

Application for Section 1115 Demonstration Program “Early MAGI” Implementation

Submitted to:
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Submitted by:
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Section 1115 Demonstration

“Early MAGI”

Section I - Program Description

Effective January 1, 2014, eligibility for health coverage under all health insurance affordability programs – including Medicaid, the Children’s Health Insurance Program (CHIP) and the Advanced Premium Tax Credit – generally will be based on a new Modified Adjusted Gross Income, or MAGI, methodology. Calculating applicants’ MAGI-based income will entail defining household composition and executing income-counting procedures according to rules that differ from those currently in effect for Medicaid. During the 2013 open enrollment period (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. 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, for populations subject to the MAGI-based rules, Pennsylvania will have to determine Medicaid eligibility under both the current rules and the MAGI-based rules during this limited period of time.

The purpose of this demonstration is to enable Pennsylvania to 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 enrollment during this period. As such, the state is requesting a waiver of 1902(a)(17) to implement, on a state-wide basis, MAGI-based eligibility determination methods to populations subject to MAGI, beginning October 1, 2013 through December 31, 2013, to coincide with the start of the open enrollment period. The state proposes to test and evaluate how the early adoption of the MAGI-based methodology will affect overall Medicaid expenditures as well as how a more coordinated open enrollment process will help ensure the state’s capacity to process applications in a timely fashion.

Section II – Demonstration Eligibility

The populations affected by this demonstration are the state plan populations that are subject to MAGI-based eligibility determinations effective January 1, 2014. The family planning services population under a separate state 1115 Demonstration is also affected. The state projects that 27,991 will be affected by the demonstration. The state proposes to apply the MAGI-based eligibility determination rules as described in 42 CFR 435.603 effective October 1, 2013 to the populations listed in the table below:

<u>Eligibility Group</u>	<u>Social Security Act and CFR Citations</u>	<u>Income Level</u>
Parents/caretaker relatives in low income families	1902(a)(10)(A)(ii)(I); 1931; § 435.110	33%
Pregnant women	1902(a)(10)(A)(i)(III); 1902(a)(10)(A)(i)(IV); 1902(a)(10)(A)(ii)(I); 1902(a)(10)(A)(ii)(IV); 1902(a)(10)(A)(ii)(IX); 1931 § 435.116	215%
Qualified children < 18 or 18 and full time student	1902(a)(10)(A)(i)(III); 1931 § 435.118	33%
Poverty level infants	1902(a)(10)(A)(i)(IV); 1902(a)(10)(A)(ii)(IX); § 435.118	215%
Poverty level children under 6	1902(a)(10)(A)(i)(VI); § 435.118	157%
Poverty level children 6 - 18 and < 18	1902(a)(10)(A)(i)(VII) § 435.118	133%
Family Planning Services	Section 1115 Demonstration	214%

Section III – Demonstration Benefits and Cost-Sharing Requirements

Benefits provided to the population included in this application will be the same benefits that are provided for the current Medicaid population under Pennsylvania’s Medicaid state plan.

- 1) Indicate whether the benefits provided under the demonstration differ from those provided under the Medicaid and/or CHIP state plan:

Yes * No

*The benefits for the family planning services population will remain as identified in the separate 1115 demonstration waiver currently in effect for that population.

- 2) Indicate whether the cost-sharing requirements under the demonstration differ from those provided under the Medicaid and/or CHIP state plan:

Yes No

Section IV – Delivery System and Payment Rates for Services

The healthcare delivery system for demonstration participants will be no different than the healthcare delivery system that is in place today for Pennsylvania’s Medicaid population.

- 1) Indicate whether the delivery system and payment rates for services used to provide benefits to demonstration participants will differ from the Medicaid and/or CHIP state plan:

Yes

* No

*The delivery system and payment rates for the Family Planning Services population will remain as identified in the separate 1115 Demonstration Waiver currently in effect for that population.

Section V – Implementation of Demonstration

Pennsylvania will operate this 1115 demonstration implementing “Early MAGI” effective October 1, 2013.

The state will take the approach of determining Medicaid eligibility by applying MAGI-based methodology for the populations listed in Section II of this application. The state will apply MAGI-based income and household composition rules set forth in 42 CFR 435.603.

Section VI – Demonstration Financing and Budget Neutrality

The state is not requesting section 1115 expenditure authority as the affected population is comprised of Medicaid state plan eligibility groups; therefore, no budget neutrality agreement is needed in conjunction with this demonstration. The budget neutrality agreement and terms and conditions set forth in the existing approved Family Planning 1115 demonstration waiver will apply and remain in effect.

