

Overlap Between Medicaid Health Plans and QHPs in the Marketplaces: An Examination

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Summary

As enrollment opened for health insurance Marketplaces in 2013 for the 2014 benefit year, the Association for Community Affiliated Plans (ACAP) set out to identify all Qualified Health Plan (QHP) issuers by researching a variety of sources. In particular, ACAP wished to identify how many QHP issuers also served as Medicaid managed care organizations (MCOs) in each state. For simplicity, these issuers will be referred to as “overlap issuers.” This overlap could be an asset in limiting the impact of “churn,” the term for enrollees entering and exiting coverage due to unforeseen loss of coverage. Marketplace and Medicaid churn can be caused by minor fluctuations in income, and movement of individuals between these two coverage settings is expected to be substantial. Historically, miscellaneous clerical errors, failure to renew enrollment on a timely basis, and other factors have contributed to significant amounts of churn in the Medicaid program.

ACAP has revisited this analysis for the 2015 benefit year. It finds:

- Of the 338 QHP issuers¹ offering Marketplace plans in 2015, **131 (39%) offer Medicaid MCOs in the same state.**
 - Nationally, the number of overlap issuers has increased by 8 issuers (7%).
- Marketplaces in 33 states include at least one overlap issuer, the same as last year.
 - Of the 33 states that had at least one overlap issuer in 2014, 28 have either the same or a greater number of overlap issuers in 2015.

Table 1

National Total Summary						State Average Summary				
	QHP Issuers	Overlap Issuers	% Overlap Issuers	MSPs	CO-OPs	QHP Issuers	Overlap Issuers	% Overlap Issuers	MSPs	CO-OPs
2014	284	123	43%	36	24	5.57	2.41	32%	0.71	0.47
2015	338	131	39%	51	27	6.63	2.57	30%	1	0.53
+/-	+54	+8	-4%	+15	+3	+1.06	+0.16	-2%	+0.29	+0.06

To examine issuer overlap at a more granular level, this year ACAP conducted county-level analyses in two states, Texas and New York. This was developed leveraging McKinsey Center for U.S.

¹ ACAP counted the number of unique issuers offering QHP plans in each state. As an example, Assurant Health offered QHP plans in 16 different states and under our methodology they are counted as 16 issuers, rather than one issuer.



Health System Reform's Exchange Offering Database. The findings suggest that many individuals – even those residing in states with large numbers of overlap issuers – have limited access to plans that operate in both Medicaid and the Marketplace, as many overlap issuer plans are only offered regionally.

Introduction

The Patient Protection and Affordable Care Act (ACA) established health insurance Exchanges, frequently referred to as health insurance Marketplaces. Health insurance Marketplaces are designed to make QHPs available to individuals and small employers seeking to purchase coverage on the individual and small group markets. Marketplaces are considered to be functioning well if they provide ample choice to consumers as they shop for health coverage. Consumers offered a choice of health plans are more likely to find affordable health insurance options. Marketplaces offering QHP issuers that also operate Medicaid MCOs provide lower-income health care consumers an opportunity to purchase coverage that will remain continuous even if a change in eligibility from the Marketplace to Medicaid, or vice versa, is experienced.² Such coverage may also allow families with “split coverage” (*i.e.* family members eligible for different programs, such as Marketplace coverage, Medicaid or CHIP) to be covered by the same issuer.

ACAP is a national trade association representing 59 not-for-profit, community-based Safety Net Health Plans in 24 states. ACAP's mission is to strengthen such plans in their work to improve the health of lower-income and vulnerable populations. Collectively, ACAP plans serve nearly twelve million enrollees, representing more than 50 percent of individuals enrolled in Medicaid-focused health plans. [Eighteen ACAP member plans offer QHPs](#) in their respective Marketplaces for the 2015 benefit year, including one plan serving as a QHP issuer in three different states. As an association representing Medicaid health plans, ACAP has a particular interest in market alignment between Medicaid programs and Marketplaces.

