



Trends in Missouri Medicaid Applications and Enrollment: Shift from Non-MAGI to MAGI Applications

by Abigail R. Barker, PhD; Ethan Bradley, BA; and Timothy D. McBride, PhD

Purpose

In this brief, we describe the shifts in MO HealthNet (Medicaid) applications by category after Medicaid expansion in Missouri. Using the most recent application data available (March 2022), we compare the current mix of MAGI (Modified Adjusted Gross Income) adult applications and non-MAGI adult applications to pre-expansion as well as pre-COVID-19 trends starting in January of 2019. We show a recent shift in applications toward MAGI (which includes the Adult Expansion Group, or AEG) and away from non-MAGI (which is mainly Aged, Blind and Disabled populations), which has fiscal implications for the Medicaid budget and the overall Missouri state budget because of the higher federal match rate for those enrolled in the AEG.

Background

Medicaid was expanded in Missouri effective in July 2021. Expansion came after a ballot initiative passed in August 2020. After a legal challenge regarding appropriations, the Missouri Supreme Court ruled that the state begin enrolling qualifying individuals into Medicaid. Individuals qualify to join the program under the Adult Expansion Group (AEG) if their adjusted income is below 138% of the federal poverty level (FPL), which is \$20,385 for an individual. Applications for health insurance coverage under Medicaid expansion have been accepted since October 1st, 2021, with retroactive coverage available back to July 1st, 2021.

In 2018, the Center for Health Economics and Policy (CHEP) conducted a fiscal analysis of Medicaid expansion specific to the impact on the MO HealthNet Division budget (excluding savings in other agencies, one-time implementation costs, and potential growth in the state's economy). Published in February 2019, our report found that expansion was likely to be approximately revenue neutral in the short term and could save about \$1 billion annually after 5 years.¹ A major component of the projected savings comes from attrition over time as individuals apply for and enter the AEG instead of the permanently and totally disabled (PTD) category. Qualifying for coverage under the PTD category entails a lengthy application process in which an individual must prove a permanent disability.

Unlike most states, which use qualification for Supplemental Security Income (SSI) as an automatic qualifier, Missouri is a 209(b) state, meaning that it retains the right to place additional restrictions on eligibility. Thus, if a disabled individual is seeking health insurance and they qualify for the AEG solely based on their income, they may decide to forgo the PTD application in favor of applying for Medicaid under expansion as part of the AEG. Importantly, the federal match rate for the PTD population is lower than for the AEG, meaning that it costs Missouri more if an individual is enrolled in the PTD group rather than AEG. In our 2019 fiscal analysis, we estimated that 30% of individuals who would qualify for either program would choose to forgo the PTD application process and enroll into Medicaid with the AEG under expansion. (Also factored into the prediction was the assumption that half of these would ultimately become dually eligible for Medicare, which removes most of their spending from state budgetary consideration.) This estimate aligned with trends seen in other states after expanding Medicaid. Arkansas, for example, saw major cost savings due to a significant change in the percentage of individuals who avoided the PTD process.¹

This brief presents a descriptive analysis of Missouri HealthNet application trends over the past three years. We analyze the number of non-MAGI (including PTD) applications and the number of AEG applications over time, pre- and post-expansion, to assess whether these trends are consistent with our initial assumptions and projections. All data were obtained from the Monthly Management Reports (MMR)

Key Findings

- **The share of Non-MAGI (Aged, Blind, and Disabled) applications received by MO HealthNet has decreased since Medicaid expansion began in October of 2021.**
- **The number of MAGI (Modified Adjusted Gross Income qualifying) applications approved rose sharply after Medicaid expansion began in Missouri.**
- **The number of individuals in the PTD population grew steadily throughout the pandemic and then began to decrease after Medicaid expansion in Missouri.**
- **The approval rate for MAGI versus non-MAGI applications remained relatively constant over time.**

from the Missouri Department of Social Services (DSS).² We expected to see a decrease in submitted applications for disabled individuals, which has major implications for the cost of Missouri's Medicaid program.

