CS14 – Children Ineligible for Medicaid as a Result of the Elimination of Income Disregards

Statute: 2110(b) of the SSA, 2101(f) of the ACA
Regulation: 42 CFR 457.310(d)
Formal Guidance: Medicaid and CHIP State Resource Center – Frequently Asked Questions (FAQ), found at Hyperlink**:** **FAQ - Medicaid and CHIP ACA Implementation**

INTRODUCTION

This state plan page applies to, and must be completed by, all states with CHIP programs, whether they offer a separate child health assistance program, Medicaid Expansion only or a combination of both.

In this state plan page the state provides information as to how coverage will be provided for children ineligible for Medicaid as a result of the elimination of income disregards.

BACKGROUND

With the transition to determining income eligibility for children using a methodology based on modified adjusted gross income (MAGI), there was concern that children might lose Medicaid eligibility as a result of the elimination of the application of income disregards. In order to ensure continuity of coverage for children during this transition, section 2101(f) of the ACA requires that states treat any children determined ineligible under the state's Medicaid plan or under a Medicaid waiver, as a result of the elimination of the application of income disregards under section 1902(e)(14) of the Social Security Act (MAGI-based income methodologies), as a targeted low-income child and provide them child health assistance. Targeted low-income children are eligible for coverage (and receive child health assistance) in separate CHIPs. CMS amended 42 CFR 457.310, with the addition of paragraph (d), to include these children in the definition of a targeted low-income child.

2101(f) protection applies only to children who are enrolled in Medicaid as of December 31, 2013 and who, at their first renewal where MAGI methodologies are applied, are determined ineligible for Medicaid as a result of the elimination of income disregards and are not otherwise eligible for an existing separate CHIP. States must provide coverage through a separate CHIP until the child's first scheduled annual review (12 months), with the following exceptions:

- The child reaches age 19;
- The child moves out of state;
- Voluntary disenrollment is requested; or
- The child dies.

Most of the exclusions to eligibility for a separate CHIP do not apply to children protected by section 2101(f). For example, such children cannot be denied CHIP coverage if they have group health insurance coverage, are over income for the state's existing separate CHIP or fail to meet other state specific eligibility criteria. However, the statute specifically provides that children who otherwise meet the criteria of 2101(f) are not eligible for CHIP if they are an inmate of a public institution, a patient in an institution for mental diseases; or eligible for coverage under a state health benefits plan on the basis of a family member's employment with a public agency (unless the state has elected the option to provide CHIP coverage to such children).

All states are required to provide child health assistance to children ineligible for Medicaid as a result of the elimination of income disregards under a separate CHIP even if they do not currently have a separate CHIP or only have a limited separate program (i.e. only offer coverage from conception to birth). However, states can elect to continue to provide coverage for these children in Medicaid, such that they never lose Medicaid eligibility and therefore do not require the protection of section 2101(f).

States electing to ensure that these children do not lose Medicaid will need to submit a Medicaid state plan amendment with an effective date no later than December 31, 2013 to cover such children as an optional reasonable classification of children under 435.222 of the regulations. States should contact CMS Medicaid eligibility staff for technical assistance on amending their Medicaid state plan. Such states will also need to complete this CHIP state plan page and select the first option indicating such children will retain Medicaid coverage.

States meeting the requirement of 2101(f) by providing child health assistance under a separate CHIP have several options for covering these children:

- Demonstrate that all Medicaid children qualifying for section 2101(f) protection will qualify for the state's existing separate CHIP. Under this option, states would need to demonstrate that the income standard for the state's separate CHIP (after conversion for MAGI) is sufficiently above the state's converted Medicaid standard for children so that all, or virtually all, children losing Medicaid as a result of the loss of disregards under MAGI will be income-eligible for the state's separate CHIP, without any modification of the existing program.

- Enroll all children in a separate CHIP who lose Medicaid due to income at their first renewal applying MAGI methods. Under this option, states can elect to enroll all children into CHIP who lose Medicaid eligibility because of excess income after applying MAGI-based income methodologies and the converted MAGI-based income standard under Medicaid.

- Determine an income standard above the converted MAGI Medicaid FPL that will capture all or almost all the children who would have benefited from application of the former disregards. Under this option states would need to establish an income band to capture children with above average disregards. Children losing Medicaid due to the loss of disregards, but whose household income is less than or equal to the Medicaid converted standard plus the additional income band, would be moved into the state's separate CHIP.

