Background for States on Medicaid Administrative Match/Federal Financial Participation (FFP)
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Principles:

- Increase access to evidence-based cessation services, including quitlines, for Medicaid enrollees.
- Increase Medicaid coverage for cessation services, including quitlines.
- Maintain financial sustainability for state quitlines.

Overview of Medicaid Match (FFP) and key resources

- FFP is designed to give state quitlines (which are publicly funded) a means for receiving up to a 50% match of state dollars for quitline administrative costs (i.e., counseling).
    - For a comprehensive overview of FFP, please review: Medicaid Reimbursement for Tobacco Cessation Quitline Activities by Sharon Brown (CMS).
- The match represents federal funds from CMS, which is passed through the state Medicaid agency to the quitline after the approval of two essential agreements:
    - A Memorandum of Understanding (MOU) between the state quitline /tobacco control program.
        - NAQC's "Advice to Guide You: Building a Strong Memorandum of Understanding to Secure Medicaid Administrative Match for Quitline Services" provides a detailed overview of developing an MOU and highlights the essential components of an MOU:
            - Assurance that the costs submitted do not duplicate costs claimed under any other federal grant or duplicate costs included in the indirect cost pool. ***This means existing CDC grants for quitline expenditures cannot be used as the state share of the Medicaid quitline match.***
            - Assurance there is sufficient state match for the Medicaid related expenditures and that ***the state match on quitline expenditure claims as Medicaid-related are not being used as a state match for any other federal grants***.
            - Assurance Medicaid will distribute the match as a transfer of federal revenue from the Medicaid programs ***to an account designate by the quitline/tobacco control progra***m.
            - Assurance that the state Medicaid program will serve as a pass-through agency.
    - A Cost Allocation Plan
        - Please see NAQC's "Advice to Guide You: Building a Strong Cost Allocation Plan Amendment for Medicaid Administrative Match for Quitline Services" for details.

Pros of Medicaid Match (FFP)

- FFP provides state quitlines the ability to receive some level of reimbursement for the administrative quitline expenses (e.g., counseling) for Medicaid enrollees served by the state quitline.

Cons of Medicaid Match

- FFP specifically **excludes** the cost of cessation medications from administrative costs, so the payment covers only a fraction of the cost of providing services to Medicaid enrollees.
- FFP is **only** applicable for Medicaid beneficiaries who are enrolled in Fee-for-Service (FFS).
  - Medicaid beneficiaries enrolled in a Medicaid MCO **cannot** be included in any FFP cost calculation because provision of quitline services is viewed as part of the monthly fee/capitation an MCO receives for managing and providing services.
  - Note, there is an exception to this rule: If quitline services are specifically excluded from a Medicaid MCO contract, and Medicaid beneficiaries enrolled in a Medicaid MCO are directed to the state's quitline for service, then they can be included in the FFP cost calculation.
- If the MOU required to access FFP is not set-up correctly (as laid out in NAQC's "Advice to Guide You: Building a Strong Memorandum of Understanding to Secure Medicaid Administrative Match for Quitline Services"), state quitlines ***may not*** receive the FFP dollars (e.g., some states have seen their FFP dollars end up in a state general fund rather than the state quitline budget).

Potential solutions to explore:

- To ensure that Medicaid enrollees have access to comprehensive cessation service and that quitlines remain sustainable, quitlines are exploring:
  - Revising eligibility of state quitlines to serve only priority populations (i.e., uninsured, underinsured and Medicaid); ***and***
  - Working with Medicaid, health plans and employers to ensure a comprehensive cessation benefit (including quitline services) is provided to the members and employees. Encouraging Medicaid, health plans and employers to cover the full cost of comprehensive cessation services, including the quitline.
    - Some quitline are engaged in contracts (directly or indirectly) with health plans and employers for quitlines services.
    - Some quitlines are researching other approaches (e.g., legislation or regulation) to ensure Medicaid and other private plans are covering comprehensive cessation services (both counseling and medications).
    - Promotion of benefits is key to ensuring that beneficiaries and health care providers are aware of coverage for tobacco cessation services.
  - For assistance with developing public and private partnership please visit NAQC's Public-Private Resource Center.

