DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

MEDICAID EXPANSION AND COST SHARING

Background:
Through 42 USC 1396o-1, states have flexibility to implement cost sharing (i.e., the portion of health care costs a patient/enrollee/member pays out of pocket, as opposed to what the health insurance plan or Medicaid covers) into their Medicaid programs that ensures affordability and access for enrollees. Cost sharing in Medicaid is carefully structured to ensure alignment with the program's mission to provide health care access.

Types of Cost Sharing:
- Premium: A monthly fee enrollees may pay to keep their coverage active.
- Copayments (copays): Fixed amount paid to the provider for services or prescriptions.
- Buy-In: Allows individuals who would not typically qualify for Medicaid, often due to income or disability status, to purchase coverage via premium.

Historic Cost Sharing in Montana's Medicaid Program:
The passage of Medicaid expansion in Montana in 2015 included monthly premiums and copayments for new adults with incomes below 138% of the federal poverty level (FPL). Those requirements at the time included monthly premiums equal to 2% of household income as well as copayments up to the maximum amounts allowed under federal law (i.e., premiums and copayments combined not to exceed 5% of family household income). Copayments ranged from $4 for a physician office visit to $75 for an inpatient hospital stay. A full list of copayments is provided in Table 1 below. Also, originally enrollees received quarterly premium credits equal to the amount they had paid in premiums. These quarterly credits could be applied toward any copayments the enrollee owed during that quarter. In January 2018, the premium credit was removed from the HELP demonstration program due to burden of administering the credit.

Table 1: HELP copayment structure for selected services by enrollee income level, 2015-2018

Service	Copayments for Enrollees with incomes at or below 100% FPL	Copayments for Enrollees with incomes above 100% FPL
Inpatient Hospital Stay	$75	10% of state provider reimbursement
Physician Office Visit	$4	10% of state provider reimbursement
Lab and Radiology	$4	10% of state provider reimbursement
Prescription Drugs		
Generic	$0	$0
Preferred Brand	$4	$4
Non-Emergent Emergency Room Use	$8	$8

In 2019, the state sought to amend its Medicaid expansion 1115 waiver to remove copayments, revise the premium payment structure, and make Medicaid expansion permanent. These changes would have tied the premium structure to the length of time an individual was enrolled in coverage.

For example, enrollees with income greater than 50% FPL paid premiums equal to 2% of their aggregate household income, with enrollee obligations increasing 0.5% in each subsequent year of coverage (not to exceed 4% of aggregate household income). However, while these changes were proposed, CMS did not approve them. In December 2021, CMS provided a one-year extension of the demonstration for the state to phase out collection of premiums, with premiums ending Dec. 31, 2022. Table 2 provides a comparison of the 2015 cost sharing policy compared to the cost sharing policy proposed in the 2019 amendment (that was not approved by CMS).

Table 2: Montana Cost Sharing Policy for HELP Demonstration 2015 vs. 2019 Waiver Amendment

	Montana 2015 HELP Demonstration Waiver	Montana 2019 Amended Demonstration Waiver (not approved)
Premium	Monthly premiums equal to 2% of household income for enrollees with incomes between 51% and 138% FPL, who were not otherwise exempt.	• Increase monthly premiums based on coverage duration. First year, monthly premiums equal to 2% of household income for enrollees with incomes between 51% and 138% FPL, who were not otherwise exempt. • Premiums increase by 0.5% each subsequent years of coverage with a maximum premium not to exceed 4% of enrollee’s household income.
Deductible	No deductibles	No deductibles
Copay	\$4 - \$75 depending on services. Maximum allowable under federal law	No co-payments
OOP	Capped at 5% of household income annually (42 CFR §447.56(f))	Capped at 4% of household income annually (42 CFR §447.56(f))

Table 3 shows two other examples of cost sharing in Medicaid programs.

Table 3: Examples of cost sharing structures in Nebraska and Iowa

	Nebraska	Iowa
Premium	No premiums for traditional Medicaid or Medicaid expansion	Capped at 5% of family monthly income; completing risk assessment/annual exam
Deductible	No deductibles in traditional Medicaid	No deductibles in traditional Medicaid
Copay	$1-$15 depending on services: $3 Rx	$1 Rx; $8 non-emergency use of ER
OOP	Capped at 5% of household income annually (42 CFR §447.56(f))	Capped at 5% of household income annually (42 CFR §447.56(f))

Federal Cost Sharing Exemptions:
Federal exemptions to cost sharing requirements in Medicaid generally include pregnant individuals, children, preventive services, emergency services, American Indian and Alaska Natives, and hospice care.