ACA Impact on Medicaid and CHIP

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Overview

- Affordable Care Act (ACA) Eligibility Changes
  - Eligibility criteria under the new federal rules
  - Who can apply

- Application Changes
  - YourTexasBenefits.com
  - Streamlined Application
  - Integrated Application

- Account Transfers
  - Status
  - Processing outcomes
The Affordable Care Act:

- Changes how HHSC determines eligibility for certain Medicaid programs and CHIP
- Establishes a federal Marketplace where people can shop for health insurance and apply for help paying for health insurance
- Requires HHSC to coordinate eligibility determinations with the federal Marketplace
ACA Eligibility Changes
The following programs **do** use the new federal rules to determine financial eligibility:

- Children’s Medicaid
- Children’s Health Insurance Program (CHIP) and CHIP Perinatal
- Pregnant Women’s Medicaid
- Medicaid for Transitioning and Foster Care Youth
- Transitional Medicaid
- Medically Needy Spend Down
- Refugee Medical Assistance
- Parents and Caretaker Relatives Medicaid
Certain programs **do not** use the new federal rules to determine financial eligibility, including, but not limited to:

- Medicaid for Breast and Cervical Cancer
- Texas Women’s Health Program
- Medicaid for the Elderly and People with Disabilities (MEPD)
- Former Foster Care Children (new program)
- Supplemental Nutrition Assistance Program (SNAP)
- Temporary Assistance for Needy Families (TANF)
Medicaid & CHIP Eligibility Changes

• The Affordable Care Act requires changes to how HHSC determines eligibility for certain Medicaid and CHIP groups. These changes include:
  – New Modified Adjusted Gross Income (MAGI) rules based on federal tax rules
  – Prohibition of assets tests and most income disregards
  – Changes to applications, including the availability of a new streamlined application (for Medicaid and CHIP only)
  – 12-month certification periods for most programs
  – Eligibility renewals based on available information to the extent possible
The new federal rules change the way we view households when determining eligibility for certain Medicaid programs and CHIP.

Prior to January 1, 2014

- Viewed households based on people’s relationships (family relationships) to one another and people’s living arrangements

As of January 1, 2014

- View households based on:
  - Tax status
  - Tax relationships
  - Family relationships
  - Living arrangements
The new federal rules change how income is calculated for affected Medicaid programs and CHIP.

- Resource tests no longer apply
- Most income deductions no longer apply
- Changes were made to countable and exempt income
Income under the New Federal Rules

For example:

**Prior to January 1, 2014**

**Income**
- Counted
  - ✔ Formal child support

**Deductions**
- Allowed
  - ✔ Child care

**As of January 1, 2014**

**Income**
- Not Counted
  - ✗ Formal child support

**Expenses**
- Allowed
  - ✔ Moving expenses
  - ✔ Educational expenses
- Not Allowed
  - ✗ Child care expenses
The new federal rules change certification periods for certain Medicaid programs and CHIP.

Prior to January 1, 2014

- Medicaid programs and CHIP have certification periods that vary in length

As of January 1, 2014

- Certain Medicaid programs and CHIP have a 12-month certification period
Verification under the New Federal Rules

- Under the ACA, states are required to verify income using electronic data sources (ELDS) prior to contacting clients, to the extent possible.

- HHSC staff may not request additional information or documentation from clients unless information is not available electronically or the information obtained electronically is not consistent with the information provided by the client.

- Effective May 2014:
  - HHSC’s eligibility system automatically checks an applicant’s statement of income against electronic data sources.
  - The eligibility system compares income reported on the application with income data provided by electronic data sources.
  - If both client statement and electronic data sources indicate that the family meets the Medicaid or CHIP income limit, the state does not need additional proof, such as pay check stubs.
Renewals under the New Federal Rules

Systems changes are planned for August 2014 to implement new rules for renewals for Medicaid programs and CHIP.

• Electronic data will be used to the extent possible to renew eligibility for Medicaid for children, parents and caretakers, former foster care children, the elderly, and people with disabilities, and CHIP.

• Clients that cannot be renewed administratively will be provided a pre-populated renewal form online or through the mail (upon request).
CHIP Waiting Period Exemptions under the New Federal Rules

Children are not subject to the 90-day waiting period for CHIP enrollment if the household meets a good cause exemption.

The following exemptions are new or were changed to comply with federal rules:

- Involuntary loss of insurance coverage
- The employer stopped offering health insurance coverage for dependents
- A change in employment, including involuntary separation, resulted in the child’s loss of coverage
- The loss of Medicaid coverage for any reason
- The loss of coverage in any insurance affordability program
- The premium paid by the family for coverage of the child under the group health plan is more than 5 percent of the MAGI household income
- The premium that a family pays for the family’s coverage that includes the child is more than 9.5 percent of the MAGI household net income
- Death of a parent
- The child has special health care needs
HHSC must accept an application from:

- The applicant
- An authorized representative of the applicant
- An individual age 19 or older:
  - Included in the applicant’s **household composition**
  - Who has a **tax relationship** with the applicant
- An individual who meets HHSC’s definition of a **caretaker** of a dependent child

