in Medicaid and CHIP and is considering the option to provide 12-month continuous eligibility for postpartum women.[5,6]

CMS had earlier issued extensive guidance to states about the unwinding period.[7] Soon after the CAA was enacted, CMS issued guidance that asks states to submit a renewal plan by February 2023, begin Medicaid redeterminations within 12 months, and complete renewals within 14 months – by May 31, 2024 – consistent with earlier guidance.[8]

Under a federal Section 1115 demonstration project, Montana provided 12-month continuous eligibility for adults and the state evaluation found that it improved coverage, access to care and use of preventive services.[9] In addition, prior research demonstrated the benefits of continuous eligibility in Montana, including fewer insurance gaps and administrative problems in applying for coverage, higher likelihood of receiving medical care, and reduced monthly health care costs.[10]In 2021, however, the state amended the waiver and rescinded the 12-month continuous eligibility policy for expansion adults. Starting in April 2023, adults in Montana may lose coverage at any point during the year if they no longer meet income or other eligibility criteria.

During the unwinding period, many of those who lose Medicaid coverage may still be able to get health insurance coverage through other sources, such as employer-sponsored insurance, the federal Health Insurance Marketplace (healthcare.gov), or other coverage, although many are likely to remain uninsured. The unwinding will likely lead to some "churning" of Medicaid coverage, in which people temporarily lose Medicaid due to paperwork problems (such as not receiving a renewal form because the state agency lacks their current address) but are able to enroll again later. There could also be gaps between the time that people lose Medicaid coverage and regain other coverage, such as Health Insurance Marketplace coverage, offered in Montana through *healthcare.gov*. Analyses of data from the 2016-2019 Medical Expenditure Panel Survey indicate that in the year following the loss of Medicaid eligibility, about two-thirds of those losing Medicaid have a period of being uninsured, and about two-fifths are again enrolled in Medicaid within a

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[5] Kaiser Family Foundation. State Adoption of 12-Month Continuous Eligibility for Children's Medicaid and CHIP. https://www.kff.org/health-reform/state-indicator/state-adoption-of-12-month-continuous-eligibility-for-childrens-medicaid-and-chip/

[6] Voltz M. More States to Consider Extending Postpartum Medicaid Coverage Beyond Two Months. Kaiser Health News. December 8, 2022. https://khn.org/news/article/states-consider-postpartum-medicaid-extension-months/

[7] Centers for Medicare and Medicaid Services. Unwinding and Returning to Regular Operations after COVID-19. This includes multiple pieces of guidance, Qs & As, etc. https://www.medicaid.gov/resources-for-states/coronavirus-disease-2019-covid-19/unwinding-and-returning-regular-operations-after-covid-19/index.html

[8] Tsai D. CMCS Informational Bulletin: Key Dates Related to the Medicaid Continuous Enrollment Condition Provisions in the Consolidated Appropriations Act, 2023. Jan. 5, 2023. https://www.medicaid.gov/federal-policy-guidance/downloads/cib010523.pdf

[9] Kowlessar S, et al. Federal Evaluation of Montana Health and Economic Livelihood Partnership (HELP): Draft Interim Evaluation Report. Social and Scientific Systems and Urban Institute. July 2019. https://www.medicaid.gov/medicaid/downloads/mt-fed-eval-draft-interim-eval-rpt.pdf

[10] Ku L, Brantley E. Analysis of Montana SB 100 and Policies to Limit Medicaid 12-Month Continuous Eligibility. The George Washington University. April 7, 2022. https://mthcf.org/wp-content/uploads/analysis-of-SB-100-4-7-21.pdf

year.[11] With CMS's attention to unwinding and Congress's renewal of enhanced premium assistance under the Health Insurance Marketplaces, more will likely gain alternative insurance coverage, although there will nonetheless be a substantial increase in the number of uninsured persons in Montana and other states.

A body of research indicates the benefits of the continuity of Medicaid coverage.[12] Continuity of coverage matters because even brief gaps in Medicaid coverage can disrupt the continuity of medical care, reduce access to care, lead to loss of access to medications, and worsen medical problems that are avoidable with proper care.[13,14,15] For example, diabetic patients could lose coverage for insulin or other medications or those with mental health problems could stop receiving therapy or behavioral medications. Patients may delay getting cancer screening tests, such as mammograms or colonoscopies, which may delay treatments when cancers are detected. Such losses can lead to poorer health, avoidable emergency room visits, or inpatient hospitalizations. Disruptions in continuity are also associated with higher monthly Medicaid costs per enrollee.[16,17]

This report assesses what could occur as Medicaid unwinds in Montana, when the federal moratorium on disenrollment ends in March 2023. Reports by the Montana Department of Public Health and Human Services (DPHHS) indicate that it plans to complete all redeterminations within 10 months, but allow an additional 60 days for enrollees to respond and for DPHHS to complete renewals. This indicates a tentative plan to begin unwinding in April 2023 and complete the process in 12 months by March 2024, although that plan could be modified.[18] In this report, we provide an analysis using an alternative, slightly slower

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[11] Corallo B, Burns A, et al. What Happens After People Lose Medicaid Coverage? Kaiser Family Foundation. Jan. 25, 2023. https://www.kff.org/medicaid/issue-brief/what-happens-after-people-lose-medicaid-coverage/

[12] Ku L. The Stability and Continuity of Medicaid Coverage. *Annals of Internal Medicine*. Published online Dec. 6, 2022, doi:10.7326/M22-3315.