Data and Methods

The MMRs document the number of applications received and approved to MO HealthNet by MAGI (Modified Adjusted Gross Income) status. MAGI is a federal calculation that adjusts gross income for certain tax deductions and credits. Applications received are the raw number of Medicaid applications received by DSS each month. Applications must be processed and approved for an individual to be permitted to enroll in the program. The approval rate is the number of approved applications divided by the number of total applications received.

After expansion, individuals in Missouri qualify for Medicaid if their MAGI falls at or under 138% of the FPL. Many of these adult individuals are part of the AEG in Missouri. Non-MAGI applications to Missouri Medicaid come from individuals who do not qualify for the program based on their income alone. These individuals qualify because they are aged, blind, or disabled (ABD). Once approved, those who qualify due to disability become part of the Permanently and Totally Disabled (PTD) population, where they will receive Medicaid benefits indefinitely as long as they continue to qualify on the basis of income. The processes for applying to Medicaid are different for the AEG and PTD categorizations, as the former relies solely on MAGI while the latter involves significant additional documentation.

This brief presents a descriptive analysis of application trends over time. We track applications, approved applications, and the application approval rate by MAGI status. Moreover, we decompose the PTD population over time by separated into existing enrollment, net of attrition, and newly approved enrollment. This allows us to depict the trends relating to attrition, which are compared to the predicted values from our pre-expansion, pre-pandemic model of PTD enrollment and attrition that we expected to see after the implementation of Medicaid expansion.

Results

The share of Non-MAGI applications received by MO HealthNet has decreased since Medicaid expansion began in October of 2021 (Figure 1). In March 2022, there were a total of 27,471 (6,834 Non-MAGI and 20,637 MAGI) applications received. This breaks from the previous trend: historically the number of MAGI and Non-MAGI were approximately equal each month (Figure 1). For instance, in January 2021 there were 6,850 MAGI and 9,610

