The Future of Medicaid in Arizona and the Coverage of Childless Adults
Frequently Asked Questions

The following questions and answers are in response to many of the issues raised at Public Meetings and in written comments regarding the coverage of Childless Adults and the Future of Arizona’s Medicaid program. More information can be found on the following websites:
http://www.azahcccs.gov/reporting/federal/childlessAdults.aspx

Q1. What are the key healthcare decisions facing Arizona?
A1. There are three key decisions facing Arizona:
   • Will the State be able to lift the AHCCCS enrollment freeze for childless adults (between 0-100% FPL)?
   • Will the State adopt a Medicaid expansion under the Affordable Care Act (ACA) to expand AHCCCS coverage for adults between 100-138% FPL?
   • Will the State operate a state-based Health Insurance Exchange or defer to the federal government to operate a health insurance marketplace for Arizona.

Q2. What does Medicaid Expansion mean for Arizona?
A2. Medicaid Expansion in Arizona is the option of expanding AHCCCS coverage for adults between 100-138% FPL. Approximately 65,000 individuals are represented in this group.

Q3. Why do I keep seeing that Medicaid Expansion would mean adding over 300,000 new members into AHCCCS?
A3. Most of the increase to the AHCCCS program will be from “woodwork”. Woodwork is the number of people who are currently eligible but not enrolled that AHCCCS anticipates will actually enroll as a result of the increased publicity around Medicaid and the individual mandate requiring all citizens to obtain health insurance. The second reason for a big increase in AHCCCS enrollment will be if policymakers decide to lift the childless adult enrollment freeze.

Q4. So, childless adults subject to the current enrollment freeze are not part of Medicaid Expansion?
A4. No. They are considered an existing AHCCCS population. In 2001, Arizona voters passed Prop. 204 requiring AHCCCS to cover (within available resources) all qualified Arizonans up to 100% FPL. The issue for Arizona policymakers is how to fund the State’s share of the cost for this population.

Q5. Why isn’t Arizona eligible for the 100% federal funding for the childless adult population, like other states?
A5. Because AHCCCS childless adults are not part of Medicaid Expansion, Arizona cannot obtain 100% federal funding to defray the costs of care for this population. Arizona is one of only six states that already provided coverage to childless adults in the Medicaid program. The ACA does not allow these six states to obtain the 100% federal funding that all other 44 states will be able to obtain for covering childless adults.
Q6. Is there any extra federal funding available to restore coverage to childless adults?
A6. The ACA attempted to address the inequity for states like Arizona in funding care for childless adults by allowing for some enhanced federal funding. This enhanced funding would provide about 83% federal dollars and increase up to 90% by 2020. Arizona will ask the federal government, through a waiver amendment, whether it can obtain this enhanced federal match.

Q7. What is an Exchange and is Arizona required to have one?
A7. An Exchange is a web-based insurance marketplace where people can find a commercial health insurance policy that works for their needs. There are federal subsidies for purchasing commercial coverage on the Exchange for people between 100-400% FPL. The ACA requires the establishment of an Exchange. States have the option to run their own Exchange or have the Federal government run the Exchange on their behalf. This means that the Federal government would decide: which insurers are included in the Exchange; make AHCCCS eligibility determinations; how Arizonans will pay for the cost of running the Exchange; and benefits, providers and plans offered on the Exchange.

Q8. What is the “Medicaid doughnut hole?”
A8. The Supreme Court ruling stated that Medicaid expansion is optional; this means states do not have to expand their Medicaid programs to cover non-disabled adults. The “Medicaid doughnut hole” refers to people who may not be covered by Medicaid and who cannot access subsidies on the Exchange. For Arizona, this group is the Prop. 204 childless adults for whom enrollment on AHCCCS is frozen. If the enrollment freeze remains in place, this population will not be covered by AHCCCS and cannot access subsidies on the Exchange. Thus, they will remain uninsured and will have to rely on charity care.

Q9. Is 100% federal funding available for expanding Medicaid to adults between 100-133% FPL?
A9. Yes. Arizona could obtain 100% federal funding to expand AHCCCS to cover adults between 100-133% FPL.

Q10. If Arizona does not expand Medicaid for these adults between 100-133% FPL, what options are available for their healthcare coverage?
A10. Individuals between 100-133% FPL could obtain coverage on the Exchange with access to 98% federally subsidized commercial insurance coverage; this means they will pay approximately $25/month for their health insurance. There are also opportunities for cost sharing assistance depending on the policy selected through the Exchange.

Q11. So if Arizona does not expand Medicaid, will the State still gain new federal dollars through subsidies provided for coverage on the Exchange?
A11. Yes. The State will still have increased federal dollars through these subsidies.

Q12. What benefits will be available to people who purchase coverage on the Exchange?
A12. Coverage on the Exchange will include at least the same benefits as state employees have. More information about this coverage is available at: 