[13] Sugar S, Peters C, De Lew N, Sommers B. Medicaid Churning and Continuity of Care: Evidence and Policy Considerations Before and After the COVID-19 Pandemic. Office of the Assistant Secretary for Planning and Evaluation, HHS. April 12, 2021. https://aspe.hhs.gov/sites/default/files/private/pdf/265366/medicaid-churning-ib.pdf. Accessed October 27, 2022.

[14] Bindman A, Chattopadhyay A, Auerback G. Interruptions in Medicaid coverage and risk for hospitalization for ambulatory care–sensitive conditions. *Annals of Internal Medicine*. 2008;149(12):854–60.

[15] Brantley E, Ku L. Continuous Eligibility for Medicaid Is Associated with Improved Health Access. *Medical Care Res Rev*. 2022 June; 79(2): 404-13.

[16] Ku L, Steinmetz, E, Bysshe T. Continuity of Medicaid Coverage in an Era of Transition, Washington, DC: Association of Community Affiliated Plans, Nov. 1, 2015. https://www.communityplans.net/policy/continuity-of-medicaid-coverage-in-an-era-of-transition/. Accessed October 27, 2022.

[17] Liu H, Ku L. Twelve-Month Continuous Eligibility for Medicaid Adults Can Stabilize Coverage with a Modest Cost Increase. RAND Blog. Dec. 9, 2021. https://www.rand.org/blog/2021/12/twelve-month-continuous-eligibility-for-medicaid-adults.html. Accessed October 27, 2022.

[18] In October 2022, DPHHS presented a potential timetable for redeterminations within 10 months. Accessed from Cover Montana website https://mtpca.wpenginepowered.com/wp-content/uploads/Medicaid-101-for-Cover-Montana-10.25.22.pdf. A draft DPHHS plan, dated Jan. 26, 2023, also describes a plan to complete redeterminations in 10 months, with 60 days to complete renewals: https://dphhs.mt.gov/assets/2023Legislature/StateReportonPlansforPrioritizingandDistributingRenewals.pdf. Based on the CAA, we assume DPHHS will begin redeterminations in April 2023, complete them in January 2024 and complete renewals by the March 2024.

timetable under which Montana unwinds over a 14-month period, as permitted under existing CMS guidance.

Methodology

We began by reviewing legislation, CMS guidance to states about best practices for Medicaid unwinding, and relevant reports such as those from the Urban Institute, the US Department of Health and Human Services Office of the Assistant Secretary for Planning and Evaluation, Kaiser Family Foundation, Georgetown Center for Children and Families, and Center on Budget and Policy Priorities.

To learn more about Montana's current strategy and expected challenges for the unwinding period, we conducted a series of interviews with stakeholders, including DPHHS, the Montana Budget and Policy Center, the Montana Primary Care Association, and the Behavioral Health Alliance of Montana, and reviewed publicly available documents about the state's unwinding plans. We developed an interview guide and refined it during the interview period to reflect new knowledge and data we received from each subsequent stakeholder. This strategy allowed our conversations to be more organic, providing a space for interviewees to speak openly and honestly about the challenges they expected to face during the unwinding period. In addition, we shared a January draft of this report with DPHHS, received comments, and modified the report in response to their comments.

To generate estimates of the expected changes in Montana's Medicaid enrollment, we used historical data from DPHHS from January 2019 to September 2022, then created projections of continued growth from October 2022 to March 2023 based on historical seasonal growth in 2021-2022.[19] We assume the unwinding period begins the following month, April 2023, and follows the potential DPHHS redetermination schedule, which expected to have more redeterminations in the first several months with renewals completed by March 2024.[20] We also created estimates for an alternative plan, which conducts redeterminations at a slightly slower 14-month pace and provides more time and resources for renewals and referrals to other insurance, funded largely by the transitional funding provided under the CAA. Our underlying assumption is that when the unwinding is completed, the number of Medicaid enrollees should be roughly comparable to the number prior to the pandemic and the moratorium, since key Medicaid eligibility criteria are similar to pre-pandemic criteria (aside from 12-month continuous eligibility for adults) and the unemployment rate is currently similar. Given the problems noted about adequate staffing and systems preparation, our estimates adjust enrollment levels based on the pace of redetermination and renewal operations: extending time permits more careful redeterminations and more time for people to respond to renewal notices.

[19] DPHHS reports exclude certain enrollees, including CHIP children, Medicare Savings Plan only, Medically Needy (not issued) and Plan First waiver beneficiaries. However, all Medicaid beneficiaries will be subject to redeterminations

[20] See footnote 18.

There is still uncertainty about how unwinding will affect enrollment in Montana or other states. This report estimates enrollment changes, but careful monitoring of actual enrollment levels – as now required under the CAA – will be critical since actual circumstances may differ from projections. Our report focuses on changes in Medicaid enrollment in Montana and does not examine the number who may gain other types of coverage or become uninsured.

Timeline and Process for Medicaid Renewals

CMS guidance says states may begin in the period April 1, 2023 to March 31, 2024 and renewals must be completed by May 31, 2024. States may begin elements of the redetermination process before those dates, such as finding current addresses and beginning the *ex parte* review process. CMS and others have offered extensive recommendations about effective ways to conduct unwinding in order to help the most people retain insurance coverage.[21,22]

Montana has planned for the unwinding period, including efforts to update addresses and contact information for all Medicaid beneficiaries, as many have moved since early 2020 or may have unstable addresses. DPHHS has partnered with Cover Montana, an arm of the Montana Primary Care Association, to conduct outreach and enrollment assistance, including coordination with other organizations across the state and using Public Service Announcements to encourage beneficiaries to update their contact information.

