

November 5, 2013
 Joint Committee on Administrative Rules and Regulations

One of the changes resulting from the Affordable Care Act (ACA) is how income will be counted for some Medicaid applicants and beneficiaries. The ACA mandates the use of Modified Adjusted Gross Income (MAGI) methodology for eligibility determinations for specific groups of Medicaid applicants and beneficiaries. Under current eligibility rules, certain income is not counted (referred to as income disregards) when determining Medicaid eligibility. Using MAGI methodology, these income disregards will no longer be permitted.

The Kansas Department of Health and Environment has established MAGI income limits with a process approved by CMS. The process converts current income limits to MAGI income limits. The goal of this MAGI conversion process is to establish a MAGI-based income standard that, despite the elimination of disregards, is not less than the current income eligibility standard for the MAGI eligibility groups under Medicaid.

The following table illustrates MAGI population converted income standards. For children and families, the standard must be revised to no longer disregard \$200 per earner as we do with our current earned income disregards. There are other variables as well, but the difference is driven by the income disregard change.

The adjustments smooth the impact of a variety of scenarios by using analysis of Census data to

| GROUP | | Old Standard | New Standard |
|---|-------------|---------------------|---------------------|
| TANF Adults Medicaid | Upper limit | various* | 33% FPL |
| Pregnantwomen & infants Medicaid | Upper limit | 150% FPL | 166% FPL |
| Children 1-5 Medicaid | Upper limit | 133% FPL | 149% FPL |
| Children 6-18 Medicaid enhanced match for | Upper limit | 100% FPL | 133% FPL |

determine how often households in certain income strata might previously have qualified for disregards that no longer can be used.

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|--|-------------|---------------------|---------------------|
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| Children 1-5 Medicaid | Upper limit | 133% FPL | 149% FPL |
| Children 6-18 Medicaid enhanced match for 113-133% | Upper limit | 100% FPL | 133% FPL |
| Free S-CHIP, age 1-5, 134%FPL to 149% FPL | Upper limit | 149% FPL | 166% FPL |
| Free S-CHIP, age 6-18, >101% FPL to 149% FPL | Upper limit | 149% FPL | 166% FPL |
| S-CHIP premium, age <19, 150% FPL to 175% FPL | Upper limit | 175% FPL | 191% FPL |
| S-CHIP premium, age <19, 176% FPL to 200% FPL | Upper limit | 200% FPL | 218% FPL |
| S-CHIP premium, age <19, 225% FPL to | Upper limit | 225% FPL | 245% FPL |

MAGI SCENARIOS

Pregnant Woman

Sandra, age 29, is pregnant. She lives with her husband, Tom. Her baby is due in February 2014. She is applying for KanCare for prenatal care.

What is their monthly income?

- Sandra works part time and earns \$1000/month
- Tom works full time and earns \$1600/month
- Their total income is \$2600/month

Using the old rules?

Under the old rules certain income disregards were applied prior to determining the countable monthly income, For Sandra and Tom, a \$400 deduction was applied.

Sandra and Tom were at 135% FPL.

For Pregnant Woman coverage, the limit was 150% FPL.

Sandra is eligible for coverage.

Using MAGI rules?

Under the new rules disregards are not applicable. Total gross income is now used.

Sandra and Tom are at 160% FPL

For Pregnant Woman coverage, the limit is 166% FPL

Sandra is eligible for coverage

MAGI SCENARIOS

Children

Patty and John are married and have two children, ages 7 and 12. They are applying for KanCare coverage for their children.

What is their monthly income?

- Patty works full time and earns 2500/month
- John also works full time and earns 2200/month
- Their total income is \$4300/month

Using the old rules?

Under the old rules certain income disregards were applied prior to determining the countable monthly income, For Patty and John, a \$400 deduction was applied.

Patty and John were at 219% FPL.

For KanCare CHIP coverage the limit was 225%.

Both children were eligible for KanCare CHIP with a \$50/month premium.

Using MAGI rules?

Under the new rules disregards are not applicable. Total gross income is now used.

Patty and John are at 239%FPL

For KanCare CHIP coverage the limit is 245%.

Both children are eligible for KanCare CHIP with a \$50/month premium.

MAGI SCENARIOS

Low Income Parents and Caretakers

Jill and Joe have three children. They were both laid off from their jobs and have been receiving coverage under the Low Income Families program for the past 6 months. Jill just returned to work.

What is their monthly income?

- Jill works part time and earns \$700/month
- Their total income is \$700/month

Using the old rules?

Under the old rules certain income disregards were applied prior to determining the countable monthly income, For Jill and Joe, , a \$334 deduction was applied.

Jill and Joes had countable income of \$366.

For KanCare coverage the limit for their HH size and location was \$532/month.

The entire family was eligible for KanCare.

Using MAGI rules?

Under the new rules disregards are not applicable. Total gross income is now used.

Jill and Joe have countable income of \$700, or 31% FPL.

For KanCare coverage the limit is 33% FPL.

The entire family is eligible for KanCare