



WITH OR WITHOUT EXPANSION, THE AFFORDABLE CARE ACT MEANS CHANGES FOR KANSAS MEDICAID

Although the July 2012 U.S. Supreme Court decision made Medicaid expansion under the Affordable Care Act (ACA) essentially optional for states, they are not exempt from a variety of changes in Medicaid rules and regulations. The ACA adjusts how people apply for and enroll in Medicaid, with the goal of coordinating application, eligibility and enrollment processes for Medicaid, the Children’s Health Insurance Program (CHIP) and the new health insurance exchanges. This brief highlights major changes to the Medicaid application and eligibility determination process for Kansas, regardless of whether Kansas expands Medicaid eligibility.

Current Application Process

Today, about 380,000 Kansans receive health insurance through Kansas Medicaid and CHIP. Approximately three-fourths of current beneficiaries are children, pregnant women and very low-income parents or caretakers. About one-fourth of beneficiaries are elderly or disabled.

Currently, there are three main ways that Kansans apply for Medicaid:

- A one-page application through the Kansas Department of Health and Environment (KDHE) for adult parents or caretakers, children and pregnant women.
- A longer application through the Kansas Department for Children and Families (DCF) for individuals applying for Medicaid and/or other social service programs, such as the Supplemental Nutrition Assistance Program or child care assistance. People who are elderly or seeking coverage due to a disability also must complete this longer application through DCF.
- Online through a screening and application process available to all Medicaid applicants as of September 2012.

Kansans can seek in-person assistance with applications from staff at 40 local DCF offices or from one of 12 KDHE eligibility workers housed

KEY POINTS

- The Affordable Care Act (ACA) adjusts how the state will enroll people in Medicaid and the Children’s Health Insurance Program (CHIP) and adds requirements for coordination with the newly created health insurance exchange.
- Kansas will shift to a single streamlined application for individuals to access Medicaid, CHIP and federal tax credits through the exchange.
- Kansas must provide a “no wrong door” application and enrollment process for Medicaid, CHIP and federal tax credits through the exchange so that individuals can apply online, by phone, by mail or in person and be referred automatically to the correct program.
- The ACA also requires the state to convert income-counting rules for Medicaid and CHIP applicants to a new federal standard that aligns closely with the rules used for federal tax credits through the exchange.

at safety net clinics across Kansas. KDHE contracts with a private company to operate a clearinghouse for processing applications and determining eligibility for most adult parents or caretakers, children and pregnant women. DCF employees process applications and determine eligibility for elderly and disabled applicants.

Currently, Kansas has specific rules for how to calculate an applicant's income and family size, which are significant parts of the eligibility determination process. Kansas also requires applicants to submit documentation of certain information, such as proof of income, citizenship and residency.

ACA Changes to Application and Enrollment

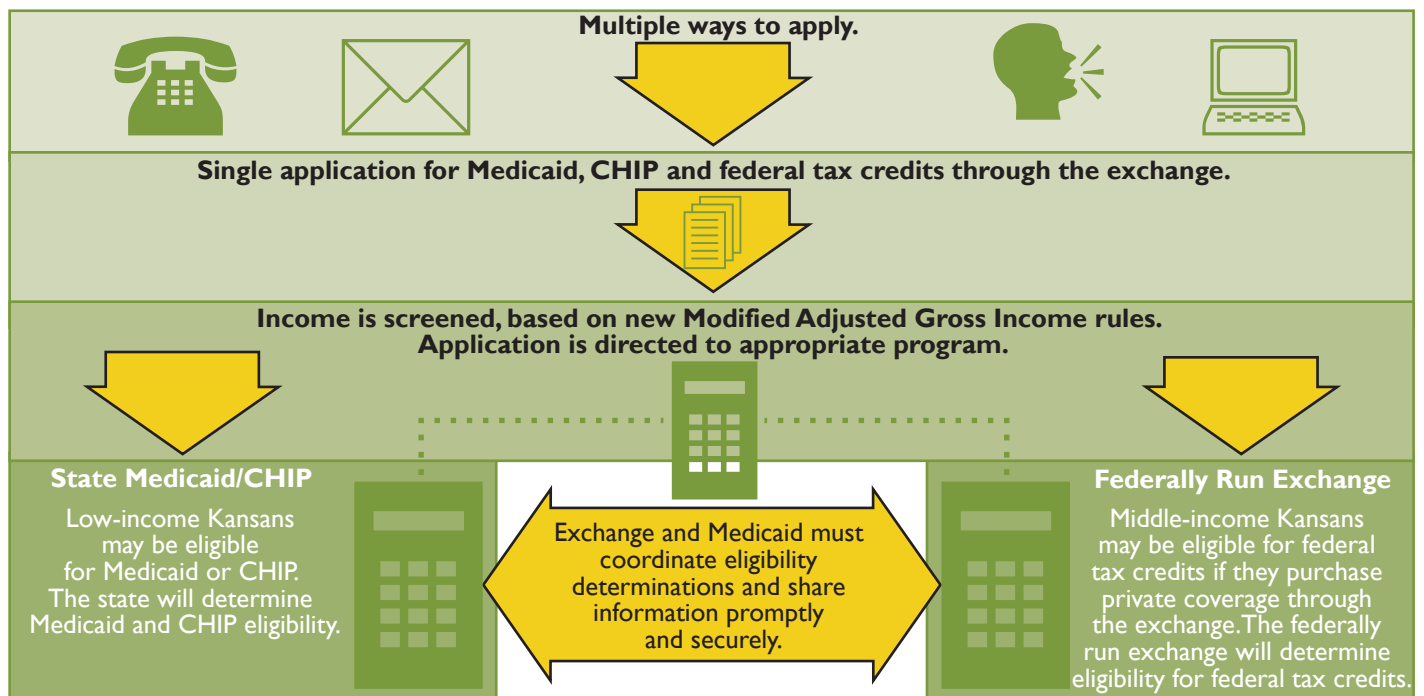
The ACA changes many of the existing federal and state-specific rules for Medicaid eligibility and enrollment. The law also requires new online marketplaces called health insurance exchanges to be operational in every state by October 2013. The ACA changes aim to streamline enrollment for Medicaid, CHIP and federal tax credits for

