DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland21244-1850

SHO #13-003
ACA #26

May 17, 2013

RE: Facilitating Medicaid and CHIP Enrollment and Renewal in 2014

Dear State Health Official:
Dear State Medicaid Director:

As states prepare for the changes to Medicaid eligibility that will go into effect on January 1, 2014, identifying ways to efficiently enroll eligible individuals is a high priority. Based on discussions with states and stakeholders, the Centers for Medicare & Medicaid Services (CMS) is offering optional strategies that can help make significant progress toward reducing the number of uninsured individuals and optional tools to help states manage the transition to their new eligibility and enrollment systems and coverage of new Medicaid enrollees. We intend to ensure a streamlined review and approval process for states interested in implementing these approaches.

Under the Affordable Care Act, a new simplified system for enrolling eligible people into coverage will be in effect for Medicaid and the Children's Health Insurance Program (CHIP) in every state on January 1, 2014. In addition, in many states a new group of low-income adults will also become eligible for Medicaid coverage. As states modernize their systems and extend Medicaid eligibility to the new adult group, they will be enrolling large numbers of people who become eligible all at once, either on January 1, 2014 or at a later date, as determined by the state.

Enrollment strategies that target individuals likely to be eligible for Medicaid, and for whom eligibility information is already in the state's files, provide important advantages both for uninsured individuals and for states. Such "targeted enrollment strategies" can efficiently identify and enroll eligible individuals and facilitate their renewal in Medicaid without requiring them to complete an entire new application. These strategies can also help alleviate the administrative demands on the new eligibility and enrollment system.

This letter describes five specific targeted enrollment strategies and provides guidance for states interested in adopting them:

1. Implementing the early adoption of Modified Adjusted Gross Income (MAGI)-based rules;
2. Extending the Medicaid renewal period so that renewals that would otherwise occur during the first quarter of calendar year (CY) 2014 (January 1, 2014 – March 31, 2014) occur later;
3. Enrolling individuals into Medicaid based on Supplemental Nutrition Assistance Program (SNAP) eligibility;
4. Enrolling parents into Medicaid based on children's income eligibility; and
5. Adopting 12-month continuous eligibility for parents and other adults.

Enhanced federal matching funds (at a 90 percent rate for development and a 75 percent rate for operations) are available to help cover the costs of any systems changes that may be needed to undertake these activities, as long as those systems meet applicable requirements.

States are encouraged to consider implementing any or all of the following strategies and also to suggest other strategies to CMS:

1. Implementing the early adoption of Modified Adjusted Gross Income (MAGI)-based rules

Why consider Strategy 1?

Under the Affordable Care Act, eligibility for health coverage under all health insurance affordability programs – including Medicaid, CHIP and the Advanced Premium Tax Credit – generally will be based on a new Modified Adjusted Gross Income, or MAGI, methodology, which will entail defining household composition and executing income-counting procedures according to rules that differ from those currently in effect for Medicaid.[1] During the 2013 open enrollment period for coverage in a Qualified Health Plan through the Health Insurance Marketplace or an insurance affordability program (October 1, 2013 to December 31, 2013), eligibility for certain applicants will be determined using MAGI-based methodologies for coverage scheduled to start on January 1, 2014.[2] In addition, during this period, people applying for or renewing Medicaid for coverage in 2013 will also need to have their eligibility assessed based on existing Medicaid rules. As a result, states will need to be able to determine Medicaid eligibility under both MAGI-based rules and current rules during this limited period of time.

