

COVID-19

The American Rescue Plan Act's State Option to Extend Postpartum Coverage

Authored by Manatt Health

Revised April 1, 2022 (originally published April, 2021)

Following publication of this issue brief, the Centers for Medicare & Medicaid Services (CMS) released on December 7, 2021 a [State Health Official \(SHO\) letter](#) providing guidance on implementing the American Rescue Plan Act's (ARP) state option to extend Medicaid and CHIP coverage to pregnant individuals for 12 months following the baby's birth. The guidance clarifies that the coverage option—which takes effect on April 1, 2022—extends to lawfully residing pregnant individuals and children (CHIPRA 214) and will not result in a lower FMAP for individuals receiving extended postpartum coverage but who would otherwise be determined newly eligible in the adult group (a concern previously expressed by states). CMS will allow states to continue claiming the increased FMAP for these individuals by implementing a CMS-approved proxy methodology, further detailed in the SHO letter. FAQs included in the SHO provide clarifying information around the parameters tied to the new State Plan Amendment (SPA) option, including eligibility considerations (along with illustrative scenarios) and considerations related to continuous eligibility, renewals, and federal financial participation (FFP). Additionally, CMS has since released SPA templates providing states with a streamlined way to adopt the coverage option. Templates are available on the Medicaid and CHIP Program System (MACPro) and the CHIP eligibility module in the Medicaid Model Data Lab (MMDL).

Introduction

The American Rescue Plan Act of 2021 (ARP) establishes a new state option to extend Medicaid and Children's Health Insurance Program (CHIP) coverage for pregnant women for one year following the baby's birth.¹ Under current law, Medicaid and CHIP pregnant women's coverage extends only through 60 days postpartum. A woman loses her Medicaid or CHIP coverage at the

¹ American Rescue Plan Act of 2021, [H.R.1319](#), § 9812 and § 9822.

end of her 60-day postpartum period if she is not eligible for coverage under another Medicaid eligibility category (e.g., the new adult or parent group). ARP’s new state option to extend continuous coverage for one-year postpartum enables states to take a major step towards improving health outcomes for postpartum women and their babies by mitigating coverage loss, providing comprehensive coverage in the postpartum period to address maternal mortality and morbidity, and advancing health equity.

There is considerable evidence supporting the policy decision to extend postpartum coverage; about 12 percent of pregnancy-related deaths occur between six weeks and one year postpartum.² Despite approximately 60 percent of all maternal deaths in the United States (U.S.) being preventable, an estimated 700 women die each year as a result of pregnancy or delivery complications, and women of color are disproportionately affected.³ Black women in 2018, for example, were about 2.5 times more likely to suffer a pregnancy-related death than white women.⁴ Maternal morbidity in the U.S. has been on the rise since 1993, with women of color similarly experiencing significantly higher rates of severe maternal morbidity than their white counterparts.⁵ Pregnancy-related complications affecting the mother tend to translate to adverse health outcomes experienced by the baby. For instance, preterm birth puts infants at greater risk of death and serious health complications and is a key driver of racial disparities in infant mortality.⁶

Policy and Operational Considerations for States

Eligible Populations. Under this new option, states may extend postpartum coverage to 12 months for individuals who are currently enrolled in a Medicaid or CHIP pregnant women eligibility group. If a state elects to apply 12 months postpartum coverage to the Medicaid pregnant women eligibility group, the state must also extend that option to its CHIP pregnant women eligibility group.⁷ The postpartum extension option is also available to states that cover “lawfully residing” pregnant women who otherwise would not be eligible during their five-year waiting period under Section 214 of the Children’s Health Insurance Program Reauthorization Act of 2009 (CHIPRA). While CMS guidance on eligible populations is still pending, ARP also appears to extend postpartum coverage to individuals who have been previously enrolled in Medicaid or CHIP. For example, an uninsured woman who is four months postpartum could apply for and be enrolled through the end of her 12 months postpartum period if she previously had Medicaid or CHIP coverage. The extension of postpartum coverage under ARP

² Centers for Disease Control and Preventions (CDC), [Vital Signs: Pregnancy-Related Deaths, United States, 2011–2015, and Strategies for Prevention, 13 States, 2013–2017](#).