purchasing private coverage through the exchanges. Some of the new requirements involve substantive changes in workflow and administration for the state, regardless of Kansas officials' decision on expanding Medicaid.

Kansas must adopt a single application for individuals to access Medicaid, CHIP and federal tax credits through the exchange. The ACA requires states to use a single streamlined application for federal tax credits available through the exchange and for CHIP and Medicaid for non-disabled, non-elderly applicants. The U.S. Department of Health and Human Services (HHS) will design the application that can be used for these programs or states may choose to design their own application, although it must be approved by HHS. The ACA requires a separate or supplemental application for people who are elderly or disabled, as is current practice in Kansas.

Kansas must coordinate eligibility information between Medicaid and the federal exchange. ACA gives states the option to have the federally run exchange make Medicaid/CHIP eligibility determinations or make

Figure 1: Application and Eligibility Determination Process for Non-Elderly, Non-Disabled Applicants Under New ACA Rules for 2014*



*Process differs for those applying based on disability, age or other non-income-related eligibility category.

Note: Exchanges and state Medicaid programs must start accepting new streamlined applications and making eligibility determinations based on MAGI rules on October 1, 2013. From October 1, 2013, until January 1, 2014, state Medicaid programs must evaluate current eligibility using 2013 rules and prospective eligibility using 2014 MAGI rules.

an initial screening and transfer the application to the Medicaid program for final determination. Although no formal agreements have been entered between the state and the exchange, Kansas officials have indicated that the Medicaid program will make final Medicaid eligibility determinations, while the federally run exchange will make the eligibility determinations for the federal tax credits. The federal exchange will still screen applicants for Medicaid/CHIP eligibility, and the ACA requires the Medicaid program to screen applicants for federal tax credits if they are found ineligible for Medicaid. The ACA establishes guidelines for coordination of these eligibility screenings, including prompt, secure transfer of information between the state Medicaid program and exchange.

Kansas must provide a “no wrong door” application and enrollment process. The ACA requires that individuals must be able to apply online, by phone, by mail, in person and through other electronic means, which is not a huge shift from current practice in Kansas. The key difference is that state eligibility systems must be able to automatically screen an applicant’s eligibility for Medicaid, CHIP or exchange tax credits and direct the applicant to the correct program. For example, if an individual applies for Medicaid or CHIP but is eligible for federal tax credits through the exchange, that person

must be referred to the appropriate program without having to file an additional application. Since 2009, Kansas has been building a new automated eligibility system — the Kansas Eligibility Enforcement System (KEES) — with this capability. KEES will be a major shift from a primarily paper-based system that relies on state or contracted employees for eligibility determinations.