Timeline for redeterminations

DPHHS plans to begin processing Medicaid redeterminations from April 2023 to January 2024 and to complete renewals by March 2024, providing a 12-month period for unwinding. In recognition of the upcoming workload, given DPHHS lost staff during the pandemic and has not conducted redeterminations since early 2020, Montana has hired a private contractor, the Public Consulting Group (PCG), to help to conduct redeterminations some of the Modified Adjusted Gross Income (MAGI) beneficiaries, which includes children, parents, pregnant women, and other adults whose incomes fall below applicable poverty standards. DPHHS will conduct redeterminations for the remainder of the MAGI cases, particularly those who are not participating in other DPHHS programs, like the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF) or Supplemental Security Income, as well as other beneficiaries including the aged, blind, and disabled, medically needy, home and community-based services waiver, and nursing facility residents.

Due to staffing shortages during the pandemic, DPHHS has lost some of its capacity to conduct Medicaid enrollment operations, leading to delays in enrollment. Although federal

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[21] Centers for Medicare and Medicaid Services. Unwinding and Returning to Regular Operations after COVID-19. This includes multiple pieces of guidance, Qs & As, etc. https://www.medicaid.gov/resources-for-states/coronavirus-disease-2019-covid-19/unwinding-and-returning-regular-operations-after-covid-19/index.html

[22] Erzouki F. States Must Act to Preserve Medicaid Coverage as End of Continuous Coverage Requirement Nears. Center on Budget and Policy Priorities. Jan. 17, 2023. https://www.cbpp.org/sites/default/files/1-17-23health.pdf

regulations require that Medicaid applicants must be processed and enrolled within 45 days of the application date, as of June 2022, 24 percent of Montana's MAGI applicants were not processed within the 45-day limit. This is an improvement from the 40 percent that were delayed in March 2022 but is higher than the 7 percent who were delayed in February 2021. Montana had among the highest levels of delayed processing in the nation.[23]

DPHHS and PCG plan to use the Combined Healthcare Information and Montana Eligibility System–Enterprise Architecture (CHIMES-EA) to process renewals for the MAGI population, among other data sources. CHIMES-EA contains eligibility information for Medicaid, SNAP, and TANF. The state plans to conduct automated *ex parte* reviews of cases scheduled for renewal. Through *ex parte* processing, DPHHS will seek to compare financial information for the enrollee from data sources like the state's Asset Verification System and the Internal Revenue Service with the threshold for the enrollee's eligibility group.[24] Then, DPHHS will compare non-financial enrollee information from other government programs within CHIMES-EA, which DPHHS indicates is about a 25 percent overlap. If this data indicates that a person is still eligible for Medicaid, then their Medicaid enrollment can be renewed without requesting further information, and notice is sent to the beneficiary of the basis for redetermination.

If the system cannot determine whether a person is still eligible, DPHHS will send enrollees a prepopulated renewal form with information known to the state, which must be completed by the 10th of the following month. The notices also provide information to contact DPHHS or Cover Montana for assistance in renewals. A reminder notice will be sent on the 28th of the month prior to the due date. If the state has not heard back from the enrollee, coverage will be terminated after the end of the renewal month, and the enrollee will be sent a final notice confirming the end of eligibility at least ten days before termination. When Medicaid beneficiaries are also enrolled in other DPHHS programs, like SNAP or TANF, the state will try to align enrollment periods across programs.

DPHHS will inform those no longer eligible for Medicaid to seek coverage from other sources, such as employer-sponsored health insurance or the Health Insurance Marketplace. (CHIP eligibility is determined by the same system used for Medicaid.) Those who lack employer-sponsored health insurance may be eligible for coverage under the Health Insurance Marketplace, operated by CMS using the healthcare.gov website. Those who apply to healthcare.gov who are actually eligible for Medicaid may be referred to the state for Medicaid or CHIP enrollment. But many of those who are no longer covered by Medicaid may be eligible for premium assistance subsidies through the Health Insurance Marketplace to cover a portion of their premiums. The Inflation Reduction Act of 2022 extended the enhanced premium subsidies from the American Rescue Plan through 2025, making

[23] CMS. MAGI processing data for the periods Apr-June 2022. https://www.medicaid.gov/state-overviews/downloads/magi-app-process-time-snapshot-rpt-apr-jun-2022.pdf.

[24] CMS. Ex Parte Renewal: Strategies to Maximize Automation, Increase Renewal Rates, and Support Unwinding Efforts. October 20, 2022. https://www.medicaid.gov/resources-for-states/downloads/ex-parte-renewal-102022.pdf.

insurance more affordable, although premiums and cost-sharing will still be more costly than Medicaid coverage.[25]

While DPHHS has developed plans for the unwinding period, the success of these plans remains uncertain. Neither Medicaid nor administrative staff and systems have had to process renewals since early 2020, increasing the risk of administrative errors and delays. Both staff and systems are untested for the surge in workload that will begin soon, although DPHHS has contracted with PCG to help with a portion of the redetermination process for MAGI cases. Both PCG and the CMS staff who operate *healthcare.gov* must be prepared for a sudden, nationwide increase in workload when the unwinding begins in April, which may overburden system and staff capacities.

Outreach to Enrollees

DPHHS has been working on updating contact information for as many beneficiaries as possible in preparation for the end of the PHE. A key challenge, however, had been the moving target of the end of the PHE; if enrollees updated their contact information in mid-2022, by April 2023 when the unwinding period begins, they may have yet another address and the information in the system would no longer be accurate. With a population of more transient and vulnerable individuals, Montana must find a balance in communication with enrollees to avoid a sense of urgency. The newly announced end date of the moratorium provides more certainty to help with messaging.

