



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."

- Congressional Research Service (CRS), [Out-of-Pocket Costs for Medicaid Beneficiaries: In Brief](#) (2015)

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 § 1396o](#)).

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 RECIPIENTS

Services and Supplies	Eligible Populations by Family Income		
	≤100% FPL	101-150% FPL	>150% FPL
Institutional Care (inpatient hospital care, rehab care, etc.)	\$75	10% of cost the agency pays for the entire state	20% of cost the agency pays for the entire state
Non-Institutional Care	\$4.00	10% of costs the agency pays	20% of costs the agency pays
Non-emergency use of the ER	\$8.00	\$8.00	No limit *within 5% aggregate limit
Preferred drugs	\$4.00	\$4.00	\$4.00
Non-Preferred drugs	\$8.00	\$8.00	20% of cost the agency pays

Source: [CMS](#)

RESOURCES

CMS, Cost Sharing Out of Pocket Costs, available at:

<https://www.medicaid.gov/medicaid-chip-program-information/by-topics/cost-sharing/cost-sharing-out-of-pocket-costs.html>

CRS, *Out-of-Pocket Costs for Medicaid Beneficiaries: In Brief* (2015), available at:

<https://www.crsreports.com/download?hash=ea8421d39526518f8706414f78cb78c7a7474adbd2124d6dfc9f20a83b1b408f>

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