Kansas must use electronic data sources, when possible, to verify information before requesting paper documentation. The ACA changes documentation requirements by allowing states to accept self-declaration of most eligibility information, except citizenship and immigration status. Table I compares current Kansas documentation requirements — for adult parents or caretakers, pregnant women and children — with streamlined ACA requirements. The law requires states to rely on, to the maximum extent possible, electronic data matches with a newly created federal data hub or other trusted third-party sources to verify information that applicants provide. This federally operated hub will verify citizenship, immigration status and tax information with the Social Security Administration, Department of Homeland Security and Internal Revenue Service (IRS). States can only require paper documentation if the information from these electronic data sources is not available or is not

Table I: Changes in Documentation Requirements for Medicaid*

Current Kansas Medicaid Documentation Required	ACA Medicaid Documentation Required
<ul style="list-style-type: none"> • Proof of citizenship and identity. • Proof of child support and/or alimony received. • Proof of income (i.e. pay stubs, earning statements, rental property/sales contracts, government payments, workers’ compensation, pensions). As of January 2010, Kansas accepted self-declaration of wages for new applicants when Department of Labor information confirmed their declaration. • If self-employed, federal income tax returns, bookkeeping records, sales and expenditure records. • Proof of medical expenses, such as doctor bills and hospital bills for past three months, if applying for retroactive coverage. • Health insurance cards, for those who already have health insurance. 	<ul style="list-style-type: none"> • Proof of citizenship or immigration status (electronic verification through federal data sources if available). • Self-declaration allowed for all eligibility information except citizenship and immigration status. • In addition, states must: <ul style="list-style-type: none"> • Use, to the maximum extent possible, electronic data matches with trusted third-party data sources to verify information before requesting paper documentation. • Submit a verification plan to the federal government outlining how information will be verified.

*Additional requirements exist for applicants who are elderly or have a disability.

Source: Kansas Department of Health and Environment KanCare application and Centers for Medicare and Medicaid Services.

“reasonably compatible” with information the applicant provides. In recent years Kansas relied on self-declaration in some circumstances, but under these new rules the state can shift to self-declaration in most cases.

Kansas must calculate Medicaid/CHIP eligibility for most children and adults using Modified Adjusted Gross Income (MAGI), a new formula for counting an applicant’s income. The new MAGI rules largely rely on IRS tax filing rules to count taxable earned income and household size. For example, MAGI will not include child support income, veteran benefits and a few other types of non-employment income that currently are included when determining Medicaid/CHIP eligibility. But MAGI would include certain income that currently is exempt, such as scholarships and grants, farm income after depreciation and deduction of capital losses. The ACA requires each state to submit a plan to HHS detailing how it will convert to the new MAGI rules.

In 2014, states will use the MAGI formula to calculate income for most people under age 65 applying for Medicaid and CHIP. Several Medicaid populations will be exempt from the MAGI rules, including individuals who are blind, disabled or elderly or people seeking coverage based on the need for long-term services and supports, Medicare cost-sharing assistance or medically needy coverage. HHS has additional rules and requirements for these non-MAGI applicants.

New Rules for Medicaid: Implications for Kansas

While the ACA adjusts how the state enrolls people in Medicaid and CHIP and adds requirements for coordination with the exchange, the law also allows some

flexibility for state-level decisions related to these new rules.

Coordination and delineation of responsibilities between Medicaid and the exchange: The ACA requires significant coordination and eligibility information sharing between Medicaid and the exchange. Kansas officials will need to enter into agreements with the federally run exchange in order to manage the Medicaid application and eligibility process in conjunction with the eligibility determination for federal tax credits in the exchange.

Training and education on new application and rules: Whether or not Kansas expands Medicaid, Kansas officials will need to train eligibility staff on new administrative requirements and changes to the application and eligibility process. In addition, Kansas officials must determine how to inform current beneficiaries and potential applicants about changes in the application process and requirements.

Plans for converting to new income rules and verifying applicant information: The ACA regulations require Kansas to submit a plan to HHS detailing how it will convert to new MAGI income-counting rules. It will be important for the state to consider how to coordinate rules and processes with the exchange, which will use a slightly different MAGI calculation to determine eligibility for federal tax credits. HHS also requires a plan describing how the state will verify an applicant’s information. Kansas officials must decide what federal and electronic sources it will utilize for data matching, how it will ensure data are secure and what process to use if an applicant’s information is not “reasonably compatible” with these electronic data sources.

More Information

This publication is the 10th in a series of briefs about the impact of health reform in Kansas. It is based on work done by Emily Meissen-Sebelius, M.S.W. This document and the other briefs in the series are available at www.khi.org.

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KANSAS HEALTH INSTITUTE

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