



New York State Comptroller
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Economic and Policy Insights

“Unwinding” Continuous Enrollment in Medicaid Presents Coverage and Financial Risks

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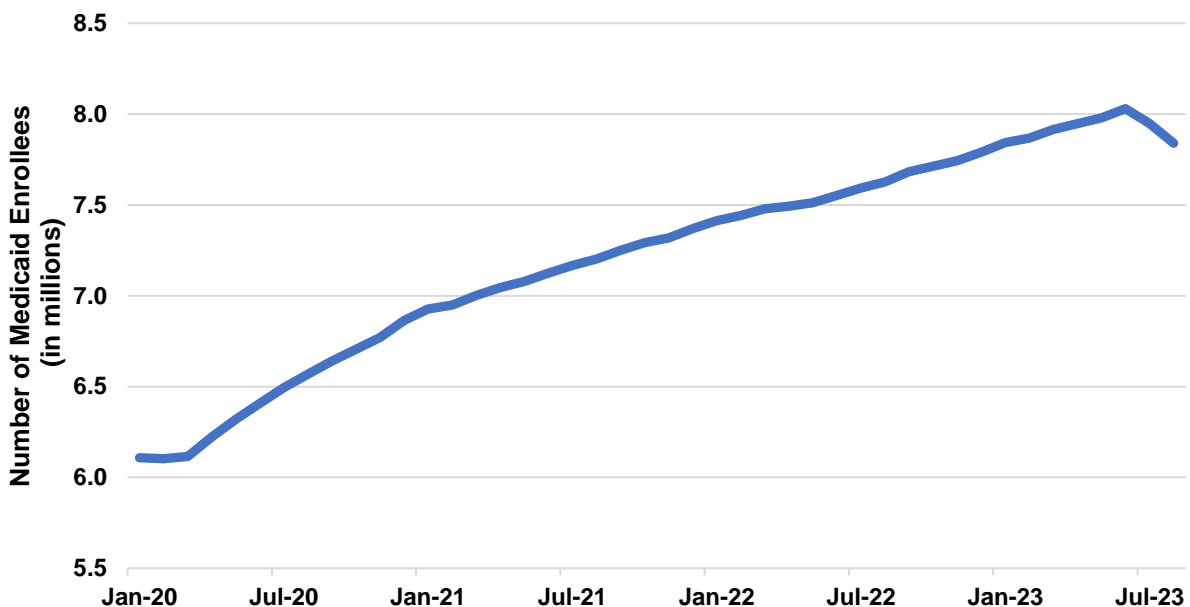
Introduction

Increased enrollment in Medicaid is a key reason New York has one of the lowest rates of uninsured individuals in the nation (4.9 percent in 2022, according to the U.S. Census Bureau).¹ Prior reports from the Office of the State Comptroller have indicated that Medicaid enrollment is not as sensitive to economic conditions as it once was; due to State and federal actions, enrollment continued to grow after the Great Recession, plateaued and then remained steady until the pandemic.

Since the beginning of the pandemic in early 2020, enrollees in New York Medicaid – as well as in the Child Health Plus (CHP) and Essential Plan (EP) public health insurance programs – have not had to renew their coverage due to COVID-19 public health emergency (PHE) continuous coverage requirements enacted by federal legislation. These requirements prevented states from terminating a person’s Medicaid coverage, even if they no longer qualified for the program. Prior to the pandemic, states were required to renew coverage for people with Medicaid at least once a year and to disenroll individuals who no longer qualified for coverage.

As a result of the continuous coverage requirement, New York Medicaid enrollment rose from 6.1 million in January 2020 to just over 8 million in June 2023, an increase of 31.5 percent. (See Figure 1.)

Figure 1
Medicaid Enrollment, January 2020 – July 2023



Source: New York State Department of Health Medicaid Enrollment Reports

“Unwinding” Coverage

In December 2022, federal legislation ended the continuous coverage requirements, effective on March 31, 2023, and required states, starting in April 2023, to begin the process of redetermining eligibility for every individual enrolled in Medicaid, referred to by the federal government as “unwinding,” over a 14-month period.

The State began sending renewal notices in the early spring to Medicaid enrollees with June 30, 2023 coverage end dates, and is continuing to send renewal notices to monthly cohorts of enrollees based on their enrollment end dates through May 31, 2024. Renewal notices include the deadline for enrollees to take action to renew their insurance or risk having a gap in coverage.

According to the State Department of Health (DOH), enrollees are provided at least 30 days to respond to renewal notices and may be given additional time if they are making a good faith effort to renew. The State also allows enrollees, whose coverage is terminated because they failed to renew, to restore their coverage by the end of the month following their termination if they continue to be eligible; DOH refers to this allowance as “late renewal.”

