



Renewing Medicaid and CHIP Under the Affordable Care Act

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The Affordable Care Act's (ACA) vision for no wrong-door, streamlined enrollment extends to annual renewals. Ultimately, the process should be highly automated with fewer burdens on enrollees to fill out forms or submit paperwork to prove eligibility. However, the first round of renewals will be more involved because eligibility for children, parents, pregnant women, and the expansion adults is now based on new Modified Adjusted Gross Income (MAGI) rules for counting income and household size. In addition to MAGI-related data, states also are required to collect information to assess eligibility for all insurance affordability programs – which include Medicaid, the Children's Health Insurance Program (CHIP), and subsidized coverage in the new health insurance marketplaces.

The ACA included some important protections regarding the move to MAGI. First, individuals can not lose eligibility as a direct result of the transition to MAGI before the end of the first quarter of 2014 or until their regularly rescheduled renewal, whichever comes later. Secondly, a child enrolled in Medicaid must receive an additional year of coverage if he/she loses eligibility at renewal due strictly to the switch to MAGI-based eligibility. These key safeguards are discussed in further detail below.

How is the renewal process supposed to work?

As of January 1, 2014, states must renew MAGI-based Medicaid and CHIP once every 12 months and no more frequently. Most states had already adopted an annual renewal process for children and parents, but several continued to renew coverage or review eligibility every six months.¹ Going forward, states must allow enrollees to renew through the same methods available for new applications: online, over the phone, in person or by sending in paper forms.

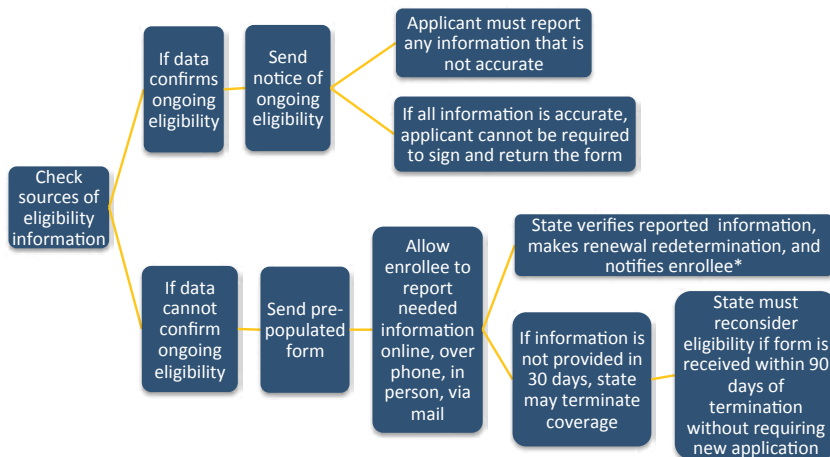
Notably, states are required to retrieve current income from electronic data sources, such as state wage databases,² to verify ongoing eligibility and automatically renew coverage without requiring documentation from the individual. If eligibility can be confirmed, the state must send a notice with the information used to make the determination. The enrollee is obliged to provide updated information, if applicable, but states cannot require the individual to sign and return the notice if the data are accurate.

When states are not able to make a determination automatically, they must send a pre-populated renewal form using all available information. Enrollees may complete the form or provide

Ultimately, the renewal process will be highly automated but the first round will be more involved.



MAGI Renewal Process for Medicaid/CHIP



*If found ineligible for Medicaid or CHIP, the state must assess potential eligibility for premium tax credits in marketplace and transfer the electronic account to the appropriate coverage source.

needed information via any of the four submission methods noted above. After verifying the information received, the state makes the determination and sends a notice. If information is not provided within 30 days, the state may terminate coverage. However, states must reconsider eligibility if the individual returns the form or submits the necessary information within 90 days of the termination (or longer at state option) without requiring a new application.

How will coverage at renewal be coordinated between Medicaid, CHIP and the marketplaces?

Following the same process as used for new applicants, individuals who are not determined eligible for ongoing coverage must be assessed for eligibility for other insurance affordability programs, including Medicaid, CHIP and subsidized coverage in the marketplace. The state must then transfer the individual's account electronically to the appropriate coverage program.

What options do states have for handling renewals?

States may adopt the consumer-tested HHS model renewal form or create their own, which must contain information specified by HHS. While optional, states should consider using the renewal process as an opportunity to enroll newly-eligible household members. Doing so, particularly during this first renewal period, will be an efficient way to reach individuals in states that have expanded Medicaid to parents and other adults. Additionally, as noted above, states may reconsider renewals received more than 90 days following termination without requiring the individual to complete a new application.

Why will the first round of renewals be more involved?

State Medicaid and CHIP agencies do not have all of the income and household information needed to make a MAGI-based eligibility determination for current enrollees (see Box). For example, the state needs to know an individual's tax filing status, and must ask about access to employer based coverage to assess eligibility for

New Information States Must Collect

- Tax related information
 - Will the individual be a tax dependent or file a tax return next year? If filing a tax return, whom will they claim as tax dependents?
 - Permission to review IRS tax information
- Number of babies expected if pregnant
- Former foster care child status
- Income information:
 - Align current questions with MAGI-rules
 - Add income deduction questions
- Offer of employer-sponsored insurance



subsidized marketplace coverage. In future years, the state will have the information necessary to review eligibility, so subsequent renewal forms will be more streamlined.

What impact does MAGI have on eligibility at renewal?