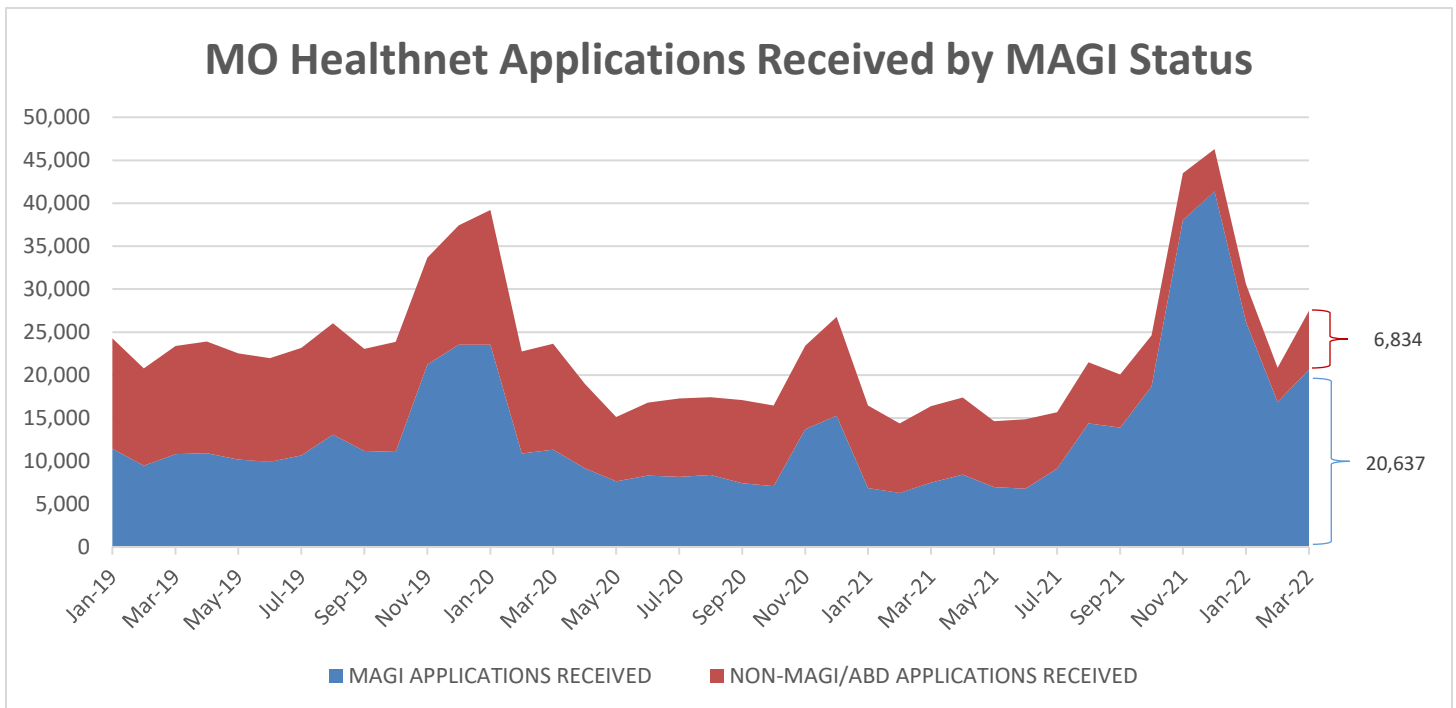


Figure 1: Stacked area chart of MO HealthNet applications received by MAGI status. The Y axis represents applications received. Time ranges from January 2019 to March 2022.

