

# Summary of Medicaid Reform Proposals: Eligibility Provisions

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Medicaid Commission Meeting



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# Preview of Presentation

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- Brief review of current Medicaid eligibility rules
- Summary of eligibility portions of Medicaid reform proposals



# Brief Review of Current Medicaid Eligibility Rules

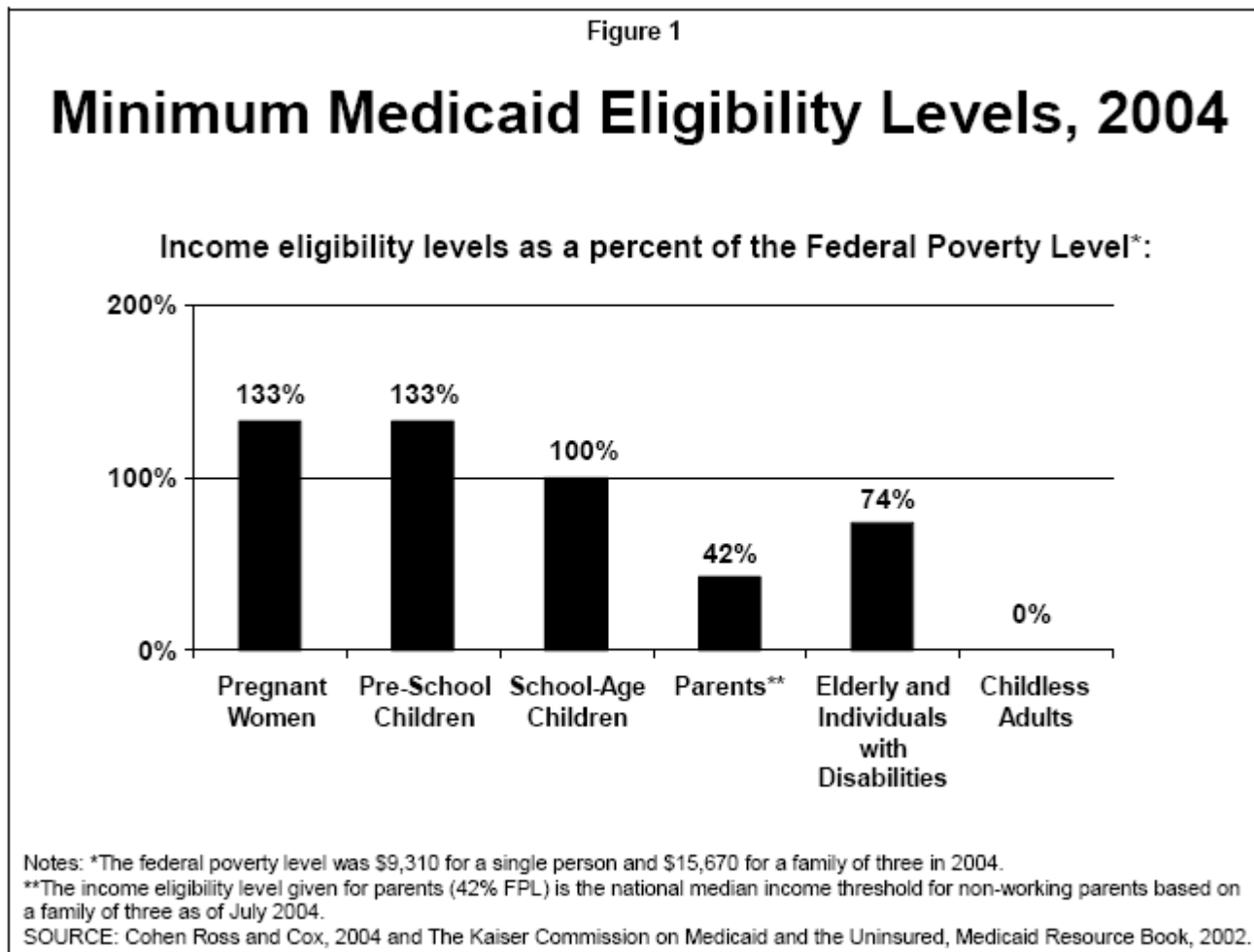
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Medicaid does not cover “the poor,” but instead requires states to cover targeted “categorical” eligibility groups . . .



