Concept Paper on How to Modernize Medicaid Eligibility in the State of Ohio

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Overview and Objectives

Ohio's eligibility processes for health and human services are fragmented, overly complex, and rely on outdated technology. The current system does not have the capacity to process the nearly one million Ohioans who will be newly eligible for Medicaid in 2014 as a result of federal health care reform. The Governor's Office of Health Transformation (OHT) initiated an eligibility modernization project to simplify client eligibility based on income, streamline state and local responsibility for eligibility determination, and update eligibility systems technology. The goal is to improve the consumer experience and significantly reduce the costs associated with eligibility processes.

This concept paper is a starting point for discussion about how to modernize Medicaid eligibility in Ohio. It provides information about why the current system is inadequate, outlines concepts for reform, and describes the potential impact on current Medicaid enrollees. It also invites stakeholders to provide input to help shape a formal proposal for eligibility modernization that the state plans to submit to the federal government in early summer 2012. The formal proposal will officially request that the U.S. Department of Health and Human Services (HHS) and the Centers for Medicare and Medicaid Services (CMS) commit to help Ohio expeditiously modernize, simplify and transform the policies and processes that provide the safety net of health care coverage for Ohioans who need it.

The success of this project will be measured by the extent to which Ohio is able to transform Medicaid eligibility into a family-friendly, understandable, administratively streamlined, and simple process. Ohioans need a more predictable, practical process to know if they qualify and how to qualify for assistance. This concept paper describes a new model for eligibility determination in which Ohio would move to a small number of ways to qualify with simple income standards, as documented by income tax information for most individuals. The new model would:

- Cover approximately the same number of individuals who would otherwise have been covered by Medicaid if there was no eligibility redesign;
- Keep eligibility as it is today for children and for individuals using long-term care services, including residents of long-term care facilities and recipients of home- and community-based services;
- Give families who need health care coverage a common sense, easy to use process to see if they qualify for Medicaid by adjusted gross income tax information whenever possible to eliminate the need for complicated and confusing income calculations;

- Eliminate the need for a determination of disability from either the Social Security Administration or from Ohio Medicaid as a prerequisite for adult Medicaid eligibility;
- Give families a way to apply online, when it is convenient for them, without the need to report to a local office;
- Simplify what is required to be eligible for Medicaid and automate verification through existing records and real-time, online determinations for most people who apply; and
- Include Medicaid and other health and human service programs that use income as the basis for eligibility, apply for enhanced (90/10) federal funding to upgrade Medicaid and related income-based eligibility systems, and implement a new eligibility system prior to the federally-mandated Medicaid expansion in January 2014.

Current System

Current eligibility processes in Ohio are fragmented, overly complex, and rely on outdated technology. There are more than 150 categories of eligibility just for Medicaid and two separate processes to determine Medicaid eligibility based on disabling condition. The lack of standardization has led to work around solutions developed by the state and county-by-county, and presents great challenges for automation. Ohio's eligibility system infrastructure and processes are outdated and cannot support the estimated one million Ohioans who will be newly eligible for Medicaid in 2014 as a result of federal health reform.

Applying for Medicaid is confusing and time consuming. More than two million Ohioans received Medicaid coverage in July 2011. Many families came through the front door of one of the eighty-eight local County Department of Job and Family Services (CDJFS) service centers and had to physically meet with a caseworker to get through the application process, providing information whenever it was determined more was needed, and often requiring multiple repeat visits to the county office. These families qualified through a myriad of requirements, computations, and verifications. Income disregards or special income treatment was used as needed with each family or, in some cases, with different individuals in the same family.

