FACT SHEET

WHAT'S AT STAKE FOR OLDER ADULTS WHEN STATES ELIMINATE MEDICAID RETROACTIVE COVERAGE?

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Medicaid is designed to meet the needs of people with limited income and high health and long-term care needs. One way it does so is by providing coverage for care and services a person received prior to applying for or being enrolled in Medicaid. This policy, known as retroactive coverage, is a key financial protection for low-income, uninsured, and underinsured older adults, especially those who experience a health emergency, need long-term services and supports following an illness, or have other unexpected high-cost health care needs.

Unfortunately, some states are asking the federal government to allow them to waive this protection. Eliminating retroactive coverage threatens low- and moderate-income families' financial well-being, jeopardize providers' financial stability, and puts people at risk of not receiving care and services they need. A new Justice in Aging issue brief provides an in-depth analysis of the Medicaid retroactive benefit, the states that are eliminating it, and the resulting harms to older adults, families, and providers.

Medicaid Retroactive Coverage Enables Older Adults to Access Care

Under federal Medicaid law, states are required to provide coverage for care and services received up to three months prior to the date an individual applied for Medicaid. For example, if an individual submitted an application for Medicaid on July 20, 2019, Medicaid could pay retroactively for Medicaid covered services the individual received on or after April 1, 2019 if the state determined they were eligible during those months.

This protection is necessary to ensure prompt access to care before a Medicaid application can be made when an older adult experiences a sudden illness or needs long-term nursing facility care or personal care services at home. Often, a person facing such a situation is unable to apply for Medicaid coverage at the exact moment they become eligible. They may be hospitalized after an accident or unforeseen medical emergency, and lack the capacity to apply. They may not have family to help them, or know that they are eligible. The retroactive coverage policy is an effective response to these concerns.

States that Eliminate Retroactive Coverage Risk Harming Older Adults' Health & Financial Well-being

Numerous states have eliminated retroactive coverage for some or all Medicaid enrollees, including five states that currently do not provide retroactive coverage for some or all eligibility categories that include seniors age 65 and older. These states are effectively cutting benefits for people who are in fact Medicaid eligible, exposing people living on the margins to crushing financial burden, and hindering access to care. In particular, eliminating retroactive coverage:

- Falls hardest on older adults, people with disabilities, and anyone with significant health care needs, as neither Medicare nor commercial health insurance covers long-term services and supports and most people cannot access this care without the assurance that Medicaid will pay for it.
- May delay nursing facility admission, resulting in unnecessarily long hospital stays or individuals being discharged to home without the supports they need and returning to the hospital in poorer health.
- Exposes people to medical debt, which can start or continue a cycle that leads to poorer health due to stress and inability to access necessary care.
- May deny coverage of previous months' premiums to low-income Medicare beneficiaries, further straining their limited fixed budgets.
- Puts unnecessary strain on hospitals and other providers that may not get any reimbursement for services they provide, which can cause providers to stop taking Medicaid or to go out of business and limit provider access for everyone.

Medicaid Retroactive Coverage is a Lifeline for People in Emergencies

Carol was hospitalized after an accident in August. She applied for Medicaid to cover emergency hospitalization and medical bills in October, but her application was initially denied. Between the initial denial and the time that she was declared eligible for benefits, Levy paid over $8,000 to cover some of the nearly $50,000 in medical bills incurred during the retroactive-coverage period. A court later required Michigan Medicaid to pay the bills retroactively.[1]

In 2019, John, an uninsured, low-income patient stayed in a Miami hospital for 86 days and incurred total charges exceeding $1 million. The hospital's staff prepared John's Medicaid application, which took 65 days to complete. The Florida Medicaid agency approved the application and covered bills for the previous 90 days, including a payment to the hospital of $82,000, based on the state's limit of 45 covered hospital days per year. If Florida's retroactive coverage waiver had been in effect, the hospital would have received no reimbursement. The hospital estimates eliminating retroactive coverage will cost it at least $4 million a year in uncompensated care, and likely far more.[2]

Retroactive Medicaid coverage is a financial lifeline for older adults, people with disabilities, and families living on the margins, filling in coverage gaps that are most likely unavoidable. Eliminating this protection will only increase medical debt, which can push people into poverty and jeopardize their health.

Read more about the benefits of retroactive coverage and which states are eliminating it in our full issue brief.

1 Schott v. Olszewski, 401 F.3d 682, 685 (6th Cir. 2005) (more than $40,000 in unpaid bills, and more than $8,000 in reimbursement due to patient for bills she had paid herself).

2 Harris Meyer, New Medicaid Barrier: Waivers ending retrospective eligibility shift costs to providers, patients, Modern Healthcare (Feb.9, 2019), modernhealthcare.com/article/20190209/NEWS/190209936/new-medicaid-barrier-waivers-ending-retrospective-eligibility-shift-costs-to-providers-patients. (John is not the patient's real name.)