In mid-2022, DPHHS used Lexis Nexis, a data processing service, to check and update contact information for all Medicaid enrollees. This exercise found about 42,000 mismatches, around 15 percent of enrollees. The state then sent about 34,000 texts to enrollees to encourage them to update their contact information with the state so they would be able to receive any renewal notices. In addition, DPHHS built a simple web form for enrollees to update their information.[26]

DPHHS issued a press release in May 2022 highlighting the importance of keeping contact information up to date as the state prepares for the end of the PHE and a three-page summary from September 2022 to notify community partners of upcoming eligibility changes to help spread the word to enrollees. The state is coordinating with Cover Montana to perform outreach to enrollees in preparation for the end of the PHE and assist in helping those who lose coverage. Cover Montana provides guidance on its website (https://covermt.org/) for enrollees to update their contact information and phone numbers to speak with a navigator about coverage options if they no longer qualify for Medicaid. Cover Montana also developed a communications toolkit with key messages, email scripts, print materials, and videos for providers and community partners to use with their patients and clients to spread awareness about the end of the PHE.

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[25] Kaiser Family Foundation. Five Things to Know about the Renewal of Extra Affordable Care Act Subsidies in the Inflation Reduction Act. August 11, 2022. https://www.kff.org/policy-watch/five-things-to-know-about-renewal-of-extra-affordable-care-act-subsidies-in-inflation-reduction-act/.

[26] Personal communication with DPHHS staff on September 21, 2022.

Referrals to the Health Insurance Marketplace

Most individuals losing Medicaid who lack employer-sponsored insurance will be eligible for subsidized insurance through the Health Insurance Marketplace at healthcare.gov. However, historically those losing Medicaid have had limited success in transitioning to the Marketplaces: pre-pandemic data analyses by the Medicaid and CHIP Payment and Access Commission found that 2 to 4 percent of those losing Medicaid successfully gained Marketplace coverage, while more instead re-enrolled in Medicaid or CHIP.[27] It is plausible that transitions to Marketplace coverage will be higher in 2024 because of the additional publicity and because the extended ACA premium subsidies make Marketplace coverage more affordable. Nonetheless, it is likely that a large share of those terminated from Medicaid will not enroll in the Health Insurance Marketplaces and will instead become uninsured.

The Montana Primary Care Association holds a grant for navigators to the Health Insurance Marketplace and is working with DPHHS to plan for a smooth coverage transition for many enrollees who lose coverage after the PHE. DPHHS plans to include information about Cover Montana within disenrollment notices, along with a "chase mailer" with phone numbers that connect to their six navigators who can help with Marketplace enrollment. Prior to the PHE, DPHHS directed Medicaid enrollees who lost coverage to healthcare.gov, but during the unwinding period will make referrals to Cover Montana for more direct assistance with enrollment. However, Cover Montana is a small organization with just a few staff and might not be able to provide consistent assistance to the tens of thousands who may need help.

End of 12-Month Continuous Eligibility for Adults

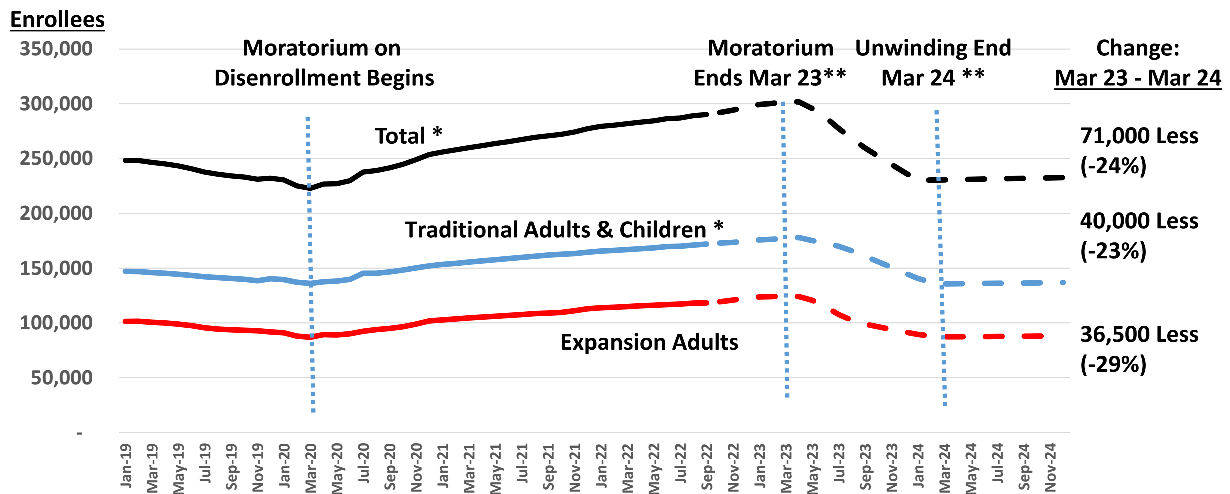
In Montana, the end of the disenrollment moratorium is compounded by another policy change, the end of the 12-month continuous eligibility for adults. Previously authorized by a Section 1115 demonstration project, Montana proposed and was given authorization to discontinue this policy in December 2021, although the issue was moot due to the broader moratorium. Children and some disabled beneficiaries will still have 12-month continuous eligibility available after the moratorium ends. This policy change may introduce confusion for some adult enrollees who previously only needed to provide income and other eligibility updates on an annual basis and may decrease future enrollment levels.

