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

“Preserve and Improve the Health 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
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
Medi-Cal Eligibility Infrastructure

• 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)
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

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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

• 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

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Next Steps

• Collaboration, collaboration, collaboration
  – MAGI rules

• Communication, communication, communication

• Developing best in class consumer experiences to ensure positive experiences