Most states have one disability determination process but Ohio has two. Ohio is a 209(b) state, which means the Medicaid program uses more restrictive Medicaid financial eligibility criteria for the aged, blind and disabled recipients than are used in the Supplemental Security Income (SSI) program. The 209(b) designation also requires Ohio to conduct its own disability determination process in addition to and in advance of a Social Security Administration (SSA) determination in order to ascertain if an individual can qualify under the Medicaid aged, blind, or disabled (ABD) eligibility category. Individuals who qualify as ABD either through Ohio's process or through a SSA determination who have income at or below 64 percent of the federal poverty level (FPL) qualify for Medicaid in Ohio. Individuals who meet ABD criteria, except for income above 64 percent FPL can spend down their income on qualifying medical expenses to the 64 percent threshold and become eligible for Medicaid coverage. This can be done monthly, so some people with disabilities have coverage one month but not the next. Some people try to hold off on the care they might need monthly so they can try to get onto Medicaid

at least once or twice a year by grouping all their services and cost into one or two months of the year.

Ohio's eligibility system infrastructure is severely outdated. In Medicaid, each of the more than 150 eligibility categories currently in use has its own income treatment rules, asset rules, and disregards. Ohio's 30-year-old Client Registry Information System (CRISe) and the multiple assistance programs it supports is an amalgamation of compromise and work-around solutions. Over three decades, these patches have been built one on top of the other and are functional today only with a significant level of technical support and constant manual adjustments made by state and county staff. In addition, integrating CRISe to Ohio's new Medicaid Information Technology System has added considerable strain on the aging eligibility enrollment system.

Environment for Reform

The federal Affordable Care Act (ACA) is projected to expand Ohio Medicaid coverage almost 50 percent, from over two million in July 2011 to over three million in January 2014. In addition, the ACA substantially changes the way Medicaid programs cover individuals, creating a new national income standard. To meet these demands, Ohio will need to make long-needed investments in its eligibility system infrastructure. As described below, several recent state and federal initiatives provide new authority and resources to modernize eligibility systems, and include deadlines that create an imperative to act now.

Ohio law requires eligibility simplification. Governor Kasich's Jobs Budget (HB 153) enacted June 2011 requires Ohio Medicaid "to reduce the complexity of the eligibility determination processes for the Medicaid program caused by different income and resource standards for the numerous Medicaid eligibility categories" and "obtain to the extent necessary the approval of the United States Secretary of Health and Human Services in the form of a federal Medicaid waiver, Medicaid state plan amendment, or demonstration grant." (ORC 5111.0123)

Eligibility simplification is part of a broader effort to streamline health and human services. The Governor's Office of Health Transformation, Office of Budget and Management, and Department of Administrative Services jointly established a new Health and Human Services Cabinet to optimize public resources across HHS jurisdictions. The HHS Cabinet is focused on restructuring and consolidating HHS operations and right-sizing state and local service capacity to be more efficient. The current priority is to align five interconnected, technology-dependent projects: modernize eligibility systems, explore Ohio's options regarding a health benefit exchange, share information across state and local data systems, integrate claims payment systems, and accelerate electronic health information exchange. The ultimate goal is to improve customer service, increase program efficiencies, and reduce costs for Ohio's taxpayers.

Federal financial support is available to integrate eligibility systems. In August 2011, CMS, the HHS Administration for Children and Families, and the U.S. Department of Agriculture released a letter providing States with information about a time-limited opportunity to use enhanced (90/10) federal funding to integrate eligibility determination functions across health and human

services programs. The new policy allows human services programs (including but not limited to Temporary Assistance for Needy Families, Child Care and Development Fund and the Supplemental Nutrition Assistance Program) to utilize systems designed specifically for determining a person's eligibility for certain health coverage programs (Medicaid, CHIP, and premium tax credits and cost sharing benefits through an Exchange) without sharing in the common system development costs, so long as those costs would have been incurred to develop systems for an Exchange, Medicaid, and CHIP. This policy only applies to development costs for eligibility determination systems, and terminates on December 31, 2015.

Proposed Concept for Reform

The purpose of Ohio's eligibility modernization project is to transform Medicaid eligibility to a family friendly, understandable, administratively streamlined and simple process. The key to modernization is simplification. The State of Ohio is proposing to simplify the criteria for Medicaid eligibility into the following three categories:

1. ***Children.*** Maintain existing eligibility for children 18 years of age and under, the majority of whom are under 200 percent of the federal poverty level (FPL).

