Implementing the Affordable Care Act in Iowa:
Transforming the Medicaid Eligibility Delivery System

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Affordable Care Act

- Key provisions take effect January 1, 2014.
- Creation of Health Benefits Exchange (HBE).
  - Exchange is a 'marketplace' to allow consumers to compare plan benefits and price, provide consumer assistance, facilitate plan enrollment.
- Medicaid expansion to 133% of the Federal Poverty Level.
- Mandate for individuals to have insurance coverage, penalties for large employers who don't offer insurance (20 States filed lawsuits, pending).

ACA Coverage Strategy

- Employer-based coverage (large groups)
- Health Benefits Exchange for Individuals and Small Groups
  - Tax subsidies for 133% to 400% of Federal Poverty Level (FPL)
- Medicaid for all below 133% FPL (also through Exchange)
- CHIP for children through 2019 (also through Exchange)

Medicaid Under the Affordable Care Act

- January 1, 2014 - ACA requires Medicaid expansion to 133% of Federal Poverty Level. Option for the development of plans for 133%-200% FPL

- Mandates a number of changes to streamline eligibility and will result in increased enrollment

- **Iowa Medicaid enrollment estimated to increase by 25%, or by 80,000-100,000 Iowans in 2014 under the ACA**

Medicaid Eligibility since 1965

- Historically, Medicaid eligibility linked to other 'public assistance' programs
- Partial 'delinking' over time, i.e., formal separation of AFDC/Medicaid with implementation of TANF in 1995
- However, from a practical perspective, Medicaid eligibility still dependent on federal categories (children, pregnant women, parents, elderly, disabled)
- Single adults/childless couples always excluded even with $0 income

ACA Changes Medicaid Eligibility in Significant Ways

- Clear separation from other public assistance programs
- Elimination of coverage based on categories – all covered below 133% FPL
- Fundamental changes in eligibility determination income standards and processes
- Maintenance of Effort: State prohibited from reducing or restricting eligibility until 2014

Implementation Priorities

- **Health Insurance Benefits Exchange** including tax subsidies
- **Medicaid Expansion** to 133% of FPL and development of Benchmark benefit package and evaluate option for Basic Plans for 133%-200% FPL
- **Coordination of Enrollment:** Integration of Exchange and Medicaid Eligibility Delivery System
- **Information Technology:** Transforming the Medicaid Eligibility Delivery System
- **Opportunities**: The ACA includes options, not mandatory, for States to improve or re-balance health care programs

Implementation Priorities – Health Benefits Exchange

- Decision regarding operations:
  - state exchange or join a federal exchange?
- Decision regarding governance:
  - Who, what & how? State agencies, public/private partnerships, 501c3, or a hybrid?
- Authorize the Powers and Duties
  - What are the role of navigators and call centers, how are exchanges shaped through plan ratings and market changes? How is exchange integrated with Medicaid?
  - Funding and Staffing
- Decisions needed in the 2011 Legislative session to meet implementation timelines

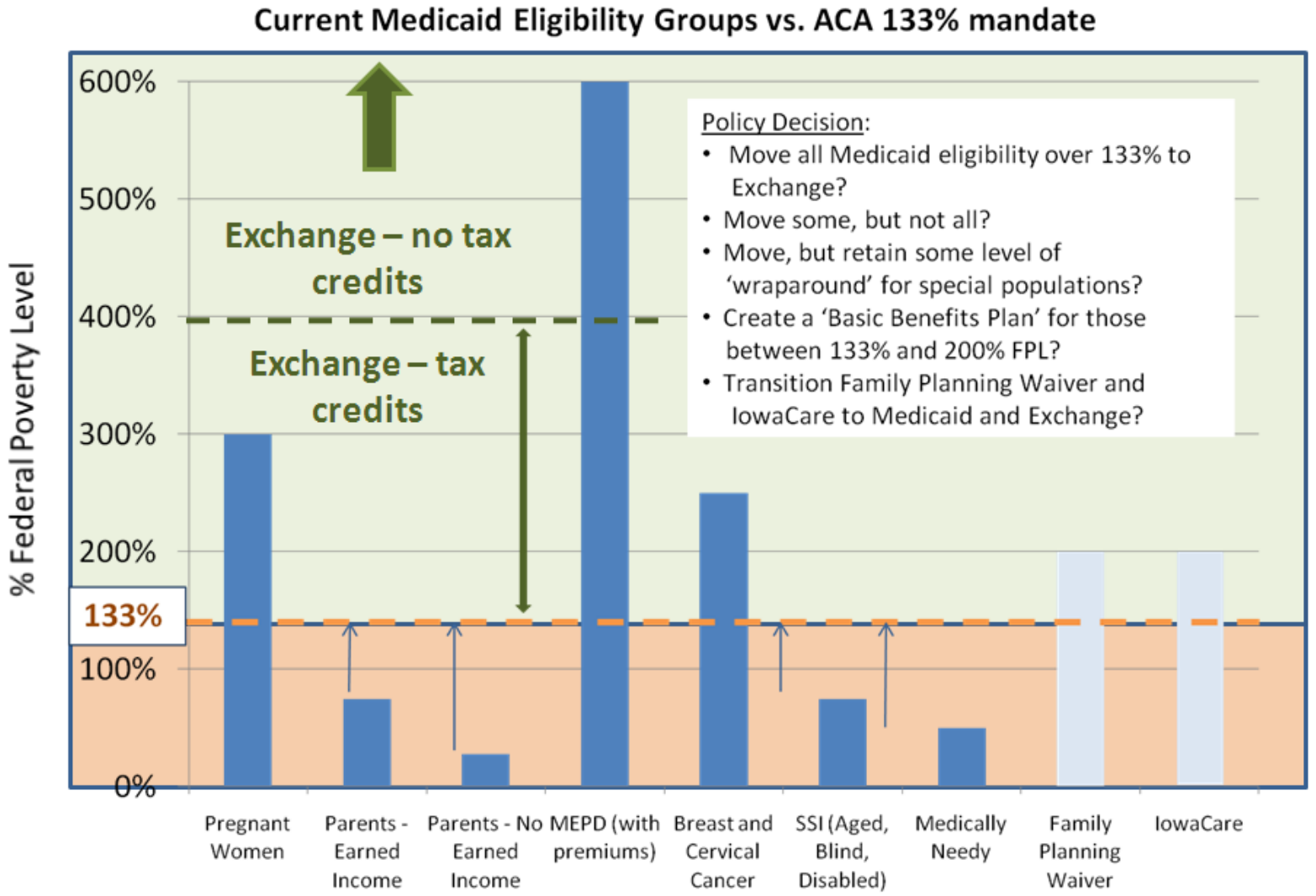
Implementation Priorities – Medicaid Expansion Benchmark Plan

