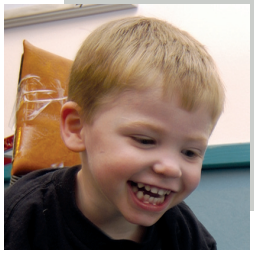

Section 9

WHAT'S NEW UNDER THE AFFORDABLE CARE ACT (ACA)?

Eligibility for Medicaid and the Children's Health Insurance Program (CHIP)

Medicaid eligibility changes in the ACA are best understood in the context of the goal for health care reform: that nearly everyone will have either public or private health coverage by 2014. At that time, there will be a single system for ensuring smooth transitions across coverage types, particularly for those individuals receiving public or subsidized private coverage.

Medicaid eligibility changes in the ACA are best understood in the context of the goal for health care reform: that nearly everyone will have either public or private health coverage by 2014.

Medicaid programs will be required to cover most people with incomes below 138% of the federal poverty level in 2014.[59] This means that some children who are enrolled in CHIP will be shifted to Medicaid, which may improve their benefits because they will have access to Early Periodic Screening, Diagnosis, and Treatment (EPSDT). In addition, in 2014 young people who are in foster care at the time they turn 18 will be able to maintain Medicaid benefits until they turn 26, even if their income exceeds the eligibility guidelines. This will be critical in easing the transition from foster care to adult lives, including access to higher education and employment. Finally, states have the option to offer CHIP coverage to eligible children of state employees. Previously, it was assumed that all state employees had access to affordable coverage, and thus this group of children was barred from enrolling in CHIP. Under the ACA, if a state can demonstrate that it has maintained its own contribution toward family coverage but the annual premiums and cost-sharing for a family exceed 5% of family income, the children of low-income state employees can enroll in CHIP. If premiums and cost-sharing exceed 5% of family income, it is quite possible that there is a child with special health care needs (CSHCN) in the family.

The ACA includes a "maintenance of effort" (MOE) provision that prohibits states from reducing Medicaid or CHIP eligibility limits below those in effect when the ACA was enacted on March 23, 2010. MOE is required for adults until 2014 and for children under 19 through September 30, 2019.[60]

[59]The language of the ACA sets the eligibility limit at 133% of the federal poverty level (FPL) in 2014, but then instructs states to disregard an amount of income that brings the household to 138% of the FPL. ACA, Section 2001(a); Health Care and Education Reconciliation Act, Pub. L. No. 111-152 Section 1004(e).

[60]ACA, §2001(gg) (2010). If a state certifies to the federal government that there is a budget deficit, it may reduce eligibility for adults who are not disabled or pregnant with income above 133% of the poverty level. In this recessionary period, some states under significant budget pressure have urged CMS to read this provision liberally and have urged Congress to repeal it. A bill, HR 1683, has been introduced in the United States House of Representatives to repeal the maintenance of effort provisions in both Medicaid and CHIP. The Congressional Budget Office estimates that this would cause 400,000 people to be disenrolled from Medicaid and CHIP, of whom two-thirds would be children. Congressional Budget Office. (2011, May 11). *Cost Estimate: HR 1683, State Flexibility Act*. Retrieved Jan. 12, 2012 from http://www.cbo.gov/ftpdocs/121xx/doc12184/hr1683.pdf

WHAT'S NEW UNDER THE ACA?

Under the ACA almost everyone will be required to enroll in some form of public or private coverage beginning in 2014.[61] This is called the "individual mandate." People who are over income for Medicaid or CHIP and who do not have employer-sponsored insurance will be able to purchase private coverage through a Health Benefit Exchange (the Exchange). They will be eligible for federal help to pay for the cost of coverage if their income is below 400% of the federal poverty level. If someone applies to the Exchange and is eligible for Medicaid or CHIP, he or she will be referred to or enrolled in the appropriate program.

The manner in which states calculate Medicaid and CHIP eligibility for most people will be another important change under the ACA.[62] In 2014, states will decide whether most people are eligible for CHIP or Medicaid by counting a family's income using a formula called Modified Adjusted Gross Income (MAGI). MAGI changes two key factors in the eligibility calculation: the definition of household (affecting whose income counts in the eligibility calculation) and what applicants can deduct from income in calculating eligibility.

By 2014, the shift to MAGI in calculating eligibility for Medicaid will align the Medicaid eligibility calculation with the calculation used to determine eligibility for subsidies for policies purchased within the Exchanges. This should make the transition between Medicaid and CHIP and the Exchange easier for both consumers and administrators. Using a consistent definition of income for calculating eligibility for Medicaid, CHIP, and the Exchange, one application can be used to determine eligibility for any of the programs. Policy makers envision that families with fluctuating income will be able to transition from one program to the other seamlessly.

