Unwinding COVID-19 Medicaid flexibilities

January 2023 follow-up

Introduction

On January 31, 2020, Health and Human Services (HHS) Secretary Alex Azar declared a nationwide public health emergency (PHE) for COVID-19 retroactive to January 27, 2020. On March 18, 2020, Congress enacted the Families First Coronavirus Response Act (FFCRA), which included the requirement that Medicaid and the Children's Health Insurance Program (CHIP) keep members continuously enrolled through the end of the month in which the COVID-19 PHE ends, in exchange for an enhanced Federal Medical Assistance Percentage (FMAP). **As a result, Medicaid and CHIP enrollment has grown substantially during the pandemic.**[1]

In addition to continuous enrollment, under Section 1135 of the Social Security Act, the Centers for Medicare and Medicaid Services (CMS) has modified or waived certain Medicaid and CHIP requirements during the PHE to give states more flexibility in the administration of their programs and to help residents access care. However, CMS has made it abundantly clear that these provisions were temporary and would end upon expiration of the PHE.

Since March 20, 2020, CMS has released a steady stream of guidance to help states plan and prepare for the "unwinding" of these PHE provisions in their Medicaid and CHIP programs.

These include:

- Ending temporary authorities upon PHE conclusion
- Making temporary changes permanent in certain circumstances through modification to the state Medicaid plan or 1915(c) waivers for Home and Community-Based Services (HCBS)
- Establishing procedures for ending coverage and policies authorized under expiring FFCRA provisions
- Addressing pending eligibility and enrollment actions that occurred during the PHE.

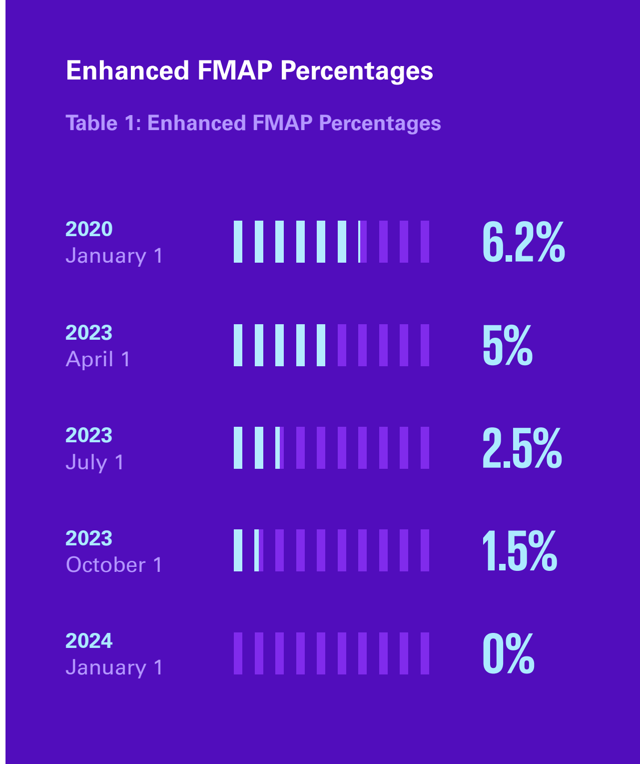
[1] Source: Center for Medicaid and CHIP Services, October 2022 Medicaid and CHIP Enrollment Trends Snapshot, October 2022

© 2023 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. NDP424682-1A

Overview of the Consolidated Appropriations Act 2023

On January 5, 2023, CMS issued updated guidance via a Center for Medicaid and CHIP Services (CMCS) Informational Bulletin in the wake of the passage of the Consolidated Appropriations Act, 2023 (CAA, 2023) on December 29, 2022. **The legislation delinked the provisions of continuous enrollment and temporary FMAP increase from the end of the PHE and instead issued hard end dates for each.** This initial bulletin provides further detail on those revised dates and key activities and deliverables that will be required of states as a result of the legislation.

The CAA, 2023 establishes new, additional conditions for receiving the enhanced FMAP, including additional reporting requirements, for the remainder of the receipt of the enhanced FMAP, beginning April 1, 2023. CMS plans to issue further guidance related to new, additional conditions for receiving increased FMAP. **The temporary FMAP percentage will decrease from 6.2% to 5% beginning April 1, 2023, and will gradually decrease to 0%, ultimately ending on December 31, 2023**.



Timeline for states to process renewals

States will have the option of choosing February, March, or April 2023 to initiate renewals. As indicated by previous guidance, once the eligibility renewal process has begun, the state must complete all renewals and end the unwinding period within 14 months.[2] **It is anticipated that more than 15 million people could lose Medicaid and CHIP**[3] as a result. The duration between the start of the eligibility renewal process and termination of coverage is dependent on the state's already established renewal period, generally between 60 days and 90 days. Individual state renewal periods can be found **here**. The execution of terminations resulting from the unwinding can begin no earlier than April 1, 2023, and must be concluded by May 31, 2024.

Initial key deliverables

The following key deliverables must be submitted accurately and timely before a state can begin to process renewals and termination of any Medicaid or CHIP member:

- **Renewal Redistribution Plan**: This is a summary of a state's plan to initiate renewals within the unwinding period.[4] If the state elects to begin eligibility renewals in February, the Renewal Redistribution Plan is due on February 1, 2023. Otherwise, it is due on February 15, 2023.
- **System Readiness Artifacts**: This includes the System Configuration/Implementation Plan, Test Plan, and Test Results.[5] If the state elects to begin eligibility renewals in February, the System Readiness Artifacts are due on February 1, 2023. Otherwise, they are due on February 15, 2023.
- **Baseline Unwinding Data**: This report serves as a starting point for states to report a summary of Medicaid and CHIP data at the beginning of the unwinding period. The initial report is due on the 8th of the month the state elects to begin eligibility renewals and subsequently updated on the 8th each month through the end of the 14-month unwinding period.

