

Updated August 2015 | Fact Sheet

Medicaid Expansion in Pennsylvania: Transition from Waiver to Traditional Coverage

As of July 2015, [31 states](#) (including DC) have adopted the Affordable Care Act's (ACA) Medicaid expansion to low-income adults, creating a new coverage option for adults who were previously excluded from the program. While the majority of these states expanded Medicaid as envisioned by the ACA, four states ([Arkansas](#), [Indiana](#), [Iowa](#), and [Michigan](#)) have implemented the Medicaid expansion using a Section 1115 demonstration, and a fifth state ([New Hampshire](#)) will transition to demonstration authority as of 2016. A sixth state, Pennsylvania, had implemented the Medicaid expansion using a Section 1115 demonstration under Governor Tom Corbett, but later changed to a traditional Medicaid expansion under Governor Tom Wolf. This fact sheet describes Pennsylvania's transition from waiver to traditional expansion coverage, which may inform other states' expansion decisions.

History of Medicaid Expansion in Pennsylvania

On August 28, 2014, the Centers for Medicare and Medicaid Services (CMS) approved Pennsylvania's Section 1115 demonstration to implement the ACA's Medicaid expansion under then Governor Tom Corbett. In addition, Governor Corbett's Medicaid expansion plan sought benefit package changes for current and newly eligible beneficiaries, which were made through a state plan amendment (SPA). The Medicaid expansion demonstration was implemented on January 1, 2015.

In February 2015, newly-elected Governor Tom Wolf announced that Pennsylvania would transition from the waiver Medicaid expansion to a SPA Medicaid expansion and remove the benefit package changes made by Governor Corbett's administration.¹ The transition will mostly affect newly eligible adults ages 21 to 64 in Pennsylvania with incomes up to 138% of the federal poverty level (FPL, \$11,770 per year for an individual in 2015). Under Governor Wolf's plan, all newly eligible Medicaid beneficiaries enrolled in the new managed care plans created by the waiver will transition to the state's pre-existing Medicaid managed care plans, and the three benefit packages created under Governor Corbett's plan will be replaced with one benefit package. The transition to Governor Wolf's expansion plan is scheduled to be completed by September 30, 2015.²

Pennsylvania's Waiver to SPA Transition

The state will complete the transition in two phases:³

- Phase 1: From April 2015 to June 1, 2015, beneficiaries who were enrolled in Medicaid expansion waiver coverage in December 2014 (through the new managed care plans created by the waiver) were moved to SPA Medicaid expansion coverage (in the pre-existing managed care plans).⁴

- Phase 2: From July 1, 2015 to September 30, 2015, beneficiaries who were enrolled in Medicaid expansion waiver coverage between January 2015 and April 2015 (in the new managed care plans created by the waiver) are moving to SPA Medicaid expansion coverage (through the pre-existing Medicaid managed care plans).

Individuals determined eligible for Medicaid after April 2015 have been enrolling directly into the traditional Medicaid expansion and receiving services through the pre-existing Medicaid managed care plans. Additionally, non-emergency medical transportation, which was waived for one year as part of the demonstration, has been reinstated across the state. Lastly, the transition to traditional Medicaid expansion removes beneficiary premiums and the healthy behaviors program which were part of the waiver.

Governor Corbett's waiver enrolled healthy newly eligible Medicaid beneficiaries into newly created Medicaid managed care plans called the "Private Coverage Option." While the new managed care plans were mostly offered by the same insurance companies and closely mirrored the structure of managed care plans in place prior to the waiver, the new managed care plans required cost sharing and offered a slimmer benefit package than the package offered by managed care plans.

Under Governor Corbett's plan, Pennsylvania sought benefit package changes for current and newly eligible beneficiaries through a SPA by creating three benefit packages: a "high risk" package for people who are medically frail, a "low risk" package for other beneficiaries who were eligible for Medicaid before Pennsylvania expanded coverage, and a managed care-like plan for healthy adults enrolled in the newly eligible adult group. As part of the transition, the state will consolidate these three packages into one adult benefit package. The new adult benefit package modifies the high and low risk packages to comply with the essential health benefit requirements established by the ACA and federal mental health parity requirements. It also covers Early and Periodic Screening, Diagnosis and Treatment services for individuals in the new adult group up to age 21 and non-emergency medical transportation for all beneficiaries.⁵

In addition, because CMS indicated it would not approve a work requirement as a condition of Medicaid eligibility, Pennsylvania amended its waiver application to include a voluntary work search program for current and newly eligible beneficiaries. These elements were not included as part of the demonstration approved by CMS, and instead Governor Corbett planned to offer incentives for job training and work-related activities for Medicaid beneficiaries who chose to participate in a state-funded program.⁶ Governor Wolf's administration has not continued to pursue the incentives for job training and work-related activities.