³ *Ibid.*

⁴ CDC, [2018 Maternal Mortality Statistics Highlight Wide Racial and Ethnic Gaps](#).

⁵ CDC, [Severe Maternal Morbidity in the United States](#); Obstetrics & Gynecology, [Racial and Ethnic Disparities in the Incidence of Severe Maternal Morbidity in the United States, 2012–2015](#); and Journal of Racial and Ethnic Health Disparities, [Racial and Ethnic Disparities in Severe Maternal Morbidity in the United States](#).

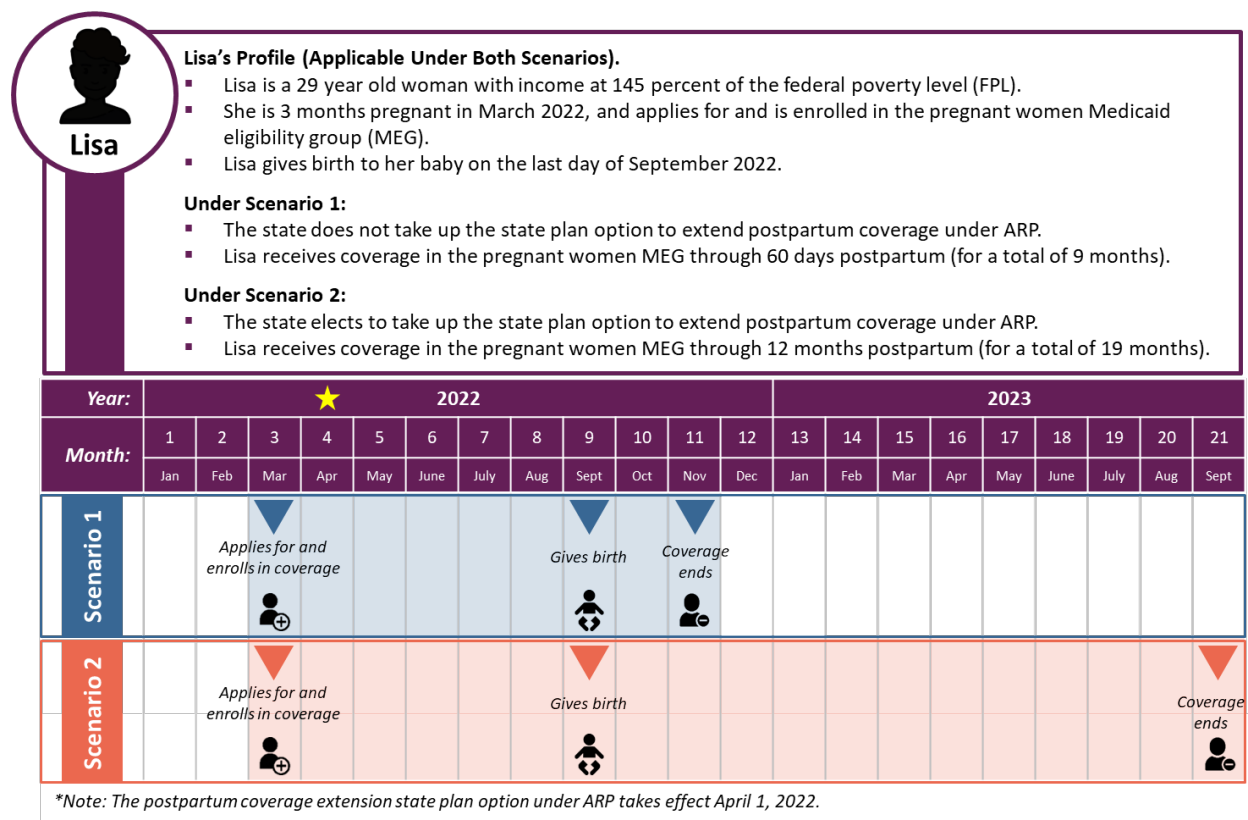
⁶ Medicaid and CHIP Payment and Access Commission (MACPAC), [Access in Brief: Pregnant Women and Medicaid, November 2018](#); Journal of Children and Poverty, [Examining the association between Medicaid coverage and preterm births using 2010–2013 National Vital Statistics Birth Data](#).

