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

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January 9, 2012 Webinar



Many thanks to the Center for Law and Social Policy, First Focus, and Single Stop USA for supporting our research, and to the Annie E. Casey Foundation.

None of those organizations or the Urban Institute, its trustees, or its funders are responsible for the opinions expressed here, which are the presenter's.

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. Modernizing information technology used to determine eligibility for human services programs
- V. Leveraging the Medicaid expansion to achieve core goals of human services programs
- VI. Retaining social services offices as a viable doorway to health coverage



I.

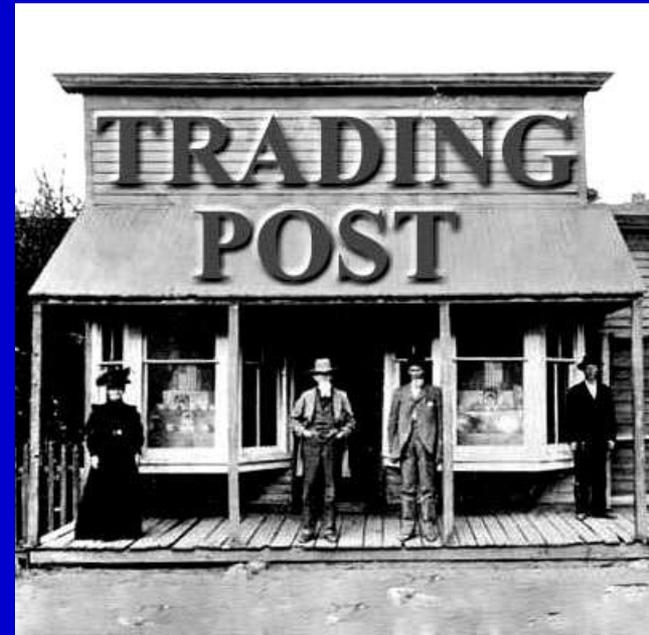
NATIONAL HEALTH REFORM IN A NUTSHELL: WHAT HAPPENS IN 2014?

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
 - 64% FPL for workers
 - 37% FPL for nonworkers
 - ❖ Enrollment is projected to increase from 43 million to more than 60 million people under age 65

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, online, 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***



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 is expected to cover > 60 million nonelderly



Should human services programs connect to health programs' eligibility infrastructure?

- Administrative factors
 - ❖ Administrative savings. Work already done by health programs can help establish eligibility for human services.
 - ❖ 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
 - ❖ *BUT* – must allocate staff or contractors to build a connection
- Increased enrollment in noncapped programs
 - ❖ Some policymakers see this as positive
 - More people get the assistance they are promised
 - More people's basic needs are met
 - Can help achieve ACA's goals for health status improvement
 - ❖ Other policymakers see this as problematic
 - Higher public-sector benefit costs (often federal)
 - More use of government programs

Possible approaches to connection

- After the consumer completes the application for health coverage, the consumer can ask for the health program to transfer data to human services
- Human services uses the data to jump-start the application and streamline eligibility determination
- For further streamlining, human services could consider changing eligibility rules to automatically “deem” eligibility based on information from the health program

Data transfer from health

- Scenario: consumer applies for health coverage online, by phone, or in person
- 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
 - ❖ How they would like to be contacted if more information is needed
- If consumers consent, send the human services program information from the health coverage eligibility records
 - ❖ Limits health IT work needed to build the link



Human services response

- Human services program follows up with supplemental questions essential to determine eligibility
 - ❖ Prepopulate forms or use dynamic forms to eliminate redundant questions
 - ❖ Proactively reach out to consumers, using their preferred medium
- Once consumer data are received, eligibility determination starts for human services
- ***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.