Projected Medicaid Enrollment Levels

We used historical Medicaid enrollment data and the DPHHS timetable for unwinding over 10 months to project changes in Montana's Medicaid enrollment from January 2019 to December 2024. We assume that redeterminations are conducted in 10 months beginning April 2023, including an additional 60 days to complete renewals. The proposed redetermination schedule is somewhat frontloaded for MAGI cases. Under this timeline, our estimates project that after the unwinding period, Medicaid enrollment levels will be similar

[27] Medicaid and CHIP Payment and Access Commission. Transitions Between Medicaid, CHIP, and Exchange Coverage. July 2022.

Figure 1. Projected Montana Medicaid Enrollment Under DPHHS Plan



Source: GW analysis of Montana Medicaid data, solid lines are historical data, dashed lines are projected
* Counts exclude CHIP, Medicare Savings Plan only, Medically Needy (not issued) and Plan First Waiver
** Assumes moratorium ends Mar. 2023 and MT DPHHS 12 month plan for unwinding, as adapted

to levels before the FFCRA policies began in March 2020. Our estimates are similar to recent Urban Institute estimates, which estimate that, nationwide, 15 million would lose Medicaid coverage. Most could gain coverage from separate CHIP programs, employer-sponsored coverage, and the Health Insurance Marketplaces, while the remaining 3.8 million would become uninsured.[28]

In February 2020, before the FFCRA disenrollment moratorium went into effect, total Medicaid enrollment in Montana was 224,974 enrollees. The reported count for September 2022 was 287,245 enrollees, and we project a modest continued increase to 301,765 enrollees by March 2023. Following DPHHS's proposed 12-month schedule, redeterminations, renewals, and terminations would begin in April 2023 and be completed by March 2024. Our estimates are illustrated in **Figure 1**. We project that total Montana Medicaid enrollment will decline by about 71,000 people from the number enrolled in March 2023 (about 24 percent less), including 36,750 fewer Medicaid expansion adults (29 percent less) and 40,000 fewer traditional adults and children (23 percent less). Given that Montana has a population of about 1.1 million people, that is equivalent to 6.5 percent of the state's population. After that, Medicaid should have relatively steady enrollment, with an estimated 1 percent annual growth. Many of those losing Medicaid will transition, eventually, into other forms of insurance, while others may churn back into Medicaid. We do not estimate the number who transition to other forms of insurance but note that many of those losing Medicaid will become uninsured.

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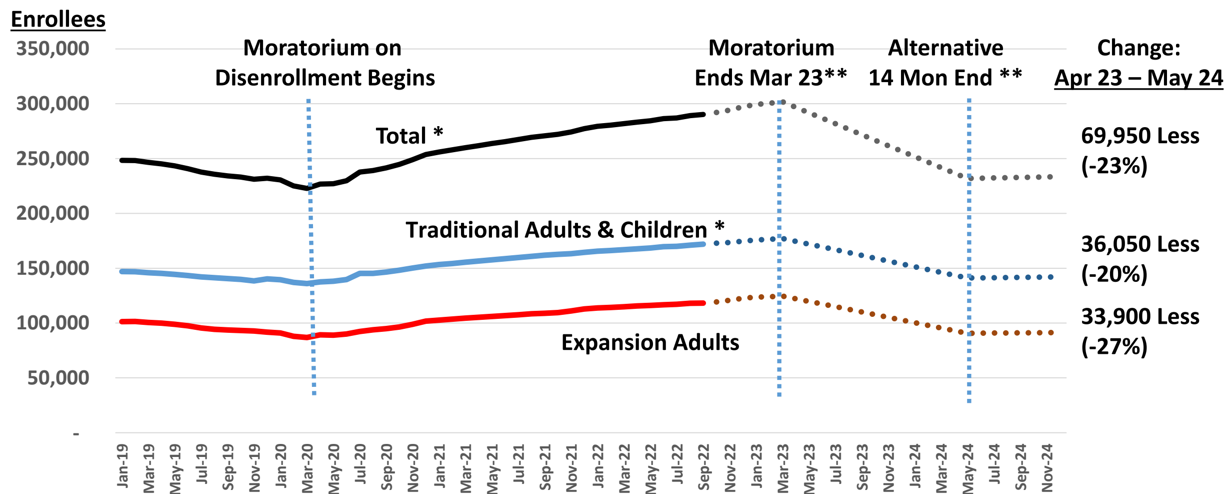
[28] Buettgens M, Green A. The Impact of the COVID-19 Public Health Emergency Expiration on All Types of Health Coverage. Urban Institute. Dec. 2022. https://www.urban.org/research/publication/impact-covid-19-public-health-emergency-expiration-all-types-health-coverage

Figure 2. Projected Montana Medicaid Enrollment Under Alternative Timetable



Source: GW analysis of Montana Medicaid data, solid lines are historical data, dotted lines are projected
* Enrollees exclude CHIP, Medicare Savings Plan only, Medically Needy (not issued) and Plan First Waiver
** Assumes moratorium ends Mar 2023, uses alternative 14 month timetable to unwind.

We also illustrate an alternative, slightly slower unwinding timeline, which lets Montana use the full 14 months permitted by CMS to complete the process with enhanced transitional funding, illustrated in **Figure 2**. In this scenario, redeterminations also begin in April 2023, but the process does not end until June 2024. This timeline provides additional time for DPHHS and its contractor to carefully assess whether enrollees are still eligible and more time for beneficiaries to respond to renewal notices prior to termination. With more time, we assume that the state would also provide more support to help those losing Medicaid to enroll in the Health Insurance Marketplaces or employer-sponsored insurance. Under this less aggressive timetable, we estimate that by June 2024, Medicaid enrollment will have declined by 69,950 enrollees (23 percent less than March 2023), traditional adult and child enrollment will decline by 36,050 enrollees (20 percent less) and expansion adult enrollment will fall by 33,900 enrollees (27 percent less). The alternate timeline still reduces Medicaid enrollment levels, but about 9,000 fewer Montanans would lose Medicaid coverage by May 2024 because of the slower pace of redeterminations and renewals.