⁷ Tuesday, April 13, [2021 CMS All State Call](#).

does not appear to apply to undocumented individuals who receive services under the CHIP “unborn child option,” which provides pregnancy-related services (and, at the option of the state, postpartum care if services are included in a payment bundle arrangement) to pregnant individuals, regardless of immigration status.⁸ It is also unlikely that the postpartum coverage extension would apply to emergency Medicaid, as this coverage is limited to “emergency labor and delivery” and other emergency services.⁹

Covered Benefits. States that extend postpartum coverage must provide comprehensive state plan benefits throughout the 12-month postpartum period.

Postpartum Coverage Timelines. The visual below provides an illustrative example of the differences in coverage timelines for a pregnant woman if a state takes up the option to extend postpartum coverage to 12 months.



Financing. States will receive their regular matching rate for the postpartum coverage extension; ARP does not provide states with an enhanced matching rate for the postpartum coverage extension, as was recently recommended by MACPAC.¹⁰ In the meantime, states can

⁸ 42 CFR 457.10; and State Health Official (SHO) # 09-010. Because eligibility is tied to the “unborn child” that the mother is carrying, the ARP postpartum coverage extension (for targeted low-income children who are pregnant or targeted low-income pregnant women) would likely not apply.

⁹ Social Security Act, § 1903(v)(3).

¹⁰ MACPAC, [Advancing Maternal and Infant Health by Extending the Postpartum Coverage Period](#).

work with their legislatures to ensure adequate state dollars are appropriated to access the federal match when they implement the state option.

State Plan Amendment (SPA). To take advantage of the new state option, states will need to submit a SPA, and will likely need to submit separate SPAs to reflect the postpartum coverage extension for their Medicaid and CHIP pregnant women eligibility groups. It is possible, and states may consider advocating, for the Centers for Medicare & Medicaid Services (CMS) to release a template to facilitate a streamlined, single SPA process, as it has done for some of the emergency authorities throughout the COVID-19 pandemic.

Effective Date. Provisions to extend Medicaid and CHIP coverage postpartum are set to take effect on April 1, 2022 and will remain in effect for five years thereafter.¹¹

Section 1115 Postpartum Coverage Extension Considerations

Prior to ARP providing the state option to extend postpartum coverage, several states had pursued this authority through Section 1115 demonstration requests. Under the previous administration, CMS was reluctant to approve broad postpartum coverage extensions. In [South Carolina](#) CMS approved a partial coverage expansion for postpartum women requiring substance use disorder (SUD) or mental health treatment—falling well short of the state’s original request. The Biden administration, however, is already moving to approve Section 1115 demonstration proposals to expand postpartum coverage. On April 12, 2021, CMS approved [Illinois’](#) demonstration that provides 12 months postpartum continuous coverage for: (1) individuals enrolled in the Medicaid pregnant women group whose 60-day postpartum period is ending; and (2) individuals enrolled in any Medicaid eligibility group (other than the pregnant women group) whose 60-day postpartum period is ending with income up to 208 percent of the FPL.

Shortly thereafter, on Friday, April 16, CMS approved [Georgia's](#) six month postpartum extension and [Missouri's](#) request to provide for 12 months targeted SUD and mental health benefits to certain postpartum women.¹²

[Virginia](#) and [Massachusetts](#) have forged ahead with their postpartum expansion waiver requests since the passage of the bill, and other states will likely follow suit for a number of reasons. First, states may be required to submit an 1115 waiver consistent with state statutory

¹¹ American Rescue Plan Act of 2021, [H.R.1319](#), § 9812 and § 9822. The statutory effective date is the first day of the quarter beginning one year after the bill’s enactment.

