

Overview of Medicaid & the Affordable Care Act

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Manatt Health

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* Due to confidentiality, client names cannot be disclosed.

Overview



The New Continuum of Coverage & Medicaid Expansion



Single, Streamlined Application & Enrollment Assistance



Medicaid Eligibility Group Changes



Simplified Eligibility Rules: MAGI Household & Income



Medicaid Benefit Changes



Appendix: Federal Poverty Levels

New Continuum of Coverage & The Medicaid Expansion

ACA: Major Coverage Changes



Medicaid & CHIP Expansion and Improvements

- Expands Medicaid adult eligibility to 138% FPL
- Major changes to simplify enrollment and coordination with Marketplaces
- Children's coverage improvements



Health Insurance Marketplaces for Individuals and Small Businesses

- Coverage effective as early as 1/1/14
- Qualified Health Plans (QHPs) offer comprehensive benefits
- Premium tax credits for individuals with incomes 100%-400% FPL
- Cost sharing reductions for individuals with incomes 100-250% FPL

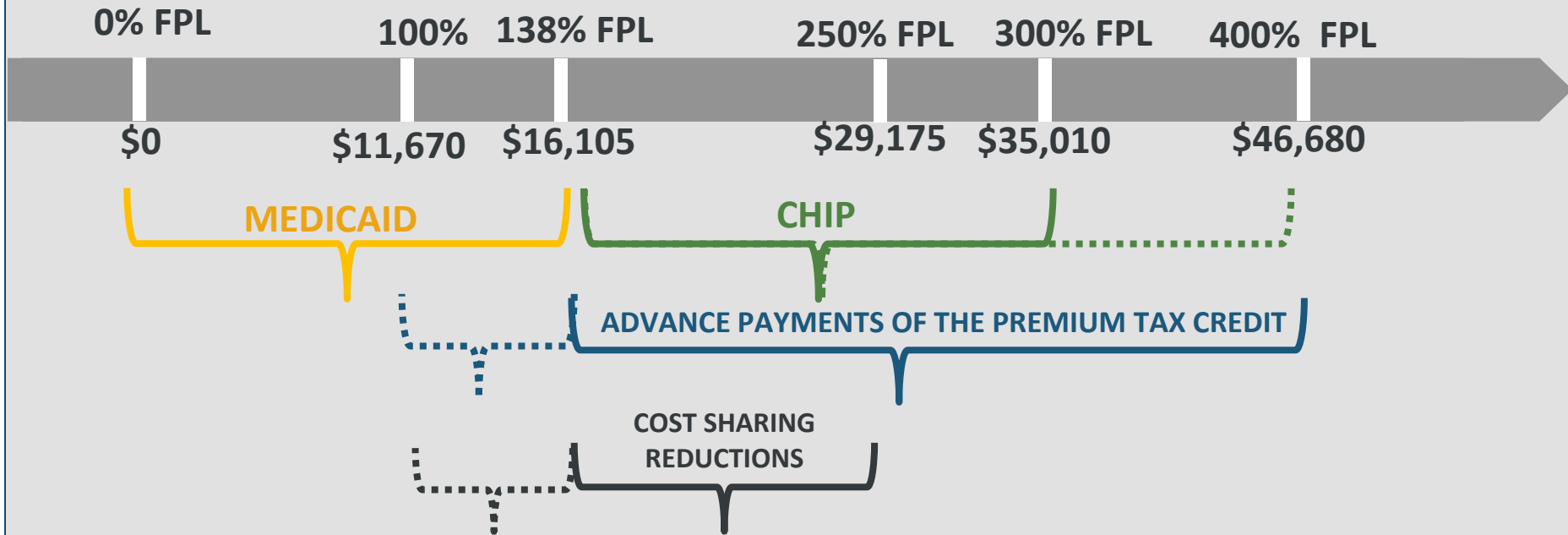


Private Insurance Market Reforms

- Guaranteed issue & renewability
- No annual or lifetime limits
- Health status may not be considered in setting premiums
- Must cover preventive health services at no cost
- Young adults may remain on parent's plan until age 26

Continuum of Coverage

Continuum of Insurance Affordability Programs



A premium tax credit and cost sharing reductions are available for eligible individuals beginning at 100% FPL in states that do not expand Medicaid and to lawfully residing immigrants below 100% FPL who are ineligible for Medicaid in any state.

