**MEDICAID CHURN OVERVIEW & FAQ**



**What is Medicaid Churn?**

Medicaid churn occurs when a Medicaid enrollee experiences a lapse of coverage. The individual may return to Medicaid within a certain period of time or may make a long-term exit despite continued eligibility. Churn, unfortunately, appears to be fairly common with [the typical length of coverage spell being less than 10 months and one in four enrollees changing coverage and/or experiencing a coverage gap within a year](https://aspe.hhs.gov/system/files/pdf/265366/medicaid-churning-ib.pdf).

Medicaid churn can be divided into two buckets: 1) procedural churn and 2) eligibility-related churn. Procedural churn occurs when an individual loses Medicaid coverage for administrative reasons such as the agency did not receive required forms or verifications to renew coverage regardless of the individual’s actual eligibility status. Eligibility-related churn occurs when an individual experiences a temporary change in circumstance such as picking up an [extra shift, seasonal work, or even a month with an extra pay period](https://www.communityplans.net/coverage-you-can-count-on/frequently-asked-questions-churning-and-continuous-eligibility/#_ednref3) that makes them ineligible for Medicaid. In some cases, the lapse in Medicaid coverage will lead the individual to become uninsured while in others they will [transition to other coverage](https://www.nashp.org/wp-content/uploads/2016/08/Churn-Brief.pdf) such the Marketplace or employer-sponsored insurance.

**What are the impacts of Medicaid churn**

**on health and cost outcomes?**

Individuals who experience lapses in Medicaid churn “[are more likely to delay care, receive less preventive care, refill prescriptions less often, and have more emergency department visits](https://aspe.hhs.gov/system/files/pdf/265366/medicaid-churning-ib.pdf)” and can lead to [worsening of chronic conditions and relying on high-cost care like ERs](https://www.cbpp.org/sites/default/files/5-4-21health.pdf) that may lead to [increased care costs over time](https://aspe.hhs.gov/system/files/pdf/265366/medicaid-churning-ib.pdf). Even among those who maintain coverage by cycling between Medicaid and other types of coverage can [face challenges](https://www.nashp.org/wp-content/uploads/2016/08/Churn-Brief.pdf) as different plans come with different provider networks, coverage of benefits, and cost sharing requirements. Beyond health consequences, churn can also lead to [increased medical debt](https://www.communityplans.net/coverage-you-can-count-on/frequently-asked-questions-churning-and-continuous-eligibility/) as individuals seek necessary care with reduced or no coverage. Conversely, studies have found that [the longer an enrollee remains on Medicaid the lower their costs become](http://www.communityplans.net/Portals/0/ACAP%20Docs/Improving%20Medicaid%20Final%20070209.pdf) and that [continuous coverage increases access to preventive and specialty care](https://www.communityplans.net/coverage-you-can-count-on/frequently-asked-questions-churning-and-continuous-eligibility/#_ednref3).

Churn also has consequences for Medicaid agencies and the healthcare industry. The administrative costs to agencies for reprocessing cases have been identified to [cost $400-600 per case](https://aspe.hhs.gov/system/files/pdf/265366/medicaid-churning-ib.pdf) and can add up to [millions](http://communityplans.net/coverage-you-can-count-on/frequently-asked-questions-churning-and-continuous-eligibility/) annually. Similarly, plans and providers shoulder [additional administrative burdens](http://communityplans.net/coverage-you-can-count-on/frequently-asked-questions-churning-and-continuous-eligibility/) in helping members and patients navigate their lapse in coverage and reestablish care.