- ACA mandates that 'new eligibles' (those added under the expansion to 133% FPL) have at least a 'Benchmark' Benefit Plan
  - 100% Federal funds 2014-2016, phases down to 90% match
- States have flexibility to design the plan
- What will we cover?
  - Mental Health benefits? Opportunity to leverage higher Medicaid match rate to save on services currently 100% state and county funded, and impact MH populations in prisons and jails
- Decisions needed in 2011 Legislative session to meet implementation timeline

Implementation Priorities – Medicaid Expansion Eligibility Policy

- Current Medicaid coverage goes above 133% FPL for some groups
- Do we continue those groups?
  - Enact option to create a Basic Health Plan between 133% FPL to 200% FPL?
  - Move to the Exchange?
  - Move some, not all?
  - Wraparound?
- IowaCare planned phase-out
- Policymakers will need to decide

Implementation Priorities – Medicaid Expansion Eligibility Policy



Implementation Priorities – Coordination of Enrollment

- Eligibility Gateway: ACA requires integration of eligibility and enrollment between Medicaid and the Exchange
  - Common web-based application for Medicaid, CHIP, tax credits
  - Exchange must screen applicants for Medicaid and CHIP and Medicaid/CHIP must accept referral without further review
  - Medicaid must ensure referral to exchange for those found ineligible for Medicaid and CHIP
- Exchange may contract with Medicaid to determine eligibility for tax credit subsidies
- Potential for large duplication of effort, financial disputes between Medicaid eligibility processes and Exchange without an integrated approach

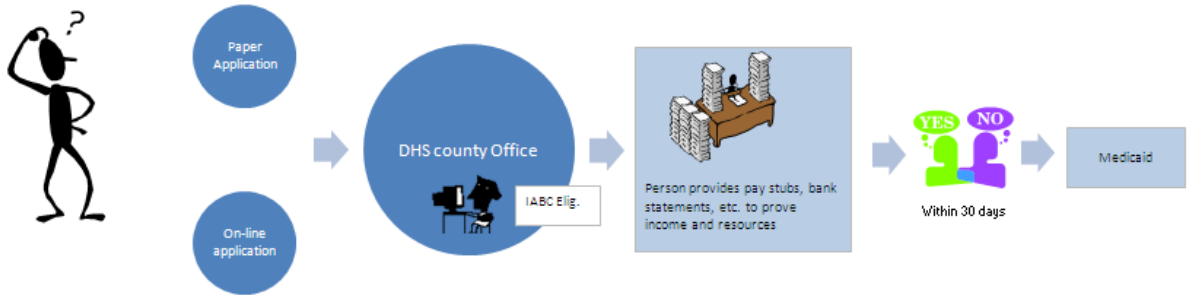
Operational Challenge: Transforming the Eligibility Process

- Exchange must be able to determine eligibility and enroll into Medicaid and CHIP, and the tax credits that will subsidize purchase of commercial plans.

- This will result in large scale, complex systems procurement and wholesale re-engineering of the DHS Field operations on eligibility.