NOTE: Federal Poverty Level (FPL) dollar amounts listed are for single adults in 2014. The FPL dollar amounts are updated annually. 2014 APTC eligibility is based on 2013 FPL.

Insurance Affordability Programs

Advance Payments of the Premium Tax Credit (APTC)

- Tax credits reduce premium costs for eligible qualified health plan (QHP) enrollees
- Can be paid in “advance” to provide immediate help in paying premiums
- IRS reconciles over/under payments when people file taxes.

Cost Sharing Reductions (CSR)

- Helps reduce out-of-pocket costs for enrollees in QHPs
- Payments are made directly to issuers, and enrollees may select plans with reduced cost sharing.

Medicaid

- Existing federal-state program for people with low incomes
- Expanded to more low-income adults by the ACA at state option
- Provides comprehensive health care benefits
- Minimal out-of-pocket costs.

Children’s Health Insurance Program (CHIP)

- Existing federal-state program for low- moderate income children (and pregnant women in some states)
- Provides comprehensive health care benefits
- Modest out-of-pocket costs.

Supreme Court Decision on Medicaid

- Upheld the constitutionality of the ACA, including the individual mandate.
- Ruled that a state may not lose federal funding for its existing Medicaid program if it chooses not to expand Medicaid for low-income adults to 138% FPL.



IMPACT

As a result of the Supreme Court decision, states are not obligated to expand Medicaid to low-income adults.

All other ACA Medicaid provisions apply in non-expansion states.

The Coverage Continuum After the Supreme Court Ruling

0% 100% 138% 200% 300% 400% Federal Poverty Level (FPL)

Coverage Gap
Non-Expansion State



Gap will vary by state, depending on eligibility levels.

