

# Eligibility Processing Under the ACA: State and County Impact

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# Introduction

## New Eligibility Determination Paradigm

- Affordable Care Act specifies streamlined, consumer-enabled model
- Colorado is developing its own implementation framework
- States and counties face new challenges from this new model
  - Higher case volumes
  - Exception handling for non-filers, changes in circumstances
  - Verification of available employer or government insurance
  - Eligibility churn
  - Managing interfaces with other assistance programs
- Changes offer the promise of faster, more efficient eligibility processing and consistent health coverage
  - Require new technologies
  - Need coordinated processes



# Caveats

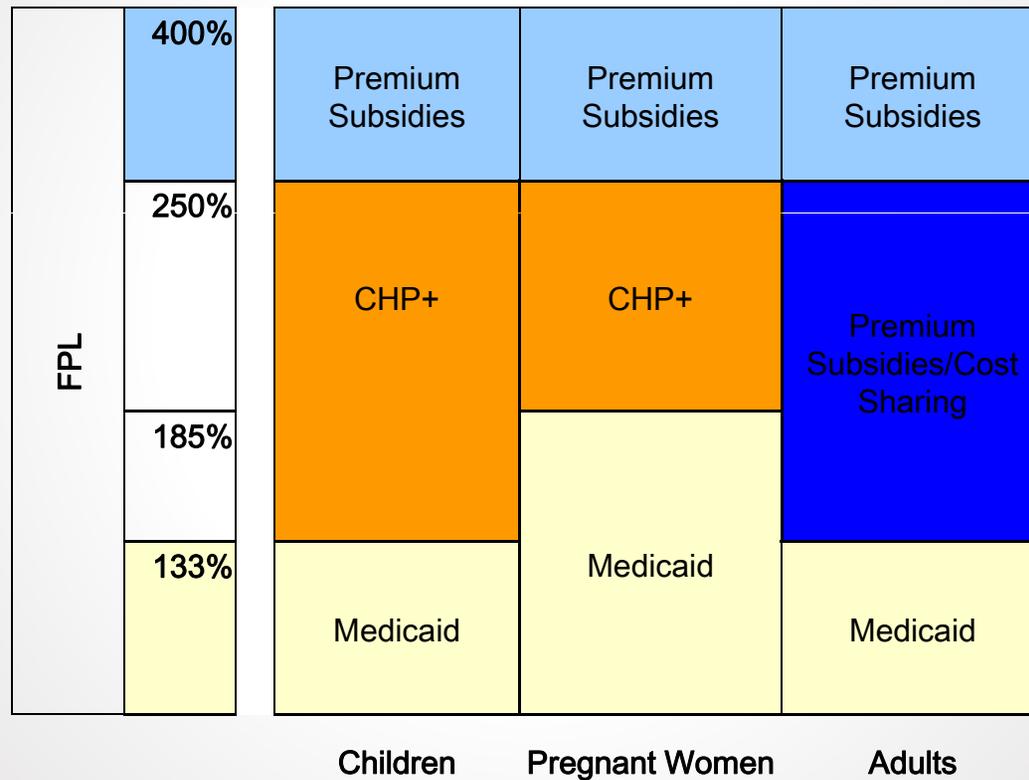
- Presentation based on statute and current rules
- Some regulations still being developed
- Considerable flexibility allowed for new processes
- Colorado tailoring rules to own needs
- Basic description should not change, but many details might
- The cumulative effects of these changes not yet easily predicted

