State and Federal Policy Choices: How Human Services Programs and Their Clients Can Benefit from National Health Reform

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Outline

I. National health reform in a nutshell
II. Connecting health coverage applicants to human services programs
III. Helping Medicaid efficiently enroll newly eligible adults
IV. Leveraging the Medicaid expansion to achieve core goals of human services programs
V. Modernizing information technology used to determine eligibility for human services programs
VI. Ensuring that social services offices remain a viable avenue for enrolling into health coverage
I. NATIONAL HEALTH REFORM IN A NUTSHELL: WHAT HAPPENS IN 2014?
Medicaid eligibility under the Patient Protection and Affordable Care Act (ACA)

• Up to 138% of the federal poverty level (FPL) for all citizens and qualified immigrants

• Huge increase in eligibility
  ❖ Today
    ➢ Childless adults typically ineligible
    ➢ In the median state, parents qualify up to
      o 64% FPL for workers
      o 37% FPL for non-workers
  ❖ Enrollment is projected to increase from 43 million people < age 65 to 60 million people
Other insurance affordability programs

- New subsidies
  - Fully refundable, advanceable federal income tax credits up to 400% FPL
  - Out-of-pocket cost-sharing subsidies up to 250% FPL
- These subsidies are used in health insurance exchanges
  - Exchanges are administered for each state by either the state or the federal government
  - Exchanges serve multiple functions
Eligibility determination

• Income calculated based on Modified Adjusted Gross Income (MAGI) – federal income tax rules

• A common application form can be filed
  ❖ With any agency
  ❖ In-person, on-line, or by phone, mail, or fax

• All health programs use a “shared eligibility service”
  ❖ Data matches with multiple sources
  ❖ Eligibility is established if data matches are reasonably consistent with statements on the application
  ❖ Only if such data matches fail to show eligibility is the consumer asked for additional information or documentation
Information technology (IT) investment

• 90% federal match is available for Medicaid IT investment needed for the ACA’s data-driven eligibility
  ❖ Funds available through 12/31/15

• 100% federal exchange grants can be used to develop exchange IT used for eligibility determination
  ❖ Funds available until 1/1/15

• What if Medicaid and human services programs use a common eligibility system?
  ❖ Normally, costs are allocated among all programs that benefit from investments in such a system
  ❖ In this case, Medicaid will pay all costs of improving a common eligibility system to meet ACA requirements
Federal requirements for IT funding

• “We expect IT systems to support a first-class customer experience, as well as seamless coordination between the Medicaid and CHIP programs and the Exchanges and between the Exchanges and plans, employers, and navigators. We also expect these systems to generate robust data in support of program evaluation efforts and ongoing improvements in program delivery and outcomes.”

• “For most people, this routing and enrollment in the Exchange, Medicaid or CHIP will happen in real time.”

• “Customers should experience this process as representing the highest level of service, support, and ease of use, similar to that experienced by customers of leading service and retail companies and organizations doing business in the United States.”
Federal efforts to expedite IT modernization

- Developing “off the shelf” software for states to use, free of charge
- New IT approaches
  - Common definition of core data elements
    - National Information Exchange Model (NIEM)
  - Federal data hub
    - One place to get federal data from multiple sources
II.

CONNECTING HEALTH APPLICANTS TO HUMAN SERVICES PROGRAMS
Insurance affordability programs are likely to reach more low-income people than any other program in American history

- Broad eligibility
- Public education and outreach
- Streamlined enrollment
- Individual responsibility to obtain insurance
Medicaid enrollment, without and with the ACA: Estimates for 2011 (millions)

<table>
<thead>
<tr>
<th>Category</th>
<th>Without ACA</th>
<th>With ACA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult parents</td>
<td>6.3</td>
<td>9.4</td>
</tr>
<tr>
<td>Adult non-parents</td>
<td>9.0</td>
<td>19.0</td>
</tr>
<tr>
<td>Children</td>
<td>27.6</td>
<td>31.3</td>
</tr>
</tbody>
</table>

Source: Buettgens, et al., *America Under the Affordable Care Act*, 2010
Why should human services programs connect to health programs’ eligibility infrastructure?

• **Administrative savings.** Use the work already done by health programs to establish eligibility for human services programs.