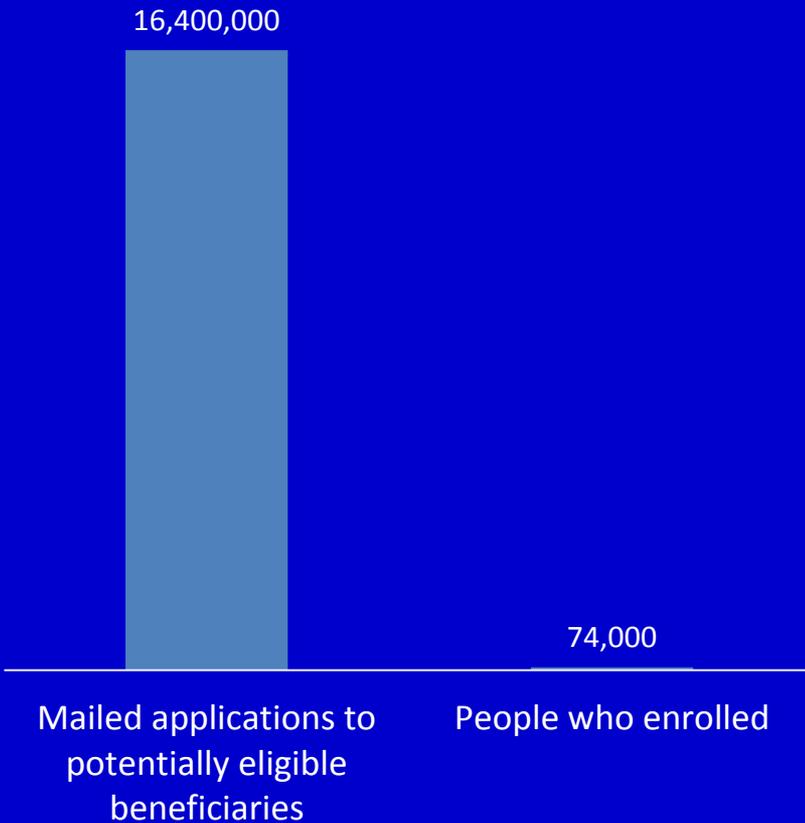
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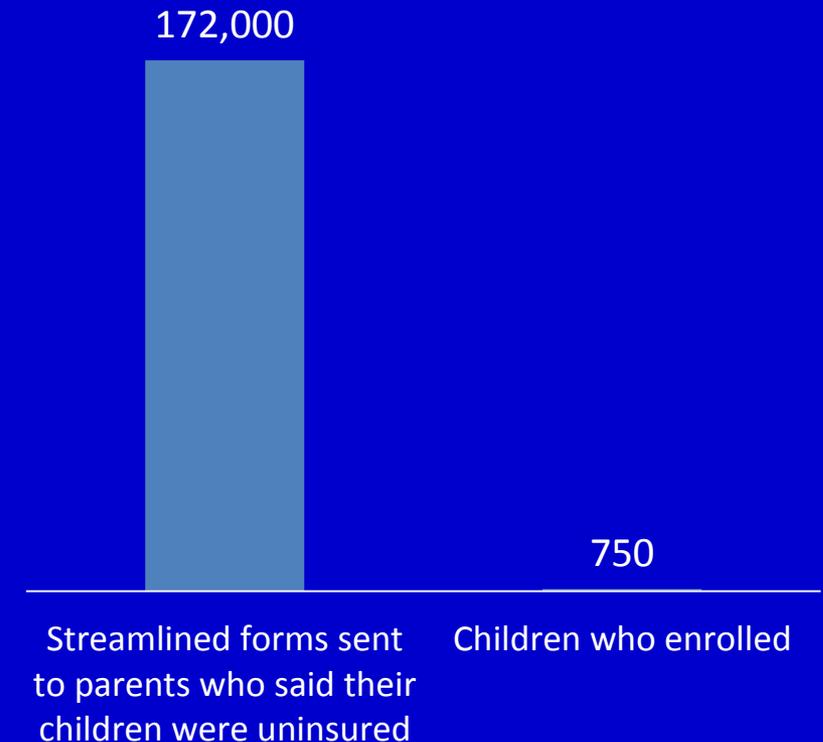
DISAPPOINTMENT

Examples

Social Security Administration outreach to Medicare Savings Programs eligibles: 2002