# Quick Review: Key Elements of New Model

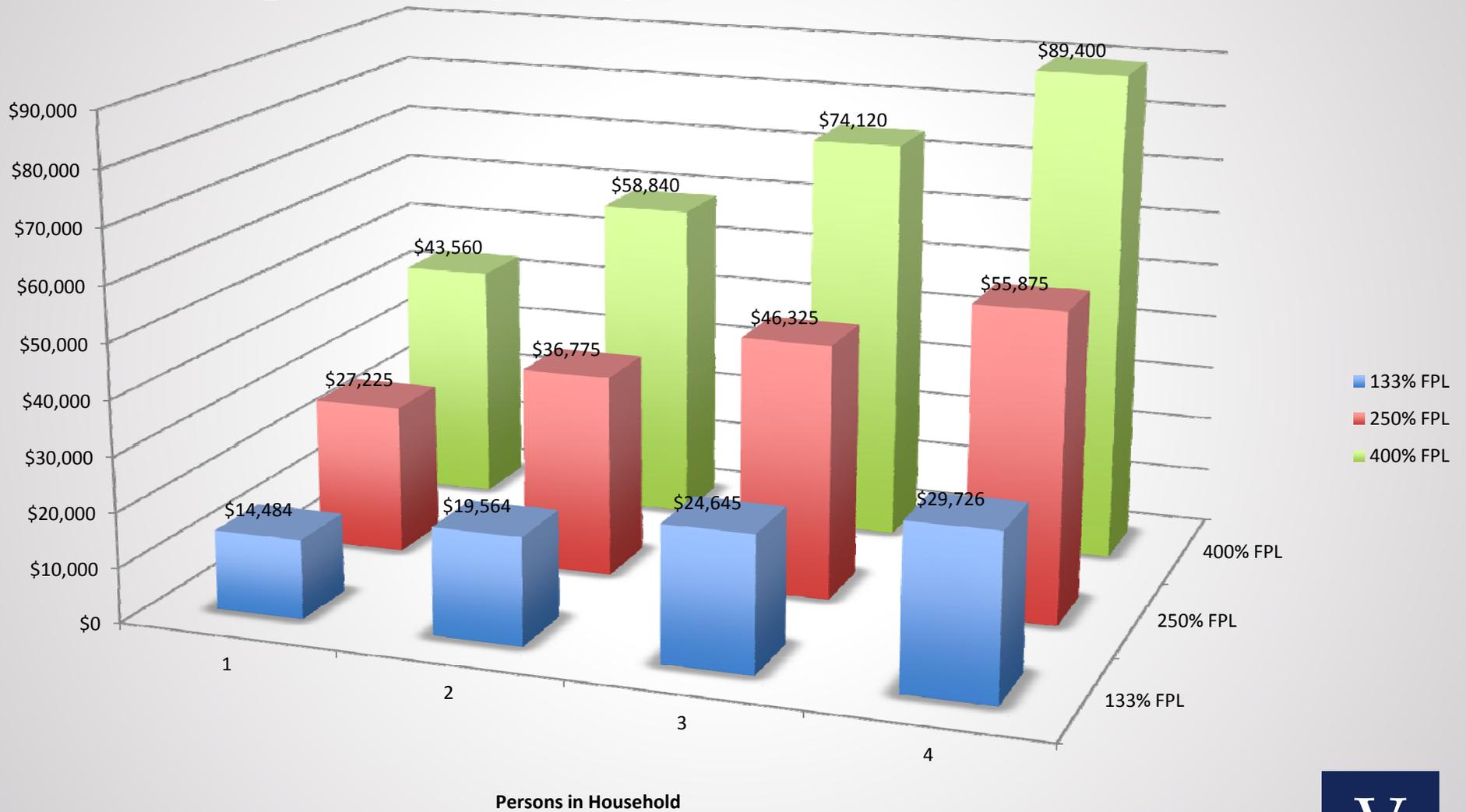
- Coordinated eligibility for Medicaid, CHP+, insurance programs
- Simplified Medicaid categories
- MAGI income, IRS household definitions
- Accessible application process
- Real-time verification (where feasible)



# Eligibility by Federal Poverty Level (FPL)



# Eligibility by Income Levels



# Eligibility Process Issues – Increased Case Volume

- Medicaid eligibility will broaden and increase
- Estimated 214,000 new Medicaid and CHP+ cases starting in 2014
- Almost one-third increase relative to current combined caseload
- Most or all of this increase will be Medicaid
- Estimates are subject to variation
- Not clear how quickly this increase will materialize

# Exception Handling

- Eligibility process designed to be highly automated
- But certain exceptions are expected to arise
- Examples:
  - Income and citizenship verification
  - Availability of affordable, adequate insurance
- Responsibility depends on program
  - COHBE for premium subsidies and cost-sharing
  - Counties and contractor for Medicaid, CHP+

# Income Verification Exceptions

- Primary method for income verification: look-back to most recent tax data
- Compared with income attestation by applicant
- Exceptions will occur due to high rate of income volatility
- Recent national study: for those less than 200% FPL:
  - One-third estimated to have major change within 6 months
  - One-half estimated to have major change within 12 months
- Major change means Medicaid eligibility loss or premium subsidy eligibility loss

# Income Verification Exceptions (continued)

- Income verification exceptions require further review
- Applicant income attestation first analyzed relative to other electronic data bases
  - Quarterly wage
  - Unemployment insurance
  - Possible private databases
- Manual review likely if attestation still not “reasonably compatible” with electronic evidence
- Any manual review done by COHBE, counties, or Medicaid/CHP+ contractor



# Insurance Verification Exceptions

- Applicants eligible for employer/  
government insurance not eligible for  
insurance subsidies
- Insurance must be available, affordable,  
and adequate
- Applicants must attest to lack of minimum  
essential coverage
- Exceptions may require verification