# Medicaid's patchwork quilt of eligibility pathways emerged over time to fulfill discreet policy goals, like . . .

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- **Provide health benefits to accompany cash assistance**, akin to providing health benefits attached to a government-issued “paycheck”:
  - Aid to Families with Dependent Children (welfare), retained in 1996 welfare reform law
  - Supplemental Security Income (SSI) (federal benefits to aged, blind and disabled)
    - The eleven “209(b)” states use disability rules grandfathered in from 1972 (CT, HI, IL, IN, MN, MO, NH, ND, OH, OK, VA)



. . . and jump-starting care for children and pregnant women . . .

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- Children below age six, to 133% of the federal poverty level (FPL)
- Children ages 6 to 18, to 100% FPL
- Pregnant women to 133% FPL

In 2005, for a family of four:

100% FPL = \$19,350

133% FPL = \$25,736



. . . and meeting other targeted objectives.

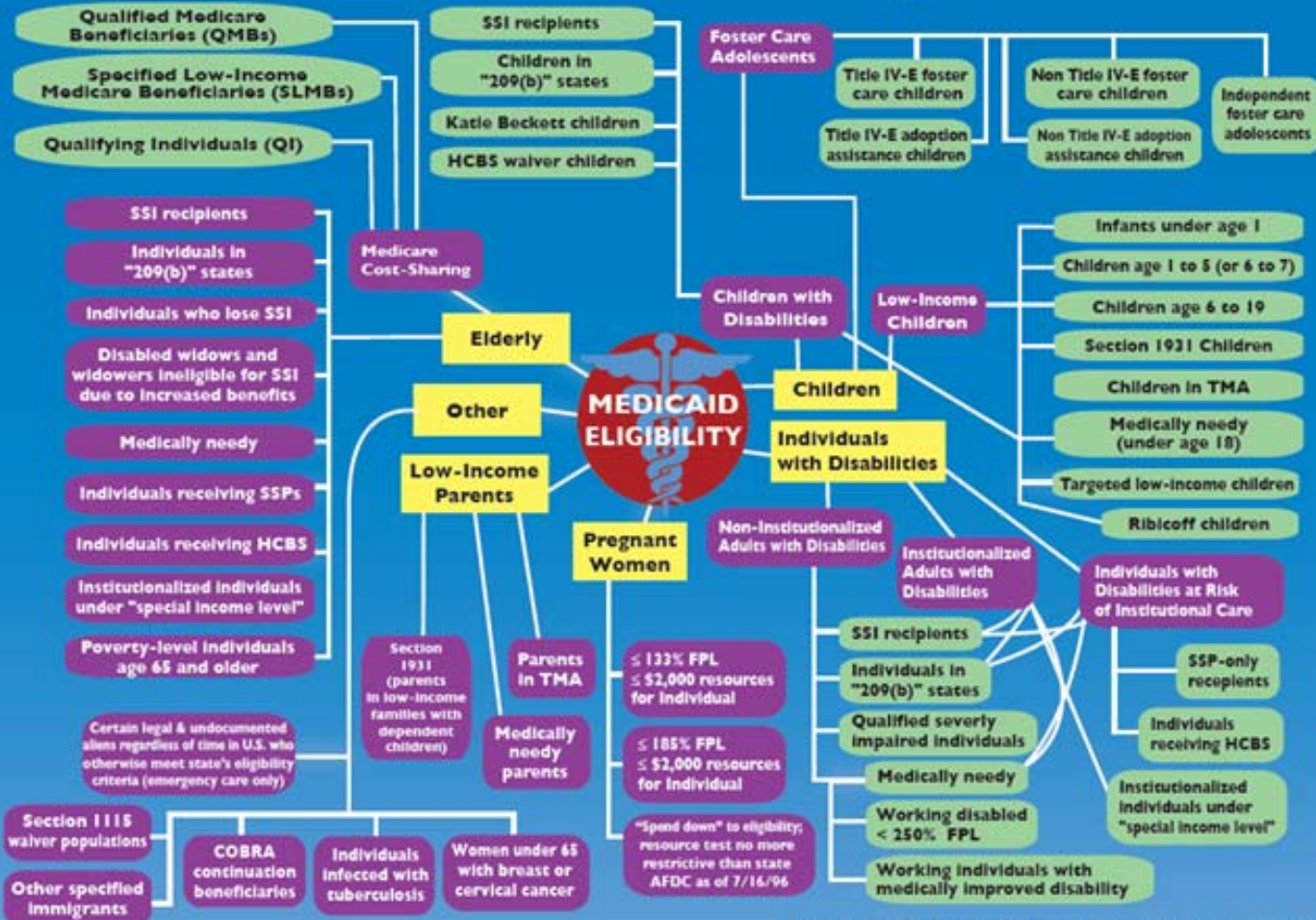
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- Assist Medicare beneficiaries with their Medicare cost-sharing:
  - Qualified Medicare Beneficiaries (QMB) from 74% to 100% FPL
    - No Medicaid benefits, but all Medicare cost sharing
  - Specified Low-Income Medicare Beneficiaries (SLMB) and Qualified Individuals (QI), from 100-135% FPL
    - Limited to Medicare Part B premium payments only
- Reduce disincentive for welfare recipients to work:
  - Transitional Medical Assistance, on a time-limited basis



