

Change Item Title: ACA: MA Eligibility and Enrollment Changes

Fiscal Impact (\$000s)	FY 2014	FY 2015	FY 2016	FY 2017
General Fund				
Expenditures	30,243	136,070	152,649	165,685
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	30,243	136,070	152,649	165,685

Recommendation:

The Governor recommends making changes to Medical Assistance (MA) processes and eligibility categories to comply with the federal Affordable Care Act. The Affordable Care Act (ACA) requires Minnesota to implement significant changes to Medical Assistance (MA) eligibility requirements and administrative processes effective January 1, 2014. These changes result in an additional forecasted average monthly enrollment increase of 65,000 people by FY2015. This proposal has a cost to the general fund of \$166 million over the 2014-15 biennium. The changes include:

- coverage of children leaving foster care until age 26
- expansion of spousal impoverishment protections for people with disabilities in home and community based services (HCBS)
- removing the asset test for caretakers
- methodological changes to the calculations for both income and household composition
- modification to the enrollment and eligibility processes resulting in higher enrollment counts
- permitting hospitals to presume MA eligibility during inpatient hospital stays.

Rationale/Background:

The Affordable Care Act (ACA) requires Minnesota to implement significant changes to Medical Assistance (MA) eligibility requirements and administrative processes effective January 1, 2014. These changes will expand MA eligibility and simplify the eligibility determination process for clients, processing entities and the Department.

Proposal:

Medical Assistance changes for Families & Children (parents, relative caretakers, children, and pregnant women) and the Adult Expansion Group

- New Income Methodology
The ACA eliminates the current AFDC-based income methodology and replaces it with a new methodology based on Modified Adjusted Gross Income (MAGI) as defined in the tax code. Under section 36B(d)(2)(B) of the Code, MAGI consists of an individual’s taxable income plus:
 - nontaxable income related to citizens or residents of the US living abroad
 - nontaxable interest income
 - nontaxable Social Security benefits

A number of non-taxable sources of income currently counted in the Medicaid eligibility determination will no longer be counted under the MAGI-based methodology-- such as child support, VA benefits and worker compensation. The new income methodology could expand eligibility, in particular for children currently ineligible due to receipt of child support income.

- New MAGI-Equivalent Income Limits
Use of the MAGI-based methodology eliminates all of the current disregards and deductions used to determine financial eligibility, and replaces them with a standard disregard of 5% of the federal poverty limit (FPL). When income is totaled for an applicant, it will be converted to a percentage of the FPL and 5 points will be subtracted before comparing it to the applicable income standard. To conform to the new MAGI methodology, states are required to convert their current net income limits to MAGI-equivalent gross income limits.

Eligibility Group	Current Income Standard FPL	New Income Standard
Infants	275%	Unknown – awaiting CMS guidance on how to convert the 275% into a MAGI-equivalent standard.
CHIP Infants	> 275% and ≤ 280%	Unknown – awaiting CMS guidance on how to convert into a MAGI-equivalent standard.
Pregnant Women	275%	Unknown – awaiting CMS guidance on how to convert the 275% into a MAGI-equivalent standard.
CHIP Pregnant Women	275%	Unknown – awaiting CMS guidance on how to convert the 275% into a MAGI-equivalent standard.
Children age 2 – 18	150%	275% (To comply with CHIP MOE.)
Children age 19 - 20	100%	133% (with 5% disregard this results in an operative income standard of 138%)
Parents /Relative Caretakers	100%	133% (with 5% disregard this results in an operative income standard of 138%)
Adult Expansion	75%	133% (with 5% disregard this results in an operative income standard of 138%)

- **Household Composition Changes**

The ACA changes the way household composition is determined for individuals whose financial eligibility is determined using the MAGI methodology.

The household composition for an applicant who expects to *file a tax return and cannot be claimed as a tax dependent*, will include the taxpayer, his/her spouse if the couple resides together, and all persons claimed as tax dependents.