This brief explores which issuers participate in the Marketplaces and notes which issuers also offer Medicaid managed care coverage in the same state. ACAP has compiled a comprehensive list of QHP issuers serving all Marketplaces, organized by state. As outlined in the Affordable Care Act, to become certified to sell coverage through the Marketplace these QHPs must provide consumers with certain essential health benefits and follow the established limits on cost-sharing, among other requirements.³ ACAP's list specifies which type of Marketplace will operate in each state (State-based, or SBM; State partnership, or SPM; or Federally-facilitated, or FFM), and notes which QHP issuers are

² The issue of churn manifests itself differently in states that have chosen to expand their Medicaid programs and states that have not. In expansion states, churn will impact individuals whose household income places them near the border between subsidized Marketplace coverage and Medicaid coverage. In non-expansion states, individuals receiving subsidized Marketplace coverage may become ineligible for any form of health insurance if their income dips below the poverty level.

³ For more background information on QHPs, visit <http://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Marketplaces/qhp.html>.

Multi-State Plans (MSPs)⁴, which are Consumer Operated and Oriented Plans⁵ (CO-OPs), and which also offer coverage through a Medicaid MCO (overlap issuers). The 18 ACAP-member plans participating in the Marketplace are also indicated.

2015 Findings

QHP Issuers. Our research finds that there are 338 QHP issuers nationally, counting each issuer once for each state in which it participates in a Marketplace. The average number of QHP issuers per state is 6.6, up from 5.6 last year. States range from having as few as one QHP issuer (West Virginia) to having many issuers (Table 2).

Table 2

States with Highest Number of QHP Issuers, 2015	
New York	19
Ohio	16
Texas	15
Wisconsin	15
Michigan	14
Florida	14
Pennsylvania	13

Several states also saw large net increases in the number of QHP issuers participating in the Marketplace. The chart below shows the states with the largest net increases in QHP issuers. Only one state experienced a net decrease of more than one QHP issuer.

Table 3

	State	2014 QHPs	2015 QHPs	Difference
States with largest increases	Pennsylvania	8	13	+5
	Indiana	4	9	+5
	Texas	11	15	+4
	Georgia	6	10	+4
	Missouri	3	7	+4
	New Hampshire	1	5	+4
States with largest decreases	Oregon	14	10	-4
	California	11	10	-1
	Minnesota	5	4	-1
	Oklahoma	5	4	-1
	Arkansas	4	3	-1

⁴ The ACA designed MSPs with the U.S. Office of Personnel Management to have a broad provider network and strong consumer protections. They are intended to drive competition and to offer an option for family members living in different states to be on the same plan.

⁵ The ACA created CO-OPs to allow qualified nonprofit health insurance issuers to offer health plans in the individual and small group markets.

MSPs and CO-OPs. Marketplaces in 35 states and the District of Columbia offer an MSP option, up from 31 last year. In 12 states, the issuer offering the MSP option also offers a Medicaid MCO. The ACA established the MSP program to provide two multi-state plan options in 60 percent of Marketplaces by 2014 and two options in every Marketplace by 2017. In 2015, 11 CO-OPs banded together to offer an MSP option in 11 states: Colorado, Connecticut, Illinois, Kentucky, Michigan, Nevada, New Mexico, Oregon, South Carolina, Tennessee and Utah. This is in contrast to 2014, when only one MSP option was available, offered by Blue Cross Blue Shield health plans.

We also counted CO-OPs in 25 different states; CO-OPs are not prohibited by Federal law from participating in Medicaid programs, but none currently do. There is, however, a unique situation in Illinois, where Family Health Network – a Medicaid MCO – has partnered with Land of Lincoln CO-OP to offer a Marketplace plan in that state in 2015. While the MSP program is expected to expand in coming years, Congress rescinded funding for additional CO-OP grants and loans.⁶

QHP Issuers & Medicaid MCOs. While more study is needed to determine precisely how overlap between Marketplace QHP issuers and Medicaid MCOs will benefit enrollees, participation by issuers in both the Marketplaces and Medicaid has the potential to strengthen continuity of coverage and care for low-income health care consumers. Marketplaces in 33 states include a QHP issuer that also offers a Medicaid MCO, so consumers in those states potentially can stay with their plan if they experience a change in eligibility between Medicaid or CHIP and the Marketplace. Of the 338 QHP issuers nationally, 131 (39%) also operate MCOs in the same state where they participate in the Marketplace. States range from having no overlap at all to complete overlap (as in Hawaii) between QHP issuers and MCOs. Seventeen states and the District of Columbia have 0 percent overlap.