To help states avoid having to operate two sets of rules for children, parents and caretaker relatives, pregnant women and other non-disabled, non-elderly adults that may be eligible for Medicaid or CHIP enrollment during this period, CMS is offering states the opportunity to begin

[1] Medicaid Program; Eligibility Changes Under the Affordable Care Act of 2010 (77 Federal Register 17144)

[2] Populations whose Medicaid eligibility will be subject to MAGI-based rules include children, parents and caretaker relatives, pregnant women and other non-disabled, non-elderly adults. MAGI-excepted populations include individuals for whom eligibility is based on being age 65 or older or individuals who are blind or who have a disability.

using the new MAGI-based methodology for these populations effective October 1, 2013, to coincide with the start of the open enrollment period. This option also would support a more coordinated open enrollment process and help states process applications in a timely fashion. (Please note: Using this strategy, states would adopt MAGI-based rules early. Income eligibility increases resulting from the extension of Medicaid coverage for low-income adults would become effective as scheduled, on January 1, 2014 or a later date, depending on the state.)

Implementing Strategy 1

To implement Strategy 1, a state will need a time-limited section 1115 waiver of section1902(a)(17) of the Social Security Act (the Act) to allow the use of the new income and resource methodology for determining Medicaid eligibility for populations seeking coverage that will take effect prior to January 1, 2014.[3]

CMS is offering states a streamlined request and approval process under section 1115 authority. A state should indicate its interest to CMS on its next State Operations and Technical Assistance (SOTA) call or via email to SOTAUpdates@cms.hhs.gov. CMS will provide sample language the state can use to craft a letter requesting the waiver authorities. The state should send the letter to Jennifer Ryan, Acting Director, Children and Adults Health Program Group via email at Jennifer.Ryan@cms.hhs.gov to make the formal request. CMS will work with the state to confirm the new authorities needed for a time-limited demonstration and identify any changes needed to an existing section 1115 demonstration. CMS will send the state an award letter presenting the authorities needed, as well as the terms and conditions for implementation. The state then will send back a letter to CMS indicating that it agrees to the terms and conditions. It is important to note that requests from states that do not have existing section 1115 demonstrations will need to conform to the section 1115 demonstration transparency rules at 42 CFR 431.412(a).

2. Extending the Medicaid renewal period so that renewals that would otherwise occur during the first quarter of CY 2014 (January 1, 2014 to March 31, 2014) occur later

Why consider Strategy 2?

According to section 1902(e)(14)(D)(v) of the Act, implemented at 42 CFR 435.603(a)(3) of the March 2012 final eligibility rule, a person enrolled in Medicaid on or before December 31, 2013, shall not be found ineligible solely because of the application of MAGI and new household composition rules before March 31, 2014 or the individual's next regular renewal date, whichever is later. To adhere to this policy, the state will need to be able to apply both pre-MAGI rules and MAGI rules to anyone whose renewal date falls between January 1 and March 31, 2014.

[3] A waiver of 1902(a)(17) is needed in order for state to apply an income methodology (in this case, MAGI-based rules) that is different from what is currently in its Medicaid state plan.

To avoid the need to operate two sets of eligibility rules during this period of time and to limit the risk of errors, CMS is offering states the option to extend the Medicaid renewal period, pushing the date of the renewals scheduled during the transition period beyond March 31, 2014, to enable states to begin applying only MAGI-based eligibility rules to all regularly scheduled renewals beginning on April 1, 2014. States would have the flexibility to structure how the delays would take place, but should establish a reasonable timeframe within which the renewals scheduled during January 2014 through March 2014 will be completed. For example, a state could delay the renewals scheduled during that period for 90 days, such that the renewals scheduled for January 2014 would take place in April 2014, the renewals scheduled for February 2014 would take place in May 2014 and the renewals scheduled for March 2014 would take place in June 2014. This type of staggered schedule would allow states to evenly distribute the workload associated with the renewals scheduled for the January through March timeframe. The state should indicate its preferred timeframe in its waiver acceptance letter.

Implementing Strategy 2

Section 1902(e)(14)(A) of the Act, added by section 2002 of the Affordable Care Act, generally requires the use of the MAGI-based income methodology to determine Medicaid eligibility, and also allows for waivers "as are necessary to ensure that states establish income and eligibility determination systems that protect beneficiaries." Under the authority in section 1902(e)(14)(A), CMS is offering states the opportunity to delay annual Medicaid redeterminations scheduled during the January to March 2014 time period.