Medicaid
Expansion State

CHIP
Varies by state

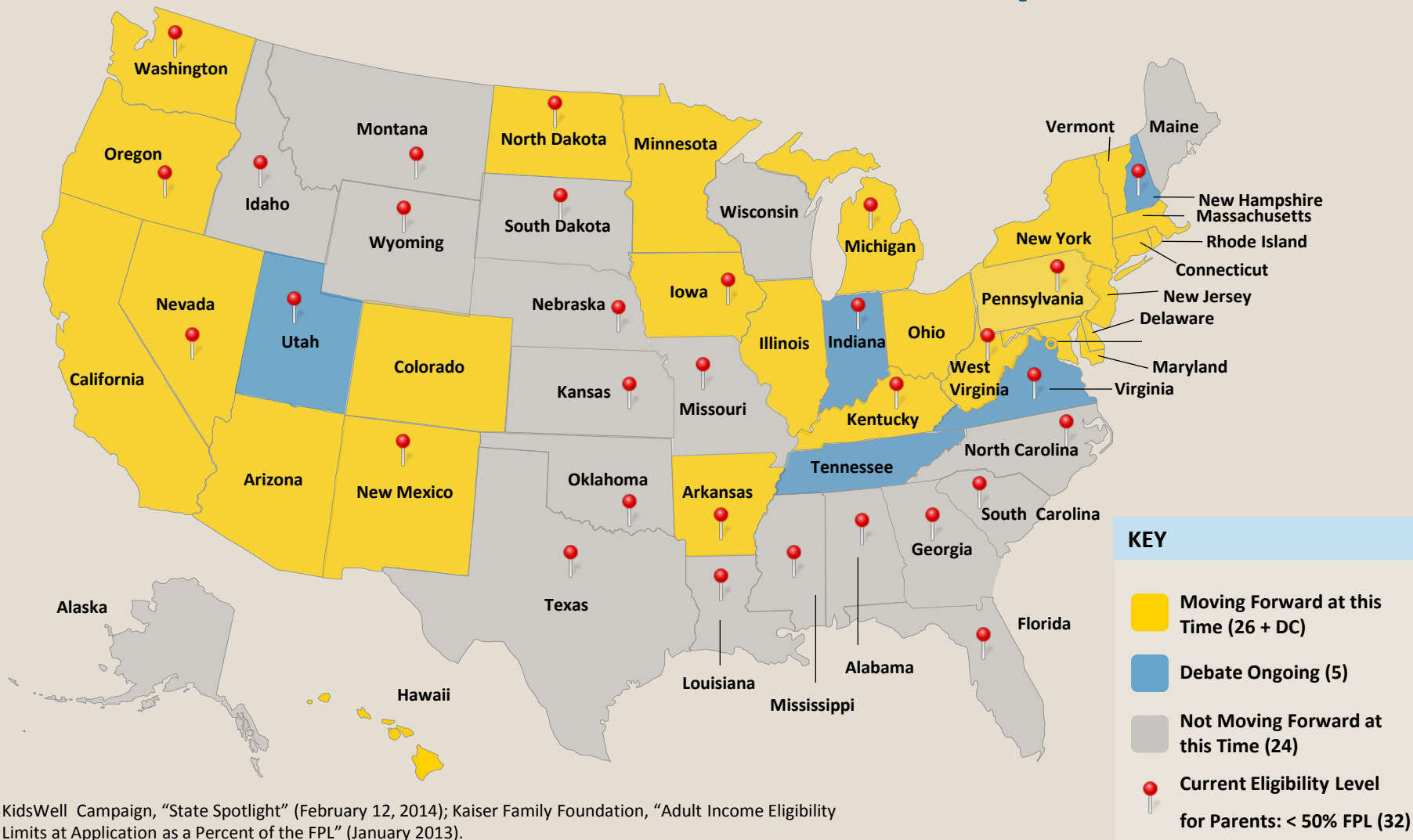
Qualified Health Plans

Premium Tax Credits and Cost Sharing Reductions for Qualified Health Plans*

Employer-Sponsored Coverage

Note: Lawful Permanent Residents with incomes below 100% FPL who are ineligible for Medicaid because of the 5 year waiting period are eligible for a premium tax credit and cost sharing reductions.