The change in calculating eligibility for Medicaid will NOT impact many people who have special health care needs, including:

- Children or adults who qualify for Medicaid due to disability or because they receive SSI or are over the age of 65;
- People receiving long-term care services, home and community-based waiver services, home health or personal care services, or other home and community-based services;
- Children who qualify for Medicaid under the TEFRA or Katie Beckett option; or
- Children who qualify for Medicaid because they are in foster care.[63]

Finally, the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) and the ACA also include provisions to simplify and improve enrollment in Medicaid and CHIP, including provisions requiring or allowing states to:

- Establish a system of enrollment and enrollment renewals via a website as well as by phone or in person;
- Coordinate eligibility determination for Medicaid and CHIP along with determination of eligibility for tax credits to purchase private insurance in the Exchange;
- Conduct outreach to vulnerable populations, including families with CSHCN, to enroll in Medicaid and CHIP;
- Permit hospitals to make "presumptive eligibility" determinations for Medicaid, to be verified later by the state Medicaid program;
- Permit Medicaid and CHIP eligibility for children to be decided by public "express lane" agencies – agencies that use household income to determine eligibility for other programs such as WIC, subsidized housing, or school lunch programs.[64]

[61] Some people are exempt from any penalty if they fail to enroll. The largest exemptions are for those with income too low to be required to file federal income tax returns and those for whom the cost of the lowest cost health plan available would exceed 8% of their income.

[62] The language of the ACA sets the eligibility limit at 133% of the poverty level in 2014, but then instructs states to disregard an amount of income that brings the household to 138% of the poverty level. Affordable Care Act, Section 2001(a); Health Care and Education Reconciliation Act, Pub. L. No. 111-152 Section 1004(e).

[63] National Health Law Program. (n.d.). *Analysis of the Health Care Reform Law: PPACA and the Reconciliation Act*, Part II, p. 9. Retrieved Jan. 13, 2012 from http://www.healthlaw.org/images/stories/PPACA_Part_II.pdf

[64] CHIPRA, P.L. 111-3, Section 203, codified in, 42 U.S.C. Sections 1396a(e)(13) and 1397gg(e)(1)(B).

Covered Services for CSHCN

Under the ACA, states are encouraged or required to adjust benefits in numerous ways. Significantly, Early Periodic Screening, Diagnosis, and Treatment (EPSDT) will become available to more children in 20 states beginning in 2014,[65] because Medicaid eligibility for children ages 6 to 19 will increase in those states to 138% of the federal poverty level, shifting children from CHIP to Medicaid.[66] The remaining states already cover these older children under Medicaid. Depending on the benefits covered by their state's CHIP program, these children may also become newly eligible for assistance with nonemergency transportation for medical appointments. Another important service change under the ACA is that families of terminally ill children enrolled in Medicaid or CHIP may elect to receive hospice care without having to forgo potentially curative care.

Financing Changes

As described above, many more people will become eligible for Medicaid in 2014. Health coverage for people who are newly eligible in 2014 will be financed 100% by the federal government through 2016; then the federal matching rate will phase down annually from 100% to 90% for those newly eligible by 2020.

The ACA also extended federal funding of CHIP through September, 2015, and reauthorized the program through 2019. Beginning in 2015, states will receive a 23% increase (up to a maximum of 100%) in their CHIP federal match rate.

The ACA offers state Medicaid programs significant financial incentives to improve the quality of health care while controlling costs. These opportunities include:

- Expanded access to preventive care;
- Care for people with disabilities in the community instead of in institutions;
- Restructuring provider payment arrangements to include incentives to improve health outcomes;
- Creating "health homes" for people with certain chronic health conditions. Health homes are similar to medical homes - see more under Service Delivery below.

One additional financing change is intended to increase or at least maintain the supply of primary care providers. There is some concern that there may not be enough providers to provide primary care to all the newly insured individuals under the ACA. The ACA provides a temporary increase in Medicaid rates for primary care services beginning in 2013 in an effort to address this concern.

Service Delivery

Health reform offers state Title V programs opportunities to realign health care delivery for CSHCN, promoting high-quality care rather than simply a high volume of services. For example:

- States have a new option to implement health homes for Medicaid-eligible adults or children with chronic conditions to better coordinate care and promote efficiencies.[67] Health homes will be financed with 90% federal dollars over two years. To be considered a health home, a practice or clinic must offer comprehensive care management, patient and family support, comprehensive transitional care from a hospital or institution to home, referrals to community and social support services, use of health information technology

[65]The 20 states are Alabama, Arizona, California, Colorado, Delaware, Florida, Georgia, Kansas, Mississippi, Nevada, New York, North Carolina, North Dakota, Oregon, Pennsylvania, Tennessee, Texas, Utah, West Virginia, and Wyoming. Farrell, K., Hess, C., and Justice, D. (2011). *The Affordable Care Act and Children with Special Health Care Needs: An Analysis and Steps for State Policymakers,* p. 25. Retrieved Dec. 22, 2011 from http://hdwg.org/sites/default/files/ACAandCSHCNpaper.pdf

[66]The language of the ACA sets the eligibility limit at 133% of the poverty level in 2014, but then instructs states to disregard an amount of income that brings the household to 138% of the poverty level. ACA, Section 2001(a); Health Care and Education Reconciliation Act, Pub. L. No. 111-152 Section 1004(e).