Both scenarios will result in reduced Medicaid enrollment and lower total Medicaid expenditures. While state Medicaid costs would be slightly higher using the alternative timeline because beneficiaries are enrolled a little longer, the state will also earn more federal matching funds because it has more Medicaid beneficiaries. Further, we note that the new federal legislation will provide Montana with about $30 million more in transitional federal funds to cover these costs, as well as providing a source for additional administrative and staffing resources to conduct a strong redetermination, renewal, and referral process. Earlier economic analyses demonstrated that a more gradual pace of unwinding increases

federal revenue into states and results in additional economic growth and employment.[29] CMS will be monitoring each state's redetermination efforts and is empowered to require Corrective Action Plans if it believes a state is not performing well.

Key Challenges and Considerations

Over the past several years, Montana has experienced budget challenges that may directly affect the state's ability to adequately process Medicaid renewals and minimize loss of coverage. In addition, Montana's largely rural geography and high concentration of tribal populations pose additional challenges to processing renewals during the unwinding period.

Staffing and systems challenges. Montana's staffing challenges date back to 2018, when state budget cuts led to the closure of about half of Montana's local human services offices. These offices were designed to help individuals in Montana enroll in Medicaid and other forms of government assistance and were especially important for those living in more rural areas. Beyond the physical offices closing, wait times for the help line began to increase.

As noted earlier, as of June 2022, 24 percent of Montana Medicaid applications were not processed within the 45-day statutory limit. While this was a substantial improvement from the 40 percent delay rate in March 2022, it still indicated that Montana was experiencing administrative problems.

Lessons from other states: Arizona

In July 2022, Arizona published a summary of its plan for the unwinding period.[30] The state has submitted Section 1902(e)(14)(A) Flexibilities to CMS to prepare for the end of continuous coverage mitigate coverage loss, including (1) e*x parte* renewal for individuals with no income and no data returned, (2) partnering with the United States Postal Service (USPS) National Change of Address (NCOA) program to update beneficiary contact information, and (3) extended timeframe to take final administrative action on fair hearing requests, among other flexibilities. The state has also scheduled standing meetings with stakeholders like tribes and tribal members, providers, and other community partners. Montana may benefit from applying for similar federal flexibilities, along with spending additional resources on partnering with advocacy organizations and other population-based stakeholders in the state to minimize disruptions in coverage.

Although the state is aware of its staffing challenges, some stakeholders we spoke with noted that it may have been difficult for the state to plan to hire new staff because of the prior uncertainty of the timing around the end of the PHE, as well as state budget concerns and the overall problem of the "Great Resignation." The new legislation provides about $30 million in new federal funds, available from April to December 2023, which may help Montana support additional staffing needs and systems improvements.

DPHHS has contracted with PCG to assist with redeterminations for the MAGI population. We were unable to review the terms of that contract or to speak with PCG representatives, but on its website, PCG notes that its software can help with redeterminations and can augment existing state staff.[31] However, since the unwinding process will occur across the entire nation after the end of March, PCG may also

experience challenges hiring staff and beginning operations on a timely basis, just as we expect DPHHS to encounter challenges. The final area where staffing and system problems may be challenging is with the federal healthcare marketplace, healthcare.gov, operated by CMS. CMS has announced that it will permit special enrollment periods in which those losing Medicaid may apply for the Health Insurance Marketplaces outside of the usual November to January open enrollment period. On the other hand, CMS may also experience a sharp increase in applications for the Marketplace in the spring and it is not clear how it plans to handle that increase in demand. A particular challenge that became apparent during our interviews is that there is no active liaison, such as a contact person, between DPHHS and the CMS staff who operate healthcare.gov who can work to ensure that transitions are operating smoothly and can troubleshoot problems that may occur.

Lessons from other states: California

In November 2022, Medi-Cal – California 's Medicaid program – released a comprehensive unwinding plan that outlined the process, timeline, and considerations for resuming normal eligibility operations after the end of the PHE.[32] Medi-Cal's goal is to keep the process as simple as possible. Like Montana prior to the PHE, California has implemented 12-month continuous coverage for Medicaid adults.[33] The state plans to maintain each enrollee's existing renewal month so individuals who are not auto-renewed through *ex parte* reviews would receive renewal packets when they usually expect them. If an individual last renewed their Medicaid eligibility in November 2019, they would be renewed again in November 2023. Even though Montana has since retracted its 12-month continuous eligibility waiver for adults, the state may still consider prioritizing individuals based on their previous enrollment month, which may minimize erroneous loss of coverage. Other states like Nevada have planned on taking similar approaches.[34]

Special populations. 6.5 percent of Montana's population identifies as American Indian or Alaskan Native, about 78,000 people among twelve tribal nations, compared to 1.5

[29] Ku L, Brantley E. The Economic and Employment Consequences of Phasing Down Medicaid Enrollment After the Public Health Emergency Ends. Commonwealth Fund. March 14, 2022. https://www.commonwealthfund.org/blog/2022/what-are-economic-and-employment-consequences-phasing-down-medicaid-enrollment-after

[30] Arizona Health Care Cost Containment System. Summary of COVID-19 Public Health Emergency Operational Unwinding Plan. July 14, 2022. https://azahcccs.gov/AHCCCS/Downloads/COVID19/AHCCCS_COVID19_PHE_Unwinding_Plan_20220714_V1.pdf

[31] Public Consulting Group. Public Health Emergency Unwinding Services. https://www.publicconsultinggroup.com/health/for-state-health-medicaid-agencies/public-health-emergency-unwinding-services/.