Table 4

States with Largest Number of Overlap Issuers, 2015		States with Largest Percentage of Overlap Issuers, 2015	
New York	14	Hawaii	100%
Wisconsin	12	Wisconsin	80%
Texas	10	Minnesota	75%
Michigan	9	New York	74%
Florida	6	Texas	67%
Arizona	6	Mississippi	67%
Massachusetts	6	Rhode Island	67%
Pennsylvania	6	Florida	67%

For individuals and families with income near the Medicaid eligibility threshold, having the option to choose an overlap issuer may help diminish the likelihood of churn.⁷ As has been the case

⁶ CO-OPs funds that were issued prior to the American Taxpayer Relief Act of 2012 are not subject to or affected by the rescission.

⁷ Another way to combat churn is to enact continuous enrollment in the Medicaid program. During the 113th Congress, Bipartisan H.R. 1698 and S. 1980 were introduced in the House and Senate, respectively, to require states to employ 12-



historically in the Medicaid program, enrollees in the Marketplaces are expected to experience a high volume of changes to eligibility as well; a 2011 study by Sara Rosenbaum and Benjamin D. Sommers estimated that within a six-month period more than 35 percent of all adults with family incomes below 200 percent of the Federal Poverty Level will either lose Medicaid coverage and transition into the Marketplace, or vice versa.⁸ Not only does reducing churn lower unnecessary administrative costs for states, the Federal government and health care providers, but gaps in coverage can also cause negative health outcomes for Medicaid enrollees.⁹

Market alignment in terms of plans offered in both the Marketplaces and Medicaid matters also for families whose members are eligible for different types of coverage. Research shows that 16.2 million Medicaid or CHIP-eligible children are thought to have parents with income in Marketplace-eligibility range, and 75 percent of Marketplace-eligible parents will have at least one child who is eligible for CHIP or Medicaid and who must enroll in one of these programs.¹⁰

County-by-County Breakdown

In last year's brief, ACAP focused its analysis on state-level data. The brief noted that "ACAP is looking solely at the state level; not all Medicaid MCO plans and QHPs operate statewide, so existence of 'overlap' does not necessarily mean that all consumers in a state can stay with their plan given a change in eligibility. This is an area that requires further examination." Because certain MCOs and certain QHPs are only offered regionally within a state, the number of overlap issuers in that state does not necessarily mean that every resident of that state will have the opportunity to choose these plans.

In an effort to further clarify the choices consumers will have, ACAP has analyzed county-by-county data for two of the nation's largest Marketplaces – New York and Texas – for the 2015 benefit year, using McKinsey Center for U.S. Health System Reform's Exchange Offering Database. New York, a state-based Marketplace with the most overlap issuers in 2015, finished last year with the fourth-highest number of individuals who selected a Marketplace plan. Texas, a Federally-Facilitated Marketplace with the third-highest number of overlap issuers in 2015, also had the third-highest number of Marketplace enrollees last year.¹¹

month continuous enrollment for all Medicaid enrollees. Introduction of similar legislation is anticipated in the 114th Congress.

⁸ Sommers, B and Rosenbaum, S. (2011). Health Affairs. *Issues in Health Reform: How Changes in Eligibility May Move Millions Back and Forth between Medicaid and Insurance Exchanges.*

<http://content.healthaffairs.org/content/30/2/228.abstract>

⁹ Ku, L. and Steinmetz, E. (2013). The George Washington University. *Bridging the Gap: Continuity and Quality of Coverage in Medicaid.* <http://communityplans.net/Portals/0/Policy/Medicaid/GWContinuityReport91013.pdf>