Medicaid MCO contracts

- NAQC encourages states to use the RFP/contracting process to advance comprehensive tobacco cessation benefits, including the provision of quitline services for Medicaid MCOs.
    - More states are shifting Medicaid enrollees from FFS to Medicaid MCOs. In states that have Medicaid MCOs, 70%+ of Medicaid beneficiaries are enrolled in an MCO.
    - Here is a link to:
        - NAQC's recommended language for Medicaid MCO RFPs ; and
        - NAQC's Medicaid MCO RFO Toolkit.
    - NAQC recommends that:
        - cessation should be included under the "Preventive Services" section in the MCO contract; and
        - the cost for provision of the comprehensive cessation services should be included in the per-member-per-month (PMPM) fee.

Making the Case for Comprehensive Cessation to Medicaid

- The 2014 Surgeon Generals report on health consequences of smoking estimates Medicaid spent $40 billion on smoking-related illnesses in 2010. Researchers used that report to project future spending, estimating the cost would increase to $75billion by 2016. [1]

- A 2012 survey of obstetricians and gynecologist revealed that nearly 80% of those surveyed were unaware of the ACA's coverage of cessation services for pregnant women enrolled in Medicaid. Other studies have examined the utilization of cessation medications among pregnant women enrolled in Medicaid in Kansas and Maryland. Despite the ACA providing access to all 7 FDA-approved cessation medication with no cost-sharing, both studies found that utilization of the benefit remained low or unchanged from pre-ACA utilization levels. Despite low utilization of evidence-based cessation services among Medicaid enrollees, recent studies by Dr. Steve Fu and colleagues have demonstrated that Medicaid enrollees want to quit smoking and are able to quit smoking when provided access to evidence-based cessation services.[2,3,4]

- Analysis of the Centers for Medicare and Medicaid's (CMS) 2013 Medicaid drug utilization files showed that approximately 10% of Medicaid enrollees nationwide accessed cessation medications through their Medicaid benefits totaling about $103 million Medicaid spent on cessation medications. Knowing that over 30% of Medicaid enrollees use tobacco, 10% utilization of evidence-based cessation is good, but there is room for improvement.[5]

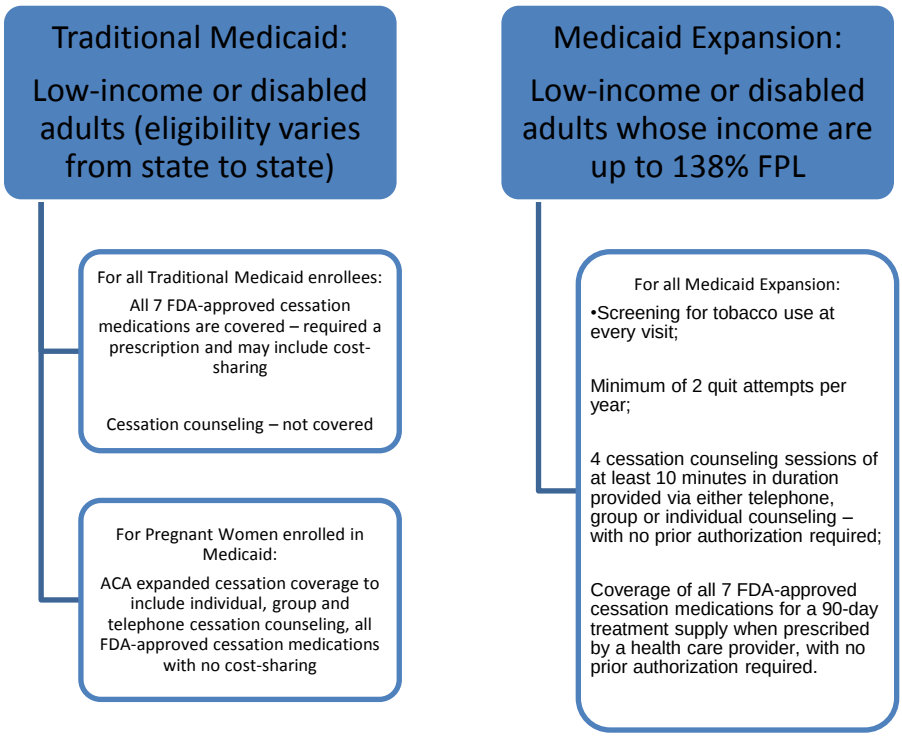
- A 2011 ROI study of Massachusetts' improved cessation benefit for Medicaid enrollees found for every $1 spent on cessation there was an associated savings of $3.12 in medical expenses among tobacco users.[6]