Section VII – List of Proposed Waivers and Expenditure Authorities

The state requests a waiver of section 1902(a)(17) in order to implement MAGI-based eligibility determination methods, from October 1, 2013 through December 31, 2013, for all populations who will be subject to MAGI-based rules effective January 1, 2014.

Section VIII – Public Notice

- 1) Pennsylvania provided an open comment period for public comments from July 13, 2013 through August 12, 2013;
- 2) Pennsylvania published a Public Notice in our *Pennsylvania Bulletin* on July 13, 2013. The cite to the notice may be found in the *Pennsylvania Bulletin* is 43 PA.B.4035 (July 13, 2013). The notice is available at the following link:

<http://www.pabulletin.com/secure/data/vol43/43-28/1262.html>.

A draft of the Public Notice was posted online on June 29, 2013. The draft Public Notice was converted to a link to the official Public Notice in the *Pennsylvania Bulletin* on July 15, 2013. A draft of this 1115 Demonstration Waiver was posted online on July 23, 2013. Both items used the following web address:

<http://www.dpw.state.pa.us/foradults/healthcaremedicalassistance/index.html>.

- 3) Pennsylvania conducted four public hearings on the 1115 Waiver application. These public hearings were held on:
 - a) June 27, 2013, at Temple University at Strawberry Square, Harrisburg, PA, from 10 a.m. to 12 p.m. during the Medical Assistance Advisory Committee (MAAC) meeting, which was open to the public.

- b) July 24, 2013, in Room 129 of the Pennsylvania Health & Welfare Building, Harrisburg, PA, from 1 p.m. to 3 p.m. during the MAAC Consumer Subcommittee meeting, which was open to the public.
 - c) July 25, 2013, at Temple University at Strawberry Square, Harrisburg, PA, from 10 a.m. to 12 p.m. during the MAAC meeting, which was open to the public.
 - d) July 29, 2013, at the Clothes Tree Building, DGS Annex Complex, 25 Beech Drive, Harrisburg, PA, from 10 a.m. to 12 p.m. This was an official public hearing and had telephonic and web conference capabilities.
- 4) Pennsylvania certifies that it used an electronic mailing list to notify the public. Pennsylvania used the electronic mailing list that is used for the Income Maintenance Advisory Committee (IMAC), MAAC and the Consumer, Fee for Service, Managed Care, and Long Term Living Subcommittees of the MAAC;
- 5) As of the close of our comment period, August 12, 2013, the following comments have been received that pertain specifically to the Department's 1115 Waiver submission:
- a) What is meant in the waiver application when it says "27,991 individuals will be affected by this waiver", specifically, regarding the use of the word "affected"?
 - b) How many individuals are expected to lose coverage during the early implementation period and with Patient Protection and Affordability of Care Act (ACA) implementation overall?
 - c) What are the negatives to early implementation?
 - d) Wouldn't it be better for clients for the Department to run both sets of eligibility rules during the early implementation period?
 - e) If early implementation is not pursued, would a three-month grace period be implemented January 1, 2014 where individuals currently eligible for Medicaid would not lose coverage?
 - f) What is the expected timeline for approval and will it give enough time to implement October 1, 2013?
 - g) What if CMS does not approve the waiver?
 - h) What type and how much training will be provided and completed by the October 1, 2013 early implementation date?
 - i) The Department should ensure that qualified application assisters, including caseworkers and community-based partners, are able to provide comprehensive application assistance in the most accessible way for the applicant, including over the phone.
 - j) Wouldn't it be better to maintain the current system that has been proven to work instead of implementing a brand new system through the enrollment period?
 - k) Is there a contingency plan if system updates for eligibility determinations are not successful?
 - l) Why will Federally Facilitated Marketplace (FFM) determinations be for the open enrollment period only?
 - m) As the Department will not have access to IRS income information electronically beginning October 1, 2013 yet individuals will be enrolling, the Department will

rely on paper verification processes. Will there be a clear set of instructions for counselors or County Assistance Offices to use in this process when working with individuals?