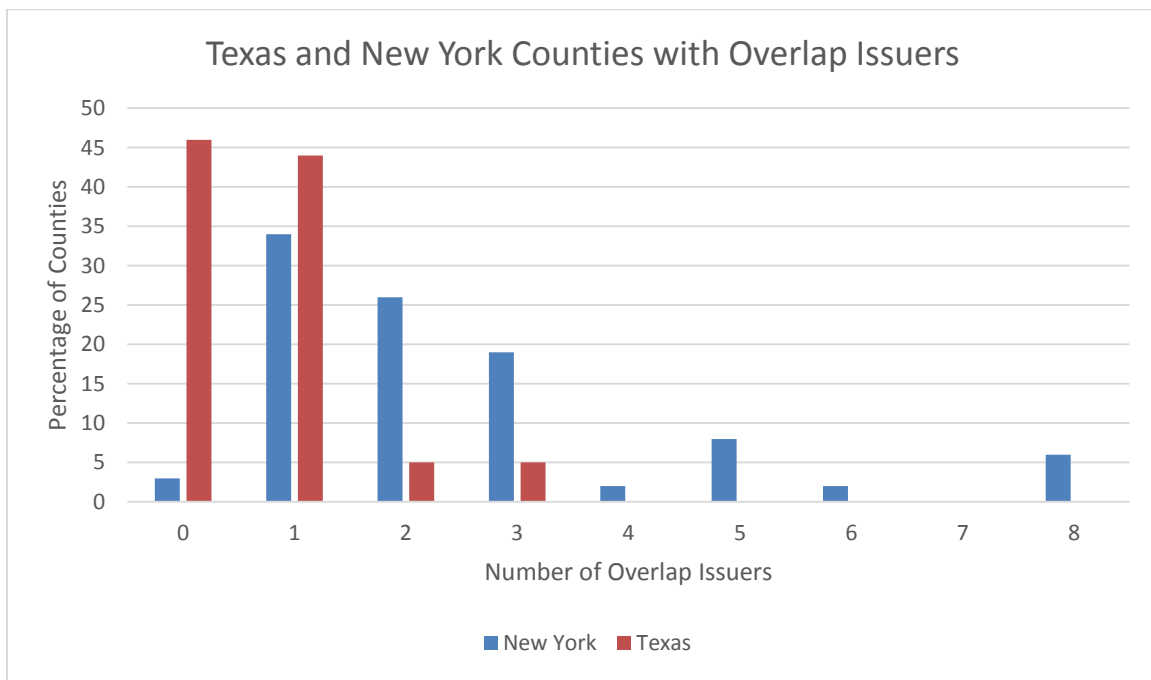
¹⁰ McMorro, S., Kenney G. and Coyer, C. (2011). *Addressing Coverage Challenges for Children Under the Affordable Care Act.* <http://www.urban.org/UploadedPDF/412341-Affordable-Care-Act.pdf>

¹¹ Kaiser Family Foundation (2014). *State Marketplace Statistics.* <http://www.kff.org/health-reform/state-indicator/state-marketplace-statistics/>

The Excel spreadsheet that has been released alongside this brief includes tabs for both New York and Texas county-by-county breakdowns. Each county includes a list of QHP issuers available to residents of that county, with overlap issuers highlighted in blue.

The data compiled from the county-by-county overlap analysis demonstrate that a state's large number of overlap insurers does not guaranteed that all residents of that state will have the option to choose plans within their service areas that operate in both the Marketplace and Medicaid. In Texas, nearly half the counties in the State have no overlap issuers, and fewer than ten percent of all Texas counties have more than one overlap issuer available. Statewide, 67 percent of QHPs in Texas are overlap issuers but the percentage of overlap issuers exceeds 50 percent in only two of Texas' 254 counties – Blanco and Fayette Counties. This points to the idea that consumers have fewer opportunities to select an overlap issuer than a state-level analysis would initially suggest.

The county-by-county data in New York tell a similar story, skewed towards limited overlap issuer options for consumers. Consumers in 37 percent of New York counties are offered either one overlap issuer in the Exchange, or none at all. In contrast to Texas, which has no counties with more than three overlap issuers, eleven of New York's counties earn that distinction.¹²



¹² The eleven counties in New York State with four or more overlap issuers are Bronx, Erie, Kings, Orange, Queens, Rockland Nassau, New York, Richmond, Suffolk and Westchester Counties. The majority of these counties are concentrated in the New York City Metropolitan area, which raises questions about a possible relationship between high populations in urban areas and a greater availability of overlap issuers.



Opportunities for Consumer Education

Millions of parents eligible for premium tax credits and/or cost-sharing reductions in the Marketplaces will have children who are eligible for Medicaid or CHIP. And individuals with incomes close to the eligibility threshold between Medicaid and the Marketplaces are likely to experience churn.