**What are the causes of Medicaid churn?**

**Administrative and procedural factors that contribute to churn include:**

* [Late or incomplete paperwork](https://www.nashp.org/wp-content/uploads/2016/08/Churn-Brief.pdf) and verifications
* [Conducting non-mandatory periodic eligibility/data checks](https://www.kff.org/medicaid/issue-brief/recent-medicaid-chip-enrollment-declines-and-barriers-to-maintaining-coverage/)
* [Providing too short a window for enrollees to return paperwork and verifications](https://aspe.hhs.gov/system/files/pdf/265366/medicaid-churning-ib.pdf)
* Underutilizing [automated renewals](https://aspe.hhs.gov/system/files/pdf/265366/medicaid-churning-ib.pdf), self-attestation, and reasonable compatibility options
* [Disenrollment from coverage due to administrative reasons, such as incomplete reenrollment paperwork or coverage renewals not occurring for other reasons](https://www.nashp.org/wp-content/uploads/2016/08/Churn-Brief.pdf)
* [Limiting the options enrollees have to renew Medicaid such as only offering mail- or phone-based renewals](https://aspe.hhs.gov/system/files/pdf/265366/medicaid-churning-ib.pdf)
* [Premium lockouts](https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2753978)

**Eligibility-related factors that contribute to churn include:**

* [Increases in household income](https://www.nashp.org/wp-content/uploads/2016/08/Churn-Brief.pdf) including temporary changes like working extra shifts, extra pay periods in a month, or seasonal work. Fluctuations are particularly pronounced among [people of color and those with lower education levels](https://aspe.hhs.gov/system/files/pdf/265366/medicaid-churning-ib.pdf)
* [Changes in household composition](https://www.nashp.org/wp-content/uploads/2016/08/Churn-Brief.pdf)
* Changes in categorical eligibility status such as aging out or expiration of post-partum eligibility

**What are the potential policy & practice**

**solutions to reduce Medicaid churn?**

**Adopt continuous coverage options:**

* 1. [Multi-year](https://aspe.hhs.gov/system/files/pdf/265366/medicaid-churning-ib.pdf) continuous eligibility for children: The [Consolidated Appropriations Act of 2023](https://www.congress.gov/bill/117th-congress/house-bill/2617/text) requires states to provide children up to age 18 with 12 months of continuous eligibility for Medicaid and Children’s Health Insurance Program (CHIP) coverage beginning January 2024. This allows states to disregard fluctuations in income that might otherwise trigger Medicaid churn. States have the option to purse a waiver to extend coverage to children past the 12 months requirement. At least 10 states are currently implementing or seeking approval for multi-year continuous Medicaid eligibility – typically through age 6 – including [Washington](https://www.medicaid.gov/sites/default/files/2023-04/wa-stc-ca-04142023.pdf), [Oregon,](https://www.medicaid.gov/sites/default/files/2022-09/or-health-plan-09282022-ca.pdf) California and [Pennsylvania.](https://www.dhs.pa.gov/Keystones-of-Health/Documents/Keystones-of-Health-1115_Draft-Application.pdf)
  2. [Adopt 12 month continuous post-partum coverage](https://aspe.hhs.gov/system/files/pdf/265366/medicaid-churning-ib.pdf): The [Consolidated Appropriations Act of 2023](https://www.congress.gov/bill/117th-congress/house-bill/2617/text) made permanent the American Rescue Plan Act’s state plan option to provide 12 months of continuous postpartum coverage – an option that was temporarily available for five (5) years. Federal law only requires states to provide Medicaid coverage through 60 days postpartum. Adopting this state plan option can improve maternal morbidity and morality rates and reduce racial and ethnic disparities in maternal and infant outcomes.
  3. [Adopt 12 month continuous coverage for adults under an 1115 waiver](https://aspe.hhs.gov/system/files/pdf/265366/medicaid-churning-ib.pdf): While there is not currently a state option to provide continuous coverage to adult populations besides the new post-partum provision, Montana, New York, and [New Jersey](https://www.medicaid.gov/sites/default/files/2023-03/nj-1115-cms-exten-demnstr-aprvl-03302023.pdf) have approved 1115 demonstrations that provide continuous eligibility for adults which could be replicated.

**Extend certification periods and timeframes for returning forms and verifications:**

* 1. Extend certification periods for non-MAGI enrollees: States have flexibility in how non-MAGI populations have to recertify so long as it is at least once every twelve months. Extending the certification reduces the chance for procedural issues to cause eligible individuals to lose coverage.
  2. [Extend the recertification window](https://aspe.hhs.gov/system/files/pdf/265366/medicaid-churning-ib.pdf) and lengthen the window in which paperwork and verifications may be submitted: States have flexibility in setting these timeframes and providing more time can give enrollees the opportunity to complete the process and avoid having to reapply.