[32] Department of Health Care Services. Medi-Cal COVID-19 Public Health Emergency Operational Unwinding Plan. November 21, 2022. https://www.dhcs.ca.gov/Documents/PHE-UOP/Medi-Cal-COVID-19-PHE-Unwinding-Plan.pdf

[33] Brooks T, Gardner A. Continuous Coverage in Medicaid and CHIP. Georgetown University Health Policy Institute Center for Children and Families. July 2021. https://ccf.georgetown.edu/wp-content/uploads/2021/07/Continuous-Coverage-Medicaid-CHIP-final.pdf

[34] Department of Health and Human Services. Nevada Medicaid COVID-19 Public Health Emergency Operational Unwinding Plan. November 15, 2022. https://dhcfp.nv.gov/uploadedFiles/dhcfpnvgov/content/Pgms/CPT/COVID-19/Nevada%20COVID-19%20PHE%20Operational%20Unwinding%20Final%209.6.22.pdf%20%20%2009.13.2022.pdf

percent of the population nationally. Many American Indian people in Montana reside on one of the seven Indian reservations in Montana, often rural communities with non-traditional mailing addresses. Some who live on reservations do not receive mail at home and use PO Boxes, sometimes shared with others and located many miles away. With mail already slow in rural areas due to more complicated delivery routes, American Indian people who receive renewal forms in the mail might not receive them within the time frame needed to prevent loss of coverage. Giving more time for beneficiaries to respond to mail notifying them of potential terminations could ease this problem. DPHHS had tribal consultations in May and December of 2022 to discuss ongoing concerns about Medicaid coverage, such as substance use disorder services, non-emergency medical transportation, and primary care programs.[35] Unwinding was on the agenda for both meetings, including a two-hour slot in May, when the public health emergency was expected to end in July, but in December was only briefly discussed under "Miscellaneous Updates." It is not clear whether DPHHS was planning for ongoing communications to ensure smooth transitions during the unwinding period.

Montana may also experience challenges with processing redeterminations for enrollees with substance use disorders or other behavioral conditions.[36] AWARE, a Montana nonprofit that provides community-based support for adults and children with mental health and developmental disabilities, manages Montana's Severe and Disabling Mental Illness (SDMI) Medicaid waiver.[37] The SDMI waiver aims to promote the health and independence for those who qualify for Medicaid coverage due to a severe disabling mental illness. Enrollees under the SDMI waiver will be less affected by unwinding since enrollment is largely stable and only needs to be renewed once a year by a case manager who has access to eligibility IT systems.

AWARE previously provided case management services for other individuals with mental health issues or substance use disorders. In 2018, along with other budget cuts, the Medicaid reimbursement rate for case management for mental illness was cut and AWARE was no longer able to sustain case management for those outside the SDMI waiver and discharged about 2,500 people from their care without referrals to other providers. This population – those with less severe, but still substantial, mental illness or developmental disorders – are likely to face challenges with completing renewal forms and may be inappropriately removed from the Medicaid program.

Recommendations

DPHHS has already developed plans to prepare for the unwinding period. It has worked to update beneficiaries' contact information and addresses, trained staff to process redeterminations, including *ex parte* reviews, hired a contractor to augment its staff and process MAGI redeterminations, and partnered with Cover Montana to assist in outreach and

[35] Montana DPHHS. Montana Medicaid Tribal Consultation. https://dphhs.mt.gov/medicaidtribalconsultation
[36] Musumeci M, et al. Medicaid Public Health Emergency Unwinding Policies Affecting Seniors & People with Disabilities: Findings from a 50-State Survey. Kaiser Family Foundation. Jul, 11, 2022. https://www.kff.org/report-section/medicaid-public-health-emergency-unwinding-policies-affecting-seniors-people-with-disabilities-findings-from-a-50-state-survey-key-takeaways/
[37] AWARE. https://www.aware-inc.org.

referrals to other insurance coverage. Its plan to conduct unwinding over 12 months, rather than take the full 14 months available, is somewhat more aggressive than it needs to be, and it could offer more time and options for respondents to respond to requests for renewal information. The new legislative changes establish a timeframe in which redeterminations can begin in April 2023, which may help the agency finalize its plans, including hiring and training staff.

Nonetheless, our analysis indicates that some modest changes might lower risks and ultimately help more Montanans retain their health insurance coverage next year. The changes in federal legislation offer a good opportunity for the state to reassess its plans. The fact that there is more transitional federal funding available from April to December 2023, which we estimate is worth about $30 million for Montana, can help provide funding for additional administrative resources and to support more Medicaid enrollees. In addition, Montana still has a very large amount of federal pandemic relief funding that remains available to support state and local efforts to support health and economic relief that was allocated under the American Rescue Plan Act of 2021, which can be used to hire more state or local workers or to support other public activities.[38]

- **Extend the time frame for redeterminations.** CMS has provided states with 14 months to complete processing renewals for their Medicaid enrollees, but Montana currently plans to process renewals within 12 months. While increased staffing is needed, extending the timeline can allow staff to invest more time into accurately processing redeterminations and beneficiaries to have more time to complete renewal forms. For the MAGI population, Montana's contract with PCG may require completion of renewals within an abbreviated period towards the beginning of the unwinding period. Although the state already plans to begin processing non-MAGI renewals after the end of the PHE, Montana may benefit from gradually scaling up renewals. The state could consider processing a small batch in the first month to test its protocols and increase processing slightly after it can confirm that procedures are working well, planning to stretch the process over 14 months. In addition, the state should continue to take full advantage of *ex parte* renewals, performing matches with SNAP and TANF and other relevant data on an ongoing basis, along with aligning renewals for individuals enrolled in more than one of these assistance programs. The state should also consider permitting more time for people to respond to renewal notices and pending terminations. We note that the new legislation calls for states to make "good faith" efforts to ensure that it has contacted beneficiaries before terminating their coverage, suggesting that a longer, more complete process is needed.