To implement Strategy 2, states can request such waiver authority under section 1902(e)(14)(A) of the Act on a time-limited basis. States can use the same process described above for Strategy 1 to request a waiver and may submit a combined request to CMS. The Strategy 2 waivers are not subject to transparency rules, and while consultation with stakeholders is encouraged, no additional procedures are required by federal law.

3. Enrolling individuals into Medicaid based on Supplemental Nutrition Assistance Program (SNAP) eligibility

Why Consider Strategy 3?

Generally, in order to qualify for SNAP, a household's gross income cannot exceed 130 percent of the federal poverty level, and the income of most SNAP participants is lower. In addition, the household income data used to determine SNAP eligibility must be rigorously verified and are often no more than six months old at any point. Many Medicaid programs already consider income data from SNAP to be reliable and use it to renew Medicaid eligibility. In addition, some states use SNAP data to make initial Medicaid determinations for children under the Express Lane Eligibility option.

Recent studies by both the Center on Budget and Policy Priorities and the Urban Institute find that, despite the differences in household composition and income-counting rules, the vast majority of non-elderly, non-disabled individuals who receive SNAP benefits are very likely also to be financially eligible for Medicaid.[4] Based on these analyses, CMS is offering states the opportunity to streamline the enrollment into Medicaid of these non-elderly, non-disabled SNAP participants.[5] Alternatively, a state may wish to limit its use of this opportunity to a subset of households based on the state's confidence about the financial eligibility of the included individuals. This opportunity is available for a temporary period and could remain in effect until such time as the initial influx of applications is addressed or the state is able to handle the demands associated with the new system most efficiently.

Enrolling SNAP participants in Medicaid without having to conduct a separate MAGI-based income determination can help ease the administrative burdens states may experience as they continue to transition to their new eligibility system and process what is likely to be an increased number of applications. In addition, in states that are creating new health care eligibility systems that they plan to link to their human services systems, this strategy provides an interim "safeguard" that avoids the duplicative and unnecessary effort associated with state eligibility workers having to enter the same information into two different systems. The state can request to use such streamlined enrollment procedures for a set period of time, based on individual state needs, through the end of CY 2015. This date coincides with the period of time the exception to OMB Circular A-87 is in effect and the enhanced federal matching funds for building eligibility systems are available. This time-limited exception to established cost allocation requirements allows, at the option of the state, federally funded human services programs to benefit from

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[4] A recent analysis of SNAP data by the CBPP finds that the vast majority (90 to 95 percent) of SNAP households, excluding those comprised solely of elderly members or members with a disability, are likely to have members who will be financially eligible for Medicaid under MAGI rules, meaning they will have incomes below 138 percent of the federal poverty level. A significant subset of these households (nationally, 75 percent to 80 percent of all SNAP households, excluding those comprised solely of elderly members or members with a disability) are "certain to be financially eligible" for Medicaid under MAGI rules, based on the information that is available from SNAP. See Dorothy Rosenbaum and Shelby Gonzales, "A Technical Assessment of SNAP and Medicaid Financial Eligibility under the Affordable Care Act." CBPP, *revised* April 25, 2013, http://www.cbpp.org/cms/index.cfm?fa=view&id=3939. According to Urban Institute research, nationally 97 percent of SNAP recipients under age 65 who do not receive Medicare will qualify for Medicaid or CHIP in 2014, if states extend Medicaid to all citizens and qualified immigrants with MAGI up to 133 percent FPL. In individual states, the proportion may be slightly lower. See, Stan Dorn, Laura Wheaton, and Paul Johnson. "Using SNAP Receipt to Establish, Verify, and Renew Medicaid Eligibility." p. 3-4, prepared by the Urban Institute for the California HealthCare Foundation. April 2013. http://www.urban.org/publications/412808.html

