

# UPDATED ACA COVERAGE BRIEF: MAGI COVERAGE GROUP HIERARCHY

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This brief outlines the Affordable Care Act (ACA) Modified Adjusted Gross Income (MAGI) based Medi-Cal coverage group hierarchy.

*Please note that the non-MAGI coverage group hierarchy is not impacted by the information contained in this document.*

## **I. INTRODUCTION**

Federal Medicaid law has numerous coverage groups (also known as programs) under which individuals may become Medicaid eligible.

Under federal law, these programs are classified into three main groups:

- mandatory categorically needy, (Section, 1902(a)(10)(A)(i) of the Act)
- optional categorically needy, (Section, 1902(a)(10)(A)(ii) of the Act)
- medically needy, (Section, 1902(A)(10)(C) of the Act)

Based on the federal hierarchy (Section 1902 of the Social Security Act), the Medi-Cal hierarchy has only included specifics for some programs, particularly for individuals who are aged, blind, disabled, children, pregnant women, low income families and those receiving cash aid. However, as a result of ACA, effective January 1, 2014, many of the current, pre-ACA mandatory categorically needy coverage groups have been consolidated into three mandatory categorically needy groups (parents/caretaker relatives, infants/children, and pregnant women). Additionally, two new groups (Adults [ages 19-64] and Former Foster Care [up to age 26]) have been established. Because ACA implements new mandatory categorically needy groups, the current Medi-Cal hierarchy needs to be revised.

## **II. DISCUSSION**

### **A. OVERVIEW OF CURRENT PRE-ACA FEDERAL HIERARCHY RULES**

Mandatory categorically needy coverage groups rank highest as compared to optional categorically needy or medically needy coverage groups. There is also a hierarchy within each of the mandatory and optional categorically needy groups. The medically needy coverage groups rank last in the hierarchy. Specifically, Section 1902 of the Act identifies that:

1. An individual eligible for a mandatory categorically needy group cannot be enrolled in an optional categorically needy or medically needy group.
2. A person eligible for an optional categorically needy group cannot be enrolled in a medically needy group.

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3. An individual eligible for the new mandatory adults group cannot be in that group if eligible for any other mandatory categorically needy group.

## B. NEW ACA HIERARCHY RULES

Under ACA's enactment, additional hierarchy rules have been added to account for federal coverage limitations associated with the new ACA Adults and Former Foster Care Children groups. For example, the ACA rules prohibit enrollment in the new Adults group if the individual is eligible for a different mandatory categorically needy coverage group. The new ACA hierarchy rules account for such federal prohibitions.

## C. ACA Groups (CONSOLIDATED AND NEW)

The ACA collapses many of the current mandatory categorically needy groups into ACA related MAGI coverage groups identified in **Table 1**. For example, the current 1931(b) pregnant women, qualified pregnant women, and poverty level pregnant women are collapsed into the ACA pregnant women's group described under 42 CFR, Section 435.116 of **Table 1**. The ACA also implements two new coverage groups: adults (ages 19-64) and former foster care children (up to age 26).

## D. ACA MAGI HIERARCHY RATIONALE

Because the three new consolidated groups (Parents/Caretaker Relatives; Infants/Children; and Pregnant Women) and the two new groups (Adults and Former Foster Care) are all mandatory categorically needy, a basis for establishing the programming rules needs to be developed. There may be, however, a difference in the following:

1. The scope of benefits, or
2. Duration of coverage, or
3. The federal hierarchy limitation.

These three aspects are discussed in the next pages.

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<b>Table 1: COLLAPSED ACA MAGI COVERAGE GROUPS</b>			
<b>Authority (42 CFR)</b>	<b>Existing Groups Collapsed</b>	<b>MAGI Group</b>	<b>Scope of Benefits/Duration</b>
435.110	1902(a)(10(A)(i)(I): 1931(b)	ACA Parents/Caretaker Relative Group	Full scope. No durational limit.
435.116	1902(a)(10(A)(i)(I): 1931(b); 1902(a)(10(A)(i)(III): Qualified pregnant women; 1902(a)(10(A)(i)(IV): Poverty level pregnant women	ACA Pregnant Women's Group	May be limited to pregnancy related services. Lasts through 60 day postpartum period.
435.118	1902(a)(10(A)(i)(I): 1931(b); 1902(a)(10(A)(i)(III): Qualified children; 1902(a)(10(A)(i)(IV): Poverty level infants; 1902(a)(10(A)(i)(VI-VII): poverty level children age 1-18	ACA Children's Group	Guaranteed 12 months of continuous coverage. Full scope. Ends at age 19.
435.119	New Adult ACA mandatory group, 1902(a)(10)(A)(i)(VIII): ACA new adults	New adults age 19-64	Benchmark coverage. Ends at age 65.
435.150	New Adult ACA mandatory group, 1902(a)(10)(A)(i)(IX): Former foster care children	No Income Test	Full scope. Ends at age 26.
435.229	1902(a)(10)(A)(ii)(XIV): <i>Optional</i> targeted low income children	OTLIC Group	Guaranteed 12 months of continuous coverage. Full scope. Ends at age 19.

