FMAP for Newly Eligible Mandatory Individuals and Expansion States

ON THE ROAD TO 2014:
MEDICAID AND CHIP ELIGIBILITY AND ENROLLMENT

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CMS
CENTERS for MEDICARE & MEDICAID SERVICES

Background

- The Affordable Care Act
  - Expands eligibility to new mandatory adult group and
  - Streamlines eligibility and enrollment policies and processes

- The New Adult Group

  Section 1902(a)(10)(A)(i)(VIII) of the Social Security Act (the Act) requires that States provide Medicaid coverage in CY 2014 to individuals age19 to age 65 meeting the following criteria:
  - Are not otherwise mandatorily eligible for Medicaid under sections 1902(a)(10)(A)(i)(I) through (VII) or (IX) of the Act; and
  - Have household income - based on the new MAGI methods - at or below 133 percent FPL.

Background (continued…)

- **Reasons we have proposed regulations**
  - Codify the new increased FMAP for the newly eligible adult group Medicaid enrollees in 2014.
  - Offer options to States regarding ways they can determine the applicable FMAP for previously and newly eligible individuals.
  - Promote state flexibility by providing options that avoid the need for States to run and maintain dual eligibility systems.
  - Promote Affordable Care Act goals of simplicity and efficiency.

FMAP Increased

- Significant increase in the FMAP for individuals determined eligible
  - under the adult group who are considered “newly eligible” as
  - defined in 1905(y)(2)(A) of the Act.

- An individual is “newly eligible” if they would not have been
  - determined eligible for Medicaid under the eligibility provisions of
  - the Medicaid State plan, demonstrations or waivers in effect in the
  - State as of December 1, 2009.

- Beginning in 2014, the Federal government will fund:
  - 100 percent of the coverage costs of “newly eligible” individuals for the first three years (2014-2016); and
  - Will phase down gradually, to a permanent rate in 2020 at 90 percent; and
  - For individuals who would have been eligible for Medicaid based on pre-Affordable Care Act rules as of December 2009, States will not receive the higher FMAP.

Expansion States

- An Expansion State is…
  - As of the date of enactment of the Affordable Care Act, offered health benefits coverage statewide to parents and nonpregnant, childless adults whose income was at least 100 percent of the FPL;
  - Must have provided coverage to BOTH parents and nonpregnant childless adults to be considered an Expansion State.
  - Benefits could have been offered under a Medicaid section 1115 Demonstration and/or a State only program/plan;
  - Coverage must have included inpatient hospital benefits;
  - Would not include coverage that was dependent on employer coverage, employer contribution or employment;
  - Would also not include coverage limited to premium assistance, hospital-only benefits, a high deductible health plan, or alternative benefits involving a health opportunity account.

Additional FMAP for Expansion States

- The FMAP for an Expansion State for individuals in the adult group who are non-pregnant childless adults who are not newly eligible for whom the State may require enrollment in benchmark coverage under Section 1937 of the Act] will be determined in accordance with the following formula (§1905(z)(2)(B) of the Social Security Act).

Expansion State FMAP =

F + (T x (N - F)) = Equivalent to = **N x T + F x (1 – T)**

F = The base (regular) FMAP for State for CY quarter

T = The transition percentage in CY quarter (50% in 2014 to 100% in 2019) (§1905(z)(2)(B)(ii) of the Act)

N = The newly eligible FMAP in CY quarter (§1905(y)(1) of the Act)

In years when T = 100%, Newly Eligible FMAP (N) = Expansion State FMAP

- Enhanced “newly eligible” FMAP for “newly eligible”

FMAP for Newly Eligible Mandatory Individuals and Expansion States

A chart to help….