[5] This strategy is for populations whose eligibility is subject to MAGI rules, as described in footnote 2. States will need to determine eligibility for applicants who are elderly or who have disabilities using appropriate Medicaid rules.

investments in state eligibility systems being made by State-based Marketplaces, Medicaid and CHIP programs.[6]

Implementing Strategy 3

A state interested in implementing Strategy 3 will need to request a waiver under section 1902(e)(14)(A) authority (referenced above) to allow the state to enroll non-elderly, non-disabled SNAP participants (as described above). The state will need to explain why such a procedure is needed to better implement its eligibility and enrollment system and meet its administrative responsibilities. The state also will need to define the timeframe during which it wishes to use the strategy for that purpose. CMS is offering states a simple, streamlined request and approval process, as described above for Strategy 1.

The state also will need to explain how it will obtain the minimum requirements for an application to be enrolled in Medicaid under 42 CFR 435.907, including the requirement to obtain a signature, whether physical, electronic or telephonic, that complies with the requirements under 42 CFR 435.907(f). CMS is offering several possible options state can use to meet these requirements, as described below.

A Medicaid application can be made in writing, by telephone, orally, through electronic signature or through other approved methods. Since most of the information required by the single, streamlined application (for Medicaid and other health insurance affordability programs) will be in the SNAP data that has been or will be transferred to the Medicaid program, or can be obtained easily, such as through electronic data-matching, we will consider the SNAP application in combination with any of the following actions to constitute a Medicaid application.

a. The household applies for Medicaid through the SNAP application by using a check-box that has been added to the SNAP enrollment form.
b. The household applies for Medicaid at its SNAP recertification by using a check-box that has been added to the SNAP recertification form.
c. Non-elderly, non-disabled household members receive a Medicaid card at the time the SNAP household is notified of SNAP enrollment or recertification. A phone call or online acknowledgement by an adult who receives a card constitutes a Medicaid application and "activates" the card.
d. Non-elderly, non-disabled household members receive a Medicaid card at the time the SNAP household is notified of SNAP enrollment or recertification. These household members indicate that they are applying for Medicaid when they go

[6] See joint guidance related to this exception issued by the U.S. Department of health and Human Services and the U.S. Department of Agriculture, August 10, 2011 at ,http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Data-and-Systems/Downloads/Cost-Allocation-IT-Systems.pdf and January 2012 at http://www.medicaid.gov/Federal-Policy-Guidance/Downloads/SMD-01-23-12.pdf

through the process of selecting a managed care plan. This process also activates the Medicaid card.

In addition to requesting the needed waiver authority, the state will need to describe how it intends to obtain any missing non-financial information necessary for a Medicaid eligibility determination. CMS will work with states to identify the most efficient, feasible approaches for obtaining additional information needed to enroll eligible SNAP participants in Medicaid. For example, it will be necessary to obtain citizenship documentation for individuals who are U.S. citizens. Such information may be obtained electronically.

If an application is obtained through methods (a) or (b), the SNAP program would deliver data files to Medicaid only for households that have applied for Medicaid, separating elderly and disabled applicants from other applicants. The Medicaid agency would exclude anyone who is already enrolled in Medicaid before proceeding with procedures to obtain any missing non-financial information, such as documentation of U.S. citizenship, and would enroll in Medicaid eligible non-elderly, non-disabled applicants who meet any criteria the state may have for enrollment only of a subset of SNAP participants. Applicants who are elderly or who have disabilities, or who are not within the state's designated subset, would have their applications processed without applying the targeted enrollment strategies described in this letter.

If the state uses methods (c) or (d), the SNAP program would deliver to the Medicaid agency data files for all households that have applied for SNAP, separating elderly and disabled applicants from other applicants. Prior to activating a Medicaid card for those individuals who apply by requesting activation or by enrolling in a managed care plan, the Medicaid agency would exclude from the process people who already have Medicaid coverage before proceeding with procedures to obtain any missing non-financial information, such as documentation of U.S. citizenship, and would enroll in Medicaid eligible non-elderly, non-disabled applicants who meet any criteria the state may have for enrollment only of a subset of SNAP participants. The state must process eligibility determinations for people who request activation of their Medicaid card, but are excluded from immediate activation, without applying the targeted enrollment strategies described in this letter.

