Affordable Care Act: New Medicaid Eligibility Groups

Introduction

The Affordable Care Act included a number of significant changes to Medicaid services and eligibility. One major change involved the creation of two new Medicaid eligibility groups. These groups would significantly expand the number of individuals eligible for Medicaid; however, States have discretion to decide whether to adopt either of these expansion groups. If a state chooses to add either or both, the expanded eligibility could allow some additional Social Security beneficiaries or other individuals with disabilities to enroll in Medicaid. This paper provides an overview of these new Medicaid eligibility groups and example scenarios to help CWICs recognize those populations most likely to benefit from the expanded eligibility.

Overview: Adult (133% of Federal Poverty Level) Group

This first new Medicaid eligibility group is referred to as the "adult group," the "133% group," or the "VIII group". Individual states establish a different name if they choose to adopt the eligibility expansion. This paper will refer to it as the adult group. When Congress passed the Affordable Care Act, the adult group was designed to be a mandatory Medicaid eligibility group. In order to continue receiving federal funds for the Medicaid program, states would be required to provide Medicaid to everyone who met the eligibility criteria. However, in 2012 the Supreme Court ruled that the mandatory expansion was unfairly coercive on states and determined that a state could refuse to adopt the expansion while retaining their previous Medicaid program. As a result, some states have decided not adopt this expanded Medicaid group.

For states that add the adult group to their Medicaid State Plan, there are specific federal rules that dictate the eligibility criteria. To be eligible, a person must:

1. Have income at or below 133% of the Federal Poverty Level;
2. Be between 19 and 64 years of age;
3. Not be pregnant;
4. Not be eligible for Medicare; and
5. Not be eligible for Medicaid under a mandatory eligibility group

A parent or other caretaker relative that is living with a dependent child cannot be covered under the adult group unless the child is enrolled in Medicaid, the Children's Health Insurance Program (CHIP), or another health care plan with at least minimal essential coverage. Income for this group is based on Modified Adjusted Gross Income (MAGI), which is an Internal

Revenue Service (IRS) concept. Determining an individual's Medicaid eligibility using MAGI generally involves using IRS tax rules to determine the person's countable income. There are a few differences from the IRS rules for MAGI that will be used in determining MAGI for Medicaid eligibility, including counting Social Security benefits as income. Once MAGI is determined, 5% of the income will be disregarded. As a result, the effective eligibility limit for this group is 138% of FPL. The household size will be the same as the tax household size, which generally means married adults and children living together; however, there are some instances where IRS and Medicaid household rules may differ. There is no resource limit for the adult group.

States are not required to provide the full scope of Medicaid State Plan services to those in the adult group. They are instead required to provide Alternative Benefits Plans (ABP) that include Essential Health Benefits. Those benefits include: ambulatory patient services, emergency services, hospitalization, maternity and newborn care, mental health and substance abuse disorders, prescription drugs, rehabilitation and habilitation services and devices, laboratory services, preventative and wellness services and chronic disease management, and pediatric services. States have the option to propose alternate benefits packages for adult group that could include Medicaid State Plan benefits. However, individuals who qualify as "medically fragile" under the ABP regulation have the choice between ABPs that include EHBs and ABPs that mirror the state plan. Under all of these scenarios, the individual should be given information that explains the difference between different eligibility groups and benefit packages. Informed choice will be crucial to ensure that the beneficiary is able to receive the most appropriate services under Medicaid.

When working with beneficiaries who use this group it is important to recognize returning to work could result in Medicaid ineligiblity due to the income limit associated with the benefit. CWICs should not only identify those who could be eligible for this group, but should also be familiar with other Medicaid eligibility groups in the state that could benefit workers with disabilities, such as the Medicaid Buy-in group (if available). These other groups could allow individuals to retain Medicaid eligibility if their income exceeds the adult group limit due to work. .