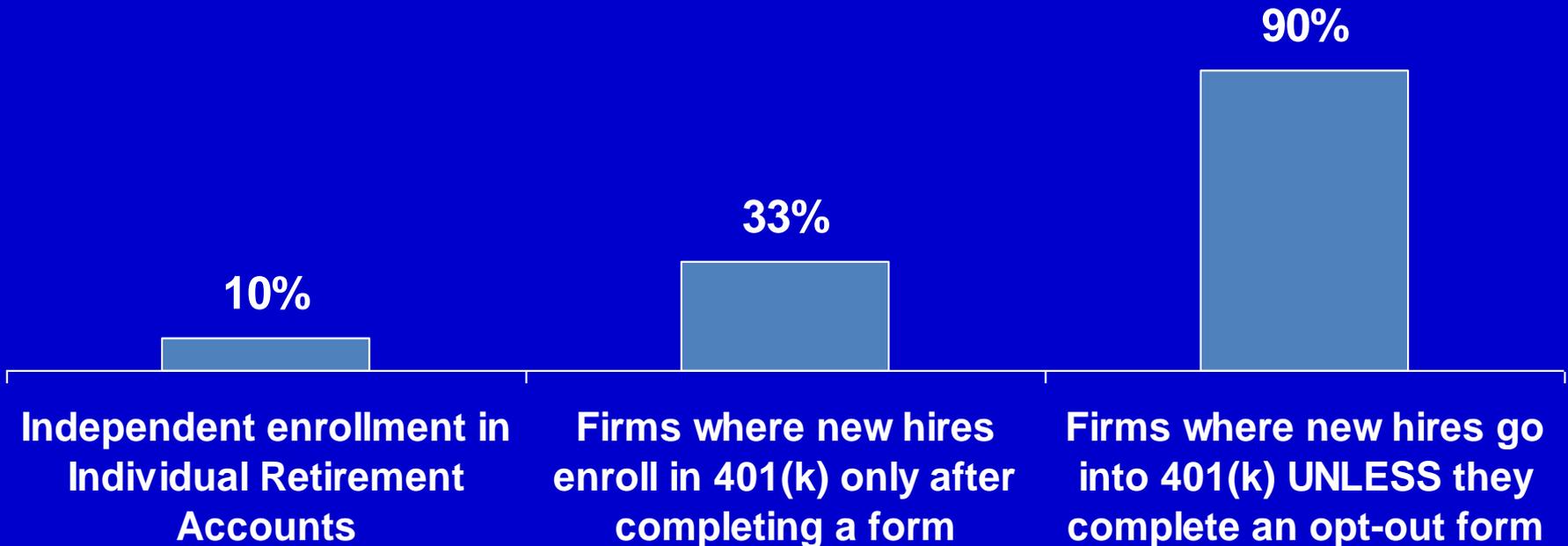


New Jersey's child health outreach: 2009



It's not just low-income people and public benefits

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



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

Changing human services eligibility rules to fit ACA data: National School Lunch Program (NSLP) Medicaid demonstrations

- Children are Directly Certified as eligible for free school meals if:
 - ❖ They participate in Medicaid or the Children's Health Insurance Program (CHIP)
 - ❖ These health programs found gross income is at or below 133% FPL
- Ordinarily, NSLP and Medicaid apply different rules for—
 - ❖ Household definition
 - ❖ Income deductions
- What's the rationale for bypassing these differences and "deeming" eligibility?
 - ❖ Saves administrative dollars, since eligibility is automatic
 - ❖ Increases enrollment, since families relieved of paperwork
 - ❖ Almost all Medicaid children <133% FPL qualify for NSLP

Could a similar approach apply to other programs?

- For Supplemental Nutrition Assistance Program (SNAP), need a waiver
 - ❖ Need to consider, not just whether someone qualifies for SNAP, but also the benefit amount
 - ❖ Pay standardized benefits, based on MAGI, for, e.g., 45 days. After that, need an income determination that sets benefit levels using SNAP rules.
 - ❖ Requires budget neutrality, counting the costs of—
 - Enrolling otherwise ineligible people
 - Paying benefits above what would otherwise be due
- Other programs have much less prescriptive federal statutes—temporary assistance to needy families (TANF), low-income home energy assistance program (LIHEAP), child care subsidies, etc.
 - ❖ Could be an “easier lift”
 - ❖ Could establish ongoing standardized benefits, using MAGI
 - ❖ Federal officials could help by issuing guidance authorizing these approaches

III.

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 Center for Medicare and Medicaid Services (CMS) permits it, grant income eligibility for health coverage based on the findings of other programs, without redetermining income under Medicaid rules
- Implications for Medicaid
 - ❖ Lowers administrative costs of coping with the forthcoming flood of Medicaid applications
 - ❖ Higher enrollment
 - State costs will reflect the balance of newly eligible adults and other new enrollees

Which human services program?