# Non-Filing of Taxes

- National non-filing rate estimated to be 15 percent
- In this demographic likely higher, perhaps 25 – 30 percent
- If IRS data unavailable, other electronic databases will be reviewed
- If applicant attestation not “reasonably compatible” or data unavailable, manual review may be required

# Household Composition Changes

- No relevant IRS data for household splits, new households
- Other databases consulted for relevant electronic verification data
- Manual review may be required if attestation “not reasonably compatible” with available data

# Other Potential Exceptions

- Errors could occur with citizenship/immigrant status verification
- Could be file errors or data entry mistakes
- Some errors may be caused by unreported last name changes (marriage, divorce)
- Some may require manual reconciliation

# Annual vs. Monthly Accounting Periods

- Insurance subsidies eligibility based on projected annual income
- Subsequently reconciled against next year's tax filing (required for participation)
- Potential recoupment/refund if annual estimate erroneous
- Monthly spikes do not affect eligibility

# Monthly Prospective Accounting Periods

- Medicaid still based on current monthly income
- Verification starts with IRS look-back
- Change in current circumstances may trigger change in eligibility based on current month
- Reconciliation of current and annual income may be required

# Eligibility Churn

- National study predicts frequent changes in eligibility
- Income changes identified by self-reports or agency data review
- Eligibility loss can lead to program changes
- Must be managed carefully to avoid losses of:
  - Eligibility
  - Insurance coverage

# Eligibility/Coverage Gaps

- Eligibility gaps can occur from uncoordinated termination/reapplication
- Coverage gaps can occur if insurance plan effective dates lag eligibility

# Managing Eligibility Churn

- Rules may require some coordination of eligibility periods
- Rules may also require automatic application and data transfer
- Technology and procedures will require careful planning to avoid gaps
- Manual intervention may be required in many cases to avoid adverse effects of eligibility churn
- Managing churn will be important role for county agencies and COHBE

# Linkages with Other Assistance Programs

- CBMS provides coordinated support for Medicaid and six other assistance programs
- Enhanced CBMS will continue to be used for Medicaid case management
- Eligibility findings for SNAP, Colorado works can be used for Medicaid, CHP+ eligibility under “Express Lane Eligibility”



# Linkages (continued)

- ACA establishes streamlined eligibility process for Medicaid, CHP+, insurance subsidies
- Heavy reliance on applicant attestation and electronic data verification
- New Medicaid standards may not satisfy verification requirements for other programs
- Medicaid eligibility most likely not directly usable to establish eligibility for SNAP, Colorado Works, and other programs

# Linkages (continued)

- Additional federal coordination of statutes and rules may be necessary to use streamlined ACA findings for other programs
- Not clear whether health care application data will be transferred for use in other programs
- Also not yet determined whether federal IRS and citizenship data can be used to verify eligibility for other programs

# Impact of “Many Doors”

- Current model: county offices predominant locus of applications
  - PEAK transferring some to internet
  - Augmented by Medical Assistance sites
- New model: engaged consumer, many doors
  - Heavy reliance on Internet
  - Many doors: e.g. county public health, navigators
- Net effect: less application processing for counties, but exceptions must still be handled
- Counties will still be essential information source

# Impact on Counties Summary

- Medicaid caseload growth would be expected to increase workload
- Could indirectly stimulate growth in SNAP, Colorado Works, and other programs
- Not clear how quickly caseload bulge will occur

# Impact on Counties (continued)

- But will be significant offsets to Medicaid caseload expansion
- Significant proportion of applications/redeterminations processed automatically
- New data sources will reduce verification requirements, especially citizenship
- Planned technology improvements should reduce workload

# Impact on Counties (continued)

- Net workload impact on counties cannot yet be predicted
- Depends on effectiveness of technology
- Also depends on standards established for verification
- State and counties should also plan for implementation phase impact
  - Technology glitches and fine-tuning
  - Staff learning
  - Operational refinements

# Significant County Challenges in ACA Implementation

- Exception handling with new verification processes
- Reconciling MAGI income and household definitions with Medicaid, CHIP+ exceptions
- Managing eligibility churn and transfers between programs
- Implementing a “culture of coverage”
  - Preferred reliance on attestation and electronic data
  - Expeditious eligibility processing
  - Working to place households in the program that best suits their circumstances

# Conclusion

- ACA promises a streamlined, rapid-decision eligibility model
- But non-filing and other factors may require special handling
- Eligibility churn will require careful management
- Caseload growth will need to be anticipated

# Conclusion (continued)

- County role will evolve:
  - away from routine eligibility processing
  - toward exception handling
  - toward management of program transfers
  - toward placement in appropriate health assistance program
- With successful implementation, counties will play a critical role in expanding health care coverage and improving the health of Colorado citizens