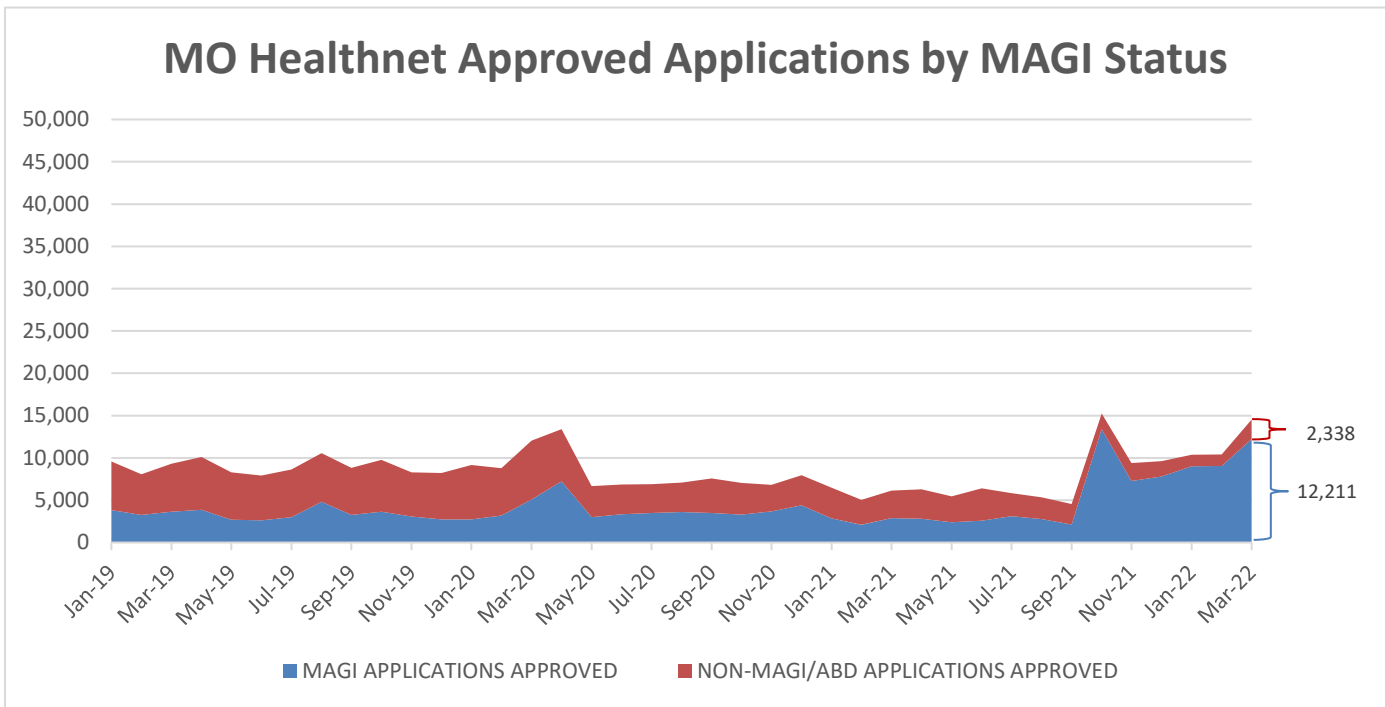


Figure 2: Stacked area chart of MO HealthNet approved applications by MAGI status. The Y axis represents applications received. Time ranges from January 2019 to March 2022.

Non-MAGI applications. In contrast, there were fewer Non-MAGI applications in February 2022 than in any other month in the data – although there was an uptick in March 2022. Applications to MO HealthNet increased after expansion in October due to both Medicaid expansion and the Open Enrollment period for Federal marketplaces and other health insurance.

Although the number of total applications dropped from December through February 2022, the number of approved applications rose (Figure 2). The approved applications have a similar trend to the applications received; there is a shift from approximately equal MAGI and Non-MAGI applications each month to a much higher share of MAGI applications at October 2021 following Medicaid expansion (Figure 2). In March 2022, there were 12,211 MAGI applications approved and 2,338 Non-MAGI applications approved. Of note, there were fewer non-MAGI applications approved in January 2022 than any other month in the study period (Figure 2). Moreover, in each month from October 2021 to February 2022, there were fewer non-MAGI applications than any pre-expansion month (Figure 2).

Importantly, the approval rate for both MAGI and non-MAGI applications stayed relatively constant over the period following October 2021 (Figure 3). This suggests that the shift away from non-MAGI applications towards MAGI applications is due to the underlying number of applications submitted in each category, not to a change in the rate of non-MAGI application approval (Figure 3).

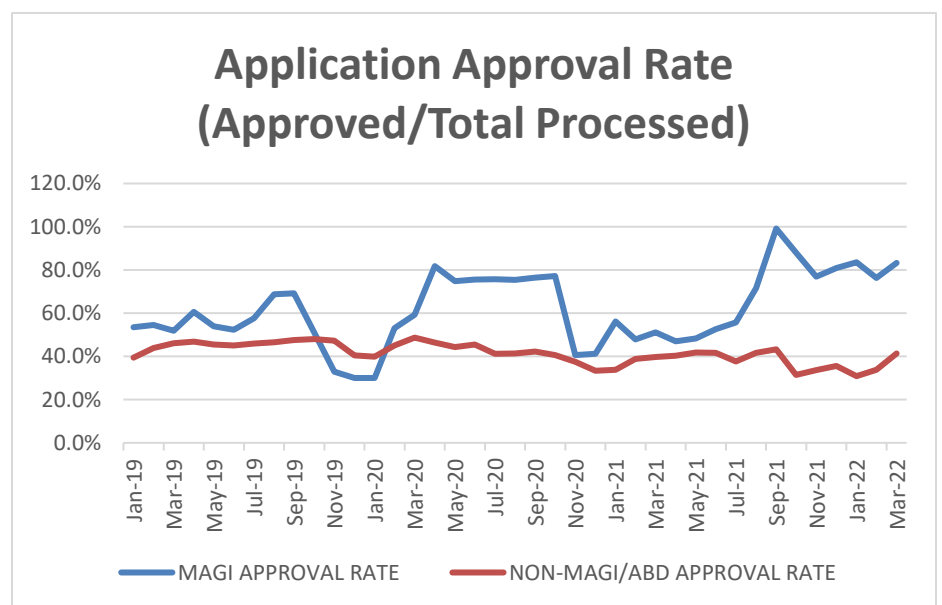


Figure 3: MO HealthNet application approval rate by MAGI status. Rate is measured as approved applications over the total number of applications received. Time ranges from January 2019 to March 2022.