FMAP APPLICABLE FOR ADULTS UNDER AGE 65 UP TO 133% OF FPL BEGINNING JANUARY 1, 2014 /5					
A	B	C	D	E	F
QUARTERS IN CALENDAR YEAR	NON-EXPANSION STATES		EXPANSION STATES /2		
	Adults Eligible Under Previously Covered Mandatory and Optional Categories /4	"Newly Eligible" Adults /1	Adults Eligible Under Previously Covered Mandatory Categories /4	"Newly Eligible" Adults /1	Adults Eligible Through Pre-ACA Expansion /3
2014	Base FMAP Rate	100.00%	Base FMAP Rate	100.00%	50% + 50% x Base FMAP
2015		100.00%		100.00%	60% + 40% x Base FMAP
2016		100.00%		100.00%	70% + 30% x Base FMAP
2017		95.00%		95.00%	76% + 20% x Base FMAP
2018		94.00%		94.00%	84.6% + 10% x Base FMAP
2019		93.00%		93.00%	93.00%
2020 and After		90.00%		90.00%	90.00%

/1 Newly Eligible is defined as an individual who would not have otherwise been determined eligible for Medicaid under the eligibility provisions of the Medicaid State plan, demonstrations, or waivers in effect in the State as of December 1, 2009.

/2 An Expansion State is defined as a State that, as of the date of enactment of the Affordable Care Act, offered health benefits coverage statewide to parents and nonpregnant, childless adults whose income was at least 100 percent of the FPL. This coverage must have included inpatient hospital benefits, and would not include coverage that was dependent on employer coverage, employer contribution or employment, and would also not include coverage limited to premium assistance, hospital-only benefits, a high deductible health plan, or alternative benefits involving a health opportunity account. A State which offers coverage only to parents or only to nonpregnant childless adults would not be considered an Expansion State.

/3 Adults Eligible Through Pre-ACA Expansion are parents and nonpregnant childless adults

EXAMPLE: A State with a 75.00% Base FMAP which prior to December 1, 2009 had expanded to cover childless adults up to 100% of FPL, would receive, for these non-newly eligible adults, an Expansion State FMAP of: 87.50% in 2014; 90.00% in 2015; 92.50% in 2016; 91.00% in 2017; and 92.10% in 2018.

/4 Previously Covered Categories:

Mandatory categories are people such as pregnant women and parents with income at or below mandatory income standards.

Optional categories of adults in Non-Expansion States are people covered prior to December 2009 that were not required to be covered. This includes, for example, pregnant women and parents with incomes above mandatory income levels.

/5 Expenditures for adults with income greater than 133% FPL, that States may cover at their option, would receive the Base FMAP.

Additional FMAP for Expansion States

Example of FMAPs

					BASE FMAP FOR STATE IS:	65.00%
FMAP APPLICABLE FOR ADULTS UNDER AGE 65 UP TO 133% OF FPL BEGINNING JANUARY 1, 2014						
A	B	C	D	E	F	G
QUARTERS IN CALENDAR YEAR	NON-EXPANSION STATES		EXPANSION STATES			
	Adults Eligible Under Previously Covered Mandatory and Optional Categories	"Newly Eligible" Adults	Adults Eligible Under Previously Covered Mandatory Categories	"Newly Eligible" Adults	Transition Percentage	Non-"Newly Eligible" Adults (Expansion FMAP)
	= Base FMAP		= Base FMAP	= Col C		(C x F) + D x (1 - F)
2014	65.00%	100.00%	65.00%	100.00%	50.00%	82.50%
2015		100.00%		100.00%	60.00%	60.00%
2016		100.00%		100.00%	70.00%	70.00%
2017		95.00%		95.00%	80.00%	76.00%
2018		94.00%		94.00%	90.00%	84.60%
2019		93.00%		93.00%	100.00%	93.00%
2020 and After		90.00%		90.00%	100.00%	90.00%

2.2 Percent Bump

- January 1, 2014 through December 31, 2015
- If a State is:
  - An expansion State
  - Does not qualify for any payments on the basis of the increased FMAP for “newly eligibles”; and
  - Has not been approved by the Secretary to divert a portion of the DSH allotment for the State to the costs to the costs of providing medical assistance or other health benefits coverage under a demo that is in effect on July 1, 2009
- FMAP for all Medicaid recipients will be “bumped” 2.2%