The new MAGI-based rules do not allow states to apply disregards or deductions when calculating income for eligibility purposes. States were required to convert their existing Medicaid and CHIP thresholds to MAGI-equivalent standards, taking into account the average value of disregards and deductions. Moreover, the ACA protected existing Medicaid and CHIP enrollees from losing coverage solely as a result of the conversion to MAGI-based eligibility until March 31, 2014 or their next renewal date (whichever is later). (For a link to a state listing of MAGI-converted eligibility levels, please see Helpful Resources.)

What if state systems need more time to be ready for MAGI-based renewals?

To avoid having to review eligibility using both the new MAGI rules and the pre-ACA rules for those renewing coverage between January 1 and March 31, 2014, CMS offered states the option to extend renewal dates beyond this three-month transition period. This opportunity is useful for states that need additional time to ensure their systems are capable of processing renewals as envisioned under the ACA. As long as states establish a reasonable timeframe for completing renewals, they have flexibility in how they structure the delays. Of the 36 states that received approval to postpone renewals in the first quarter 2014, one-third expects to complete the process by June 2014 while two-thirds are delaying over a longer timeframe, with some concluding the process in 2015.³

How does the ACA protect children who would lose eligibility due to the switch to MAGI?

The ACA specifically protects Medicaid children who are found ineligible at renewal as a result of the elimination of disregards, a provision that does not apply to children enrolled in CHIP. Under Section 2101(f) of the ACA, they are considered “targeted low-income” children eligible for CHIP coverage for a full year. States have a number of options to implement this provision – including by maintaining these children’s eligibility for Medicaid or covering them in a separate CHIP program. They also have flexibility in the approach to identifying these children, such as by enrolling all Medicaid children who lose eligibility because of excess income at their first MAGI-based renewal. The one-year extension starts at the time the child’s eligibility is formally renewed, even if the renewal was postponed.

What extra efforts are needed to promote retention?

This first round of MAGI-based renewals is apt to be challenging as states tweak their new systems and procedures. But even with high-performing systems, enrollees will need to provide more information than most Medicaid and CHIP renewals have requested previously. Early data from states suggest that this initial round could put children and families at risk of losing coverage. To help ease the burden on families and promote retention, pre-populated renewal forms, both online and paper, should be designed using best practices for layout and language, and be consumer-tested. Forms should be accompanied with clear explanations of what consumers must do to retain coverage and how to get help in completing the process. Most importantly, it will be essential for states to supplement existing outreach efforts and boost consumer assistance to ensure that we do not lose ground in covering children and their families.

States should boost outreach and consumer assistance to promote retention at renewal.



Helpful Resources

For a state listing of MAGI-converted eligibility levels for Medicaid and CHIP, please see Tables 1 - 3 in this report:

<http://ccf.georgetown.edu/ccf-resources/getting-into-gear-for-2014-shifting-new-medicaid-eligibility-and-enrollment-policies-into-drive/>

Excerpt of the renewal regulations at 42 CFR 435.916:

<http://ccf.georgetown.edu/wp-content/uploads/2014/04/Renewal-Reg.pdf>

CMS webinar presentation to states on first-time MAGI renewals and the model renewal form:

<http://www.medicaid.gov/State-Resource-Center/MAC-Learning-Collaboratives/Downloads/Model-Renewal-Form-Considerations.pdf>

CMS model renewal form:

<http://www.medicaid.gov/State-Resource-Center/MAC-Learning-Collaboratives/Downloads/Medic-aid-Renewal-Form.pdf>

CMS State Health Official Letter regarding delaying renewals:

<http://www.medicaid.gov/Federal-Policy-Guidance/downloads/SHO-13-003.pdf>

A list of states approved to delay renewals in first quarter 2014 and beyond:

<http://medicaid.gov/AffordableCareAct/Medicaid-Moving-Forward-2014/Targeted-Enrollment-Strategies/targeted-enrollment-strategies.html>

CMS FAQ on the ACA 2010(f) Provision

<http://www.medicaid.gov/state-resource-center/FAQ-medicaid-and-chip-affordable-care-act-implementation/downloads/Transitions-in-Childrens-Coverage-Under-Section-2101f-of-the-Affordable-Care-Act.pdf>

CMS CS-14 SPA (implementing ACA 2101(f)):

<http://157.199.113.99/MMDLDOC/chp/CS14.pdf>

CMS CS-14 SPA template implementation guide:

http://157.199.113.99/MMDLDOC/chp/IG-CS14_ChildrenIneligForMedicaid.doc

Endnotes

1. Texas and Georgia required six-month renewals for both children and parents in Medicaid, while New Hampshire, North Carolina and Washington required only parents to renew every six months. Pennsylvania also performed income reviews every six month for both children and parents in Medicaid. Source: M. Heberlein, T. Brooks, J. Alker, S. Artiga, J. Stephens, "Getting into Gear for 2014: Findings from a 50-State Survey of Eligibility, Enrollment, Renewal, and Cost-Sharing Policies in Medicaid and CHIP 2012-2013," Kaiser Commission on Medicaid and the Uninsured, January 2013.
2. States are required to access specific data sources under 42 CFR §§435.948, 435.949 and 435.956. These sources include the State Wage Information Collection Agency (SWICA), Internal Revenue Service, Social Security Administration, State Unemployment Agency, State Supplement Income programs, Supplemental Nutrition Assistance Program State, other state programs administered under Titles I, X, XIV, XVI of the Social Security Act, and other sources available through the Federal Data Services Hub.
3. Source: Medicaid.Gov at <http://medicaid.gov/AffordableCareAct/Medicaid-Moving-Forward-2014/Targeted-Enrollment-Strategies/targeted-enrollment-strategies.html>.