**Expand eligibility to mitigate effects of temporary income fluctuations and streamline eligibility determination:**

* 1. [Expand Medicaid](https://aspe.hhs.gov/system/files/pdf/265366/medicaid-churning-ib.pdf): A higher eligibility threshold gives enrollees breathing room to have larger fluctuations in monthly income without losing Medicaid eligibility since income limits are higher for the expansion eligibility group than traditional parent eligibility groups. Additionally, children’s coverage is more likely to be renewed when parents are also covered.
  2. [Eliminate asset tests for non-MAGI enrollees](http://www.communityplans.net/Portals/0/ACAP%20Docs/Improving%20Medicaid%20Final%20070209.pdf): Eliminating asset tests simplifies the eligibility determination process and reduces verifications that need to be submitted.

**Leverage existing data and touch points to facilitate Medicaid renewal:**

* 1. [Improve the ex parte renewal](https://www.cbpp.org/research/health/streamlining-medicaid-renewals-through-the-ex-parte-process) process: Federal law requires all Medicaid agencies to attempt to renew coverage for all Medicaid enrollees using data available from reliable sources. The ex parte process should be completely automatic from the perspective of the enrollee and the state agency. See the Ex Parte document for more information.
  2. [Reduce verification requirements by relying on electronic sources and self-attestation](http://www.communityplans.net/Portals/0/ACAP%20Docs/Improving%20Medicaid%20Final%20070209.pdf): When a true ex parte renewal is not possible, agencies can still rely on verified sources to pre-populate recertification forms and reduce verifications that need to be submitted by the enrollee. Agencies can also accept self-attestation for most non-financial eligibility criteria.

**Enhance communications and renewal methods:**

* 1. [Offer multiple pathways to complete renewals](https://aspe.hhs.gov/system/files/pdf/265366/medicaid-churning-ib.pdf): Offering enrollees multiple options to complete the renewal process including mail, in-person, by phone, and online can help facilitate successful renewal and continuous coverage. Online solutions should be mobile friendly and allow for documentation submission and case tracking.
  2. [Ensure forms and notices are easy to follow and at an appropriate literacy level](https://www.cbpp.org/research/lessons-churned-measuring-the-impact-of-churn-in-health-and-human-services-programs-on): Ensuring that forms and notices are simple, concise, and plain language can help enrollees quickly understand and take necessary action to maintain coverage.
  3. [Ensure forms, notices, and live assistance are accessible for all enrollees](http://www.communityplans.net/Portals/0/ACAP%20Docs/Improving%20Medicaid%20Final%20070209.pdf): Beyond general design and literacy considerations, communications and other assistance, such as call centers, should take into account accommodations for persons with disabilities and translations (at appropriate literacy level) for individuals with limited English proficiency.
  4. Offer multi-channel reminders and methods of checking case status in addition to official notices: [Text messages](https://www.cbpp.org/research/lessons-churned-measuring-the-impact-of-churn-in-health-and-human-services-programs-on), [calls](http://www.communityplans.net/Portals/0/ACAP%20Docs/Improving%20Medicaid%20Final%20070209.pdf), [online accounts](https://www.cbpp.org/research/lessons-churned-measuring-the-impact-of-churn-in-health-and-human-services-programs-on), and other reminders can help ensure enrollees don’t miss mailed forms and notices and stay on track to renew on time.
  5. Provide additional outreach and assistance for enrollees who are homeless or have frequent changes in residence: These individuals are likely not to receive official notices in a timely manner or at all. Coordinating with MCOs, providers, and other community partners can help ensure continuous coverage for these hard to reach populations.

