



Resolving Enrollment Conflicts as States Expand Medicaid

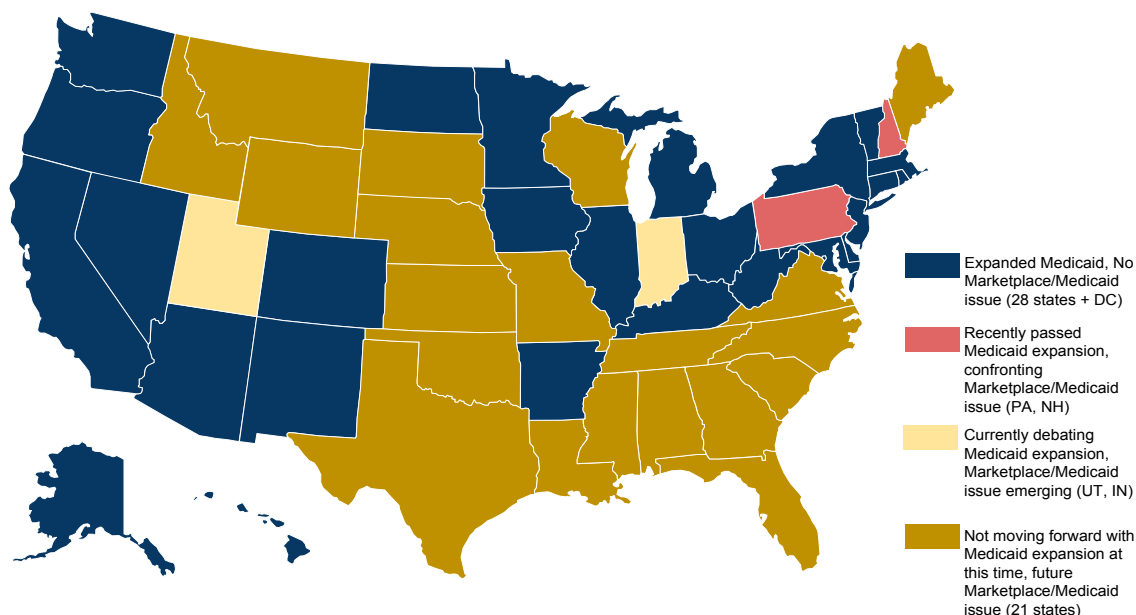
by Adam Searing

Federal approval¹ of Pennsylvania's new plan to expand Medicaid coverage under the Affordable Care Act (ACA) on January 1, 2015 has brought urgency to an obscure but important issue. States that expand Medicaid after the initial start of the ACA's coverage expansions on January 1, 2014 face a special problem regarding newly eligible adults with incomes between 100 percent and 138 percent of the federal poverty level (FPL).

Many people in this narrow income range in non-expansion states have enrolled in private health plans with significant subsidies through the state and federal health insurance marketplaces. Why? The ACA provides tax credits to lower the cost of purchasing a marketplace qualified health plan for people with income between 100 percent and 400 percent FPL. But financial assistance is only available to people who lack access to other coverage that meets minimum standards in the

States enacting delayed Medicaid expansions under the Affordable Care Act face transition issues with newly eligible low-income residents already in current health care marketplace plans

States Facing Marketplace/Medicaid Enrollment Issue





As states such as Pennsylvania, Utah and others move toward actual or potential Medicaid expansions these are the key issues for the group of marketplace-insured newly Medicaid eligible adults.

ACA, including Medicaid or affordable employer based coverage.²

In contrast, in states that expanded Medicaid under the ACA as of January 1, 2014, this problem did not exist since newly eligible adults with income under 138 percent FPL would have been enrolled in Medicaid and not offered financial assistance to purchase marketplace coverage.

Therefore, in states like Pennsylvania that did not initially expand Medicaid under the ACA, a significant number of people with incomes between 100 percent and 138 percent of the FPL are currently enrolled in subsidized marketplace plans. Once a state expands Medicaid, this group of people must be transitioned to their state's Medicaid program since they are no longer eligible to receive financial assistance through the marketplace. This problem was never contemplated under the ACA since the law did not anticipate that the United States Supreme Court would effectively give states the option of declining to expand Medicaid coverage.