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## III. REVISED MEDI-CAL HIERARCHY FOR MAGI-BASED INDIVIDUALS

**Table 2** represents the MAGI-based mandatory categorically needy hierarchy. Please note that the Optional Targeted Low Income Children's (OTLIC) group is an optional categorically needy coverage group. The OTLIC group is placed after the mandatory groups as represented in **Table 2**. The federal hierarchy limitations, scope of benefits and duration of coverage serve as the three criteria used to establish the hierarchy for MAGI-based mandatory categorically needy coverage groups, with federal limitations followed by scope of benefits as the weightier of the three criteria. The following illustrates scope of benefits and duration of coverage values in levels of importance.

### SCOPE OF BENEFITS

- Full scope
- Alternative Benefit Plan
- Pregnancy related

### DURATION OF COVERAGE

- No limit
- Up to age 64
- Up to age 26
- Up to age 19
- During pregnancy and 60 days postpartum

Based on the above criteria, **Table 2** on page 5 represents the MAGI-based hierarchy for Medi-Cal.

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<b>Table 2: MAGI-BASED MEDI-CAL HIERARCHY</b>				
<b>HIERARCHY</b>	<b>Aid Codes</b>			<b>COMMENTS</b>
ACA Former Foster Care	4M			Enrollment into this coverage group is limited to individuals having been in foster care and aging out of foster care at age 18 in CA and/or any other state. No income test. Full scope. Duration ends at age 26.
ACA Infants and Children	M5 M6	P5 P6 P7	P8 P9 P0	Guaranteed 12 months of continuous coverage. Full scope. Duration ends at age 19.
ACA Parents/Caretaker Relatives	M3 M4			No federal hierarchy limitations. Full scope. No duration limits.
ACA Pregnant Women	M7 M8 M9 M0			No federal hierarchy limitations. May be full scope or limited to pregnancy related services. Duration is during pregnancy and ends 60 days postpartum.
ACA Adults	M1 M2			Federal Limitation (435.119(b)(4)) <sup>1</sup> : May not be eligible for any of the four ACA mandatory groups, i.e., former foster care; infants and children; parents/caretaker relatives; pregnant women. Alternative Benefit Plan coverage. Duration is from ages 19-64.
ACA OTLIC	T1 T2 T3	T4 T5 T6	T7 T8 T9 T0	Guaranteed 12 months of continuous coverage Full scope. Duration ends at age 19.

Note: See Table 2 assumptions on page 6.

<sup>1</sup> CMS Final Rule, Medicaid Program: Eligibility Changes Under the Affordable Care Act of 2010

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## Table 2 Assumptions:

1. Transitional Medi-Cal (TMC) and 4-Month continuing are not considered in the hierarchy because they are consumer protections rather than coverage groups. These consumer protections are triggered by a specific event. New applicants would not be enrolled directly in a TMC or 4-month continuing aid code.
2. Continuous Eligibility for Children (CEC) is not considered in the hierarchy because CEC is a consumer protection rather than a coverage group. CEC guarantees 12 months of continuous eligibility to children enrolled in mandatory or optional coverage identified in section 1902(a)(10)(A) of the Act.
3. Accelerated Enrollment (AE) for children, Presumptive Eligibility (PE) for children and pregnant women, and Hospital Presumptive Eligibility (HPE) are not considered in the hierarchy because AE/PE is not considered a coverage group. Individuals screened as eligible for AE or PE will require an eligibility determination be completed.

## Examples:

1. Assume there is an applicant who is 18-years old, the mother of a two year old daughter, and also pregnant. This individual is potentially eligible or linked to the following ACA coverage groups; parents/caretaker relatives, children, and pregnant women. However, under the **Table 2** hierarchy, she would be enrolled in the ACA Children group if she meets the financial and non-financial requirements of the group.
2. A pregnant woman age 20 lives alone and also was enrolled in the foster care program under the responsibility of the state and receiving Medi-Cal benefits upon attaining age 18. This individual is potentially eligible or linked to the following ACA coverage groups; new adult, former foster care, and pregnant women. However, under the **Table 2** hierarchy, she would be enrolled in the former foster care group.