[67]Affordable Care Act (ACA), Section 2703, "State option to provide health homes for enrollees with chronic conditions." See also, U.S. Department of Health and Human Services, Center for Medicaid and Medicare Services. (2010, Nov. 16). *Health Homes for Enrollees with Chronic Conditions*. [Letter to State Medicaid Directors and State Health Officials from Cindy Mann: SMDL# 10-024 ACA # 12]. Retrieved Jan. 12, 2012 from http://www.cms.gov/smdl/downloads/SMD10024.pdf

to link services, care coordination, and health promotion. Health homes can be implemented either through a contract with a managed care organization or through a contract directly between the Medicaid program and a practice or clinic. States have broad flexibility in designing health homes and may claim the 90% match for health home-related services provided to people with serious and persistent mental health conditions or to people with two or more of the following conditions: a mental health condition, substance use disorder, asthma, diabetes, heart disease, or being overweight.[68]

- The ACA also contains language to implement demonstration projects at the state level for pediatric Accountable Care Organizations (ACOs), although these demonstrations have not been funded as of January 2012. An evolving concept, ACOs are organizations of providers that are being developed to align the financial incentives of providers with better health outcomes for patients. For example, a hospital might combine with physician practices to contract with Medicaid or an insurer to share any savings that result from better management of chronic diseases or a reduction in emergency department visits.
- Many state Medicaid programs have applied for newly available grants designed to create incentives for healthy behaviors and prevent chronic diseases.[69]
- New measures to prevent fraud and abuse in Medicaid may affect the delivery of care for CSHCN. For example, patients must now have a face-to-face encounter with a physician to receive a prescription for durable medical equipment or home health services. This could become a barrier to care if providers and patients are not accustomed to meeting the new requirements. In addition, prescribed drugs and services will only be covered by Medicaid if the prescriber is enrolled in as a Medicaid provider. This could cause serious problems for CSCHN and others who obtain prescriptions from doctors who are not enrolled in Medicaid as individual providers.

[68]See U.S. Department of Health and Human Services, Center for Medicare and Medicaid Services. (2010, Nov. 16). *Health Homes for Enrollees with Chronic Conditions* [Letter to State Medicaid Directors and State Health Officials from Cindy Mann: SMDL# 10-024 ACA # 12]; Buxbaum, J. (2010). *Making Connections: Medicaid, CHIP, and Title V Working Together on State Medical Home Initiatives.* Retrieved Dec. 21, 2011 from the National Academy for State Health Policy website: http://www.nashp.org/publication/making-connections-medicaid-chip-and-title-v-working-together-state-medical-home-initiatives

[69]See the Center for Medicare and Medicaid Services Overview of Medicaid Incentives for Prevention of Chronic Diseases Program at https://www.cms.gov/MIPCD/

This document is part of *Public Insurance Programs and Children with Special Health Care Needs: A Tutorial on the Basics of Medicaid and the Children's Health Insurance Program (CHIP)*, available in its entirety at http://hdwg.org/catalyst/medicaid-tutorial

Is this tutorial helpful to you? Please take our survey at https://www.surveymonkey.com/s/MedicaidCHIPTutorialSurvey

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CATALYST CENTER — IMPROVING FINANCING OF CARE for Children & Youth WITH SPECIAL HEALTH CARE NEEDS

NATIONAL ACADEMY for STATE HEALTH POLICY

Test your knowledge

1. In 2014, children who turn 18 while in foster care will be eligible for Medicaid until they are how old?

   a. 19
   b. 21
   c. 26
   d. 28

2. Under the Affordable Care Act, most people under 65 will be eligible for Medicaid in 2014, if:

   a. They have a disability
   b. They are under 21
   c. They are a parent
   d. They are an adult without children at home
   e. They are any of the above (it doesn't matter) and their income is under 138% of the federal poverty level

3. On October 1, 2015, the federal matching rate for CHIP will increase by how many percentage points?
   a. 3
   b. 13
   c. 23
   d. 33

4. The opportunity for Medicaid programs to develop health homes for people with chronic conditions in the Affordable Care Act is funded with:

   a. 75% federal matching dollars over four years
   b. 80% federal matching dollars over three years
   c. 100% federal dollars over one year
   d. 90% federal matching dollars over two years

Find Out in Your State

1. Does your state have a planning process for deciding how to coordinate enrollment in Medicaid, CHIP and the Exchange in 2014?

2. Has your state developed (or is it developing) a state plan amendment for health homes? Does it include children? If yes, which children?

3. Has your state received any grants to create incentives for healthy behaviors and prevent chronic diseases?

1. c 2. e 3. c 4. d