2. ***Adults who use long term care.*** Maintain existing eligibility for individuals who use long term care services, for example, residents of long term care facilities and individuals enrolled in home and community based waivers.

3. ***Adults who do not use long term care.*** For remaining adults, the proposal is to examine:

    A. Eliminating spend down in Ohio, moving instead to a modified adjusted gross income (MAGI) limit of 138 percent FPL based on income tax information,

    B. Eliminating income disregards and category specific income treatment. Also review asset and resource standards for modification,

    C. Eliminating the need for a state or federal disability determination in order to qualify for Medicaid benefits, and

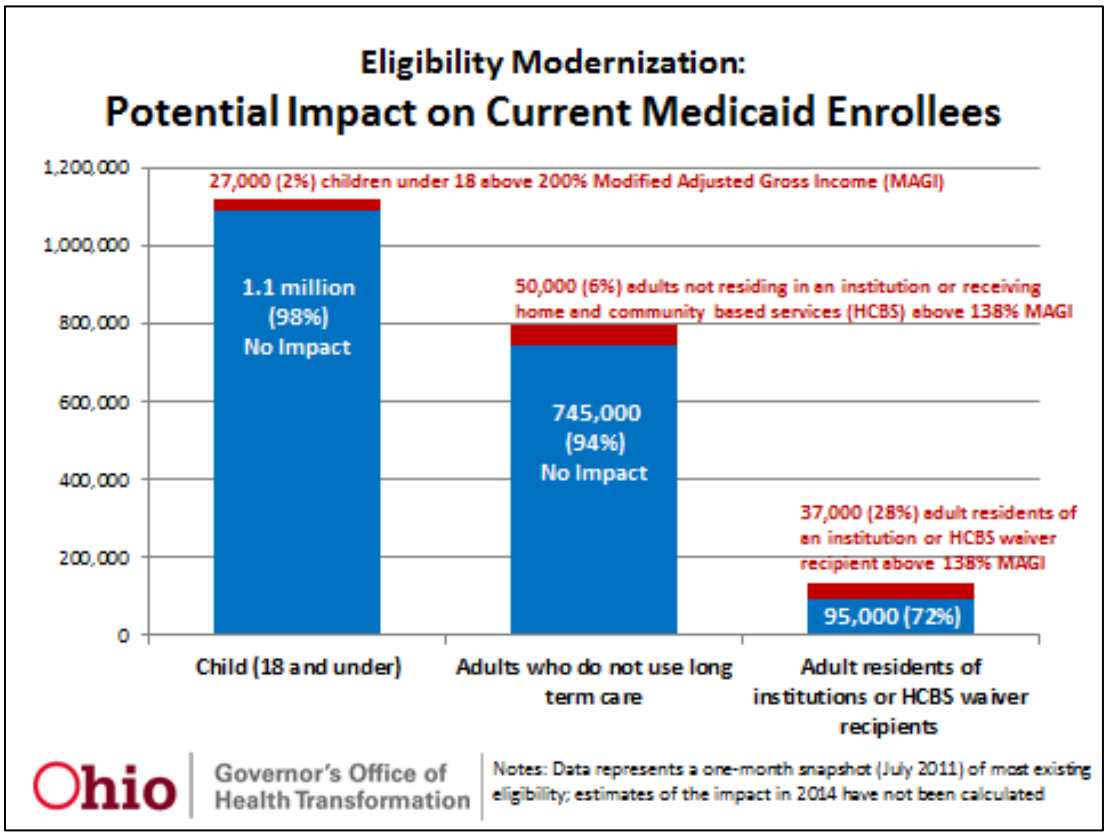
    D. Creating a hold harmless, grandfathered category for individuals already on the program who might be disadvantaged by implementation of eligibility criteria changes until their circumstances change or they move to other creditable insurance coverage.