As Pennsylvania plans for the launch of its Medicaid expansion on January 1, 2015, and Utah and other states continue to weigh their options to expand Medicaid, there are key transition issues that may affect this group of marketplace-insured newly Medicaid eligible adults:

1.No immediate loss of coverage. In general, the ACA does not allow individuals to continue to receive financial assistance to purchase private health plans through the federal or state health marketplaces if they become eligible to enroll in their state's Medicaid program.³ Therefore, adults who are newly eligible for Medicaid must enroll, or obtain other coverage, if they want to meet the mandate for health coverage. However, the law is not as cut and dried as it appears. Recognizing the ACA's goal of continuity of health care coverage, newly enacted federal rules regarding marketplace renewals allow flexibility for most

individuals receiving tax subsidized health plans through the state or federal health marketplaces to continue that coverage.⁴ If a state's expansion of Medicaid coincides with open enrollment, the option to be auto-renewed will impact current enrollees who are newly eligible for Medicaid. Specifically, under [this guidance](#) from the Centers for Medicare and Medicaid Services (CMS),⁵ most adults receiving tax credits in the marketplaces (including adults with incomes between 100 percent and 138 percent FPL) who do not contact the state or federal marketplace will simply continue their current health plan coverage and 2014 level of financial assistance. Only people who did not authorize the marketplace to check their latest tax data or those whose tax data indicates their income is greater than 500 percent FPL are required to contact the marketplace to determine if they remain subsidy eligible. All enrollees are being encouraged to contact the marketplace to update their eligibility based on their projected income for 2015. Those who do will have their eligibility evaluated for Medicaid.

2.We know the people to contact. The federal marketplace (which operates in the majority of non-expansion states) will provide to states implementing the Medicaid expansion the contact information of enrollees with incomes between 100 percent and 138 percent FPL.

3.No state outreach requirement. There is no specific federal requirement for states to directly contact current marketplace enrollees in this income category to notify them of their new eligibility for Medicaid.

4.Michigan experience. After Michigan expanded Medicaid on April 1, 2014, the state sent letters informing potentially eligible adults who submitted an application through the federal marketplace of the likelihood that they would now qualify for Medicaid. These individuals were then asked to complete a new application for



The federal or state marketplace should reevaluate the Medicaid coverage option for people where, because of marketplace plan enrollment, the marketplace already has existing income, family size and contact information.

the Healthy Michigan Plan. Michigan's expansion was planned early enough in 2014 that the state was able to train navigators to inform marketplace applicants that they would have to cancel their marketplace plans after they received confirmation of their Medicaid enrollment.

5. New Hampshire experience. After state policymakers expanded Medicaid on August 15, 2014, the federal government and New Hampshire's Department of Health and Human Services worked together to draft a [letter](#)⁶ and [accompanying guidance](#)⁷ that notified marketplace enrollees in the 100 percent to 138 percent FPL income range of the need to switch to Medicaid. It was made clear that enrollees could either apply immediately to Medicaid or – if they didn't apply to Medicaid – they would keep their marketplace tax-subsidized coverage through the end of 2014 without any penalty. However, the state indicated there could be potential tax complications for people now eligible for Medicaid who stayed in marketplace plans in 2015. Without additional outreach to remind any residual marketplace enrollees of their likely eligibility for Medicaid, enrollees who do not update their applications may be auto-renewed based on the current renewal process. To what extent these enrollees will be at risk for payback of tax credits received into 2015 remains to be seen.

Federal/State marketplace solution?

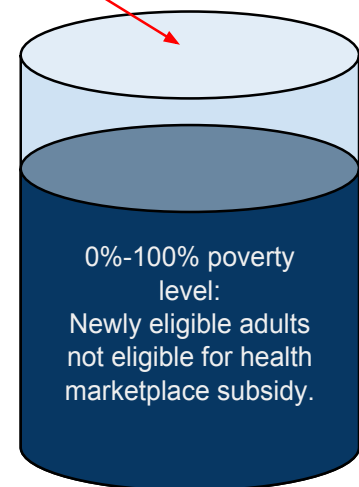
Overall this should be a fairly simple problem to fix. A list of newly eligible adults with incomes between 100 percent and 138 percent FPL who enrolled in marketplace health plans can be created so contacting them to get them to switch into Medicaid would seem straightforward. But should the marketplace do more than simply provide a list to states for outreach purposes? There are opportunities to streamline the process but the best way to coordinate coverage may differ if a state's Medicaid expansion coincides with open

enrollment when people are more apt to return to the marketplace to update their eligibility.