Examples of situations where Social Security beneficiaries could use the adult group include:

Examples of the Adult Group

1. Scenario: A Social Security Disability Insurance (SSDI) beneficiary in the Medicare 24-month waiting period

   Lois was recently awarded $1,020 per moth of SSDI. She has two children who are eligible for $500 per month in dependent benefits. Her children are eligible for CHIP, but Lois has no health insurance since she has 20 months left of the 24-month Medicare waiting period. Could Lois be found eligible under the adult group? Let's compare her situation to the eligibility criteria:
   - Have income at or below 133% of the Federal Poverty Level; *YES*
     - *Their MAGI is $1,520 ($1,020 + $500)*
     - *5% is disregarded ($1520 x 5% = $76)*

    - *Income for the adult group is $1,444 ($1,520 - $76)*
    - *133% of FPL for a household of 3 is $2,164*
- Be between 19 and 64 years of age; *YES - Lois is 38 years old*
- Not be pregnant; *YES - Lois is not pregnant*
- Not be eligible for Medicare; and *YES -Lois has 20 more months left of her Medicare waiting period*
- Not be eligible for Medicaid under a Mandatory eligibility group *YES – Lois was initially denied Medicaid when she applied*

Based on the information provided here, it appears Lois would be eligible for the adult group. However, when she becomes eligible for Medicare her eligibility under the adult group would end. If she were to begin working and earn more than $720 ($2,164 - $1,444) she would be over income for the adult group. If the Medicaid Buy-In is available in her state she may be able to switch to that Medicaid eligibility group. She may also be able to access insurance through her employer or through the Marketplace (new Insurance Exchange) in her state.

2. Scenario: A beneficiary with only Supplemental Security Income (SSI) living in a 209b state with a resource limit that is more restrictive than SSI.

Edward is eligible for and receiving $710 per month of SSI. He lives in a 209b state, which means the Medicaid program has more restrictive rules than the SSI rules. Under his state's Medicaid program his resources must be under $1,000, which is lower than the SSI program's $2,000 resource limit. His resources currently total $1,800; as a result he is eligible for SSI but ineligible for Medicaid. Could Edward be found eligible under the adult group? Let's compare his situation to the eligibility criteria:

- Have income at or below 133% of the Federal Poverty Level; *YES*
    - *His MAGI is $710*
    - *5% is disregarded ($710 x 5% = $35.50)*
    - *Income for the adult group is $674.50 ($710 - $35.50)*
    - *133% of FPL for a household of 1 is $1,273*
- Be between 19 and 64 years of age; *YES - Edward is 25 years old*
- Not be pregnant; *YES –Not applicable*
- Not be eligible for Medicare; and *YES –Edward is not eligible for Medicare*
- Not be eligible for Medicaid under a Mandatory eligibility group *YES – Edward was denied Medicaid when he applied because of his resource limit*

Based on the information provided here, it appears Edward would be eligible for the adult group. This is possible because the adult group has no resource limit, unlike the other Medicaid eligibility groups in his state. If he were to begin working and have total income that exceeded $1,321 (138% of FPL for a single household) he would be over income for the adult group. If the Medicaid Buy-In is available in his state he may be able to switch to that Medicaid eligibility group. He may also be able to access insurance through his employer or through the Marketplace (new Insurance Exchange) in his state.

3. Scenario: A Social Security Disability Insurance (SSDI) beneficiary in the 24-month Medicare waiting period and currently enrolled in the medically-needy Medicaid eligibility group

   Joann was awarded $980 per month of SSDI six months ago. She was found eligible for Medicaid based on the medically-needy eligibility group. To get Medicaid through this group she has to incur $270 each month in medical expenses before Medicaid will begin paying medical expenses. She is financially struggling and wondering if she can get Medicaid through the adult group. Let's compare her situation to the eligibility criteria:

   - Have income at or below 133% of the Federal Poverty Level; *YES*
     - *Her MAGI is $980*
     - *5% is disregarded ($980 x 5% = $49)*
     - *Income for the adult group is $931 ($980 - $49)*
     - *133% of FPL for a household of 1 is $1,273*
   - Be between 19 and 64 years of age; *YES - Joann is 54 years old*
   - Not be pregnant; *YES –Joann is not pregnant*
   - Not be eligible for Medicare; and *YES – Joann is in the 24 month waiting period*
   - Not be eligible for Medicaid under a Mandatory eligibility group *YES – Although Joann is eligible for medically-needy, it is not a mandatory eligibility group*

