

Assuring Access to Affordable Coverage: Medicaid and the Children's Health Insurance Program Final Rule

Under the Affordable Care Act, millions of uninsured Americans will gain access to affordable coverage through Affordable Insurance Exchanges and improvements in Medicaid and the Children's Health Insurance Program (CHIP). These programs will use consistent standards and systems to seamlessly and efficiently meet consumers' healthcare needs, improve quality, and lower costs.

Following the issuance of the proposed rule on August 17, 2011, the Department of Health and Human Services (HHS) participated in listening sessions across the country to hear comments and suggestions from a diverse array of stakeholders. In addition, the Centers for Medicare & Medicaid Services held a national eligibility conference attended by States and other stakeholders and conducted numerous conference calls and webinars to solicit public input. CMS also received hundreds of comments on the proposed rule. While the final rule maintains much of the framework laid out in the proposed rule, it also includes improvements recommended by States, consumers, consumer organizations, and the healthcare provider community. The final rule provides additional protections for consumers, as well as additional flexibilities and options for States.

The final rule codifies the Affordable Care Act by:

- Expanding access to Medicaid and CHIP with significant Federal support. Today, many low-income adults who are not offered health insurance through their job are not eligible for Medicaid and have few, if any, affordable coverage options. The Affordable Care Act fills these current gaps in coverage by expanding eligibility to millions of Americans previously ineligible, including, for the first time, adults who are childless and do not have disabilities.

Beginning in 2014, the Affordable Care Act extends Medicaid coverage to all individuals between ages 19 and 64 with incomes up to 133 percent of the federal poverty level, or \$14,856 for an individual and \$30,656 for a family of four (based on the 2012 federal poverty level). For example, an uninsured 55-year old woman with no children who is a server in a restaurant that does not offer insurance could qualify for Medicaid under this new coverage group if she earns less than \$14,000 in a year. Children are currently and will remain eligible for either Medicaid or CHIP at higher income levels based on the eligibility standards already in effect in their State. New federal matching rates will provide 100 percent federal funding for newly eligible individuals for three years (CY 2014 – 2016), gradually reduced to 90 percent in 2020, where it remains permanently. This increase in federal support for the Medicaid program will result in savings for States.

- Simplifying Medicaid and CHIP. The final rule codifies the streamlining of income-based rules and systems for processing Medicaid and CHIP applications and renewals for most individuals. Eligibility, enrollment and renewal processes will be modernized, building on successful State efforts that are already underway. Specifically, the rule:

- Simplifies financial eligibility by relying on a single “Modified Adjusted Gross Income” (MAGI) standard for determining eligibility for most Medicaid and CHIP enrollees (children and non-disabled adults under age 65) and by consolidating eligibility categories into four main groups – adults, children, parents and pregnant women.
 - Ensures that individuals eligible under the new MAGI-based category will be promptly enrolled in Medicaid.
 - In response to public comment, clarifies that people with disabilities or in need of long-term services and supports may enroll in an existing Medicaid eligibility category to ensure that they are quickly enrolled in coverage that best meets their needs.
 - Modernizes eligibility verification procedures to rely primarily on electronic data sources while providing States flexibility to determine the usefulness of available data before requesting additional information from applicants, and simplifying verification procedures for States through the operation of a federal data services “Hub” that will link States with federal data sources (e.g. Social Security and Homeland Security).
 - Codifies current Medicaid policy so that eligibility is renewed by first evaluating the information available through existing data sources and limits renewals for the people enrolled through the simplified, income-based rules to once every 12 months unless the individual reports a change or the agency has information to prompt a reassessment of eligibility.
- A Seamless System of Coverage. The final rule confirms the importance of coordination across the Affordable Insurance Exchanges, Medicaid, and CHIP to ensure the success of the Affordable Care Act in giving all Americans access to quality, affordable health insurance. In response to comments from States seeking additional flexibility in eligibility determinations, the rule provides two ways for Exchanges to perform Medicaid-eligibility evaluations: the Exchange can determine Medicaid eligibility based on the State’s Medicaid eligibility rules and also determine eligibility for advance payment of premium tax credits; or the Exchange can make a preliminary Medicaid eligibility assessment and rely on the State Medicaid and CHIP agencies for a final eligibility determination. Under either approach, timely and coordinated eligibility determinations are maintained.

Note that this final rule does not address changes in the Federal Medical Assistance Percentage (FMAP) rates. A final FMAP rule will follow as technical work with States on FMAP methodologies and income conversion continues.

During this next phase of implementation, CMS will work closely with States and consumer groups to share information and successful strategies already underway and to provide technical assistance in a variety of areas.

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