Since DOH began redetermining eligibility in the Medicaid program, enrollment has decreased by approximately 190,000 individuals (2.4 percent) – from a peak of 8 million in June 2023 to 7.8 million in August 2023, the most recent monthly Medicaid enrollment snapshot DOH has posted on its website.²

According to the DOH [Unwind Dashboard](#), approximately 82 percent of Medicaid enrollees are re-enrolling in Medicaid, a figure that has been consistent month to month with the range being between a low of 80 percent in August and a high of 83 percent in June and July. In addition, the data show that individuals are transitioning to Medicaid from either the EP or CHP.³ Over the five-month period for which data is available, an average of 22.2 percent of EP enrollees transitioned to Medicaid and an average of 12.6 percent of CHP enrollees transitioned to Medicaid. On the other hand, some individuals who were previously on Medicaid are transitioning to either the EP or CHP; the data indicate that an average of 8.6 percent transitioned from Medicaid to the EP and an average of 5.2 percent transitioned from Medicaid to CHP.

Since the Unwind started, DOH has indicated 26 percent of nearly 3.5 million Medicaid, CHP and EP enrollees whose eligibility is determined through NY State of Health – the State’s health insurance exchange – did not complete their renewal, including 8 percent who were terminated due to not renewing when they needed to and 18 percent who may have started but did not complete their renewals.⁴ Some of these individuals may have procured private insurance or are aware they no longer qualify for coverage; however, others may be unaware of the re-enrollment requirements.

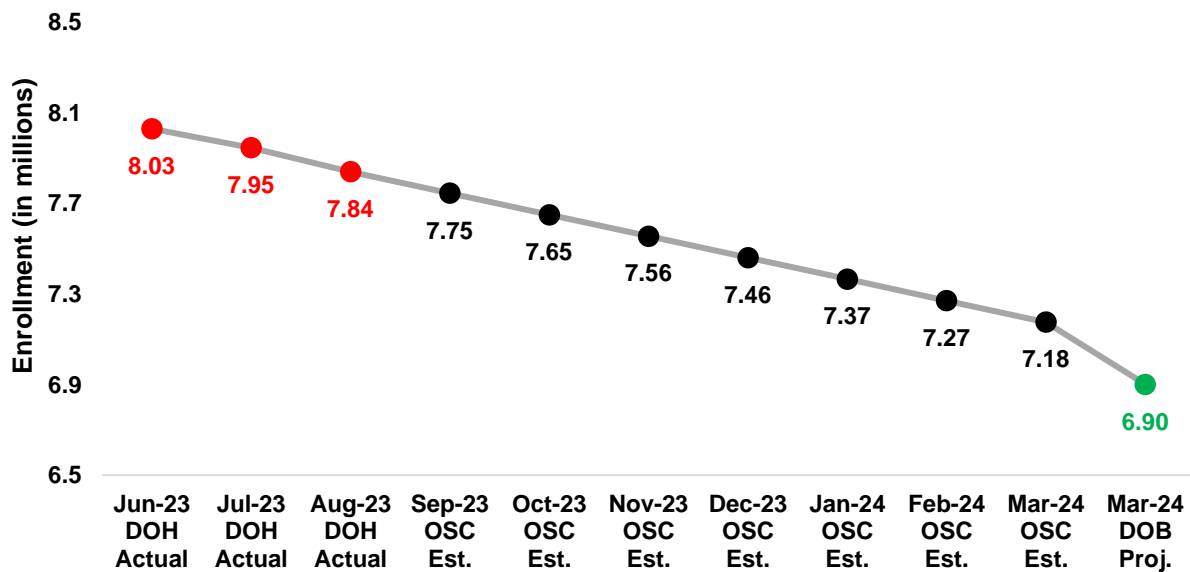
Financial Plan Impact of the Unwinding

Enrollment projections included in the Division of the Budget’s (DOB’s) Mid-Year Update to the Enacted Budget Financial Plan for State Fiscal Year (SFY) 2023-24 (“the Mid-Year Update”) reflect the anticipated impact of the unwinding process, which is projected to reduce the number of Medicaid enrollees to 6.9 million by April 2024 – a decrease of almost 888,000 enrollees within the SFY – and to 6.6 million by April 2025 and beyond. (See Figure 2.)

Monthly Medicaid enrollment figures and re-enrollment rates to date suggest that the State may not meet the projections in the Mid-Year Update. The Office of the State Comptroller estimates that the State Financial Plan could face nearly \$1.5 billion in additional State share Medicaid costs in SFY 2023-24 as a result of higher-than-anticipated enrollment levels.

This estimate is based on two distinct risks. First, assuming enrollment continues to decline at a steady pace to reach 7,176,165 enrollees at the close of SFY 2023-24, enrollment would be 274,755 enrollees higher than DOB’s projection for the year.⁵ At a State share cost of \$4,020 per enrollee, this would increase State share Medicaid spending by about \$1.1 billion in SFY 2023-24.⁶

Figure 2
Medicaid - Individuals Covered, Actuals and Projections by Month for SFY 2023-24



Note: OSC’s estimates are based on DOH actual enrollment figures. DOB does not publish monthly enrollment projections, but expects Medicaid enrollment to decrease to 6.9 million by the end of March 2024.

Source: OSC Analysis of DOH enrollment figures.