---

[2] Source: Centers for Medicare & Medicaid Services, State Health Official (SHO) letter, March 2022
[3] Source: Assistant Secretary for Planning and Evaluation, Unwinding the Medicaid Continuous Enrollment Provision: Projected Enrollment Effects and Policy Issues, August 2022
[4] Source: Centers for Medicare & Medicaid Services, State Report on Plans for Prioritizing and Distributing Renewals Following the End of the Medicaid Continuous Enrollment Provisions
[5] Source: Centers for Medicare & Medicaid Services, System Readiness Artifacts: A Refresher on Medicaid Enterprise Systems Artifacts for Unwinding, January 6, 2023

© 2023 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. NDP424682-1A

State reporting requirements throughout the unwinding process

The CAA, 2023 establishes new reporting requirements, beginning April 1, 2023, in order for states to continue to receive the temporary FMAP increase including:[6]

- Compliance with all federal requirements related to renewal processes
- Maintenance of up-to-date contact information for Medicaid and CHIP members, including a mailing address, phone number, and email address
- Proof of attempts to contact individuals in more than one form before disenrollment, including any instances of returned mail

Failure to complete these requirements may negatively impact FMAP awards and result in financial penalties. Additionally, states that fail to meet compliance standards may be required to submit Corrective Action Plans to CMS.

State considerations

Since the beginning of the PHE, CMS has cautioned states that the PHE provisions were temporary, and that unwinding would eventually occur. CMS requires that states minimize burden on members as they "unwind" and return to normal Medicaid and CHIP eligibility and enrollment operations. Presumably, states should have already begun working with both their federal and vendor partners to plan for the inevitable unwinding. The following are important considerations states should consider as they work to return to their "pre-PHE" Medicaid and CHIP operations in 2023.

Renewal Distribution Plan

To effectively begin to process renewals, states should first understand the volume of eligibility actions to be performed, including pending applications and renewals. The Renewal Distribution Plan should outline a clearly defined process for how these actions will be completed in an efficient manner and to help ensure the reduction in loss of coverage for individuals receiving Medicaid or CHIP. The plan should also outline if and how the state will prioritize certain populations, such as populations that may no longer be eligible.

System readiness

System readiness documentation, including a configuration plan, testing plan, and testing results, are due to CMS in February. States should plan and test systems based on the volume of eligibility actions, including renewals that need to be processed within the unwinding timeframe. Systems need to be prepared to manage the volume of renewals timely and accurately. States also need to develop and report on metrics as outlined in the additional reporting requirements outlined in State Health Official (SHO) letter #22-001.

Communication to members

With the significant disruptions created by the PHE, states should leverage multiple avenues to verify member contact information. To facilitate timely communication to members, states should consider the following:

- Leverage address changes that have been reported to other social service programs (i.e., SNAP and TANF)
- Engage Managed Care Plans and other organizations to conduct outreach to members
- Leverage the use of technology to inform members of renewal requirements, including:
  - member bulletins
  - website updates
  - mass email
  - push notifications

In addition to the initial communications to members, states must also offer multiple avenues for members to report updated contact information, including via mail, email, online, phone and/or in person.

Staffing/Capacity

States must ensure proper staffing supports are in place to complete all necessary eligibility actions accurately and efficiency. Sufficient staffing will be needed to support all activities including:

- Managing questions and providing technical assistance to members
- Updating member contact information
- Testing and updating IT systems
- Processing renewals
- Ongoing data collection and reporting

[6] Source: H.R. 2617 (ENR) - Consolidated Appropriations Act, 2023

© 2023 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. NDP424682-1A

Technical assistance

States should leverage the technical assistance provided by CMS, including the calls beginning in January 2023. States can also leverage their regional office to address specific questions and seek clarification. States should be frequently monitoring and preparing to address additional changes as additional guidance from CMS is released.

Conclusion

As the continuous enrollment condition and temporary FMAP increase provisions are ending, **it is critical for states to take action to ensure all documentation, systems, and staff are prepared**. Whether a state is still in the planning and preparation phase or ready to begin processing unwinding renewals, KPMG can provide support for state Medicaid agencies through the phases of this work. KPMG can support states through the following activities:

- Analyzing CMS guidance and supporting the state in updating policies and processes related to unwinding
- Developing strategies for member communication and outreach
- Supporting system readiness activities such as system testing and technical rollout
- Providing technical assistance and support in engaging with CMS and other federal partners
- Ongoing data collection and reporting
- Strategizing for moving past the PHE and resuming normal operations for reporting and monitoring

CMS has begun outreach to schedule individual meetings with states to discuss unwinding and address questions. KPMG brings significant state government knowledge and experience and is prepared to assist state Medicaid agencies with these efforts.

For further information on PHE unwinding, including the full catalog of CMS-issued guidance, toolkits, and templates, please refer to the following webpage: **Unwinding and Returning to Regular Operations after COVID-19**. For further information on the services KPMG can provide to support states on their unwinding initiatives, please refer to our **KPMG Health and Social Services** webpage.

Contact us

Harvey Levin
Managing Director, Health and Human Services Practice Leader
T: 401-225-4832
E: hblevin@kpmg.com

Amy Lapierre
Director, Health & Government Solutions
T: 401-651-4771
E: amylapierre@kpmg.com

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

kpmg.com/socialmedia

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2023 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization. NDP424682-1A