The result is a complex roadmap of pathways to Medicaid eligibility (prepared by Sen. Frist's staff).

# There Must Be 50 Ways . . . . . . To Qualify for Medicaid



Prepared by the Office of Majority Leader William H. Frist, M.D.





# Summary of the Eligibility Portions of Medicaid Reform Proposals

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# Reform Proposals: Four Major Themes (which are not mutually exclusive)

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- States should have more flexibility
- The eligibility pathways and rules should be simplified
- New mandatory coverage groups should be created in Medicaid (related to simplification)
- Federal “coverage expansion” funds should be invested outside Medicaid



1. State Flexibility: Who to Cover  
Some proposals seek federal funds for “expansion” groups without a waiver.

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- State flexibility to target higher income children, parents, pregnant woman, or childless adults
- New “buy-in” programs
- New “spend-down” programs
- Legal immigrants



. . . other proposals link coverage rules to flexibility in benefit delivery . . .

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- The groups a state may choose to cover are related to the benefits a state must deliver to those groups: more flexibility with “tiered” benefits may lead to more coverage inside Medicaid
- The groups a state may choose to cover are related to how the benefits may be delivered to those groups: “consumer-directed” health care



. . . and “complete” flexibility is found in one of the reform proposals.

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- Medicaid Block Grants, proposed by the Cato Institute



# Proposals also recommend flexibility regarding other eligibility rules

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- Eliminate disincentives for work
- Allow states to set minimum work requirements as a condition of eligibility for individuals at higher income levels



## 2. Simplify Eligibility

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- Collapse and streamline the eligibility categories
  
- Simplify the paperwork requirements of qualifying for Medicaid



# Collapse and streamline the eligibility categories

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- Presently there are 28 mandatory and 21 optional eligibility categories
- Some eligibility groups include resource (asset) tests, and some are based only on income
- Most reforms urge collapsing eligibility groups to focus on **uniform income tests** – e.g., all adults would be treated the same
- One major issue is whether a simplified income-based test should create a federal floor, or whether that should be discretionary to states (discussed later)





# Simplify the paperwork requirements of qualifying for Medicaid

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- Reduce required documentation; provide “real time” determinations; allow self-declaration for residency and income requirements
- Allow Native American tribes to provide program enrollment and eligibility determination on-site



# Permit Changes in Income and Asset Rules

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- Simplify the methodology for counting income
- Eliminate (or allow states to eliminate) the resource (assets) test for all populations
  - Provide a federal model for those states who choose to implement an asset test
  - Encourage states to allow self-reporting of assets
  - Require states to update assets limits to reflect changes in the cost-of-living



### 3. New Mandatory Coverage Groups Should Be Enrolled in Medicaid

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- Collapsing Medicaid categories to a few, income-based categories, may result in new mandatory coverage
  - E.g. the NASHP group urged phased-in mandatory coverage to 100% FPL for adults, 133% for children – this is an expansion for childless adults, SSI groups, and the TANF population



## 4. Federal “coverage expansion” funds should be invested outside Medicaid

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- Related Medicaid eligibility reform proposals seek to use federal funds not to expand Medicaid to low income adults, but to offer:
  - Individual tax credits (akin to earned income tax credits) to subsidize the purchase of private coverage
  - Employer tax credits, especially for small employers (supplementing existing tax preferences related to the tax treatment of employer deductions)
  - Federal subsidies to state or affiliate purchasing pools



# Questions

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