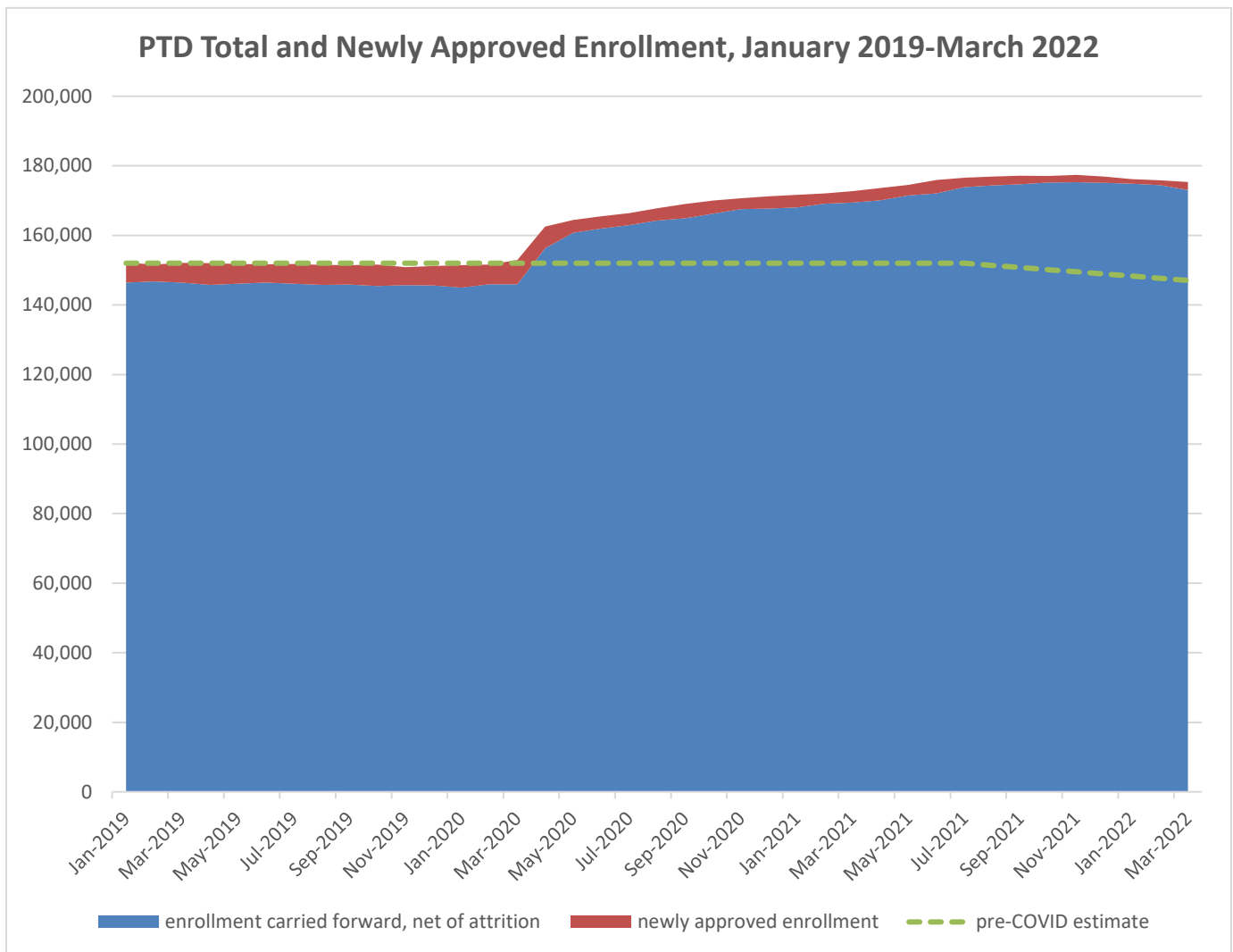


Figure 4: PTD enrollment by newly approved status. Newly approved enrollment figures are taken directly from Monthly Management Reports. Enrollment carried forward, net of attrition, is the difference between total enrollment and newly approved enrollment. The green dashed line represents a prediction made prior to COVID-19. Time ranges from January 2019 to March 2022.