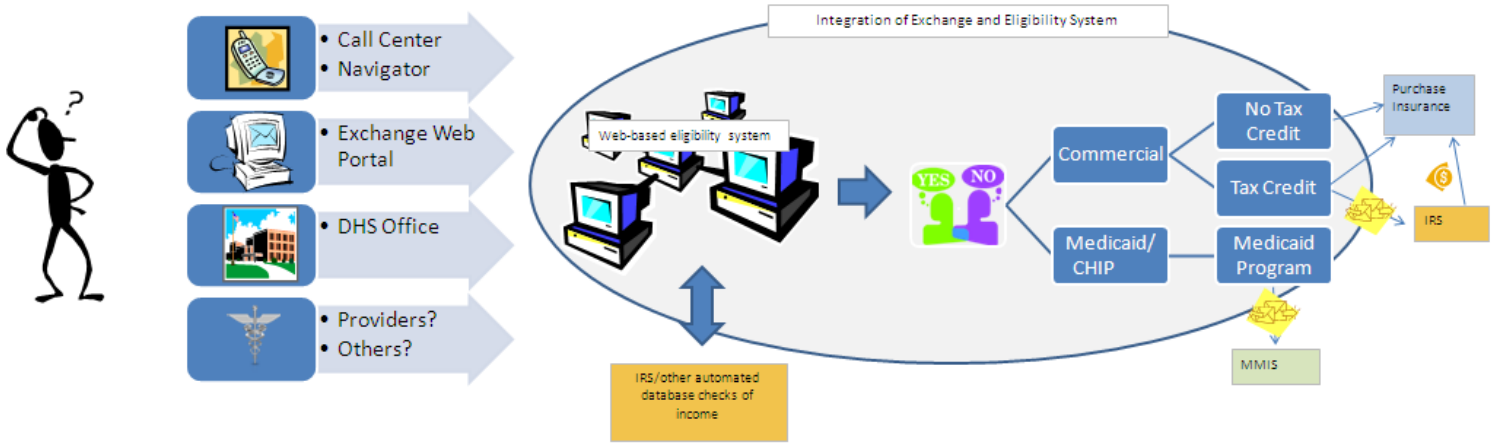
Operational Challenge: Transforming the Eligibility Process

Medicaid/Food Assistance/FIP Eligibility Process today:



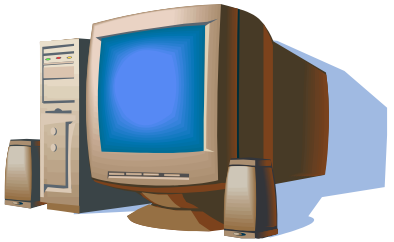
* Presumptive eligibility for children and pregnant women through certain eligible entities

Medicaid Eligibility process - ACA future:



Operational Challenge: Transforming the Eligibility Process

- Current mainframe eligibility system is 30 year old system that has "hardening of the arteries" and uses a dead language *
  - Paper applications
  - Labor-intensive reviews and work flow
  - Off-system calculations and "work-arounds"
  - Very inflexible, expensive to maintain and operate



* Thanks to Andy Allison, KHPA Executive Director

Operational Challenge: Transforming the Eligibility Process

- Iowa's Eligibility System MUST CHANGE as ACA requires:
  - Twice the scale. On-line, real-time system to handle twice the scale of populations
  - One-third the time. Business process to support concentrated enrollment of the expanded population in an annual enrollment period beginning between July and October 2013
  - Perfectly Integrated. Requires a single, integrated eligibility process through Medicaid and the exchange
  - Tight Deadline. New system must be operational in mid-2013.

* Thanks to Andy Allison, KHPA Executive Director

Operational Challenge: Transforming the Eligibility Process

- New Eligibility System Timelines: Tight Timelines
- New Eligibility System will require extensive planning and coordination with additional information technology projects to support the complex changes
- Analysis of options must start now in November 2010 and be ready for RFI in March 2011
- Decisions on scope and start-up funding by April 2011

Operational Challenge: Transforming the Eligibility Process

Benefits of Smart Planning

"Achieve results that work"

- Create a "vertically integrated" eligibility system for Medicaid and the Exchange that supports Medicaid, CHIP, and tax credits
- Create online applications for Medicaid/CHIP and presumptive eligibility screening for community partners
- Use full electronic adjudication to reduce errors and increase the number and speed of determinations

Operational Challenge: Transforming the Eligibility Process

Additional Benefits of Smart Planning

"Transformation is achievable"

- INTEROPERABILITY & VERTICAL INTEGRATION
  - Provide a base for seamless eligibility determinations between health insurance products and subsidies
  - Provide a platform that can be used as a building block for future work with other income-based programs
  - Work together to create a common, flexible platform to build an integrated process for administering other DHS services such as food stamps, FIP, child care

Operational Challenge: Time

- Building eligibility systems is very complex and takes a lot of time – 3 years is not a lot of time
- DHS has started planning:
  - Analysis of IT system options to meet ACA requirements to begin within weeks ('Options Analysis')
  - Cost Benefit Analysis
  - Complete in January
- Provide options, budget estimates for the Governor and Legislature for FY 12 budget consideration
- Request for Information from vendors planned for February/March 2011

Questions?