An application is valid as long as it contains the applicant's name, address, and signature of:

- The applicant,
- An authorized representative, or
- An individual that can apply on behalf of the applicant
## Who can apply

### Determining Household Composition

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Determining Tax Relationships

• Individuals have a tax relationship to one another if they:
  – Plan to file a joint federal income tax return
  – Are the taxpayer that plans to claim specific tax dependent(s)
  – Are a tax dependent of a specific taxpayer

• Individuals do not have a tax relationship to anyone if they:
  – Do not plan to file a federal income tax return
  – Are not the taxpayer planning to claim the specified tax dependent(s)
  – Are not a tax dependent of a specified taxpayer
The caretaker must be a relative of a dependent child of whom they have care and control. He or she must be related to the dependent child and must be a:

- Parent
- Stepparent
- Sibling
- Step-sibling
- Grandparent
- Uncle or aunt
- Nephew or niece
- First cousin
- First cousin once removed
Who can apply

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Applications for Medicaid and CHIP
Applications for Medicaid and CHIP

• Effective January 1, 2014, individuals must use YourTexasBenefits.com, the Texas Streamlined Application (Form H1205), or the Integrated Application (Form H1010) to apply for health care benefits, including MAGI Medicaid or CHIP.

• The new Texas Streamlined Application (Form H1205) replaces the following forms, which are no longer in use:
  – Form H1014 - Application Information for Children's Health Insurance Program (CHIP), Children's Medicaid, and CHIP Perinatal Coverage
  – Form H1011 - Application for Medicaid for Youth Transitioning from Foster Care
  – Form H1868 - Application for Health Care Benefits
The online application in YourTexasBenefits.com has been updated to include all the MAGI-related questions.

The application on YourTexasBenefits.com is integrated for all programs and applicants only see the questions applicable to the programs they request.

Individuals can use the YourTexasBenefits.com to apply for the following benefits:

- SNAP food benefits
- TANF cash help for families
- Acute health care for:
  - Children
  - Adults caring for a child
  - Adults not caring for a child (if this is selected the system will allow applicants to identify themselves as a refugee; if they are not a refugee, they will be redirected to HealthCare.gov)
  - Pregnant women
  - Persons age 65 or older or persons with a disability
  - Person under the age of 26 who was in foster care or who was an unaccompanied refugee minor at the age of 18 or older
- Medicare Savings Programs
- Long-Term Care Services
Texas Streamlined Application (Form H1205)

- States are federally-required to have an approved streamlined application for health care, including Medicaid, CHIP, and the Marketplace. Texas customized the federal streamlined application to reflect state eligibility policies and requirements.

- The Texas Streamlined Application can be used for the following programs:
  - MAGI Medicaid/CHIP only (does not include SNAP or TANF)
    - Children’s Medicaid
    - Pregnant women
    - Parents and caretakers
    - CHIP
    - CHIP Perinatal
  - Former Foster Care Medicaid
  - Refugees
Texas Streamlined Application (Form H1205)

- The Texas Streamlined Application (H1205) collects information necessary to make eligibility determinations using new MAGI rules. The application collects the following information:
  - Tax filing status
  - Tax relationships
  - New types of countable unearned income
  -Certain deductions that can be claimed on a federal income tax return
  - Appendix A – Health Coverage from Jobs – must be completed when the applicant indicates he or she is being offered health coverage from a job
  - Appendix B – American Indian/Alaska Native (AI/IN) Family Member – must be completed when the applicant indicates someone living at the physical address is an AI/AN member of a federally-recognized tribe
  - Appendix C – Identification of Application Assistance – must be completed when the applicant receives assistance from an Authorized Representative, certified application counselor, navigator, or agent or broker

Note: Form H1205 cannot be used to apply for SNAP or TANF.
Integrated Application (Form H1010)

• The Integrated Application (Texas Works Application for Assistance - Your Texas Benefits, Form H1010) has been updated to collect information to determine eligibility using new MAGI rules.

• Individuals can use this form to apply for the following benefits:
  – SNAP food benefits
  – TANF cash help for families
  – Medicaid or CHIP for:
    • Children
    • Pregnant women
    • An adult caring for a child
    • An adult not caring for a child (allows individuals to identify themselves as a refugee or person under age 26 who was in foster care)

• An addendum, Form H1010-M, Applying for or Renewing Medicaid or CHIP?, captures all additional information needed at application to make a MAGI determination.
  – Form H1010-M also includes the appendices (A, B, and C) that are included on Form H1205, Texas Streamlined Application.
  – Form H1010-M is included with all Form H1010 applications effective January 1, 2014.
FAQs about Providing Tax Information

What should we tell applicants who want to know why they have to provide tax status information?

• Beginning January 1, 2014, the Affordable Care Act requires states to use new rules based on the federal income tax rules (tax-filing status and tax relationships) to determine household and income for most Medicaid programs and CHIP.

If a family does not file taxes, how will household size be determined?