- More recently, a 2017 cost estimate study looked at the budget impact for commercial, Medicaid and Medicare health plans providing access to all FDA-approved cessation medications per the ACA and found the PMPM cost increase was $0.06 PMPM for Medicaid and $0.10 PMPM for commercial plans. It should be noted, this study did not look at the cost for providing individual, group and telephone counseling, also required by the ACA; nor did the study take into account potential cost savings from reduced medical care due to enrollees engaging in cessation and/or quitting smoking.[7]

Important facts on Medicaid and quitlines:

- Medicaid provides health care coverage for low-income and disabled adults and children, ensuring these vulnerable populations have access to health care services, including preventive services like cessation.
- Tobacco use among adult Medicaid enrollees remains high.
    - According to CDC analysis of the 2015 NHIS.[8]
        - 27.8% of adults enrolled in Medicaid are current smokers
        - 31.7% of adults enrolled in Medicaid are current tobacco users
- Medicaid spends an estimated $40 billion annually to treat tobacco related illness.[1]
- The use of cessation benefits by Medicaid enrollees can be improved.[5]
    - Analysis of the Centers for Medicare and Medicaid's (CMS) 2013 Medicaid drug utilization files showed that about 10% of Medicaid enrollees nationwide accessed cessation medications through their Medicaid benefits totaling about $103 million Medicaid spent on cessation medications.
    - Knowing that over 30% of Medicaid enrollees use tobacco, 10% utilization of evidence-based cessation is good, but there is room for improvement.
- Medicaid coverage for cessation varies by state, and the Affordable Care Act (ACA) added another layer of variability for states that opted to expand Medicaid.
    - In Figure 1 below we highlight Medicaid cessation coverage for the two Medicaid eligibility groups: traditional Medicaid and expansion Medicaid.
    - Medicaid coverage for cessation for traditional Medicaid is **not** comprehensive since it does not cover all forms of counseling and allows for out-of-pocket costs, prior authorizations and other barriers to accessing cessation services.
    - For states that have chosen to expand Medicaid under the ACA, the differences in cessation benefits between traditional Medicaid and expansion Medicaid creates the potential for a tiered system.

Figure 1: Medicaid Cessation Coverage by Eligibility Groups



- State quitlines provide evidence-based cessation services to Medicaid enrollees and for the majority of states, the state quitline covers 100% of the cost.
    - NAQC's FY2016 Annual Survey found 74% of state quitlines provide counseling and nicotine replacement therapy to Medicaid enrollees. For the majority of those state quitlines, the cost of cessation medications is covered 100% by the state quitline with no cost-sharing or reimbursement from Medicaid.
    - In FY2015, 14 state quitlines reported drawing down an estimated total of $3.85 million dollars, ranging from $18,600 to $2,002,638. The median amount a state quitline received from FFP in FY2015 was $119,641.[9]
- State quitlines are underfunded and continually face potential budget cuts.
    - NAQC's goal, based on CDC's Best Practices for Comprehensive Tobacco Control, is for each state quitline to spend $10.53 per smoker.
    - NAQC's FY2016 Annual Survey found the overall spending per smoker among state quitlines was $1.91.

For more information and assistance

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