



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

■ *Updated February 13, 2013*

### **Summary**

As enrollment opened for health insurance Marketplaces, the Association for Community Affiliated Plans (ACAP) set out to identify all current qualified health plan (QHP) issuers by researching a variety of sources. In particular, ACAP wished to identify how many QHP issuers also offer Medicaid managed care organizations (MCOs).

Our findings include:

- 284 QHP issuers offer health plans in Marketplaces across the country. (Issuers that operate plans in more than one state are counted once for each state.)
- Marketplaces in 33 states offer a QHP issuer that also has a Medicaid MCO.
- 123 of 284 QHP issuers, or 43 percent, operate Medicaid MCOs in the same state.

### **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. Long before the Marketplaces opened for enrollment October 1, 2013, the list of QHP issuers was an issue of great interest to health care consumers, researchers, advocates and many others.

ACAP is a national trade association representing 57 nonprofit, community-based safety net health plans in 24 states. ACAP's mission is to represent and strengthen not-for-profit, Safety Net Health Plans as they work with providers and caregivers in their communities to improve the health and well-being of vulnerable populations in a cost-effective manner. Collectively, ACAP plans serve nearly ten million enrollees in the Medicaid program, representing more than 50 percent of individuals enrolled in Medicaid-focused health plans. [Sixteen ACAP member plans offer QHPs](#) in their respective Marketplaces in 2014. 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 organizations in the same state. ACAP has compiled a comprehensive list of QHP issuers (attached) serving the Marketplace, 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.<sup>1</sup> 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 Multi-State Plan options (MSPs)<sup>2</sup>, which are Consumer Operated and Oriented Plans<sup>3</sup> (CO-OPs), and which also offer Medicaid Managed Care Organizations (Medicaid MCOs). The 16 ACAP-member plans participating in the Marketplace are also indicated.

## **Findings**

**QHP Issuers.** Our research shows that there are 284 QHP issuers nationally. (We counted each issuer once for each state in which it participates in a Marketplace; some issuers operate in more than one state.) The average number of QHP issuers per state is 5.5. States range from having as few as one QHP issuer (West Virginia and New Hampshire) to having many issuers:

- 16 in New York
- 14 in Ohio
- 14 in Oregon
- 13 in Wisconsin
- 12 in Florida
- 11 in California
- 11 in Michigan
- 11 in Texas

**MSPs and CO-OPs.** Marketplaces in 30 states and the District of Columbia offer an MSP option. 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 2014, only one MSP option is available nationally, offered by Blue Cross Blue Shield health plans. In eleven states, the issuer offering the MSP option also offers a Medicaid MCO.

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<sup>1</sup> For more background information on QHPs, visit <http://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Marketplaces/qhp.html>.

<sup>2</sup> 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.

<sup>3</sup> The ACA created CO-OPs to allow qualified nonprofit health insurance issuers to offer health plans in the individual and small group markets.



We also counted CO-OPs in 24 different states; CO-OPs are not prohibited by Federal law from participating in Medicaid programs, but none currently do. While the MSP program is expected to expand in coming years, Congress rescinded funding for additional CO-OP grants and loans.<sup>4</sup>

**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 offer 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 and the Marketplace. By our count, there are 284 QHP issuers nationally, and of these, 123 (43 percent) also operate MCOs in the same state where they participate in the Marketplace. States range from having zero to 100 percent overlap between QHP issuers and MCOs. While 18 states have 0 percent overlap, only one state, Hawaii, has 100 percent – both of Hawaii’s QHP issuers also operate MCOs. The second highest overlap is in New Mexico (80 percent), followed by New York (78 percent), Wisconsin (77 percent), Indiana (75 percent), Michigan (73 percent), and Texas (73 percent).

This overlap could be an asset in limiting the impact of “churn,” the term for enrollees entering and exiting Medicaid due to unforeseen loss of coverage. Churn can be caused by minor fluctuations in income, miscellaneous clerical errors, or failure to renew enrollment on a timely basis, among other factors. As has been the case historically in the Medicaid program, enrollees in the new 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 over 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.<sup>5</sup> 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.<sup>6</sup>

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.<sup>7</sup> Plans operating in both Marketplaces and Medicaid programs could allow these families to share coverage with the same issuer.

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<sup>4</sup> CO-OPs funds that were issued prior to the American Taxpayer Relief Act of 2012 are not subject to or affected by the rescission.

<sup>5</sup> 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>

<sup>6</sup> 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>

<sup>7</sup> McMorrow, S., Kenney G. and Coyer, C. (2011). *Addressing Coverage Challenges for Children*



## **Opportunities for Consumer Education**

Starting in 2014, 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 43 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.

## **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.<sup>8</sup>

**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, news reports, and press releases. These sources are included in the attached list.

**Type of Marketplace.** The chart is color-coded to reflect whether the state established an SBM, SPM or FFM. The data used to identify the 17 SBMs, seven SPMs and 27 FFMs can be accessed at <http://kff.org/health-reform/state-indicator/health-insurance-exchanges/>.

**Medicaid MCOs.** The Medicaid MCO data used are from the 2011 Medicaid Managed Care Program Summary, which can be accessed at <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Data-and-Systems/Downloads/2011-Medicaid-MC-Enrollment-Report.pdf>. This

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*Under the Affordable Care Act.* <http://www.urban.org/UploadedPDF/412341-Affordable-Care-Act.pdf>

<sup>8</sup> It is important to note 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 needs further examination.



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 is 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>.

**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](mailto:jbabcock@communityplans.net) with comments, questions or suggestions for the list.