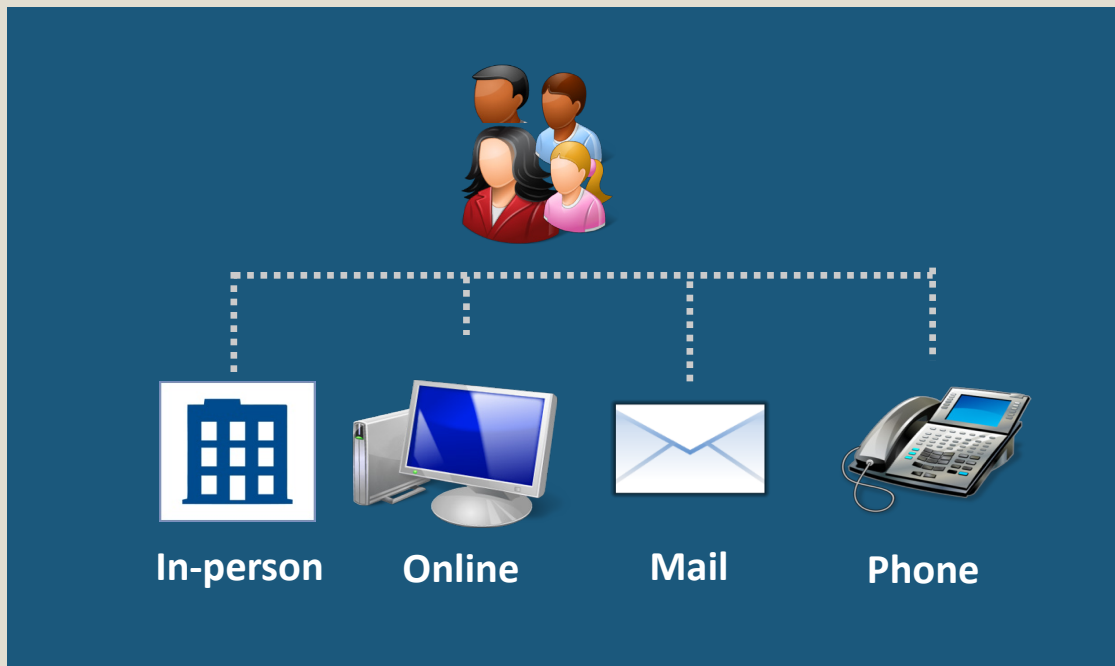
State Decisions on Medicaid Expansion



KidsWell Campaign, "State Spotlight" (February 12, 2014); Kaiser Family Foundation, "Adult Income Eligibility Limits at Application as a Percent of the FPL" (January 2013).

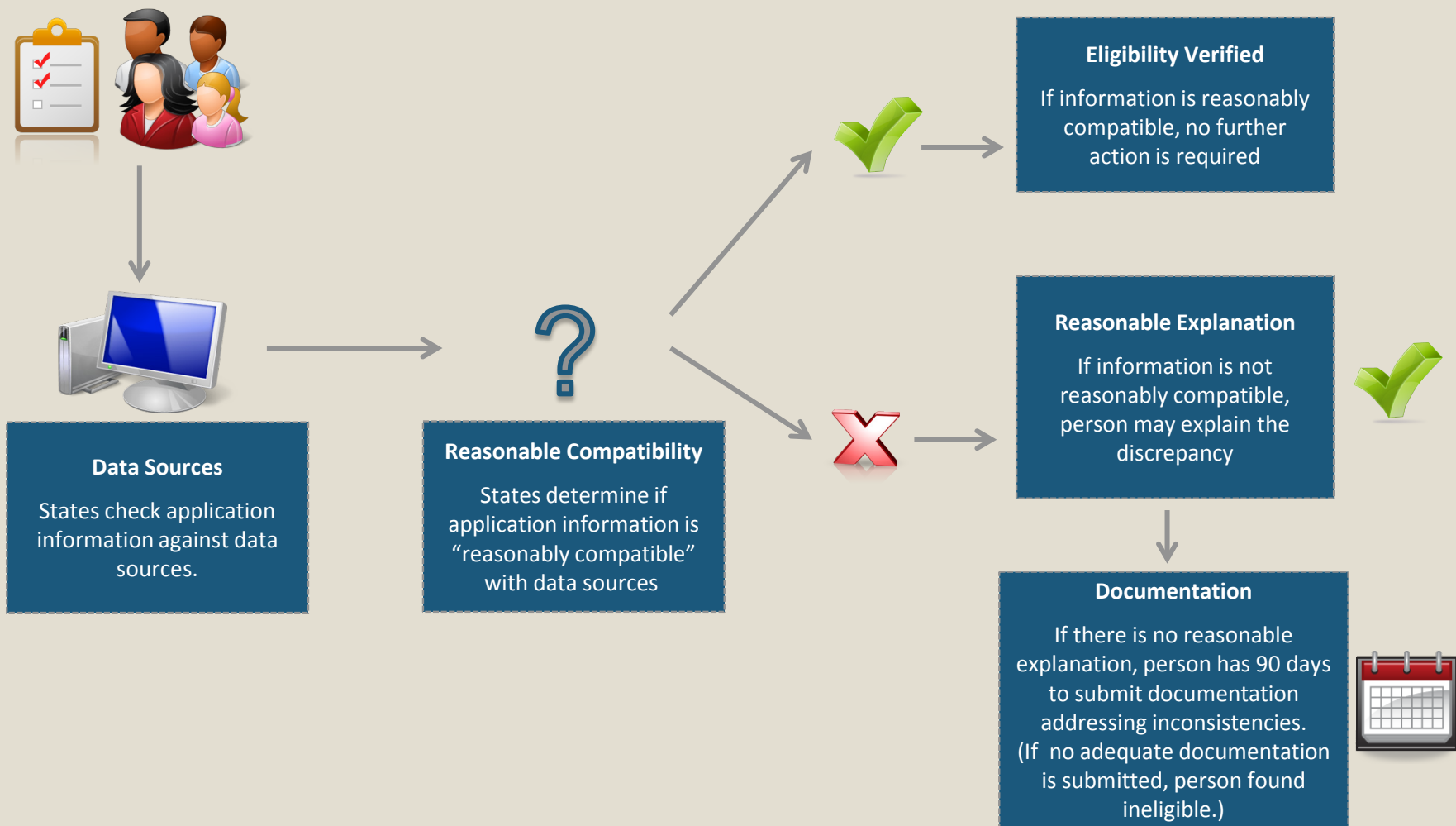
Single, Streamlined Application & Enrollment Assistance