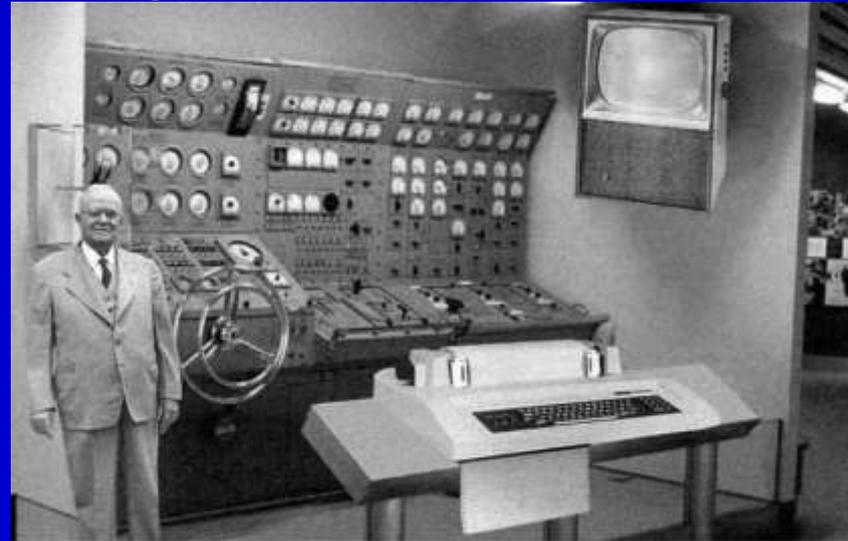
- SNAP a good candidate
 - ❖ Nearly 45 million beneficiaries
 - ❖ Carefully vetted, recent income data
 - ❖ In most states, a computer system shared with Medicaid
- For any program, a health linkage may permit enhanced federal funding for IT development—very important

IV.

MODERNIZING HUMAN SERVICES IT SYSTEMS

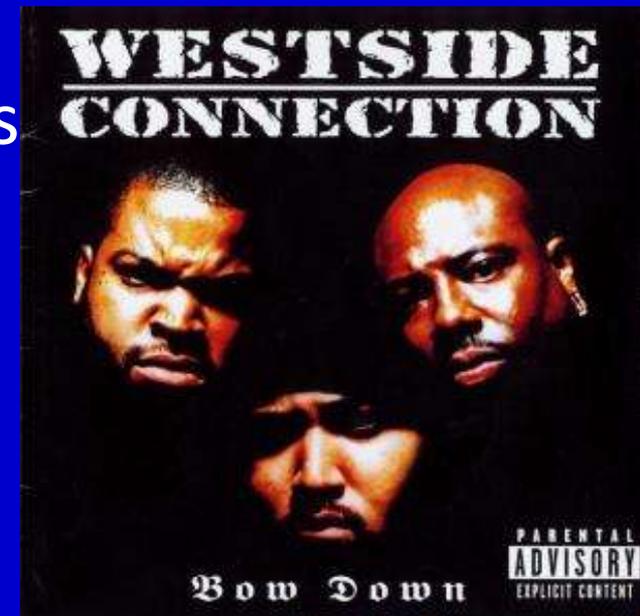
Some programs will automatically benefit from ACA IT development

- 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% 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

	Health coverage	Nutrition	Cash assistance	Subsidized child care
185-400% FPL	Subsidies in exchange <ul style="list-style-type: none"> • CHIP for children • Exchange subsidies for adults 	<ul style="list-style-type: none"> • WIC • NSLP 		
138-185% FPL Vertical integration				
0-138% FPL	Medicaid	SNAP	TANF	CCDBG

Horizontal integration

Approaches to horizontal integration and enhanced IT funding

- Using human services data to enroll people into health coverage:
 - ❖ Increases Medicaid participation
 - ❖ Lowers the administrative costs of determining eligibility for health coverage
- If they help Medicaid, investments in human services IT qualify for 90/10 Medicaid match
- Linkage approaches, from least to most robust
 - ❖ Leave room to add human services IT later
 - But what if the federal money is gone by then?
 - ❖ Translate so human services IT can “speak” in terms that other systems understand
 - ❖ Modernize human services eligibility systems



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 these costs
- Take-home: modernizing human services IT to keep up with Medicaid could be a matter of fiscal survival



V.

**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% of poor parents are uninsured. Most will qualify for Medicaid under the ACA.
- Treatment of parental depression and other illness:
 - ❖ Improves children's healthy development and may reduce abuse and neglect
 - ❖ Improves parents' 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
- Potential cost savings for states
 - ❖ Substitute federal Medicaid dollars for some state social services spending on formerly uninsured parents who now receive Medicaid

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 offices to access Medicaid, along with other work supports
- Low-income consumers vary
 - ❖ Some want in-person interviews
 - ❖ Some prefer telephone or online applications
- A modernized Medicaid could separate from the daily 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 the data to qualify families for
 - ❖ Health coverage, using modernized methodologies
 - ❖ Other benefits

Conclusion

- The ACA offers opportunities and risks for human services programs and their clients
- To realize those opportunities and reduce those risks, human services officials need to be engaged with ACA implementation in the near term, at the state and federal levels