The state also will need to have mechanisms to provide applicants with the program information required under 42 CFR 435.905, such as information about available services and the rights and responsibilities of applicants and beneficiaries. The state must have procedures to ensure assignment under state law of rights to third party benefits or medical support consistent with 42 CFR 435.610 and must ensure that other application requirements are met. CMS will work with states on ways to meet these requirements.

4. Enrolling parents into Medicaid based on children's income eligibility

Why consider Strategy 4?

In states implementing the Medicaid eligibility expansion under section 1902(a)(10)(A)(i)(VIII) of the Act (the new adult group), added by section 2001(a) of the Affordable Care Act, a large number of parents whose children are already enrolled in Medicaid are likely to meet the MAGI-based income eligibility standards.[7]

To assist states in the initial phases of implementing new eligibility and enrollment systems, CMS is offering states the opportunity to facilitate the Medicaid enrollment of parents whose children are currently enrolled in Medicaid and who are likely to be Medicaid-eligible. This opportunity is available for a temporary period and could remain in effect until such time as the initial influx of applications is addressed or the state is able to handle the demands associated with the new system most efficiently.

Implementing Strategy 4

A state interested in implementing Strategy 4 will need to request a waiver under the section1902(e)(14)(A) authority (referenced above) to allow the state to enroll parents whose children are financially eligible for Medicaid at levels indicating likely parental eligibility, and who meet other non-financial Medicaid requirements (such as citizenship documentation). The state will need to explain why such a procedure is needed to better implement its eligibility and enrollment systems and meet its administrative responsibilities. The state also will need to define the timeframe during which it wishes to use the strategy for that purpose.

To facilitate the enrollment of parents of children currently enrolled in Medicaid, the state would identify all families with incomes at some level below 138 percent of the federal poverty level who are likely to be Medicaid-eligible. The process of converting current Medicaid effective income standards to MAGI-based income standards will be helpful in identifying income levels

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[7] A recent analysis by researchers at the Georgetown University Health Policy Institute Center for Children and Families and the Urban Institute found that of the 4.9 million uninsured parents estimated to be able to gain Medicaid coverage under the Affordable Care Act, 4.7 million already have a child who is enrolled in Medicaid or CHIP or have a uninsured child who is eligible for Medicaid or CHIP. Most of the parents in families with income below 138 percent of the federal poverty line have income well below that threshold: 38 percent have income below 51 percent of the federal poverty line; another 36 percent have income between 51 and 100 percent of the federal poverty line and the remaining 26 percent have income between 100 percent and 138 percent of the federal poverty line. See Martha Heberlein, et. al. "Medicaid Coverage for Parents under the Affordable care Act." Georgetown University Health Policy Institute Center on Children and Families, June 2012. http://ccf.georgetown.edu/wp-content/uploads/2012/08/Medicaid-Coverage-for-Parents.pdf

for households likely to be Medicaid-eligible. CMS will work with states to determine an appropriate level based on the MAGI conversion process.

The state would collect any additional non-financial information needed to make an eligibility determination and would also need to obtain an application, although we will consider the child's Medicaid application in combination with actions similar to those described in Strategy 3 to constitute a Medicaid application for the parent.

In addition, states may take either of the following approaches:

a. States that are extending Medicaid eligibility to the new adult group may wish to reactivate existing applications for parents who recently applied for Medicaid and were denied. If a parent has applied for Medicaid recently (for example, up to 90 days prior to the 2013 open enrollment period), but has been denied because his or her income exceeded the Medicaid income limit then in effect, the state may send a notice indicating the application has been reactivated. If the parent's income is below the level for which the state has designated it will apply Strategy 4, the state could enroll the parent.
b. The state can review children's Medicaid cases to identify parents who have not applied for themselves, but who are likely to be eligible based on having income below the level for which the state has designated it will apply Strategy 4. The state can send such parents a notice informing them that they now may be eligible for Medicaid and requesting any necessary missing information. The state can determine eligibility and enroll eligible parents.