- n) When will the revised applications and renewal packets be available?
- o) Will the Medical Assistance Eligibility Handbook (MAEH) be revised to reflect proposed changes, when will that revision occur and when will the new chapter be made available to individuals that will be interacting directly with the affected population in this process?
- p) Will Semi-Annual Reporting (SAR) continue during early implementation and the first quarter of 2014 and, if so, will they be revised to collect MAGI information?
- q) Requesting additional items on the SAR form is a lot of additional paperwork for recipients.
- r) During the open enrollment period, what will happen with children in CHIP who are now eligible for Medicaid and vice versa?
- s) Concern was expressed regarding children being treated differently during the open enrollment period based on which way they apply, through CHIP or the Department. This concern stems from the department seeking the early implementation while the Pennsylvania Insurance Department (PID), who maintains the CHIP program, will not begin using MAGI rules until January 1, 2014, but will still reportedly use MAGI-based eligibility determination rules in their screening process. If this is the case, when will the public be notified that CHIP will screen its renewals of current members for Medicaid using MAGI-based eligibility determination rules?
- t) Will PA use SNAP data to enroll eligible individuals, both during open enrollment and ongoing?
- u) Will PA use the option to postpone Medicaid renewals past the first quarter of 2014, both for those whose renewals are due in the open enrollment period and the first quarter of 2014?
- v) Will PA adopt 12-month continuous eligibility for children and parents, both during open enrollment and ongoing?

The Department also received the following questions and comments regarding ACA as a whole:

- w) The Department received various comments and questions regarding how the income disregard will be calculated and the difference between adding 5% to the Federal Poverty Limits (FPL) and subtracting 5% of the FPL from the household income.
- x) The Department received multiple questions regarding what types of incomes and deductions are counted and excluded as well as whether current income deductions were considered in determining the new FPLs.
- y) The Department received multiple questions regarding how the FFM interface will work with PA's current eligibility system and what timeframes will be followed.
- z) The Department received multiple questions regarding how different applications will be handled and which applications will be updated and when.

- aa) The Department received various questions regarding the Federal Data Service Hub (FDSH) and what exchanges PA will use and how it will affect current verification policy regarding income, citizenship, identity, etc.
 - bb) In processing applications submitted through a County Assistance Office or the online COMPASS system, the Department should make eligibility determinations using self-attestation of income information until it establishes a connection with the FDSH. For individuals determined eligible based on self-attestation of income, the Department should obtain *ex parte* verification where possible after authorizing the benefit and should request verification from the client only if *ex parte* sources are not reasonably compatible.
 - cc) The Department received questions regarding eligibility, such as what will happen to Extended Medical Coverage and what is the difference between relationship rules and tax filer rules.
 - dd) The Department received questions regarding how e-notices will be accessed and the process regarding e-notices in general.
 - ee) It was recommended that the Department develop clear rules and procedures for the Presumptive Eligibility (PE) program and provide the necessary training to hospital personnel to assure that individuals determined presumptively eligible receive immediate, temporary coverage without delay or issue.
 - ff) As this will be a massive undertaking amidst many other changes for an administratively-burdened Department and CAOs, what protocols should health centers follow in the event of administrative delays for patients needing immediate care?
 - gg) Concern was expressed regarding caretakers/parents whose income is above the 33% limit for Medicaid and below the limit for Advanced Premium Tax Credit (APTC) through the FFM, which led to the observation and question of whether PA has decided to adopt Medicaid expansion.
 - hh) Concerns were raised regarding the waiver application, specifically, the following:
 - Medicaid expansion.
 - Ensuring a transparent process.
 - Coordinating CHIP and Medicaid, and ensuring continuity of care for many children.
 - Adequate planning for the effect of the waiver on the renewal process, endangering healthcare coverage for many children, parents and pregnant adults.
 - Pennsylvania's readiness for ACA implementation despite more than three years to get ready.
- 6) After review of the comments and concerns, we determined that it was unnecessary to modify the 1115 Waiver Demonstration. The comments we received and our responses are centered on questions resulting from the MAGI-based eligibility determination rules and are not specific to the content discussed within the main body of this Waiver

Demonstration. We have prepared responses as follows (each bullet point below matches the corresponding bullet point for Section VIII, subsection 5):