The Three Options:

- Threshold Methodology
- Sampling Methodology
- Outside data source methodology

Threshold Methodology

- Threshold Methodology
  - Allow States to use upper income "thresholds" representing the highest level an individual could have been covered under criteria in effect December 1, 2009, taking into account all relevant groups (including people covered under optional eligibility groups).
  - Individuals below thresholds would not be newly eligible, provided they met other proxies established for other eligibility criteria.
  - Individuals above thresholds would be newly eligible.
    - e.g., December 2009, State covered adults to 100% FPL (converted to 125% MAGI taking into account disregards) and parents to 135% FPL (converted to 155% MAGI taking into account disregards). Upper income threshold for parent in 2014 is 155% FPL and parent eligible for new adult group with 133% FPL is not newly eligible.

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Threshold Methodology (continued…)

- Proxies for disability
  - Receipt of SSDI.
  - Questions on application.
  - Retroactive claims review.
  - Actual disability determination.

- Proxies for asset test
  - Information on tax returns.
  - Simple questions on application.
  - Asset Verification System.
  - Proportion of individuals who failed eligibility for a specific
    - group in December 2009 based on asset test.

- Applies December 1, 2009 eligibility criteria – in a simplified manner– to each Medicaid beneficiary who is in the adult group.

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- Sampling Methodology
  - States to use a statistically valid sampling methodology to distinguish between newly and not newly eligible individuals' expenditures.
  - For all individuals in the sample, the State would perform a full eligibility determination using December 2009 standards.
  - Determine proportion of actual expenditures over 12 months in the sample that were for newly eligibles and extrapolate to the population sampled.
  - Allow States to make interim claims based on most recent year for which State has statistically valid sample and retroactively adjust with updated sample.
  - Sampling plans to CMS by first day of calendar year that States will implement the plan and State would perform sample for year in which State is claiming.
  - Annual sample for first 3 years and then sampling in 3 year intervals.

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- Outside data source methodology

  - Allow States to use a State specific estimate of the proportion of claims associated with newly/not newly eligible individuals developed in collaboration with States by HHS/CMS or a national contractor procured by the HHS. This proportion would be developed and based upon approved applicable data sources, including but not limited to Medical Expenditure Panel Survey (MEPS) or State Medicaid Statistical Information System (MSIS) data.
  - No need for retroactive adjustment (verification of actual claims would be used to adjust the model).

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- Outside data source methodology (continued…)
  - Considering model in which HHS develops an algorithm to determine, for each State, the appropriate percentages of Medicaid enrollees with a given set of characteristics (e.g., income, age, assets, family structure, disability status) who would be considered newly eligible or not under the December 2009 eligibility rules.
  - For example, algorithm would estimate that 90 percent of the adults with a child with income between 100 and 110 percent of the FPL in a specific State would not have been eligible under the old rules. So, State would receive "newly eligible" FMAP for 90 percent of the expenditures of adults with children with income between 100 and 110 percent of the FPL.

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- Outside data source methodology (continued…)
  - Beginning 2016, integrate validation measures, such as statistically valid sampling methodologies, into the model to verify and assure the data accuracy.
  - Verification of actual claims would apply to correcting for future years by adjusting the model.

Where We Are and What is Next…

- NPRM published in Federal Register on August 17, 2011 (76 FR 51148).
- Comment Period through October 31, 2011.
- RFP has been issued for contractor to bid on conducting feasibility testing of the methodologies in 10 States.
- CMS will be holding a webinar with States to solicit input into the feasibility testing.
- Plan to finalize rule in 2012 so that States will have sufficient time to give notice to CMS beginning July 2012, no later than January 1, 2013.

State Response

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On the Road to 2014: Medicaid and CHIP Eligibility and Enrollment

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