• MAGI methodologies are based on the applicant’s intention to file taxes, not actual tax returns. There are specific rules for non-tax filers if the applicant indicates they do not intend to file a federal income tax return next year.
FAQs about Providing Tax Information

If someone is unsure of whether or not they will file taxes in the next year, what should they select? If they select that they will not file, but then do, will that be a problem?

• For Medicaid and CHIP eligibility, tax status is self-reported by the applicant/recipient. The client will not be required to go back and provide verification of whether or not they actually filed federal income taxes, claimed an individual as a tax dependent, or did not file federal income taxes.

• Applicants are not only applying for Medicaid or CHIP when they submit an application to HHSC. They are also applying for new federal health care programs through the Marketplace. Effective January 1, 2014, all information and verifications provided to HHSC are automatically transferred to the Marketplace if/when an individual becomes ineligible for Medicaid and CHIP MAGI programs.

• It is important for an applicant to provide the most accurate information about how/if they expect to file federal income taxes because the Marketplace will use tax information differently than HHSC.
Additional information and access to the online application can be found at www.YourTexasBenefits.com.
Account Transfers
Account transfers occur between HHSC and the Federally Facilitated Marketplace (Marketplace).

- If someone applies for help through the Marketplace and the Marketplace determines they may be eligible for Medicaid or CHIP, their information is sent to HHSC.

- If someone applies for Medicaid or CHIP through HHSC and is not eligible, their information is sent to the Marketplace.
Status of Account Transfers

Account Transfers from the Marketplace to HHSC (Inbound)
• The federal Marketplace began sending applications to HHSC on January 17, 2014. HHSC currently receives applications weekly from the Marketplace and processes them as they are received. As of June 6, 2014:
  – HHSC has received 214,126 unduplicated transfers from the Marketplace.
  – HHSC has processed approximately 211,000 applications, of which, approximately 204,000 were completed and approximately 7,000 were in progress.

Account Transfers from HHSC to the Marketplace (Outbound)
• Between January 5, 2014 and June 6, 2014, HHSC transferred 436,441 cases to the Marketplace. Transfers occur daily.
Types of Account Transfers

• **MAGI Referrals** - 66 percent of applicants received from the Marketplace
  – The Marketplace assesses applicants’ potential eligibility for Medicaid and CHIP programs that use modified adjusted gross income (MAGI) rules. If an applicant is assessed as potentially eligible, the Marketplace transfers the individual’s information to HHSC. HHSC then performs the final eligibility determination.

• **Full Determination Referrals** - 8 percent of applicants received from the Marketplace
  – All applicants are provided the opportunity to request that the Marketplace send their information to HHSC for a “full determination” even if the Marketplace has assessed the applicant as potentially ineligible for MAGI-based Medicaid or CHIP.

• **Non-MAGI Referrals** - 26 percent of applicants received from the Marketplace
  – The Marketplace also transfers applicants assessed as potentially eligible for Medicaid due to age, blindness, or disability. These individuals are sent an application for Medicaid for the Elderly and People with Disabilities (MEPD).
Account Transfer Outcomes

- Of the applicants received via an account transfer:
  - HHSC denied 78 percent based on Texas eligibility rules.
  - Approximately 58 percent of all denials are for applicants whom the Marketplace assessed as potentially eligible (MAGI referrals). The difference between the Marketplace’s assessment and HHSC’s determination may be due to federal systems issues and differences in data sources used for verification (e.g., annual IRS tax return vs. current income verification).
  - Approximately 42 percent of all denials are for applicants who were determined ineligible by the Marketplace but requested a full determination from HHSC (full determination referrals) and applicants whom the Marketplace assessed as potentially eligible for MEPD (non-MAGI referrals). Almost all full determination and non-MAGI referrals were denied.

- HHSC approved 18 percent.

- 4 percent withdrew their application.
FAQs about Account Transfers

What happens if I am not eligible for Medicaid/CHIP and open enrollment for the Marketplace is closed?

• If the Marketplace open enrollment is closed, you may qualify for a Special Enrollment Period. Information about Marketplace Special Enrollment Periods can be found on the Marketplace website, Healthcare.gov (https://www.healthcare.gov/sep-list/).

• For more information about if and when you would qualify for coverage through the Marketplace, please contact the Marketplace at HealthCare.gov or 1-800-318-2596 (toll-free).
I applied through the Marketplace and they told me that I am eligible for Medicaid or CHIP, but I received a denial notice from HHSC. Why is this happening, and what should I do about it?

• Contact the Marketplace at 1-800-318-2596 (toll-free) and let them know the state found that you don’t qualify for Medicaid or CHIP. If you reapply through the Marketplace, you should answer “yes” to the question below in the Marketplace application:
  – “Were any of these people found not eligible to get Medicaid and Children’s Health Insurance Program (CHIP) since October 1, 2013?”

• If your denial notice indicates that you were denied for income, the Marketplace and HHSC may have looked at your income differently. If you reapply through the Marketplace, use the income amount from the denial notice you got from HHSC. This will allow the Marketplace to tell you what other options you may qualify for.
Questions?