• **Reduced red tape for families** when they are not required to keep giving the same information to multiple agencies
  - Can help with employment, in some cases

• **Improved access to benefits** when enrollment procedures are streamlined
One possible approach

- After the data-driven ACA eligibility process is complete, ask consumers if they want their information shared with other state agencies to see if they qualify for other benefits.
- If consumers consent, send the human services program information from the health coverage eligibility records.
- Human services program follows up with any supplemental questions needed to determine eligibility.
Immediate start of eligibility determination for human services

- Once consumer consents and data is conveyed from health to human services agencies, eligibility determination starts for the latter
- *No need for consumer to submit a separate human services application*
- The alternative—screening for possible eligibility and encouraging consumers to submit applications—has often yielded disappointing enrollment
Examples

SSA’s MSP outreach: 2002

- Mailed applications to potentially eligible beneficiaries: 16,400,000
- People who enrolled: 74,000

New Jersey’s child health outreach: 2009

- Streamlined forms sent to parents who said their children were uninsured: 172,000
- Children who enrolled: 750
It’s not just low-income people and public benefits

Percentage of eligible workers who participate in tax-advantaged retirement accounts

- Independent enrollment in IRA: 10%
- Firms where new hires enroll in 401(k) only after completing a form: 33%
- Firms where new hires go into 401(k) UNLESS they complete an opt-out form: 90%

Sources: Etheredge, 2003; EBRI, 2005; Laibson (NBER), 2005.
Sequence

1. The consumer completes the streamlined eligibility determination process under ACA

2. The consumer consents to sharing information with other agencies and *answers a question about the preferred method for follow-up: phone, email, text message, in-person visit, etc.*

3. Information is sent from the health to the human services program

4. The human services program sees whether eligibility is established based on information received from the health program
Sequence, continued

5. The human services follows-up with the consumer using methods chosen by the consumer: phone call, email, text message, in-person visit, etc.

6. Additional information is requested from consumer if required to determine eligibility for
   - Medicaid
   - Human services program

7. In seeking such information, no questions are asked that have been answered by data received from the ACA eligibility system:
   - Pre-populate human services application with information from ACA system
   - Dynamically structure web-based or telephone applications to avoid redundant questions
Sequencing, concluded

- A consumer can opt to start with a multi-program application
  - But if the latter becomes the default, many will not enroll
- Advantages of starting with ACA streamlined eligibility
  - Expedited enrollment into health coverage, when possible
  - Reduces the need for human services programs to gather additional information
  - Simplifies IT development required from health program
    - No need to incorporate human services eligibility rules
    - Just need to export data
Change human services eligibility rules to fit ACA data: a SNAP example

• If a health program found that Joe has MAGI < 100% FPL, Joe is automatically found income-eligible for SNAP

• Determining Joe’s SNAP benefit levels
  - Joe immediately starts receiving SNAP benefits based on his MAGI, as found by the health program
  - The SNAP program quickly re-determines Joe’s income, based on SNAP rules, and modifies benefit levels accordingly
  - In determining Joe’s income, the SNAP program—
    - Do not ask questions already answered by the health program
    - Give Joe a choice of how he wants to be contacted—phone call, email, text message, Facebook, in-person meeting, etc.
Eligibility rules that fit ACA data, continued

• What if the health program found that Joe has MAGI > 100% FPL?
  ❖ Joe is encouraged to file a standard SNAP application, which is evaluated using regular SNAP rules
  ❖ Why?
    ➢ Joe’s income may have fallen since the period covered by data-matching
    ➢ SNAP’s income methodologies may assign Joe a net income < MAGI

• SNAP statute very prescriptive
  ❖ Consider a pilot or demonstration
  ❖ Consider a statutory change under the 2012 Farm Bill

• Other programs have much less prescriptive federal statutes—TANF, LIHEAP, child care subsidies, etc.
  ❖ Could be an “easier lift”
  ❖ Federal officials could help by issuing guidance authorizing these approaches
HELPING MEDICAID EFFICIENTLY ENROLL NEWLY ELIGIBLE ADULTS
Using data from non-health programs to qualify people for health coverage

- Match records of Medicaid and other programs to identify people participating in human services programs but not receiving Medicaid
- Use information in files of human services program to establish Medicaid eligibility
  - If CMS permits it, grant income-eligibility for health coverage based on the findings of other programs, without regard to methodological differences
- Can help Medicaid programs cope with the forthcoming flood of Medicaid applications
Which human services program?