The total PTD population was predicted to remain stable until Medicaid expansion was implemented and to steadily decline afterward in a model that was developed prior to the COVID-19 pandemic (Figure 4, green dashed line).¹ However, the number of individuals in the PTD population grew steadily through the COVID-19 pandemic (Figure 4), due to federal rules against disenrolling Medicaid participants. Despite Medicaid expansion occurring during the COVID-19 pandemic, there was a steady decrease in the total number of individuals enrolled in the PTD population during the period following expansion in October 2021. This decrease in the total individuals enrolled into the PTD population matches the modeled post-expansion trend. This overall decrease tracks closely with the decrease in newly approved individuals enrolled into the PTD population.

Conclusion

MAGI applications far outnumber non-MAGI applications in the period following implementation of Medicaid expansion in October 2021 (Figure 1). This suggests that some individuals applying to MO HealthNet for health insurance who might have otherwise pursued coverage through the PTD pathway are likely applying under the AEG after Medicaid expansion in Missouri. The relatively steady approval rates for both application categories suggest that this trend is not due to a change in the likelihood of approval for enrolling into the PTD population (Figure 3). This trend is consistent with the assumptions made in the CHEP fiscal analysis of Missouri Medicaid expansion (Figure 4).¹ So far, the data show an even greater tendency for individuals to apply as AEG rather than attempt enter the PTD group than was predicted in our analysis (Figure 4).¹

Importantly, this phenomenon of individuals entering the AEG rather than the PTD group is based on individual Missourians' choices in applying for health insurance. The state is not seeking to encourage or transfer individuals into the AEG population rather than the PTD population. For those who qualify based on their income level, the application process into Missouri Medicaid under the AEG is simpler and more straightforward than the process of being approved as a non-MAGI applicant. It also allows a higher level of earnings (138% of FPL rather than 85%) which could be viewed as a more flexible option for some. Consequently, individuals are more likely to choose the AEG path to gain health insurance.

This trend showing that the PTD population decreased in Missouri between October 2021 and March 2022 reinforces the Center's conclusion that Medicaid expansion has the potential to deliver cost savings to the Medicaid budget and the overall Missouri budget.¹ The federal match rate for those in the AEG is higher (90%) than the rate for the PTD population (65.81% in FY 2023), meaning that the state pays less for the health insurance of individuals enrolled in the AEG than the PTD population. We predict that these cost savings will accrue gradually over time as more individuals choose to enter the AEG over the PTD category.

The COVID-19 pandemic has increased the number of individuals entering or remaining in the PTD population, a fact which we could not have predicted in our modeling of Medicaid expansion made in late 2018. COVID-19 can cause or worsen an individual's disability status, leading them to enter the PTD population.³ Also, during the declared public health emergency, individuals were not removed from the Medicaid rolls once they had been determined eligible. At the time of publication for this brief, the public health emergency is ongoing, and was renewed effective April 16, 2022. Once the public health emergency ends, individuals who no longer qualify will be removed from Medicaid. This may affect individual Missourians' application choices once they are up for reapproval. The extent to which the end of the public health emergency will affect the number of individuals choosing to enroll in the AEG over the PTD pathway is uncertain, but in general those seeking to avoid uninterrupted coverage will have a straightforward option in applying for coverage as AEG individuals. It is likely that many will make the same decision in applying by the simplest method, which may reinforce the patterns reported above.

References

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