New Ways to Apply



- **Single streamlined application for all insurance affordability programs**
- **Individuals can apply online, by phone, by mail, or in person.**
- **Modernized eligibility and enrollment systems starting to move towards real-time eligibility decisions.**

Medicaid/CHIP Verification Procedures



Medicaid/CHIP Renewals



Eligibility is renewed once every 12 months.



State must first look to available information to conduct renewals.

ABLE TO RENEW

If agency is **able to renew** using available information:

- Consumer must be notified of determination
- If information is accurate, no action is required of consumer
- If information is inaccurate, consumer must inform agency

UNABLE TO RENEW

If agency is **unable to renew** within available information:

- Pre-populated renewal form sent to consumer
- Consumer has **30 days** to submit information, sign, and return form
- Agency verifies information and notifies consumer of determination
- If consumer fails to submit form by the deadline, agency will terminate coverage
- Agency will reconsider eligibility without a new application if consumer submits the form within at least **90 days** of termination

Expansion & New
Continuum of
Coverage

Streamlined
Application &
Enrollment

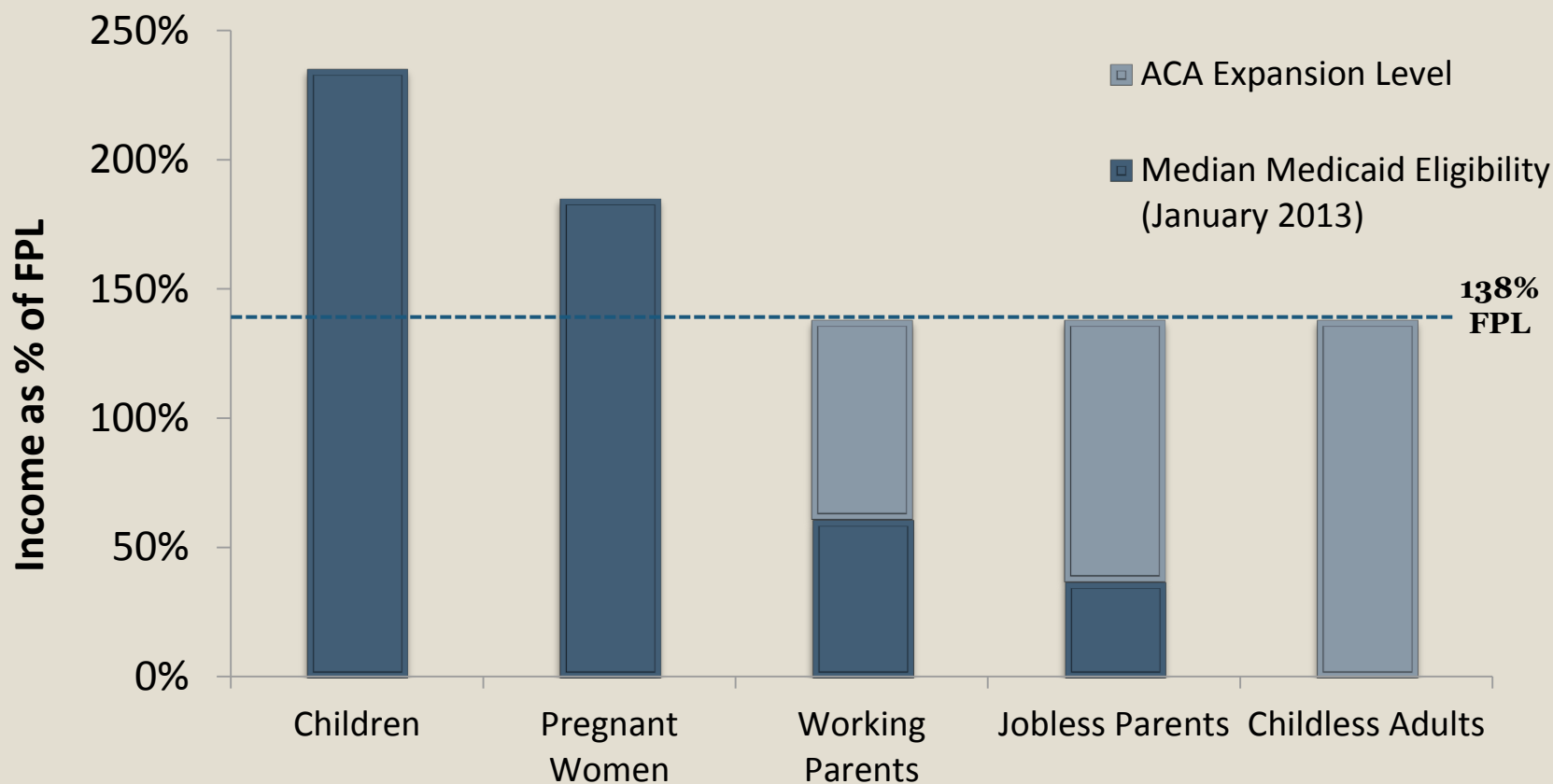
**Medicaid Eligibility
Group Changes**

MAGI Household &
Income Rules

Medicaid Benefit
Changes

Medicaid Eligibility Group Changes

ACA Changes to Medicaid Eligibility



Source: The Kaiser Commission on Medicaid and the Uninsured. (2013). *Medicaid: A Primer*.