   Based on the information provided here, it appears Joann would be eligible for the adult group. This is possible because her income is below the limit and she doesn't have Medicaid yet. Even though she is currently eligible for Medicaid, she's eligible under an Optional Medicaid eligibility. Medically-needy is not a Mandatory eligibility group. If she begins working and earns more than $342 per month ($1,273 - $931) she would be over income for the adult group. If that happened, she could switch back to the medically-needy Medicaid eligibility group. If the Medicaid Buy-In is available in her state she may be able to switch to that Medicaid eligibility group. She may also be able to access insurance through her employer or through the Marketplace (new Insurance Exchange) in her state.

4. Scenario: A Supplemental Security Income (SSI) beneficiary who loses SSI due to receipt of SSDI and is in the 24-month Medicare waiting period

   Lexi is 23 years old. She was receiving an SSI check but received a letter from SSA last month that she is now eligible for $800 of SSDI. She also received a letter from the Medicaid agency telling her that she is now over-income for Medicaid and they are terminating her eligibility. Her Medicare won't begin for another 22 months. Could she be eligible under the adult group? Let's compare her situation to the eligibility criteria:

   - Have income at or below 133% of the Federal Poverty Level; *YES*
     - *Her MAGI is $800*
     - *5% is disregarded ($800 x 5% = $40)*
     - *Income for the adult group is $760 ($800 - $40)*
     - *133% of FPL for a household of 1 is $1,273*
   - Be between 19 and 64 years of age; *YES - Lexi is 23 years old*

- Not be pregnant; *YES –Lexi is not pregnant*
- Not be eligible for Medicare; and *YES – Lexi is in the 24 month waiting period*
- Not be eligible for Medicaid under a Mandatory eligibility group *YES – Lexi just received notice from the state that she isn't eligible for Medicaid*

Based on the information provided here, it appears Lexi would be eligible for the adult group. If she begins working and earns more than $513 per month ($1,273 - $780) she would be over income for the adult group. If the Medicaid Buy-In is available in her state she may be able to switch to that Medicaid eligibility group. She may also be able to access insurance through her employer or through the Marketplace (new Insurance Exchange) in her state.

Overview: Optional (133%+ of Federal Poverty Level) Group

This second new Medicaid eligibility group is referred to as the "optional ACA expansion group" or the "133%+ group". Individual states may give it a different name. During this paper it will be referred to as the optional 133%+ group. Under the original design states were required to provide Medicaid to anyone with income at or below 133% of the Federal Poverty Level. This second new Medicaid eligibility group was created to give states the option to provide Medicaid to people with higher incomes. Since this Medicaid eligibility group is optional, it may or may not be available in your state. As of [publication date] few states have expressed interest in adopting this expansion group.

Of the states that do add the optional 133%+ group to their Medicaid State Plan, there are specific federal rules that dictate the eligibility criteria. To be eligible, a person must:

1. Have income above 133% of the Federal Poverty Level, but below the income limit set by the state;
2. Be under 65 years of age; and
3. Not be eligible for a mandatory eligibility group or otherwise eligible for an optional eligibility group

In regard to the third eligibility criteria, a state isn't required to go through a determination process to find out if a person would be eligible under another eligibility group. This includes individual who may appear to be eligible under the medically-needy Medicaid eligibility group. But, if information on the application can be used to determine eligibility under another group they would be ineligible for the optional 133%+ group.

A parent or other caretaker relative that is living with a dependent child cannot be covered under the optional 133%+ group unless the child is enrolled in Medicaid, the Children's Health Insurance Program (CHIP), or another health care plan with at least minimal essential coverage. As with the adult group, income for this group is based on Modified Adjusted Gross Income (MAGI), which is an Internal Revenue Service (IRS) concept. Once MAGI is determined, 5% of the income will be disregarded. The household size will be the same as the tax household size, which essentially means married adults and children living together. There is no resource limit for the optional 133%+ group.

Although this group is available to states that wish to extend Medicaid eligibility and cover additional individuals beyond the ACA minimums, most states are unlikely to adopt the option. Expanding to include this eligibility group would require allocating state funds to match the Federal money. As most of the individuals who would be eligible for this group will also be eligible for tax credits on the exchange, which are fully Federally funded.