- Identify protected children using 2013 data. Under this option, children found ineligible for Medicaid at the time of renewal but whose family income has not increased since the last non-MAGI based determination (i.e. 2013 renewal) would automatically be enrolled in the state's separate CHIP. If the family income has increased since the last non-MAGI based Medicaid determination, the state would need to identify children protected by section 2101(f) by subtracting the value of the allowed disregards the child received during the 2013 determination from the child's household income based on MAGI in 2014. If this calculation results in an adjusted household income that is at or below the income standard in effect in 2013 for the Medicaid eligibility group under which the child was enrolled, the state would enroll the child in the state's separate CHIP.

- States may also propose another method for identifying and providing coverage to such children and should contact their CHIP project officer to discuss their proposal prior to submitting this SPA.

States also have flexibility as to the benefit package offering and cost sharing structure for this population. States may provide benefit packages currently offered or create one unique to this population. States that currently have only a title XXI Medicaid expansion program, or only provide coverage through a separate CHIP to a limited population, may wish to develop a separate CHIP for this population that is a mirror of their Medicaid program. These states are not required to submit a state plan page for targeted low-income children (CS7) in addition to this state plan page.

For additional guidance on meeting the requirement of 2101(f), states may contact their CMS Central Office CHIP project officer to discuss specific circumstances. Information is also available in the following answers to frequently asked questions at Hyperlink: FAQ - Transitions in Children's Coverage under Section 2101(f) of the ACA

TECHNICAL GUIDANCE

PREREQUISITES:

Depending on the selected method, some states may first need to submit written documentation for CMS approval to demonstrate how it will implement the chosen option. States should communicate with their CMS CHIP project officer for technical assistance on submitting this additional documentation.

This state plan page is broken down into the following sections:

- Coverage Options
- Identification and Enrollment
- Benefits
- Premiums and Cost Sharing

Coverage Options

This state plan page begins with the CHIP agency electing one of the two options listed as how coverage will be provided for this group of children.

If the state selects the first option, maintain Medicaid eligibility, no further information is required on the state plan page.

If the state selects the second option, coverage in a separate CHIP, the state must complete the remainder of the state plan page.

Review Criteria

For states which select the second option, if the state does not complete the remaining sections of this state plan page, state plan page CS14 cannot be approved.

Identification and Enrollment

In this section, the state must describe the methodology used to identify and enroll these children in a separate CHIP by selecting one of the five options listed.

If the state selects "The state will enroll children in a separate CHIP whose family income falls within an income standard, above the converted MAGI Medicaid FPL but at or below the following percentage of FPL…", the state must enter the FPL percentage.

If the state selects "Other", the state must then describe the methodology and procedures the state will use to identify and enroll these children. States should communicate with their CMS CHIP project officer prior to submission of this state plan page to ensure that CMS agrees with the state's proposed method of compliance with this requirement.

Review Criteria

The description should be sufficiently clear, detailed complete to permit the reviewer to determine that the state's election meets applicable federal statutory, regulatory and policy requirements.

Benefits

Here the state must describe the benefits provided to this population by checking one of the three options listed. If the state selects 'Other", it must then describe the benefits.

Review Criteria

The description should be sufficiently clear, detailed complete to permit the reviewer to determine that the state's election meets applicable federal statutory, regulatory and policy requirements.

Premiums and Cost Sharing

In this section, the state must describe premiums or cost sharing required of this population by selecting one of the four options listed. This allows a state to customize its premiums and cost sharing or to impose either premiums and no cost sharing or cost sharing and no premiums. If "Other" is selected, the state must then respond to two questions by selecting yes or no.

If yes is selected for "Are Premiums required?" the state must then describe the premium amounts and payment schedule.

Review Criteria

The description should be sufficiently clear, detailed complete to permit the reviewer to determine that the state's election meets applicable federal statutory, regulatory and policy requirements.

If yes is selected for "Are copayments or other cost sharing required?" the state must then describe the other cost sharing requirements.

Review Criteria

The description should be sufficiently clear, detailed complete to permit the reviewer to determine that the state's election meets applicable federal statutory, regulatory and policy requirements.