These two important issues point toward a strong need for consumer education and efforts to promote continuity of coverage and cohesiveness in coverage for families. ACAP feels that all Marketplaces should strive to inform consumers of the 39 percent of QHP issuers also providing Medicaid coverage. In particular, the Marketplaces should help lower-income consumers understand why it is important to know about both QHPs and Medicaid MCOs, since families may wish to seek a QHP issuer that also operates a Medicaid plan, or so that she or he does not need to switch issuers during the year. Marketplace websites could better educate consumers by including questions in the application process to inquire about whether any members of the family have recently been enrolled in a Medicaid MCO and creating a special tag or label to indicate which Marketplace plans are overlap issuers.

Conclusion

While the number of overlap issuers nationwide has increased from 123 to 131, the percentage of all QHP issuers offering Medicaid MCOs decreased between 2014 (43%) and 2015 (39%), since growth in the number of QHP issuers not offering Medicaid MCOs has outpaced the number of those that do. Marketplaces offering QHP issuers that also operate Medicaid MCOs provide lower-income health care consumers options to purchase coverage that will remain continuous despite shifts in eligibility. We also believe that overlap issuers can allow families with “split coverage” to be insured by the same issuer.

When viewed at the state level, the proportion of QHP issuers that overlap with Medicaid is fairly substantial. However, an investigation of overlap at the county level, which ACAP has done for New York and Texas, shows a very different story. Many counties have very few or no overlap issuers at all, suggesting that market alignment between Marketplaces and Medicaid is limited in many markets.

Further research exploring market alignment and health coverage offerings in Medicaid and the Marketplaces will be helpful in determining whether the prevalence of QHP overlap issuers help low-income health care consumers retain continuous coverage.

Methodology

We define “overlap” in the context of QHP issuers and Medicaid MCOs as the percentage of QHP issuers that also operate a Medicaid MCO in the same state. For example, in a state with 100 percent overlap, each QHP issuer also offers a Medicaid MCO in that state. An “overlap issuer” is an issuer that offers both a Medicaid MCO and QHP in the same state.



Qualified Health Plan Issuers. ACAP developed lists of QHP issuers in each state by accessing several resources, including healthcare.gov (for lists of QHP issuers participating in the FFM), state-based Marketplace web sites, McKinsey’s Center for U.S. Health System Reform’s [Exchange Offering Database](#), news reports, and press releases. These sources are cited in the attached spreadsheet for each state. Issuers offering QHPs in multiple states are counted once per state.

Type of Marketplace. The chart indicates whether the state established an SBM, SPM, FSM or FFM. The data used to identify the 14 SBMs, seven SPMs, three FSMs and 27 FFMs can be accessed at <http://kff.org/health-reform/state-indicator/state-health-insurance-Marketplace-types/>.

Medicaid MCOs. The Medicaid MCO data are based on a variety of sources, but the primary resource was the recently created Kaiser Family Foundation Medicaid Managed Care Tracker, which can be accessed here: <http://kff.org/data-collection/medicaid-managed-care-market-tracker/>. In the rare instances when Medicaid MCO data were not available on the tracker, we consulted state Department of Insurance websites, Medicaid program websites and relevant news articles. This information has been augmented through conversations with Medicaid policy experts and health plan representatives in various states.

Consumer Operated and Oriented Plans. Information on CO-OPs was partially gathered from the web site of the Centers for Medicare and Medicaid Services, which operates the CO-OP program. These data can be accessed at <http://www.cms.gov/CCIIO/Programs-and-Initiatives/Insurance-Programs/Consumer-Operated-and-Oriented-Plan-Program.html>. Additional information was accessed on the web site of the National Association of State Health Cooperatives (NASHCO). This web site can be found here: <http://nashco.org/>.

Multi-State Plans. Information on MSPs is from the web site of the Office of Personnel Management (OPM), and is available at <http://www.opm.gov/healthcare-insurance/multi-state-plan-program/>.

ACAP continues to refine this list of QHP issuers and Medicaid MCOs. Contact Jennifer Babcock, ACAP Vice President of Exchange Policy, at jbabcock@communityplans.net with comments, questions or suggestions for the list.

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