¹² Georgia’s waiver extends Medicaid state plan benefits to (1) women enrolled in any Medicaid eligibility group who have household income up to 220 percent of the FPL and whose 60-day postpartum period is ending; and (2) women who are within the six-month postpartum period, were not enrolled in Georgia Medicaid, have household income up to 220 percent FPL and meet all other Medicaid eligibility criteria. Missouri’s waiver provides targeted benefits (including SUD and mental health services) to certain women diagnosed with SUD with incomes up to 196 percent of the FPL for 12 months postpartum.

requirements (as is the case in Virginia).¹³ Many states are also eager to address the maternal mortality and morbidity crisis and seeking to implement the postpartum coverage extension sooner than April 2022. States may pursue 1115 waiver authority to go above and beyond the SPA option, such as seeking a longer postpartum period or extending the postpartum period for populations not otherwise eligible under the SPA option (e.g., individuals who apply for coverage past the 60 days postpartum period who were not previously enrolled in Medicaid or CHIP). Notably, States pursuing Section 1115 waivers for postpartum coverage can propose hypothetical budget neutrality, as the expenditures would now be eligible to receive federal financial participation through the state plan option; Illinois, Georgia, and Missouri waiver approvals were all based on hypothetical budget neutrality.¹⁴

It is unlikely that CMS will approve demonstration requests that have been advanced by some states to cover individuals otherwise ineligible for Medicaid or CHIP due to immigration status.¹⁵ As an alternative, states may leverage CHIP Health Services Initiative (HSI) funding to provide postpartum services to immigrants otherwise ineligible for Medicaid or CHIP; Illinois and Minnesota have already adopted this approach to extend postpartum coverage for women who are immigrants.¹⁶

Looking Ahead

CMS has acknowledged that it will need to issue clarification and additional detail on the ARP state option to extend postpartum coverage, but it does not plan to release such guidance in the near term, given the April 2022 effective date of the provisions.¹⁷ While states await further direction from CMS, they can proactively begin their policy and financing planning for their postpartum coverage extensions, which will enable them to take full advantage of the state option once it becomes available.

Support for this issue brief was provided by the Robert Wood Johnson Foundation. The views expressed here do not necessarily reflect the views of the Foundation.

ABOUT THE ROBERT WOOD JOHNSON FOUNDATION

For more than 45 years the Robert Wood Johnson Foundation has worked to improve health and health care. We are working alongside others to build a national Culture of Health that provides everyone in America a fair and just opportunity for health and well-being. For more information, visit www.rwjf.org. Follow the Foundation on Twitter at www.rwjf.org/twitter or on Facebook at www.rwjf.org/facebook.

¹³ 2020 Special Session I Virginia Acts of Assembly, [Chapter 56](#).

¹⁴ State Medicaid Director (SMD) Letter, # [18-009](#).

¹⁵ MassHealth [Section 1115 Demonstration Amendment Request](#).

¹⁶ National Academy for State Health Policy (NASHP), [Leveraging CHIP to Improve Children's Health: An Overview of State Health Services Initiatives](#).

¹⁷ Tuesday, March 16, 2021 [CMS All State Call](#).

ABOUT STATE HEALTH AND VALUE STRATEGIES—PRINCETON UNIVERSITY SCHOOL OF PUBLIC AND INTERNATIONAL AFFAIRS

State Health and Value Strategies (SHVS) assists states in their efforts to transform health and health care by providing targeted technical assistance to state officials and agencies. The program is a grantee of the Robert Wood Johnson Foundation, led by staff at Princeton University's School of Public and International Affairs. The program connects states with experts and peers to undertake health care transformation initiatives. By engaging state officials, the program provides lessons learned, highlights successful strategies and brings together states with experts in the field. Learn more at www.shvs.org.

ABOUT MANATT HEALTH

This issue brief was prepared by Kinda Serafi, Kaylee O'Connor and Patricia Boozang. Manatt Health integrates legal and consulting expertise to better serve the complex needs of clients across the healthcare system. Our diverse team of more than 160 attorneys and consultants from Manatt, Phelps & Phillips, LLP and its consulting subsidiary, Manatt Health Strategies, LLC, is passionate about helping our clients advance their business interests, fulfill their missions, and lead healthcare into the future. For more information, visit <https://www.manatt.com/Health>.