- a) This figure represents the estimated number of individuals who will be determined eligible for Medicaid using MAGI-based eligibility determination methods and standards between October 1, 2013 and December 31, 2013.
- b) There may be individuals who may lose Medicaid coverage, but these individuals will be referred to CHIP (if a child) or to the FFM (if an adult) for further determination of eligibility.
- c) We believe that adoption of the early MAGI-based eligibility determination rules and standards will be positive for Pennsylvania. The only negative result would be the minimal number of individuals who may lose coverage between October 1, 2013 and December 31, 2013.
- d) Maintaining two sets of eligibility criteria during the three-month open enrollment period would create confusion and potential inefficiency in processing applications. If early implementation is not granted, individuals determined to be eligible using MAGI-based eligibility determination methods and standards cannot receive benefits until January 1, 2014, regardless of when they apply during the open enrollment period.
- e) Maintaining two sets of eligibility criteria would create confusion and potential inefficiency.
- f) The Department is developing all needed materials and system changes for early implementation. The Department will be ready to implement MAGI on October 1, 2013 and we expect to receive approval from CMS prior to implementation.
- g) If CMS does not approve the waiver, the department will run two sets of eligibility rules and individuals eligible under MAGI-based eligibility determination methods and standards will not be able to receive benefits until January 1, 2014.
- h) The Bureau of Operations has already begun training CAO staff on the MAGI-based eligibility determination methods and standards. Trainers from each CAO, referred to as “Keys”, are being instructed first. Once their training is complete, they will return to their CAOs and conduct training for the rest of the CAO staff. This is referred to as “Train the Trainer”. The Keys’ training will be completed August 16, 2013 and they will begin training their CAO staff on August 19, 2013. The training for MAGI-based eligibility determination methods and standards is planned for approximately two weeks and involves training in new policy as well as in system changes and enhancements. The training is completed through multiple PowerPoint presentations covering various aspects of MAGI-based eligibility determination rules, such as household composition, income calculation, case processing, etc. Also, a review of all available materials and the introduction of an ACA “toolbox” that contains reference materials for various aspects of ACA as well as an email account specially created for any questions the CAOs may have regarding MAGI-based eligibility determination rules is presented to the trainees. All training will be completed by the end of September.
- i) During the training that caseworkers are receiving, there is a PowerPoint devoted to changes to the paper application and COMPASS changes to encourage

caseworkers to assist and promote the COMPASS process. In addition, Pennsylvania is also establishing a Consumer Service Center with the sole responsibility of assisting and accepting applications via telephone. Staff for the Center will receive comprehensive training in advance of implementation.

- j) Early implementation will not require a brand new system. The Department is currently modifying the existing system to incorporate the new MAGI-based eligibility determination methods and standards. Use of MAGI-based eligibility methods and standards is mandatory during the open enrollment period regardless of whether the 1115 Waiver Demonstration is approved. If Pennsylvania's 1115 Waiver Demonstration application is denied, those determined to be eligible under MAGI-based eligibility determination methods and standards are simply not able to receive benefits until January 1, 2014.
- k) The system enhancements and modifications are already in place and are currently being tested by the department. If the system is not fully functional by October 1, 2013, the Department will delay implementation until the system is ready.
- l) The Department decided to follow the FFM determination model for the open enrollment period because it would ease the transition to the MAGI-based eligibility determination methods and standards. By January 1, 2014, the transition will be complete and the department will be able to complete eligibility determinations based on the FFM assessment model.
- m) At the public meetings, the Department explained the application process and provided assurance that, regardless of where an individual applies, whether through FFM, CHIP or a CAO, their application would be evaluated and automatically transmitted electronically to the appropriate organization for benefit evaluation and authorization.
- n) The updated applications and renewal packets are currently being finalized and will be available prior to October 1, 2013.
- o) The MAEH will be revised to include a chapter devoted to MAGI. Initial implementation and instruction will be provided through release of Operations Memorandums. This method is the model for introducing policy changes that the Department has followed in the past.
- p) SAR will continue for any TANF-related Medicaid budgets that normally are enrolled in SAR. The SAR will include an insert to collect MAGI information. Once a TANF-related Medicaid budget is converted to a MAGI Medicaid budget, it is no longer enrolled in SAR.
- q) While we understand that requesting MAGI information results in additional paperwork for the recipient, it is necessary to ensure that clients are receiving the proper benefits. The completion of the MAGI insert is not mandatory and, if not provided, the recipient will be treated as a non-filer for their MAGI determination.
- r) This process remains the same as it currently exists. During the open enrollment period, any children in CHIP who are determined eligible for Medicaid will be automatically referred to the CAO Medicaid authorization. Any children in Medicaid who are determined income ineligible will be automatically referred to CHIP. The only change is the increase in income limit and a new process of determining household income.