If you work with beneficiaries who use this group it is important to recognize returning to work could result in ineligiblity given this is a financial needs-based benefit. Each state that elects to adopt this group will set its own income limit; if your state adopts the optional group, become familiar with the eligibility threshold. CWICs should not only identify those who could be eligible under this group, but should also be familiar with other Medicaid eligibility groups in the state including the Medicaid Buy-in group (if available). By having that knowledge you can help beneficiaries in the optional 133%+ group strategize their options for switching Medicaid eligibility if they become ineligible for the adult group due to work.

Below are a few situations in which Social Security beneficiaries could use the optional 133%+ group.

Examples of the Optional 133%+ Group

1. Scenario: Social Security Disability Insurance (SSDI) beneficiary in 24-month Medicare waiting period and income above 133% FPL

   Shaunte is 33 years old. She was entitled to $1,400 in SSDI last month. She has 23 months left of her Medicare 24-month waiting period. She is in need of health care coverage, which she hopes will allow her to return to work. Could she be eligible under the optional 133%+ group? Let's compare her situation to the eligibility criteria:

   - Have income above 133% of the Federal Poverty Level and below the state threshold (for example – state threshold is 200% of FPL); *YES*
     - *Her MAGI is $1,400*
     - *5% is disregarded ($800 x 5% = $40)*
     - *Income for the adult group is $1,330 ($1,400 - $70)*
     - *200% of FPL for a household of 1 is $1,915*
   - Be under 65 years of age; *YES - Shaunte is 33 years old*
   - Not be eligible for a mandatory Medicaid eligibility group or otherwise eligible under an optional eligibility group *YES – The information on Shaunte's application does not demonstrate she would be Medicaid eligible*

   Based on the information provided here, it appears Shaunte would be eligible for the optional 133%+ group. If she begins working and earns more than $585 per month ($1,915 - $1,330) she would be over income for the optional 133%+ group. If the Medicaid Buy-In is available in her state she may be able to switch to that Medicaid eligibility group. She may also be able to access insurance through her employer or through the Marketplace (new Insurance Exchange) in her state.

2. Scenario: Social Security Disability Insurance (SSDI) beneficiary with Medicare but over income for Medicaid

   Benu is 49 years old. He receives $1,250 in SSDI and has Medicare. He is struggling financially and would like help paying his Medicare out of pocket expenses, which may be possible by becoming Medicaid eligible. Could he be eligible under the optional 133%+ group? Let's compare his situation to the eligibility criteria:

   - Have income above 133% of the Federal Poverty Level and below the state threshold (for example – state threshold is 200% of FPL); *YES*
     - *His MAGI is $1,250*
     - *5% is disregarded ($1,250 x 5% = $62.50)*
     - *Income for the adult group is $1,187.50 ($1,250 - $62.50)*
     - *200% of FPL for a household of 1 is $1,915*
   - Be under 65 years of age; *YES - Benu is 49 years old*
   - Not be eligible for a mandatory Medicaid eligibility group or otherwise eligible under an optional eligibility group *YES – The information on Benu's application does not demonstrate he would be Medicaid eligible*

   Based on the information provided here, it appears Benu would be eligible for the optional 133%+ group. If he begins working and earns more than $727.50 per month ($1,915 - $1,187.50) he would be over income for the optional 133%+ group. If the Medicaid Buy-In is available in his state he may be able to switch to that Medicaid eligibility group. He may also be able to access insurance through his employer or through the Marketplace (new Insurance Exchange) in his state.

Summary

The new Medicaid eligibility groups create a means for providing health care coverage to those who are currently uninsured or underinsured. As a CWIC, it is important to learn whether either of these new eligibility groups will be available in your state. If they will be available, become familiar with all of the eligibility details. With that information you can identify beneficiaries that will likely qualify. It's also very possible that you will serve a beneficiary who is eligible under one of these groups. When that happens you need to be prepared to explain how earnings impact eligibility and identify options if their eligibility will end. You play a critical role in helping beneficiaries understand what will happen to health care coverage once working. That includes these new options under the Affordable Care Act.