The second component of risk relates to individuals in each monthly renewal cohort from June 2023 through March 2024 who fail to renew their Medicaid coverage – referred to as “renewals outstanding” in DOH’s monthly PHE unwinding reports. It is possible they ultimately re-establish their Medicaid eligibility at a later date. Through September, DOH’s monthly data indicate that 4.6 percent of each monthly cohort, on average, renews late.⁷

As shown in Figure 3, the Office of the State Comptroller estimates that unanticipated State share Medicaid costs could grow by an additional \$186.1 million, to nearly \$1.3 billion in SFY 2023-24 if 5 percent, or 46,291 individuals, identified as renewals outstanding end up renewing their Medicaid coverage at a later date. Unanticipated costs would increase by an additional \$372.2 million to nearly \$1.5 billion, if 10 percent, or about 92,592 of such individuals, eventually renew their coverage.⁸

Figure 3
Unanticipated Additional State Medicaid Costs
(in billions of dollars)

<u>Scenario</u>	<u>State Share Medicaid Cost</u>
Underestimate of Enrollment	\$1.10
Underestimate; 5% New Renewals	\$1.29
Underestimate; 10% New Renewals	\$1.48

As additional monthly enrollment data are made available, trends assumed in the above analysis are likely to change. Moreover, given the limited amount of data available, there is a significant variability in the margin of error. This scenario is intended to highlight the potential risk based on available data.

Conclusion

According to DOB projections, the State is projected to spend more on Medicaid than it does on any other program. In SFY 2023-24, the State share of Medicaid spending is projected to total \$34.9 billion; with the federal and local share costs, current year Medicaid spending is expected to total \$99.9 billion.

Changes in enrollment levels can have a material impact on the financial plan. The State should continue to make data relating to the unwind process publicly available in as timely a way as possible. As the unwinding process proceeds, the State should carefully account for those individuals who are disenrolled from Medicaid, make every effort to help people renew their coverage in public or private plans, and work to understand why certain enrollees fail to renew.

The State should also clearly account for any potential additional spending required to support elevated enrollment levels. Finally, any cost impacts from elevated enrollment should be directly and timely addressed, without reliance on payment deferrals or other financial management gimmicks.

Endnotes

- ¹ U.S. Census Bureau, *Health Insurance Coverage Status and Type by Geography: 2021 and 2022*, available at <https://www.census.gov/content/dam/Census/library/publications/2023/acs/acsbr-015.pdf>, accessed December 15, 2023, page 13.
- ² Office of the State Comptroller analysis of DOH enrollment data used in this report utilizes the latest available information posted on the DOH website. DOH recently provided new data on Medicaid managed care (MMC) enrollment to the State's Medicaid Managed Care Advisory Review Panel. This data shows significant declines in MMC enrollment from June 2023 through November 2023; comparable information for Medicaid enrollees receiving care on a fee-for-service basis is only available for March 2023. As additional monthly enrollment data are made available, the estimates produced by the Office of the State Comptroller will change.
- ³ Federal guidance requires states to develop a comprehensive "unwinding operational plan" to restore routine operations in their Medicaid, CHP, and Basic Health Plan (BHP) programs; New York's BHP program is known as the Essential Plan.
- ⁴ NYS DOH, "Update on New York's Unwinding of the Continuous Coverage Requirement," United Hospital Fund, Part III, December 6, 2023.
- ⁵ Analysis assumes June 2023 enrollment numbers are the peak, and further assumes that the monthly decrease in enrollees follows the two-month trend in decreases of July and August, resulting in an average Medicaid enrollee decline of 94,864 per month, or a total decline for the remainder of SFY 2023-24 of 664,048 enrollees.
- ⁶ DOB projections included in the SFY 2023-24 Enacted Budget Financial Plan, which did not change in the Mid-Year Update, result in a per-enrollee State cost of approximately \$4,020; based on this cost, a forecast error of 50,000 enrollees in either direction (i.e., more enrollees staying on Medicaid or leaving the program) equates to \$201 million in either unanticipated costs or savings.
- ⁷ New York State Public Health Emergency Unwind Dashboard, <https://info.nystateofhealth.ny.gov/PHE-unwind-dashboard>. Beginning in the July 2023 Unwind Report, "lookback renewals" have been added that reflect individuals who have renewed their coverage beyond the usual timeframe.
- ⁸ These calculations are based on DOH's Unwind Data from June 2023 through October 2023. Each monthly cohort averages approximately 596,000 individuals, of which approximately 446,000 individuals successfully complete their renewal. An additional 26,982 individuals on average within each monthly cohort renew late. This means that there are, on average, an estimated 123,190 individuals who were enrolled in a New York State of Health insurance plan that have not yet renewed their coverage within each monthly cohort. In addition, of all the individuals who have enrolled, approximately 72 percent of them enroll or re-enroll in Medicaid (having remained on Medicaid or having switched from the Essential Plan or from Child Health Plus to Medicaid). Applying this average to the number of renewals outstanding results in upwards of 887,537 individuals who could be eligible for Medicaid and re-enroll except for the fact that they did not renew on time. The Office of State Comptroller's projections indicate potential additional costs of 5 percent or 10 percent of renewals outstanding returning to Medicaid coverage at a per-enrollee cost of \$4,020 for SFY 2023-24.

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