**Coordinate transitions between Medicaid and other coverage options when an enrollee is no longer eligible**

* 1. [Ensure the availability of multimarket health plans](https://www.nashp.org/wp-content/uploads/2016/08/Churn-Brief.pdf) that offer both Medicaid and Marketplace coverage in an area: This may [help keep individuals in comparable coverage, with similar provider networks and prescription formularies;](https://aspe.hhs.gov/system/files/pdf/265366/medicaid-churning-ib.pdf)
  2. Offer premium assistance to allow Medicaid-eligible participants to secure coverage on [the Marketplace](https://www.nashp.org/wp-content/uploads/2016/08/Churn-Brief.pdf) or through [employer-sponsored insurance](https://www.gao.gov/assets/gao-10-258r.pdf).
  3. [Facilitate transition between plans](https://www.nashp.org/wp-content/uploads/2016/08/Churn-Brief.pdf): As individuals transition between Medicaid and the Marketplace states can adopt measures to facilitate the transition such as automating referrals when an individual is no longer deemed eligible.

**Additional policies, processes, and staffing solutions:**

* 1. [Establish policies and procedures to monitor churn to identify and address root causes](https://www.cbpp.org/research/lessons-churned-measuring-the-impact-of-churn-in-health-and-human-services-programs-on): This should include tracking denial codes and disaggregating data to identify variations across eligibility and demographic groups and geographies. It should also include information collection elements from those experiencing churn, eligibility workers, and community partners.
  2. [Ensure adequate staff, training, and resources to process cases and respond to inquiries](https://www.cbpp.org/research/lessons-churned-measuring-the-impact-of-churn-in-health-and-human-services-programs-on): For any churn reduction strategy to be successful, it must be supported with sufficient trained and resourced staff to be able to process renewals in a timely manner and help troubleshoot issues enrollees may face. This should also include smarter through business process reengineering such as adopting universal caseloads.
  3. [Reduce or eliminate periodic data checks](https://www.communityplans.net/coverage-you-can-count-on/frequently-asked-questions-churning-and-continuous-eligibility/): Enrollees can temporarily lose coverage when data checks pick up temporary fluctuations in income or if they do not or are unable to respond in a timely manner to a data check finding that could be inaccurate.
  4. [Eliminate premiums and premium lockouts](https://aspe.hhs.gov/system/files/pdf/265366/medicaid-churning-ib.pdf) or [at least offer flexibilities such as grace periods and simplifying payment rules](http://www.communityplans.net/Portals/0/ACAP%20Docs/Improving%20Medicaid%20Final%20070209.pdf): Reducing or eliminating premium and lockout requirements can help ensure individuals who are eligible for Medicaid do not lose coverage for an inability to make premium payments.
  5. [Offer the option to use projected annual income at renewal](https://www.kff.org/medicaid/issue-brief/recent-medicaid-chip-enrollment-declines-and-barriers-to-maintaining-coverage/): for the remainder of the calendar year instead of current monthly income. Based on state plan amendments submitted to CMS to implement the ACA rules, few states indicated the use of projected annual income rather than current monthly income.
  6. [Coordinate renewals for enrollees within the same household and across public assistance programs](https://www.cbpp.org/research/lessons-churned-measuring-the-impact-of-churn-in-health-and-human-services-programs-on): Coordinating the timing of renewals and/or pushing forward Medicaid renewals based on information collected from renewals for other programs can reduce burden on enrollees and administering agencies while helping to maintain continuous coverage.
  7. [Ensure enrollees are considered for alternate eligibility categories before closing cases](http://www.communityplans.net/Portals/0/ACAP%20Docs/Improving%20Medicaid%20Final%20070209.pdf): Checking for alternate eligibility, such as expansion group coverage for those aging out of child eligibility categories, before disenrollment can help ensure continuous coverage when an individual may otherwise end up churning.
  8. [Leverage presumptive eligibility (PE)](https://ccf.georgetown.edu/2019/09/23/policy-options-how-to-regain-momentum-on-medicaid-chip-enrollment/): When enrollees who are still eligible do fall off, they may not become aware until they seek medical care. Developing a community-based network of providers that can conduct PE enrollments can help shorten lapses in coverage.

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