New Adult Group

To be eligible for the new adult group, individuals must meet non-financial requirements and the following eligibility criteria:



Age 19 – 64

Income below 138% FPL

Not pregnant

Not entitled to or enrolled in Medicare Part A

Not otherwise eligible and enrolled in a mandatory Medicaid group

Medicaid Expansion for Adults

Enhanced FMAP for Newly Eligible Adults ≤ 138% FPL

Year	State Share	Federal Share
2014	0 %	100%
2015	0 %	100%
2016	0 %	100%
2017	5 %	95%
2018	6 %	94%
2019	7 %	93%
2020+	10 %	90%

Consolidated Eligibility Groups

Old eligibility groups for people without a disability are consolidated into three primary “MAGI-based” eligibility groups and a new group for adults is added:



Children



Pregnant Women



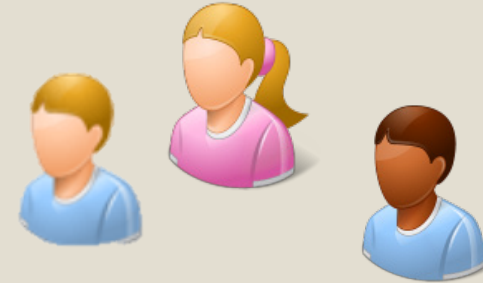
**Parents and caretaker
relatives**



Adults age 19-64

Children's Coverage Improvements

Creating Equity in Medicaid Coverage for Children Across Age Groups



Maintenance of Effort

States must maintain Medicaid and CHIP coverage for children at no less than the level in place on March 23, 2010 (date ACA signed) through 2019.

Applies to:

- Eligibility levels
- Enrollment processes
- Premiums

○ As of January 1, 2014, all children up to age 19 with family incomes < 138% FPL (or a converted MAGI-equivalent level) are eligible for Medicaid.

- Children ages 6 to 19, 100% - 138% FPL in separate CHIP programs moved to Medicaid.
- States will continue to receive enhanced CHIP federal match for uninsured children moved to Medicaid.