To ensure that beneficiaries are aware of how the transition affects them, especially how their benefits and coverage are changing, Governor Wolf's administration has posted updates about the transition to the state website and sent beneficiaries letters explaining the transition. The letters are causing confusion because the transition began soon after the waiver was implemented and beneficiaries were informed about being enrolled in one coverage type and then quickly changed to another. However, once the transition is complete, all beneficiaries will receive the same benefit package regardless of their coverage group or health status, and the same Medicaid managed care plans will serve all beneficiaries. In addition, the state will be relieved of some of the administrative complexities of the previous waiver. For example, the state will not have to track or administer premium payments, multiple benefit packages, or healthy behavior incentives. Overall, while the transition period is somewhat complicated, the end result should be a more streamlined, straightforward program for Pennsylvania and Medicaid beneficiaries.

Table 1 compares Pennsylvania’s SPA expansion under Governor Wolf to the waiver expansion under Governor Corbett.

Table 1: Comparing SPA expansion Under Governor Wolf to Section 1115 Medicaid Expansion Demonstration Waiver Approved Under Governor Corbett, Effective 1/1/15 to 9/30/2015		
Element	SPA Provisions	Waiver Provisions
Coverage Groups:	Covers newly eligible parents between 33-138% FPL and newly eligible adults without dependent children between 0-138% FPL through Medicaid managed care.	
Premiums:	No premiums.	Beginning in year 2, state may have charged monthly premiums up to 2% of household income for newly eligible adults and certain currently eligible beneficiaries above 100% FPL.
Co-Payments:	Nominal copays consistent with current law. ⁷	All demonstration beneficiaries would have paid state plan co-payments in demonstration year 1. In demonstration year 2, beneficiaries who would have been subject to monthly premiums would only have had co-payments for non-emergency use of the emergency room (\$8 per state plan amount).
Healthy Behavior Incentives:	No healthy behaviors incentives.	Beneficiaries could have reduced their premiums or co-payments by completing healthy behaviors in the prior year beginning demonstration year 2.
Delivery Systems and Benefits:	Delivery System: Existing Medicaid Managed Care Organizations. Benefits: One benefit package for all beneficiaries.	Delivery System: Medicaid managed care organizations designed specifically for newly eligible adults. Benefits: Three benefit packages for different types of beneficiaries (packages are explained above).
Evaluation:	No evaluation.	State would have submitted draft evaluation plan within 120 days of waiver approval.
Reporting:	Federal/state oversight consistent with traditional Medicaid managed care.	State would have submitted quarterly and annual reports to CMS.

Endnotes

¹ Health Choices PA (Pennsylvania Department of Human Services, 2015), <http://www.healthchoicespa.com/>.

² Pennsylvania Department of Human Services News Release, “Pennsylvania Releases Detailed Medicaid Expansion Timeline,” (March 9, 2015), http://listserv.dpw.state.pa.us/scripts/wa.exe?A3=ind15&L=NEWS-RELEASES&E=quoted-printable&P=496868&B=-_000_390C74D65912E345AFF2FFADF656E68DFD7D72C430ENHBGMBX02PAL_&T=text%2Fhtml;%20charset=us-ascii&XSS=3.

³ Pennsylvania Department of Human Services News Release, “Pennsylvania Releases Detailed Medicaid Expansion Timeline,” (March 9, 2015), http://listserv.dpw.state.pa.us/scripts/wa.exe?A3=ind15&L=NEWS-RELEASES&E=quoted-printable&P=496868&B=-_000_390C74D65912E345AFF2FFADF656E68DFD7D72C430ENHBGMBX02PAL_&T=text%2Fhtml;%20charset=us-ascii&XSS=3.

⁴ Some state documents indicate beneficiaries enrolled in the Select Plan (family planning plan) will be transferred from waiver coverage to traditional coverage in Phase 1.

⁵ Additionally, compared to the high and low risk benefit package in Governor Corbett’s expansion, the new adult benefit package removes the inpatient rehabilitation hospital limit of one admission per year, the inpatient psychiatric hospital limit of 30 days per year, the six prescription drug limit per month, and the outpatient psychiatric and drug and alcohol treatment limits.

⁶ Letter from Marilyn Tavenner, CMS Administrator, to Secretary Beverly Mackereth (Aug. 28, 2014), available at <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/pa/pa-healthy-ca.pdf>.

⁷ See Table 18 of Modern Era Medicaid: Findings from a 50-State Survey of Eligibility, Enrollment, Renewal, and Cost-Sharing Policies in Medicaid and CHIP as of January 2015, Kaiser Family Foundation, January 20, 2015, <http://kff.org/medicaid/report/modern-era-medicaid-findings-from-a-50-state-survey-of-eligibility-enrollment-renewal-and-cost-sharing-policies-in-medicaid-and-chip-as-of-january-2015/>