- **Partner with more population-based advocacy organizations.** DPHHS is already working with Cover Montana, which is coordinating with other community organizations. This could be augmented by providing more funding for outreach using community organizations. Cover Montana, which has a small number of navigators to help meet the needs of hundreds of thousands of Medicaid beneficiaries, could use more assistance to

[38] Kamper D. State and local governments should use ARPA pandemic funds in 2023 to rebuild the public sector and support working families and children. Economic Policy Institute. Jan. 11, 2023. https://www.epi.org/blog/state-and-local-governments-should-use-arpa-pandemic-funds-in-2023-to-rebuild-the-public-sector-and-support-working-families-and-children/.

support its coordination role. DPHHS would benefit from establishing a more direct relationship with organizations like the Behavioral Health Alliance of Montana, which can reach out to disabled communities more directly and ensure that they have the resources they need to complete renewal documentation.

- **Outreach to American Indian tribes and individuals.** At the start of Montana's Medicaid expansion, DPHHS supported some assistance and enhanced staffing for enrollment efforts in American Indian communities. Similar support could be considered during the unwinding. Additionally, DPHHS would benefit from establishing a detailed plan for outreach to American Indian tribes and individuals based on any input received during tribal consultations, and through ongoing outreach to tribal leaders, tribal health officials, and urban Indian health centers to identify specific needs and effective strategies to effectively manage the unwinding. For example, one recommendation from the Indian Health Service Tribal Self-Governance Advisory Committee includes state development and distribution of Indian-specific guidance on Marketplace plans for American Indian people, such as plans with zero or limited cost sharing.[39] DPHHS could also seek the support and assistance of organizations including the Rocky Mountain Tribal Leaders Council, Western Native Voice, the Montana Consortium for Urban Indian Health, and the Montana Budget and Policy Center. The state may wish to consult with tribal leaders on this issue more directly to consider completing redeterminations for enrollees within each tribe together, rather than sending renewal notices to individuals that may not be received within an adequate time frame.

- **Establish more direct referrals to and liaison with CMS and healthcare.gov.** Most who lose Medicaid coverage who lack employer coverage will be eligible for the federal Health Insurance Marketplace, operated through healthcare.gov and the Center for Consumer Information and Insurance Oversight (CCIIO) under CMS. As we understand the current plans, DPHHS will transfer information for beneficiaries deemed ineligible for Medicaid to healthcare.gov and offer information encouraging them to contact Cover Montana for assistance with applying for coverage through the Health Insurance Marketplace. However, we asked DPHHS staff if there was a designated federal liaison at CCIIO who could handle or troubleshoot problems in Montana and were informed that no such liaison existed.

  More can be done to build a stronger system to refer those losing Medicaid to the Health Insurance Marketplaces, which could involve more resources from DPHHS, Cover Montana, and CCIIO. For example, there should be dedicated liaisons in both agencies who can serve as points of contact to assist in smooth referrals between DPHHS and CCIIO and who can troubleshoot problems that occur. Historically, only a small percentage of those losing Medicaid can transition successfully into the Marketplace plans. Given the availability of improved premium subsidies for low-income populations, more people may find Marketplace coverage affordable if they have lost their Medicaid coverage, but this may require extensive assistance from navigators as well as stronger support within CCIIO.

[39] TSGAC. CMS Issues State Health Official Letter Addressing Medicaid Unwinding. April 26, 2022. https://www.tribalselfgov.org/wp-content/uploads/2022/05/TSGAC-Issue-Brief-on-Medicaid-Unwinding-FINAL-4.26.2022.pdf.

Conclusion

Montana has developed plans for handling the unwinding of the moratorium on Medicaid disenrollment. The newly enacted CAA provides a clear end date for the moratorium, when the redetermination process must start. The legislation also provides new transitional funding that can help support Montana's efforts in 2023. In this report, we describe Montana's current plans, offer some alternative recommendations, and provide estimates of Medicaid enrollment changes under both the existing DPHHS plan and a more measured alternative 14-month timetable. Our estimates indicate that under either scenario, there will be a substantial reduction in Montana's Medicaid enrollment during the unwinding. We estimate that the existing plan will lead to a reduction of about 71,000 fewer enrollees in January 2024 than in March 2023, about 24 percent less. We estimate that an alternative 14-month plan will both lengthen the time enrollees remain on Medicaid and result in about 9,000 fewer individuals losing their Medicaid coverage; about 69,950 would lose coverage by May 2024, 23 percent less than in March 2023. While this would have slightly higher state costs, it would also attract more federal matching funds to support health care services, in addition to the roughly $30 million in transitional funding that is already provided under the new legislation.

Regardless of whether Montana continues with its current plans or considers the alternative presented in this report, the state should carefully monitor the progress of its redetermination plans during the unwinding period and monitor the extent to which people lose Medicaid coverage and are able to gain coverage through the Health Insurance Marketplace. DPHHS should note the requirements of the new legislation to act in good faith before terminating Medicaid coverage. Given the ongoing delays in application processing time, DPHHS will need improved operational capacity during the unwinding period to help low-income Montanans retain health insurance coverage and access to health care.