Potential Impact on Current Enrollees

The state's goal is to cover approximately the same number of individuals who would otherwise have been covered by Medicaid if there was no eligibility redesign. To better understand the potential impact of the proposed changes, Ohio Medicaid created a one-month snapshot (July

2011) to analyze the potential impact on current Medicaid enrollees. **What stands out in the analysis is that a simple income test at or below 200 percent FPL would have qualified 98 percent of the children, and income at or below 138 percent FPL would have qualified 72 percent of adults who use long term care and 94 percent of all other adults (Figure 1).**

Figure 1.



The state's concept for reform is to simplify the eligibility system so that most current enrollees would become eligible for Medicaid based on income tax information without needing to undergo any additional eligibility test. For individuals who might be excluded by a simple income test, additional eligibility criteria may apply, as described below.

Children. The proposed eligibility simplification would have no impact on the more than 1.1 million children age 18 years and younger who were covered by Ohio Medicaid in July 2011. This includes both Medicaid and CHIP children over all current categories, including the Aged, Blind and Disabled categories. Ohio's proposal acknowledges the federal Maintenance of Effort Agreement (MOE) and would change no criteria prior to the end of the MOE period that would exclude any child who would otherwise be eligible today. Income, resources, spend-down, disability determination, and other creditable coverage would be treated the same as it is today. The reform focus in this category would be to simplify and streamline application processes, including self-service and real-time determinations whenever possible.

Adults Who Use Long Term Care. The proposed eligibility simplification would have no impact on the approximately 132,000 adults receiving Medicaid institutional and home and community based services (HCBS) in July 2011. All individuals in this category are subject to Ohio's resource limit ($1,500 for an individual and $2,250 for a couple) and other spousal impoverishment provisions. Individuals in this category have also been determined to meet Ohio's level of care criteria. Individuals in this category would continue to qualify for long term care institutional and HCBS based on current qualifying criteria (for example, resource, patient liability, spousal impoverishment, level of care). The reform focus in this category would be to streamline and simplify assessments and level of care determinations, which are required to access institutional and HCBS long-term care services.

Adults Who Do Not Use Long Term Care. For all other adults, Ohio proposes to modify eligibility criteria by moving to a simple MAGI test based on income tax information where possible. Individuals determined to be at or below 138 percent FPL would qualify for Medicaid coverage in the community. Of the approximately 795,000 other adults on Medicaid in July 2011[1], about 745,000 (94 percent) were at 138 percent FPL or below. An additional 50,000 individuals (six percent) were above 138 percent FPL (Figure 1). Under Ohio's proposal, individuals above 138 percent FPL currently on the program would be "grandfathered" for continued participation in the Medicaid program until they no longer met their previous qualifying criteria, obtained other creditable coverage, or withdrew from the program. Beginning January 1, 2014, new adult program applicants would qualify with MAGI at or below 138 percent. There would be no application of spend down processes, for some perhaps a modified resource test, and no state or federal disability determination requirement, although there would be other qualifying program criteria such as legal residency. The impact of other creditable coverage, if it exists, for someone in this group has not been determined.

Stakeholder Participation and Next Steps

The concepts described in this paper create a starting point for consideration and discussion. As proposed, they may require the federal government to "waive" existing federal barriers to eligibility simplification. Based on stakeholder input, the Governor's Office of Health Transformation will convert this concept paper into a formal waiver request and post it for public comment on May 1, 2012. Stakeholder comments will be considered for incorporation into a final waiver request, which OHT will submit to the federal government, likely as an 1115 waiver request, in June 2012. At that point, Ohio will request that the Secretary of HHS and staff of CMS commit to working with Ohio to modernize Medicaid eligibility and the processes and systems that support it. Ohio's project will culminate in a request for proposals (RFP) to competitively procure and implement a new eligibility system prior to the federally-mandated Medicaid eligibility expansion in January 2014.

[1] Other adults includes 226,000 individuals enrolled in Ohio's "Community Aged, Blind, and Disabled" category and 569,000 individuals enrolled in Ohio's "Covered Families and Children" category in July 2011.