



**County Welfare Directors Association  
Health Care Reform Workshop**

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**Medi-Cal Changes under the  
Affordable Care Act**

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# California Landscape



- **State population 39.6 million**
  - Approximately 6.7 million uninsured
- **Medi-Cal nationally is the largest Medicaid program in covered lives serving approximately 8 million individuals (Fiscal Year 2011-12):**
  - 1 in 3 children
  - 1 in 10 adults under 65
  - 1 million dually eligible for Medicare and Medi-Cal
- **Medi-Cal nationally is the second largest Medicaid program in terms of expenditures, estimated at \$44 billion for Fiscal Year 2011-12**

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Status of all Californians”*



# Medicaid Eligibility



- Based on categorical and income-related criteria.
- There are approximately 28 mandatory pathways and 21 optional pathways (e.g., medically needy) for Medicaid eligibility.
- Categorically eligible individuals are:
  - **Children**
    - Age 0-5 with incomes up to 133 percent of the federal poverty level (FPL)
    - Age 6-18 with incomes up to 100 percent of the FPL
  - **Adults 19 and up**
    - Pregnant women up to 133 percent of the FPL
    - Disabled and blind individuals up to 75 percent of the FPL
    - Parents (of deprived children) between 11 and 68 percent of the FPL
    - Aged individuals (65+) up to 75 percent of the FPL

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# Medi-Cal Eligibility



- Includes the mandatory and optional categories of coverage
- Additional coverage categories, based on FPL, including:
  - Pregnant women and infants (zero to one year of age) up to 200 percent
  - Seniors and persons with disabilities up to approximately 127 percent
  - Families with dependent children i.e. those covered under the 1931(b) program, up to 100 percent

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# Medi-Cal Eligibility Infrastructure

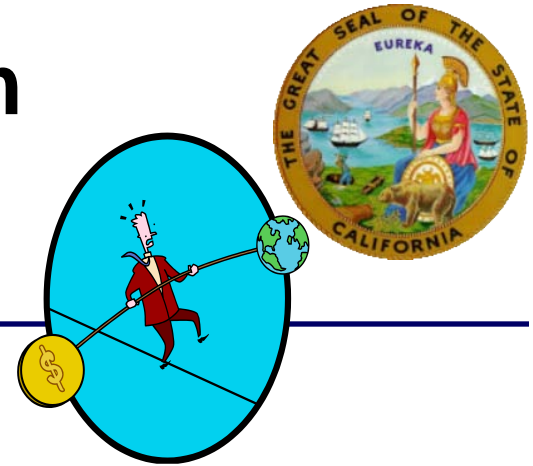


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- **Application Processes**
    - In person at local county social services offices
      - Hospitals or clinics with onsite county eligibility workers
    - Mail-in
    - Online submission using Health-e-App or One-e-App
    - Presumptive eligibility for pregnant women and children
      - Child Health and Disability Program Gateway
  - **Eligibility Processing**
    - Local county welfare offices using one of three county consortia eligibility systems
    - Medi-Cal Eligibility Data System (MEDS)

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# Health Care Reform Balancing Act



There is a fine line between...

- **Streamlining without disadvantaging anyone**
- **Simplifications without increased complications**
  - Higher income standards
  - Elimination of resource test
- **Expanding without increasing costs**
  - More covered individuals

# ACA and Medicaid

- Adds approximately 2 million new individuals to Medi-Cal
- Establishes a “bright line” of income eligibility for covered populations at 138 percent of the federal poverty level (FPL)
  - Allows for a 5 percent income deduction for individuals with incomes up to 133 percent of the FPL
- Adds a new mandatory coverage group - non-elderly, non-disabled, childless adults under the age of 64
  - Requires the coverage of children 6-18 years of age, with incomes up to 133 percent of the FPL

# ACA and Medicaid (cont.)



- **Uses Modified Adjusted Gross Income (MAGI) to establish Medicaid income eligibility**
- **Requires eligibility streamlining and simplifications**
- **Limits the use of income deductions and how income is counted (think tax rules)**
- **Eliminates asset tests for most populations**
- **Requires enrollment simplifications**
- **Allows state option for hospitals to confer presumptive eligibility to all populations**



# Infrastructure Challenges



- **Exchange operations**
  - Interaction with Medi-Cal and the Healthy Families Program and the various systems used by the program
  - Eligibility determinations and communication flow between the Exchange, Medi-Cal and the Healthy Families Program
- **Exchange design**
  - Will there be a new system?
  - Will the state develop a system specific for the Exchange, Medi-Cal and Healthy Families?
  - Will there be hybrid model with an interface between the existing county systems and the state vendor for the Healthy Families Program?
  - Will the state tap into the federal model and modify specific to state needs?
- **Required data exchange interfaces for the Exchange including the IRS and SSA**
- **Tracking populations between the Exchange, Medi-Cal and the Healthy Families Program**
- **Capacity of legacy eligibility system**
  - Can it handle the increased volume?
  - Can it accommodate new eligibility policies/rules with the existing eligibility policies/rules without failure?

# Policy Challenges

## Getting “I’s Dotted and T’s Crossed” ...

- **Alignment of Single State Medicaid Agency authority with Exchange authority**
  - What will be the level of responsibility for the Exchange in completing Medicaid and CHIP eligibility determinations and annual redeterminations?
  - What entity will handle appeals on unfavorable eligibility decisions?
  - How will eligibility determinations for excepted groups be handled if they come through the Exchange?
- **MAGI/Household Income**
  - New set of rules to add to existing rules – has the system really been simplified?
  - May include income and deductions of others – what happens for individuals who do not file income taxes?
  - What will be the IRS turnaround time in providing income information?
- **Point-in- time changes**
  - Will the last IRS annual filing be the point-in-time definition?
  - If not, will IRS calculate the MAGI/HI? If not, who will calculate?
  - Will there be software to calculate MAGI/HI?

# Policy Challenges (cont.)

- **“Excepted” individuals**
  - As circumstances change, how will they be treated?
  - How will states track as they move between traditional, MAGI/HI, Exchange eligibility rules?
- **Mixed families – newly eligible, traditional, and excepted individuals**
  - How is eligibility to be determined given the overlaps in family composition?
- **Financial responsibility**
  - Are the new rules clear on spouse for spouse? parent for child?
  - If more than one set of rules apply, which set should be the “primary” rule(s) to apply?
  - Will the Exchange be able to manage the use of the various financial rules for all coverage groups seeking care?



# Health Care Reform Opportunities



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- **Reducing the number of uninsured individuals**
  - **Changing the face of public coverage**
  - **Program savings/Increased FMAP**
  - **Increasing preventative care/reducing expensive ER services**
  - **Operational efficiencies achieved through eligibility simplifications and centralization**

# Next Steps

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- **Collaboration, collaboration, collaboration**
    - MAGI rules
  - **Communication, communication, communication**
  - **Developing best in class consumer experiences to ensure positive experiences**