• SNAP a good candidate
  ❖ Nearly 45 million beneficiaries
  ❖ Carefully vetted, recent income data
  ❖ In most states, a computer system shared with Medicaid

• For any program, a health linkage may permit enhanced federal funding for IT development (more on this later)
IV.

LEVERAGING THE MEDICAID EXPANSION TO ACHIEVE CORE HUMAN SERVICES GOALS
By greatly reducing the number of uninsured, poor parents, the ACA could help achieve key human services goals

• Today, 43 percent of poor parents are uninsured
• The ACA is expected to increase parental Medicaid coverage from 6.3 million to 9.4 million people
• Treatment of parental depression and other illness:
  - Improves children’s healthy development and may reduce abuse and neglect
  - Improves employment prospects
Policy interventions for human services programs and advocates

- Special assistance to help these parents enroll
- Structuring Medicaid to ensure that vulnerable parents get needed care
  - Amount, duration, and scope of covered benefits
  - Reimbursement that recruits enough providers
  - No unaffordable co-pays
  - Support for innovative care delivery mechanism
  - Case management to promote utilization
- Potential cost-savings for states
  - Substitute federal Medicaid dollars for some state social services spending
V.

MODERNIZING HUMAN SERVICES IT SYSTEMS
Some programs will automatically benefit from ACA IT development

- Background: serious problem with eligibility IT
  - Obsolete computer systems
  - Raises administrative costs
  - Makes streamlining difficult

- If an eligibility system serves both Medicaid and other programs, 90 percent federal Medicaid funding can upgrade that system
What about programs that do not share an eligibility system with Medicaid?

• Health programs are prioritizing connections between health programs that serve populations with different incomes
  ❖ “Vertical integration”

• ACA encourages states to also connect human services programs with health programs that serve overlapping populations
  ❖ “Horizontal integration”
An example of horizontal and vertical integration

<table>
<thead>
<tr>
<th></th>
<th>Health coverage</th>
<th>Nutrition</th>
<th>Cash assistance</th>
<th>Subsidized child care</th>
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</thead>
<tbody>
<tr>
<td>185-400% FPL</td>
<td>Subsidies in exchange</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>138-185% FPL</td>
<td>• CHIP for children • Exchange subsidies for adults</td>
<td>• WIC • NSLP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0-138% FPL</td>
<td>Medicaid</td>
<td>SNAP</td>
<td>TANF</td>
<td>CCDBG</td>
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</tbody>
</table>

**Horizontal integration**

**Vertical integration**
Arguments for horizontal integration and enhanced IT funding

• Horizontal integration can
  - Increase enrollment into health coverage
  - Lower the administrative costs of determining eligibility for health coverage

• Since they help Medicaid, investments in IT linkages between health and human services may qualify for enhanced Medicaid funding

• One approach to linkage: developing NIEM-consistent translation routines for IT systems that house human services eligibility records
Preventing fiscal risk

• In many states, Medicaid, TANF, and SNAP share common eligibility systems
  ❖ Medicaid pays a large share of the costs
• If Medicaid moves to more modern systems, and human services programs remain behind, they may need to shoulder more of the costs
• Take-home: modernizing human services IT could be a matter of fiscal survival
VI.

KEEPING SOCIAL SERVICES OFFICES AS A VIABLE ENTRYWAY TO HEALTH COVERAGE
Concerns for consumers

- Tens of millions of low-income households use social services to access Medicaid, along with other work supports
- Low-income consumers vary
  - Some want in-person interviews
  - Some prefer telephone or on-line applications
- A modernized Medicaid could separate from the work of social services agencies
  - Kiosks
  - Separate agencies
- Consumers could be asked to give the same information twice
  - To human services programs
  - To health insurance affordability programs
Another approach

• Incorporate the ACA’s data-matching systems into the work of human services programs

• Use that data to qualify families for
  - Health coverage, using modernized methodologies
  - Other work supports
Conclusion

• The ACA offers great opportunities for human services programs and their clients
• To realize those opportunities, human services advocates need to be engaged in the near term, at the state and federal levels