- s) The Department has been working closely with PID which is responsible for monitoring and providing CHIP. PID has been involved in all of the Department's system development and testing, policy review, application revisions and training development. Any applications submitted through the COMPASS website will be screened using MAGI-based eligibility determination rules and will be routed to the appropriate agency. CHIP will not be using MAGI-based eligibility determination rules during the open enrollment period of October 1, 2013 through December 31, 2013. CHIP will continue to use existing Medicaid rules in their screening and renewal process until implementing MAGI-based eligibility determination rules on January 1, 2014. The Department has discussed this approach with CMS; CMS understands that Pennsylvania's approach will be different between Medicaid and CHIP.
- t) Pennsylvania will not use SNAP data to enroll eligible individuals into Medicaid, regardless of early implementation.
- u) In addition to amending the implementation date for MAGI-based eligibility determination methods and standards from January 1, 2014 to October 1, 2013 for new applicants, the waiver also indicates that, beginning October 1, 2013, all Medicaid renewals will be executed using MAGI-based eligibility determination methods and standards. Even without early implementation, Pennsylvania will not be selecting the option to postpone renewals due in the first quarter of 2014.
- v) Pennsylvania will not adopt 12 months of continuous Medicaid eligibility for children and adults regardless of early implementation. If individuals are found eligible for Medicaid under MAGI-based eligibility determination methods and standards, a redetermination date is set for the last day of the 12th month. However, if a change is reported before the redetermination date, the CAO will act on the change and review eligibility accordingly.

The Department provided the following responses regarding the general ACA questions:

- w) At the Public Hearing and meetings, the Department specifically explained that the 5% disregard is 5% of the FPL for the household size subtracted from the household's income.
- x) The Department explained the types of incomes that are counted and excluded as well as what new allowable deductions are used under MAGI-based eligibility determination methods and standards. Additionally, the Department explained that current TANF deductions were considered in determining the new FPLs under CMS' income conversion methodology.
- y) The Department explained the FFM process and explained the electronic link between the department's eligibility system and the FFM.
- z) The Department explained the application process and provided assurance that, regardless of where an individual applies, whether through the FFM, CHIP or a CAO, their application would be evaluated and automatically electronically transmitted to the appropriate organization for benefit evaluation and authorization.
- aa) The FDSH is a hub of multiple electronic sources of verification. The Department has the necessary system security to interact with all aspects of the

FDSH with the exception of the Federal Tax Information. The Department emphasized that minimal applicant verification will be necessary.

- bb) For income, self-attestation is not an acceptable form of verification on the Commonwealth's Verification Plan with CMS. Caseworkers will continue to attempt to verify income through online data sources, such as The Work Number or the SSA exchanges, but, if information is not available through other sources and is not reasonably compatible, verification will be requested from the applicant or recipient prior to authorization.
- cc) The Department provided a general overview of what changes will result from the switch to MAGI-based eligibility determination methods and standards and how existing programs will be affected.
- dd) The Department provided information regarding the e-notices option.
- ee) The Department is preparing an Operations Memorandum specific to the policy regarding PE. The Department will also be working with providers to provide training and to ensure that the PE process is understood and maintained in accordance with the regulations of the ACA.
- ff) Health Centers should continue to follow existing protocol. Policy remains in place that any applicant with a verified emergency medical need is to be processed within five business days of all necessary information being received.
- gg) The Department explained that these individuals will be referred to the FFM where they will be able to purchase health insurance. Governor Corbett has not made a decision about Medicaid expansion but continues to seek additional information from CMS.
- hh) The Department has concluded:
 - At this time, the Governor has not made a decision about Medicaid expansion. Pennsylvania is considering its options as it seeks more information from CMS.
 - The Department posted its Public Notice in the *Pennsylvania Bulletin* on July 13, 2013 and provided a comment period that extended until August 12, 2013. Even discounting the first Medical Assistance Advisory Committee (MAAC) meeting which took place prior to the posting of the Public Notice, the Department still conducted three other public hearings in accordance with the Code of Federal Regulations §431.408(3), including a public hearing with both web and telephonic capabilities.
 - The Department has taken the appropriate steps to ensure that the implementation of early MAGI, to include the necessary coordination with PID to ensure CHIP eligibility, is successful.
 - The Department has taken steps to ensure that the renewal process is not negatively affected by the early implementation of MAGI-based eligibility determination methods and standards. Furthermore, as a part of the early implementation, renewals will be completed using the same MAGI-based eligibility determination methods and standards; however, completion of the MAGI-related information is not mandatory and, if the client fails to provide it, they will simply be treated as a non-filer for their MAGI determination. Implementing MAGI-based eligibility determination rules

with renewals beginning October 1, 2013 will allow the Department to maintain a consistent renewal process.

- The Department has been diligent and taken every necessary step to prepare for the implementation of ACA. Both the eligibility determination portion and the COMPASS application portion within our eligibility information system are being updated and are currently being tested. Policies and procedures for CAO workers have been written and training has begun. The Department will be fully ready for early MAGI implementation on October 1, 2013.

Section IX – Demonstration Administration

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