MEDICAID COST SHARING

By: Katherine Dwyer, Associate Analyst

**TYPES OF COST SHARING**

"[Medicaid] cost-sharing requirements may include participation-related cost-sharing, such as monthly premiums or annual enrollment fees, as well as point-of-services cost sharing such as copayments – flat dollar amounts paid directly to providers for services rendered. Similar types of out-of-pocket cost-sharing can apply to individuals enrolled in private health insurance, although the amounts to which such beneficiaries may be subject can be higher than the amounts allowed in Medicaid."


**ISSUE**

Does federal law prohibit states from imposing cost sharing requirements on Medicaid recipients? This report has been updated by OLR Report 2016-R-0240.

**SUMMARY**

According to the federal Centers for Medicare and Medicaid Services (CMS), states can impose copayments, coinsurance, deductibles, or similar charges on most Medicaid-covered services, but, except as noted below, most cost sharing is limited to nominal amounts. For example, in 2013, the maximum deductible was limited to $2.65. The amounts states can charge vary with income and are based on the state’s payment for the service. According to a recent Congressional Research Service (CRS) report, state Medicaid cost-sharing requirements cannot exceed 5% of the family income either on a monthly or quarterly basis, as specified by the state Medicaid agency. States may not withhold services for failure to pay the nominal costs, but they may hold beneficiaries liable for the unpaid amounts. Children, terminally ill individuals, and certain other individuals are generally exempt from cost sharing requirements.

Federal law (1) limits cost sharing to nominal amounts for recipients under 100% of the federal poverty level (FPL) and (2) allows for greater, though limited, cost sharing for individuals over 100% FPL. (In 2015, 100% FPL was the equivalent to $11,770 annually for an individual.) States are prohibited by law from imposing cost-sharing for (1) Medicaid emergency services or family planning services or
supplies and (2) services for children under age 18 and pregnant women (42 USC § 1396d).

States may establish alternative out of pocket costs for certain Medicaid enrollees with incomes above 100% FPL. These costs may be higher than the nominal costs described above, but they may not exceed 5% of family income. They may also charge certain limited premiums and enrollment fees on certain Medicaid enrollees with income above 150% FPL.

Generally, most of Connecticut’s Medicaid recipients receive health care through one of the Department of Social Services’ HUSKY programs (i.e., HUSKY A, C, and D), which do not require deductibles or copayments. To learn more about copayments and deductibles for state residents under Medicaid, see OLR Report 2015-R-0160.

Table 1 depicts maximum allowable copayments under federal law for FY 13. It appears that these limits are still current.

**TABLE 1: MAXIMUM ALLOWABLE COPAYMENTS FOR MEDICAID RECEPIENTS**

<table>
<thead>
<tr>
<th>Services and Supplies</th>
<th>Eligible Populations by Family Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>≤100% FPL</td>
</tr>
<tr>
<td>Institutional Care (inpatient hospital care, rehab care, etc.)</td>
<td>$75</td>
</tr>
<tr>
<td>Non-Institutional Care</td>
<td>$4.00</td>
</tr>
<tr>
<td>Non-emergency use of the ER</td>
<td>$8.00</td>
</tr>
<tr>
<td>Preferred drugs</td>
<td>$4.00</td>
</tr>
<tr>
<td>Non-Preferred drugs</td>
<td>$8.00</td>
</tr>
</tbody>
</table>

Source: CMS

**RESOURCES**


CRS, *Out-of-Pocket Costs for Medicaid Beneficiaries: In Brief* (2015), available at: [https://www.crsreports.com/download?hash=ea8421d39526518f8706414f78cb78c7a7474adbd2124d6dfc9f20a83b1b408f](https://www.crsreports.com/download?hash=ea8421d39526518f8706414f78cb78c7a7474adbd2124d6dfc9f20a83b1b408f)