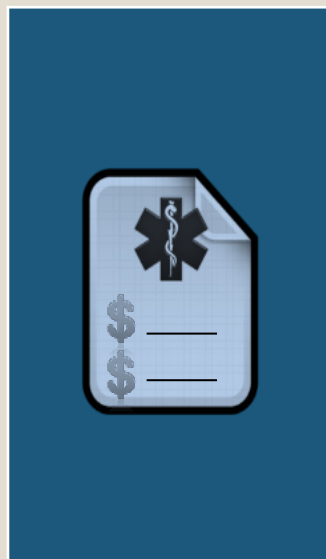
New Former Foster Care Eligibility Group

- New group for youth up to age 26 who were in foster care in the state and covered under Medicaid when they were 18 (or, at state option, a higher age).
- No income test
- **State option:** Former foster care children that lived in another state on their 18th birthday can be made eligible for this group.



Other Medicaid Populations

States continue to maintain *existing* eligibility groups, including:



Aged, Blind, Disabled

Medically needy individuals

Populations for whom income is not an eligibility factor, such as foster care children

Simplified Eligibility Rules: MAGI Household

Modified Adjusted Gross Income (MAGI)

- MAGI is a new methodology based on federal tax rules for how family size is determined and income is counted to determine eligibility
 - In general, household is determined based on who files taxes together. There are some differences for Medicaid/CHIP in which the household includes certain people who live with the applicant.
 - IRS determines type of income included in MAGI, with some modifications.
- MAGI rules largely align Medicaid and CHIP rules with other ACA insurance affordability programs
 - Some modest differences in MAGI-based rules for Medicaid/CHIP
 - No asset/resource test



Three-Step Process to Determine Eligibility

A three-step process is used to determine an applicant's MAGI-based income eligibility for Medicaid or CHIP:

Step 1

- Identify members of the applicant's family who are considered part of his/her household and determine family size.

Step 2

- Add the income of all the relevant members of the applicant's household.

Step 3

- Compare total household income to the federal poverty level for the applicant's family size.

General Rules: Constructing a Household

- Construct a household for each individual listed on the application/renewal form who is applying for/renewing coverage (this is because eligibility is determined at the individual level).
- Different households may exist within a single family, depending on each of the family members' familial and tax relationships to each other.
- Family size adjustment needs to be made if individual is pregnant to account for the number of children expected (State Option: some states adjust family size for individuals who live with a pregnant woman).

Two Types of MAGI Households

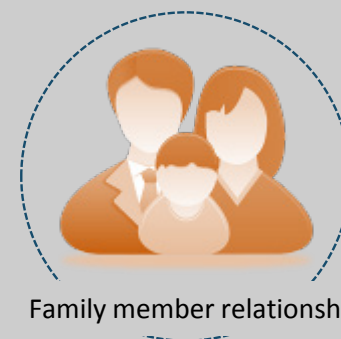
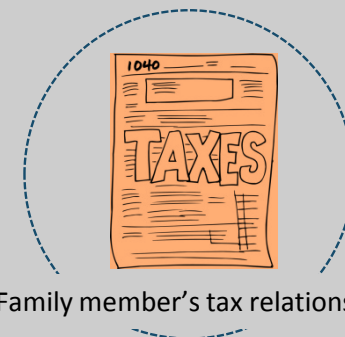
○ Tax Filers:

- For families who plan to file federal income taxes for the year, household is based on tax relationships.
- For example: tax filer or tax dependent
- New concept for Medicaid/CHIP

○ Non-Filers:

- For families who do not plan to file federal income taxes for the year, household is based on relationships between different family members
- Rules are similar to the rules used now for determining Medicaid eligibility.

MAGI Household



Simplified Eligibility Rules: MAGI Income

Types of Income and Deductions Included in MAGI

Income Counted

- Taxable wages/salary (before taxes are taken out)
- Self-employment (profit once business expenses are paid);
- Social Security benefits ;
- Unemployment benefits;
- Alimony received;
- Most retirement benefits;
- Interest (including tax-exempt interest);
- Post investment income, such as interest and dividends;
- Rental or royalty income (profit after subtracting costs);
- Other taxable income, such as: canceled debts; court awards; jury duty pay not given to an employer; gambling, prizes, or awards; net capital gains; and foreign earned income.