If a current enrollee with income between 100 percent and 138 percent FPL contacts the marketplace during open enrollment to update their eligibility, they will be automatically evaluated for Medicaid eligibility in an expansion state based on their projected income for the upcoming year. To provide extra encouragement to current enrollees who fall into the expanded Medicaid income range, the federal marketplace could develop specific income-based outreach notices at renewal similar to the process that it uses to for enrollees that fit other specific circumstances. While the current regulations allow for auto-renewal, the federal government could change the rules to require enrollees with income between 100 percent and 138 percent FPL in an expansion state to contact the marketplace to retain financial assistance as it does for enrollees who latest tax data indicates their income is over 500 percent FPL.

Outside open enrollment, one option would be for

100%-138% poverty level:
Potentially affected newly eligible adults





the marketplace to send electronic accounts for this group of current enrollees to the state to review their eligibility for Medicaid based on current income. This would take advantage of the current process for coordinating coverage between Medicaid and the marketplace for new applicants, or when current enrollees report a change or renew their eligibility, if they are assessed as Medicaid eligible.

Any steps that states and the marketplaces can take to streamline the process will help assure the success of transitioning newly eligible individuals to Medicaid. In addition to adopting streamlined procedures, clear communications with current enrollees are key to a successful transition. All letters and other forms of communication should be clearly express the likelihood of Medicaid eligibility and explicitly detail what actions the consumer must take. Follow-up reminders by mail, email, and/or phone will increase the probability that enrollees will take any necessary steps to initiate their Medicaid eligibility.

State outreach?

States expanding Medicaid may not see it as their responsibility to contact this group and may ask the federal government to do this outreach directly – a task that so far the federal government has indicated it lacks the resources to accommodate. Even though states do not have to pay any of the cost for newly eligible Medicaid enrollees through 2016 and a minimal cost thereafter, they may resist conducting additional outreach to boost Medicaid enrollment. Nonetheless, it is only fair that consumers be well informed of their options, particularly when they could be at risk for paying back premium tax credits if they take no action and are automatically renewed for coverage in the marketplace.

Despite the jurisdictional and political barriers, it is important that outreach and enrollment of the Medicaid expansion population take place to ensure no one is left out of health coverage, particularly in states that have delayed expand-

ing Medicaid. New Hampshire and Michigan have some early experience at working together with the federal government to ensure no newly eligible adults lose health coverage at a time when a state is expanding Medicaid. These cooperative, good faith efforts should provide lessons learned and inform best practices as other states move forward to expand coverage.

Endnotes

1. Press release: “CMS Statement on Approval of Medicaid Expansion in Pennsylvania,” Centers for Medicare and Medicaid Services, 8/28/2014. See: <http://www.cms.gov/Newsroom/MediaRelease-Database/Press-releases/2014-Press-releases-items/2014-08-28.html>
2. An overview of this issue is provided at HealthCare.gov. See: <https://www.healthcare.gov/medicaid-chip/medicaid-expansion-and-you/>
3. Eligibility for premium tax credit, 26 CFR 1.36B-2. See: <http://www.gpo.gov/fdsys/pkg/CFR-2013-title26-vol1/pdf/CFR-2013-title26-vol1-sec1-36B-2.pdf>
4. 45 CFR §155.335(a)(2)(ii), effective Oct. 6, 2014. See: <http://www.gpo.gov/fdsys/pkg/FR-2014-09-05/pdf/2014-21178.pdf>
5. Department of Health and Human Services, Centers for Medicare and Medicaid Services, Guidance on Annual Redeterminations for Coverage for 2015, June 26, 2014. See: <http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Guidance-on-annual-redet-option-2015-6-26-14.pdf>
6. New Hampshire Health Protection Program. See: <http://ccf.georgetown.edu/wp-content/uploads/2014/10/NH-Med-Exp-transition-Letter.pdf>
7. New Hampshire Health Protection Program. See: <http://ccf.georgetown.edu/wp-content/uploads/2014/10/NH-Med-Exp-Transition-QA.pdf>