



Stakeholder Advisory Committee

The Affordable Care Act (ACA) and Medi-Cal Eligibility Changes

November 19, 2012

Medi-Cal Landscape

- **State population 37.2 million**
 - Approximately 7 million uninsured
- **Medi-Cal nationally is the largest Medicaid program in covered lives serving approximately 8 million individuals (Fiscal Year 2012-13)**
- **Medi-Cal nationally is the second largest Medicaid program in terms of expenditures, estimated at \$56 billion for 2012/13**



Newly Eligible Medi-Cal Population

The UCLA Center for Health Policy Research estimates that the newly eligible Medi-Cal population is likely to be:

- Predominantly working age 18 – 44
- Over half single, childless adults
- One in three will have children
- Predominantly people of color, with ~40% Latino
- One in four does not speak English well
- Unemployed or self-employed

Pourat, N., Martinez, A. & Kominski, G. (2011), Californians Newly Eligible for Medi-Cal under Health Care Reform
<http://www.healthpolicy.ucla.edu/pubs/files/medicalpb-may2011.pdf>



Medi-Cal Eligibility and Enrollment Simplifications



Current Eligibility Rules

- Coverage groups based on linkage i.e. families with dependent children, pregnant women, seniors, disability, blindness
 - Required vs. Optional (Medically Needy)
- Income eligibility – earned/unearned income plus allowable exemptions/deductions
- Property/assets
- Residency
- U.S. citizen



Current Eligibility Pathways

- Mail
- In-person
- Online
- Phone
- Accelerated Enrollment
 - Healthy Families Program Single Point of Entry
 - Child Health and Disability Prevention Program
 - Presumptive Eligibility for Pregnant Women
 - Breast and Cervical Cancer Treatment Program



ACA Eligibility Changes

- Collapses eligibility into four major categories
 - Allows for a bright line of income eligibility
 - Income rule - *Modified Adjusted Gross Income*
 - on tax returns plus tax exempt interest, tax exempt Social Security and foreign earned income
 - Use of single streamlined application for all health subsidy programs
 - Simplifies eligibility verifications
 - Use of Self-attestation & “reasonably compatible” review
 - Federal electronic verification hub
 - Maintains eligibility maintenance of effort for children
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MAGI Eligibility Categories

1. Parents and caretaker relatives
2. Pregnant women
3. Children up to 19 years of age
4. *Optional* - Individuals not covered in other groups age 19 to 65, who are not pregnant and not Medicare entitled or enrolled.



MAGI Eligibility Categories: Coverage Group Consolidation

- Parents/Caretaker Relatives
 - Consolidates 1931(b) and Aid to Families with Dependent Children (AFDC) low income families
- Pregnant Women
 - Consolidates 1931(b), AFDC low income families, qualified pregnant women, federal poverty level (FPL) program for pregnant women, pregnant women financially eligible for AFDC, pregnant women who would be financially eligible for AFDC if not institutionalized
 - Ability to maintain the higher income standard of 185 or 200 percent of the FPL, depending on applicable State statutes



MAGI Eligibility Categories: Coverage Group Consolidation (cont.)

- Children
 - Consolidates 1931(b), AFDC low income families, poverty level infants, poverty level age 1-5, poverty level age 6-18, and children who would be financially eligible for AFDC if not institutionalized
 - Ability to maintain the higher income standard of 200 percent of the FPL for children, up to one (1) years of age
- New Adult Group (*Optional*)
 - Expands eligibility to adults age 19-64, who are not currently linked to a Medi-Cal program and have income at or below 138 percent of the FPL



Non-MAGI Eligibility Categories

- Non-MAGI-based individuals include those who are:
 - Over age 65, blind or have a disability
 - SSI/SSP recipients and those deemed to be SSI/SSP recipients
 - 1915 home and community-based waivers participants
 - Nursing facility level of care beneficiaries
 - Medicare Savings Program recipients
 - Foster Care/Adoption Assistance and those for whom the State relies on an Express Lane Agency finding of income
 - Medically Needy
 - *Future federal guidance forthcoming*
- Maintains existing rules for income and assets



MAGI Overview

- MAGI is a methodology for how income is counted and how household composition and family size are determined
- MAGI is not a number on a tax return
- MAGI is based on federal tax rules for determining adjusted gross income (with some modification)
- No asset test or disregards (except across-the-board 5 percent disregard, brings income standard for adults to 138 percent of the FPL)



Tax Definitions of MAGI

- MAGI = Adjusted Gross Income (AGI) plus
 - Any foreign earned income excluded from taxes;
 - Tax-exempt interest; and
 - Tax-exempt Social Security income
- Family = Taxpayer (includes married taxpayers filing jointly) and all claimed tax dependents.
- Family size = Number of individuals in the family
- Household income = The sum of the taxpayer's MAGI plus the MAGI of tax dependents in the family if they are required to file



MAGI Medicaid/CHIP: Income Definitions

- General rule: Same as tax definitions
 - Taxable income counted for Medicaid and CHIP purposes; non-taxable income not counted
 - Same adjustments to MAGI
- Exceptions (what is not counted)
 - Scholarships, fellowship grants and awards used for education purposes
 - AI/AN income derived from distributions, payments, ownership interests, and real property usage rights
 - Lump sum payments



MAGI Medicaid/CHIP: Household Composition

- Taxpayers and tax dependents use Exchange tax household with limited exceptions
 - This means that parents, children and siblings (biological, adopted, and step) are included in same household
- Exceptions for tax dependents
 - Extended family – Family members and unrelated individuals claimed as a tax dependent by a taxpayer other than a parent or spouse (e.g., grandchild, niece, taxpayer's parent)
 - Children of non-custodial parents – Children claimed as tax dependent by non-custodial parent
 - Children of unmarried parents – If living together with child



Rules for Non-Filers

- Mirror rules for tax filers to maximum extent
- Spouses, parents, stepparents and children living together included in same household
- “Child” defined as under age 19
- Rules for non-filers also apply to tax dependents excepted from general rule to use tax definition of household



MAGI Budget Period (Point in Time)

- Premium tax credit and cost sharing reductions for coverage through Exchange based on annual income.
- Medicaid and CHIP base determination on current monthly income, with State option to consider predictable changes in income at initial determination.
- State option to use projected annual income for remainder of year for ongoing eligibility of beneficiaries.
- How coverage gaps are addressed for Point in Time:
 - If differences between Medicaid and tax definition of MAGI results in coverage gap, tax definitions are used without exceptions.
 - Ensures that regardless of differences in income counting, household composition and point-in-time methodologies, coverage is maintained.



Single Streamlined Application

- Used for all health subsidy programs:
 - MAGI Medi-Cal, Non-MAGI Medi-Cal, CHIP, Exchange calculation of Advanced Premium Tax Credit (APTC)
 - *Federal guidance forthcoming*
- Use of additional forms to gather asset information to determine financial eligibility for Non-MAGI Medi-Cal
- No wrong door concept
- Simplifications include:
 - Obtaining only minimum necessary information to complete eligibility determination process
 - Creating a dynamic online form
 - Reducing burden on applicant by relying more on electronic verifications



Renewal Processes

- Makes use of electronic verification at renewal
 - If renewal information is electronically verified, may renew without beneficiary interaction
 - If renewal information is not electronically verified, makes use of a pre-populated renewal form
 - Use of pre-populated renewal forms is required only for individuals found eligible using MAGI income methods





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