Deductions

- Allowed:
 - Tax deductions allowed on page 1 of the 1040 Form. For example: student loan interest paid; higher education expenses (tuition and fees); self-employment tax; alimony payments
- Not Allowed:
 - Current state Medicaid deductions
 - Itemized deductions (like charitable contributions)

NOTE: There are some income modifications that must be made for Medicaid and CHIP eligibility.

Types of Income Not Included in MAGI

Income NOT Counted

- TANF and other government cash assistance
- Child support received
- Supplemental Security Income (SSI)
- Workers' compensation payments
- Veteran's benefits
- Proceeds from life insurance, accident insurance, or health insurance
- Federal tax credits and
- Federal income tax refunds
- Gifts and loans
- Inheritances

Final Step

- Sum the income of all members of the applicant's household
- Compare household's current monthly income to Federal Poverty Level (FPL) guidelines for appropriate family size for the applicant

2014 Federal Poverty Level (FPL)

The Federal Poverty Level is used to identify who qualifies for insurance affordability programs. The Federal Poverty Level is updated annually.

2014 Monthly Federal Poverty Level Guidelines (all states and DC except Alaska and Hawaii)						
Household Size	100%	138%	150%	200%	300%	400%
1	\$973	\$1,342	\$1,459	\$1,945	\$2,918	\$3,890
2	\$1,311	\$1,809	\$1,966	\$2,622	\$3,933	\$5,243
3	\$1,649	\$2,276	\$2,474	\$3,298	\$4,948	\$6,597
4	\$1,988	\$2,743	\$2,981	\$3,975	\$5,963	\$7,950
5	\$2,326	\$3,210	\$3,489	\$4,652	\$6,978	\$9,303
6	\$2,664	\$3,677	\$3,996	\$5,328	\$7,993	\$10,657

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Medicaid Benefit Changes

New Adults Must Receive Alternative Benefit Plan (ABP)

- ABP must include all 10 essential health benefits (EHBs), as defined by designated EHB-base benchmark plan
- Meet the Mental Health Parity and Addiction Equity Act (MHPAEA)
- Provide early and periodic screening, diagnostic and treatment (EPSDT) services for individuals below age 21
- Assure non-emergency transportation
- Include FQHC/RHC services
- Provide family planning services and supplies
- Comply with all other applicable Medicaid rules

10 EHBs:

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Mental health and substance use disorder services (including behavioral health treatment)
- Prescription drugs
- Rehabilitative and habilitative services
- Laboratory services
- Preventive and wellness services, and chronic disease management
- Pediatric services, including oral and vision care

ABP Exempt Populations

Certain populations are exempt from mandatory enrollment in ABPs:

- Medically frail individuals, including those with disabilities that impair ability in one or more activities of daily living
- Pregnant women
- Individuals who qualify for Medicaid based on being blind or disabled
- Dual eligibles
- Terminally ill hospice patients
- Inpatients in hospitals, nursing home and ICF who must spend all but a minimal amount of their income for the cost of medical care
- TANF/Section 1931 parents and caretakers
- Children in foster care
- Individuals who qualify for long-term care services based on their medical condition
- Individuals who only qualify for emergency care
- Individuals who qualify based on spend down

Certain Existing Rules Remain in Place

Retroactive Coverage

The ACA did not make any changes to retroactive Medicaid. Medicaid coverage is available up to 3 months prior to the month the individual applies if the individual would have been eligible and received Medicaid services during that time period.

Emergency Medicaid

The ACA did not make any changes to emergency Medicaid. Individuals who qualify for Medicaid but for their immigration status continue to qualify for coverage of emergency medical conditions.

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Questions?

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Appendix

2014 Federal Poverty Level (FPL)

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Source: *Federal Registrar*, Vol. 79, No. 14, January 22, 2014, pp. 3593-3594.