American Orthotic & Prosthetic Association

CMS Proposed Rule Establishing Medicaid Eligibility Changes Under the Affordable Care Act:

Introduction, Background, and Importance to O&P Providers:

The Affordable Care Act (ACA) places a significant number of burdens upon Medicare/health care providers, including O&P professionals. One of the perceived benefits to providers from ACA is that it would expand the number of insured persons, and one method of doing this is the expansion of Medicaid eligibility beginning in 2014.

CMS published the proposed rule entitled "Medicaid Program: Eligibility Changes under the Affordable Care Act of 2010" on August 17, 2011. This rule proposes to implement certain provisions of title II of ACA. Most of us have already seen that the efforts to expand Medicaid eligibility via ACA will be accompanied by funding challenges, for example: (1) we already have seen efforts by some financially hard-pressed states to cut back on payments, eligibility for O&P care; (2) while CMS rules refer to increased federal matching funds support (FMAP) as the number of Medicaid beneficiaries rises, it is hard to see that happening very easily in the present environment.

Changes to Medicaid Eligibility:

- Expanded Eligibility: ACA requires State Medicaid programs to expand eligibility to all individuals age 19 or older and under age 65 with income at or below 133 percent of the federal poverty line (FPL) beginning January 1, 2014.
    - Individuals under 19 are not included because covered under other eligibility groups.
    - Includes parents and adults not living with children, and individuals eligible under optional coverage group with income below 133% of FPL, that otherwise meet criterion.
- Modified Adjusted Gross Income (MAGI) standard: Income related eligibility based on MAGI which is defined in Internal Revenue Code (IRC) and SSA sect. 1904(e)(14).
- Optional Eligibility Group: States allowed to extend coverage to individuals not eligible/or not currently enrolled, with household incomes based on MAGI greater than 133 percent of FPL
    - Individual's income cannot exceed "the highest income eligibility level established under the State plan or under a waiver of the plan," i.e. "the income standard".

    - States may phase-in coverage based on categorical group or income- such plans must be submitted to Secretary for approval before utilizing phase-in.
    - If (1)the state covers children above 133 percent of the FPL under a separate CHIP, and (2) allows this optional eligibility group, then the State must move the children with income at or below the "income standard" from CHIP to this Medicaid eligibility group. Note- the state can still claim enhanced Federal Medical Assistance Percentages (FMAP) under CHIP for these children.
- CMS Proposes Streamlining and Simplifying Regulations: Governing existing Medicaid eligibility determinations for parents and other caretaker relatives, pregnant women, infants and other children under 19 whose financial eligibility will be based on MAGI beginning in CY 2014.

Medicaid Eligibility Based on MAGI:

- Applicants and New Enrollees: Financial eligibility based on current monthly household income and family size.
- Household Income: Sum of MAGI-based income of every individual included in individual's household, minus an amount equivalent to 5 percentage points of the FPL for the applicable family size.
- Family Size: Number of persons counted as members of an individual's household.
- Current Beneficiaries: State may elect to base financial eligibility on current monthly household income and family size or projected annual household income for the current calendar year.
    - States maintain flexibility to take into account future income changes that can be reasonably anticipated.
    - Uncertain changes in future income not considered.
    - Actual changes in income must be reported (this includes deviations from reasonably anticipated future income changes).
- Individuals Qualified for Medicaid Based on Financials: Redetermination of eligibility to occur once every 12 months.

New Application and Enrollment Process:

- Website Requirements: Agencies must have a website that is linked to websites of other insurance affordability programs, for individuals to obtain information, apply for, enroll in, and renew their eligibility for Medicaid online.
- Single, Streamlined Application: For all insurance affordability programs developed by the Secretary in accordance with ACA or an alternative application that is no more burdensome and also ensures coordination across insurance affordability programs
- Coordination of Eligibility and Enrollment: Between Medicaid, CHIP, Healthcare Exchanges and other Insurance Affordability Programs.
    - For those found eligible by the Exchange based on applicable MAGI standard the state agency must have procedures in place to receive the account relating to the finding of eligibility electronically and furnish Medicaid promptly, without undue delay in the same manner as if such individual was determined eligible by the state agency.

    - If deemed not Medicaid eligible, the agency is to assess potential eligibility for other insurance affordability programs, if deemed potentially eligible passed on this assessment the agency must electronically transfer the account to the Exchange.
- States are permitted to delegate the eligibility determination function to public agency run Exchanges for individuals seeking eligibility based on MAGI.
- State Fiscal Administration Changes:
    - FMAP (Federal Medical Assistance Percentages): beginning CY 2014, states and DC will have increased FMAP for amounts expended by State for newly eligible Medicaid individuals.
    - Expansion States: (states that prior to ACA provided full Medicaid benefits to parents and nonpregnant childless adults with incomes at least 100 percent of FPL- only applicable to Vermont) to receive increased FMAP for amounts expended for childless adults who were "not newly-eligible," i.e. individuals who would have been previously eligible via a Medicaid Section 1115 waiver.

Conclusion

In sum, this proposed rule expands Medicaid eligibility, which is a perceived positive for the O&P Industry. This summary provides a brief synopsis of the key points of the proposed rule that spans 52 pages in length. For additional information please see the full text of the proposed rule found at: http://www.gpo.gov/fdsys/pkg/FR-2011-08-17/pdf/2011-20756.pdf.