The state could combine this strategy with an extension of the child's renewal date so that it coincides with the parent's renewal date, synchronizing the renewal dates in the future for the whole family. Under 42 CFR 435.916 of the March 2012 final rule, the child's renewal date can be extended as long as this is done without requiring additional information specific to the child.

Other strategies to jumpstart the enrollment of eligible parents

States may wish to streamline the enrollment of eligible parents using strategies that do not require special authorization. For example, the state could review all current children's Medicaid cases to identify families with incomes under which parents are likely to be eligible. The state could send the family a prepopulated form containing the information collected at the child's initial enrollment. Any additional information necessary to complete a full MAGI determination can be requested. Eligible parents can be enrolled and children's renewal dates could be extended (as discussed above) to synchronize renewal dates for the whole family. Alternatively, additional information about the parents, necessary for an eligibility determination, could be solicited at the child's regularly scheduled renewal. Eligible children and parents could be enrolled and would have the same renewal dates.

5. Implementing 12-month continuous eligibility for parents and other adults

Why Consider Strategy 5?

Since 1997, states have had the option to guarantee a full year of coverage to children in their Medicaid and CHIP programs by providing 12 months of continuous eligibility. Under this option, children retain coverage for 12 months regardless of changes in family circumstances, such as income or household size. For children, 12-month continuous eligibility means a stable source of health insurance with no disruptions in necessary ongoing care. For states, the option can mitigate the problems associated with "churning," the enrollment and re-enrollment of eligible people when they lose coverage due to procedural reasons or slight fluctuations in income. As of January 2013, 32 states have adopted 12-month continuous eligibility in their Medicaid or CHIP programs for children, with 23 states implementing the option in both programs.

States have the opportunity to adopt 12-month continuous eligibility for parents and other adults. This will afford adult beneficiaries and states the same advantages derived when the option for children is implemented. In addition, coverage will be better coordinated for whole families, especially in states that otherwise would have 12-month continuous eligibility only for children. Otherwise, in these states, parents might have to renew their coverage more frequently than children.

Implementing Strategy 5

To implement this approach, section 1115 demonstration authority is needed. States with existing demonstrations should submit an amendment request along with a revised budget neutrality agreement that includes the financial impact on the demonstration as a result of the amendment. States that do not have existing section 1115 demonstrations should submit an application for a new demonstration. New requests will need to conform to the section 1115 demonstration transparency rules at 42 CFR 431.412(a). To help simplify the application process, please refer to: http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/application.html for a simple template application. Since the newly eligible federal medical assistance percentage (FMAP) would be applicable only for individuals who meet the statutory eligibility requirements, CMS will work with states interested in this strategy on ways to apply the appropriate FMAP to the extent that individuals remain enrolled despite not meeting those requirements.

Moving Forward

As we move forward toward 2014, states are working hard to meet implementation goals and timeframes. We anticipate that the five strategies described in this letter will provide opportunities to ensure that eligible individuals get access to Medicaid coverage in a simple and streamlined manner. In addition, states should find the strategies helpful in achieving program

efficiencies and in relieving some of the pressures associated with getting new systems up and running.

CMS staff stands ready to assist states interested in discussing any of these options in more depth. We also are open to discussing additional ideas for achieving the goals presented in this letter. We encourage your creativity and partnership as we work together to ensure the delivery of high-performing Medicaid and CHIP programs that serve the needs of families, individuals and the nation. For more information, please contact: Donna Cohen Ross, Senior Policy Advisor, at Donna.CohenRoss@cms.hhs.gov.

Sincerely,

/s/

Cindy Mann
Director

cc:

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