State of Utah

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August 22, 2013

Members of the Executive Appropriations Committee, the Health Reform Task Force, and the Business and Labor Interim Committee
State Capitol
Salt Lake City, Utah 84114

Dear Committee Member:

In accordance with the reporting requirements of Utah Code Title 63M-1-2505.5, the Department of Health (Health) submits this report on an item from federal health care reform that is scheduled to be implemented.

Mandatory Changes to Medicaid and Children's Health Insurance Program (CHIP) Eligibility

On February 6, 2013 and June 13, 2013, we notified you about the work that needed to be done on the State's existing eligibility system (eREP) in order for eREP to be able to determine eligibility in compliance with the requirements of the Affordable Care Act (ACA). The purpose of this letter is to notify you that we plan to amend the Medicaid and CHIP State Plans and revise the Medicaid and CHIP Administrative Rules in order to implement certain eligibility requirements of the ACA. These changes give the State of Utah the authority to determine Medicaid and CHIP eligibility following the new ACA rules.

Changes in the State Plan include the following:

- Moving to Modified Adjusted Gross Income (MAGI) based methodology for determining income and household size;
- Converting current income limits to account for the loss of income disregards; and
- Selecting income limits used to determine the MAGI Medicaid categorical groups of parent/caretaker relative, pregnant women, and children.

Changes in the Administrative Rules include the following:

- Allowing an electronic interface of data with the Federally Facilitated Marketplace (FFM); and
- Allowing the use of electronic data sources.

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1) Specific federal statute or regulation that requires the state to implement a federal reform provision

Title II of Public Law 111-148, part of ACA, requires numerous changes to the Medicaid and CHIP eligibility determination processes. Title I, Subtitle E has requirements for interaction between the Medicaid and CHIP agency and the FFM.

2) Whether the reform provision has any state waiver or options

Health is not aware of any waivers that are available for the mandatory changes to Medicaid and CHIP eligibility that will be addressed through these amendments and rules. When an option was available, the state has generally selected eligibility options based on the following criteria:

- Align rules and processes with other programs (e.g., Food Stamps, Child Care, General Assistance, etc.),
- Maintain current Medicaid or CHIP eligibility groups and income levels, and
- Determine eligibility in a manner similar to the way it is done today.

3) Exactly what the reform provision requires the state to do, and how it would be implemented

The ACA requires a coordinated and streamlined eligibility and enrollment process for Medicaid, CHIP, and advance premium tax credits/cost sharing reductions to purchase coverage on the FFM. Generally, by October 1, 2013, individuals will be able to apply for coverage using a "single, streamlined application" which may be submitted online, by telephone, through the mail, or in person to the Department of Workforce Services (DWS) or the FFM. Individuals will provide their income and other eligibility information which will be verified primarily through state and private electronic data and potentially other information accessed through the federal data services hub. If the FFM assesses that an application is likely Medicaid or CHIP eligible, the application will need to be transferred to DWS for actual Medicaid or CHIP eligibility determination. If DWS determines that an application is not Medicaid or CHIP eligible and is likely eligible for tax credits, then DWS will need to transfer the application to the FFM.

4) Who in the state will be impacted by adopting the federal reform provision, or not adopting the federal reform provision

If the State adopts these provisions, individuals that apply for Medicaid and CHIP will be impacted. Individuals will be able to apply online through DWS will be programmed to determine their Medicaid and CHIP eligibility based on the new ACA-determined requirements. Individuals that apply through the FFM and are assessed to be Medicaid or CHIP will be sent to DWS for eligibility determination. Individuals impacted include parents and caretaker relatives, pregnant women and children under age 19. Currently these groups constitute about 120,000 cases on Medicaid and CHIP. If these provisions are not implemented, the State might have to use a contingency plan to accept Medicaid and CHIP applications – possibly relying on paper applications that would later need to be keyed into eREP.

5) What is the cost to the state or citizens of the state to implement the federal reform provision

ACA requires that states remove Medicaid asset tests for parents and caretaker relatives, pregnant women and children under age 19. In addition, income eligibility for children ages 6 to 18 years old will increase from 100 percent federal poverty level (FPL) to 133 percent FPL. Health estimates that the impact of these mandatory changes will be $17.4 million in General Fund. The state has budgeted $15.6 million for FY 2014 to cover these costs and any costs of currently eligible individuals enrolling in the program.

6) Consequences to the state if the state does not comply with the federal reform provision

The State of Utah could lose significant federal funding for its Medicaid and CHIP programs if CMS decided to disallow federal payments because eligibility determinations in Utah were not conducted according to federal law. If all Medicaid and CHIP payments are disallowed, the State could lose approximately $1.4 billion in federal funds each year.

7) The impact, if any, of the ACA requirements regarding:
a) the state's protection of a health care provider's refusal to perform an abortion on religious or moral grounds as provided in Section 76-7-306; and
b) abortion insurance coverage restrictions provided in Section 31A-22-726

The changes proposed by this amendment do not impact Medicaid or CHIP benefits or payments to providers. There does not appear to be any impact related to abortions.

Please let me know if you have any questions on the implementation of this item from federal health care reform.

Sincerely,

Michael Hales
Deputy Director, Department of Health
Director, Medicaid and Health Financing