The household composition for an applicant who expects to *be claimed as a tax dependent*, will be the same household composition of the taxpayer claiming the applicant, with three exceptions:

- Tax dependents with a relationship other than spouse or child (biological, adopted or step) to the taxpayer.
- Tax dependents under age 19 who expect to be claimed as a tax dependent by one parent but are residing with both parents.
- Tax dependents claimed by a non-custodial parent.

- **Elimination of Asset Test**

The ACA eliminates the use of an asset test for individuals whose financial eligibility is determined using the MAGI-based methodology; an applicant’s financial eligibility will be determined solely by income. This change is only applicable to parents and relative caretakers since we currently do not apply an asset test for children and pregnant women. This will eliminate the \$20,000 asset limit.

MA Expansion for Former Foster Care Children

The ACA created a new mandatory Medicaid eligibility group to cover individuals under age 26 who were in foster care under the responsibility of the state on their 18th birthday and were enrolled in Medicaid while in foster care.

MA Changes for Persons with Disabilities on a HCBS Waiver Program

The ACA requires extension of spousal impoverishment protections to all recipients of home and community-based waiver services. Currently, we apply spousal impoverishment protections to EW recipients only. This requirement will expand the application of spousal impoverishment protections to all of the disability waivers.

Changes to Simplify the MA Eligibility & Enrollment Process

To support the coverage expansions and ensure that all newly eligible individuals are able to enroll in coverage, the ACA includes new requirements for states to simplify their Medicaid enrollment processes. Individuals must be able to apply online, by phone, or in person, and States must first seek to verify income and other eligibility criteria electronically rather than requiring individuals to submit paper documentation, such as pay stubs.

This includes:

- Elimination of 6-month Renewals
- New Renewal Process
- Verification
- Maximizing the use of electronic verifications sources via the Federal hub and VerifyMN, to verify both financial and non-financial eligibility factors, and
- Adopting variable reasonably compatible policies to accomplish real-time eligibility determinations (while also ensuring program integrity), and
- Using self-attestation and client statements with regard to income to expedite eligibility processing and resolve discrepancies whenever possible.
- Continue to require verification of assets for populations whose MA eligibility includes an asset test.
- Permit hospitals serving MA enrollees to determine Presumptive Eligibility for MA.
- Additional Methods for Submitting an Application

Exchange Coordination

The ACA requires the establishment of an Exchange where an individual can request an eligibility determination for insurance affordability programs, which includes MA. (A separate preliminary proposal addresses the function of the Exchange in regards to an individual eligibility determination for the other insurance affordability programs.)

Changes to Simplify Minnesota Health Care Programs

Implementation of the ACA provides states with an opportunity to simplify eligibility requirements. The following changes would eliminate current complexities and are in keeping with the streamlined approach to eligibility rules envisioned under the ACA:

- Simplify the parent basis of eligibility
- Definition of a caretaker relative
- Transitional MA
- Application of MAGI-based income methodology and household composition rules for Medically Needy Families & Children

Performance Measures:

These eligibility and enrollment process changes will result in an additional average monthly enrollment of 65,000 people in MA. This proposal will reduce Minnesota's rate of uninsurance for persons below 200% of FPG, as measured by the annual Health Access Survey administered by MDH.

Statutory Change: 256B.059; 256B.055; 256B.056; 256B.057; 256B.06

2014-15 Biennial Budget

Human Services

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (000's)			FY 2014	FY 2015	FY 14-15	FY 2016	FY 2017	FY 16-17
General Fund			30,243	136,070	166,313	152,649	165,685	318,334
Health Care Access Fund (HCAF)								
Other Fund								
Federal TANF								
Total All Funds			30,243	136,070	166,313	152,649	165,685	318,334
Budget Detail	BACT#	Description	FY 2014	FY 2015	FY 14-15	FY 2016	FY 2017	FY 16-17
GF	33	MA-FC	29,243	135,070	164,313	151,649	164,685	316,334
GF	33	MA-ED	1,000	1,000	2,000	1,000	1,000	2,000
Requested FTE's								
GF								