Legislative Report
Department of Health and Human Services-Implementation of a waiver to prevent a Medicaid recipient from losing Medicaid eligibility due to Social Security and Railroad Retirement Cost-of-Living adjustment (COLA) and Federal poverty level (FPL) adjustments

S.L. 2009- 0451 SECTION 10.72A.(a)(4)

State of North Carolina

Department of Health and Human Services

Division of Medical Assistance

January 31, 2010

A. Legislative Mandate

Section 10.72A(a)(4) of Session Law 2009-451 directs the Department to report to the General Assembly on the implementation of a waiver to prevent a Medicaid recipient from losing Medicaid eligibility due to Social Security and Railroad Retirement cost-of-Living adjustment (COLA) and federal poverty level (FPL) adjustments. The report and recommendation shall provide the cost to cover all affected persons effective April 1, 2009.

The issue this initiative addresses arose because some Aged, Blind, and Disabled Medicaid recipients lose their Medicaid eligibility when the Social Security/Railroad Retirement COLA results in an increase of these benefits that is greater than the increase in the Medicaid income limit resulting from the federal poverty level (FPL) adjustment. The Social Security/Railroad Retirement COLA is effective January 1 of each year. The Aged, Blind, and Disabled Medicaid income level increase resulting from the FPL adjustment is effective April 1 of each year. According to federal law, 42 USC 1396a(m)(2)(D), the Social Security COLA is disregarded until April 1 of each year for aged, blind, and disabled Medicaid recipients. The desired effect is that the increase in the Aged, Blind, and Disabled Medicaid income limit will offset the increase in Social Security benefits due to the COLA and Aged, Blind, and Disabled Medicaid recipients will not lose their eligibility. However, sometimes the Social Security COLA results in an increase in Social Security benefits that is greater than in income limit.

B. Implementation and Effective Date

Such a proposed change in policy requires an amendment to the Medicaid State Plan to allow, under the authority of 42 USC 1396a(r)(2), a less restrictive income eligibility methodology which disregards the amount of the Social Security/Railroad Retirement COLA that exceeds the Medicaid income limit increase resulting from the FPL adjustment.

According to 42 CFR 430.20(b) (3) and 42 CFR 430.20(a), a State Plan amendment may not be effective earlier than the first day of the quarter it is received in the CMS regional office. For this policy to be effective April 1, 2009 as stated in the Session Law, the State Plan amendment would have had to be received in the CMS regional office no later than June 30, 2009.

If the 2011General Assembly enacts a change in income disregard for certain types of income early into the session, a State Plan amendment will need to be submitted to the CMS regional office for approval. However, this would have no practical impact on Medicaid recipients and their eligibility. Due to a decrease in the Consumer Price Index, there is no Social Security or Railroad Retirement COLA Increase for 2011, so there will be no amount to disregard. This is the second consecutive year with no COLA increase.

The earliest actual possible effective date is April 1, 2012. Legislation and funding must be in place in order to submit the SPA.

However, in order to protect recipients from losing eligibility in the future, a State Plan Amendment may be submitted upon authorization from the NC General Assembly prior to April 2012.

C. Cost of Implementing COLA Disregard

The last year in which individuals lost eligibility due to the SSA/RR COLA was 2009. There was no COLA increase in 2010 or 2011.

Anticipated costs are based on the number of individuals impacted in 2009 (3,490) and assuming there will be a COLA and FPL increase in 2012 similar to 2009.

	SFY 2012 April 1, 2012	**SFY 2013**	**SFY 2014**	**SFY 2015**	**SFY 2016**
Estimated additional total cost for COLA	$ 7,398,767	$ 30,290.553	$ 31,002,381	$ 31,730,937	$ 32,476,614
Additional – Federal	$ 4,819,557	$ 19,773,673	$ 20,238,355	$ 20,713,956	$ 21,200,734
Additional – State	$ 2,579,210	$ 10,516,880	$ 10,764,027	$ 11,016,981	$ 11,275,881

At this time, we cannot predict whether there will be a COLA increase for 2012 or whether the difference between the FPG and the COLA will have a negative impact on Medicaid recipients. The earliest possible impact would be April, 2012.

DEPARTMENT OF HEALTH AND HUMAN S(
DIVISION OF MEDICAL ASSISTANCE

ESTIMATED COST OF DISREGARDING COLA IN INCOME DETERMINATION FOR MEDICAID ELIGIBILITY

	SFY 2012	SFY 2013	SFY 2014	SFY 2015	SFY 2016
	April 1, 2012				
ESTIMATED ADDITIONAL COST OF COLA DISREGARD DUE TO LOST SPENDDOWN	$ 7,398,767	$ 30,290,553	$ 31,002,381	$ 31,730,937	$ 32,476,614
ADDITIONAL REQUIREMENTS IN FEDERAL FUNDS	$ 4,819,557	$ 19,773,673	$ 20,238,355	$ 20,713,956	$ 21,200,734
ADDITIONAL REQUIREMENTS IN STATE FUNDS	$ 2,579,210	$ 10,516,880	$ 10,764,027	$ 11,016,981	$ 11,275,881

	SFY 2011	*SFY 2012*	*SFY 2013*
2.35%	$ 28,915,554	$ 29,595,069	
		0.6514	*0.6528*

1. Includes Aged, Blind, Disabled, Part A and Part B Buy-Ins (for which we pay regular FMAP). Does not include LTC, SSI or Medically Needy Aged, Blind and Disabled.

2. Costs for future years are difficult to compute due to unknown relationship between future COLA and FPL adjustments. For this analysis, DMA assumed that conditions creating the lost spenddown for SFY 2010 would remain the same. A 2.35% cost per unit increase per year was applied beginning in SFY 2011.

3. Effective date would be no earlier than April 1, 2012

3/04/2009 SUMMARY BY MEDCLASS PROGCAT NOV2008 FOR UNCOLA EFFECT

SOURCE: NOVEMBER 2008 PULLCHECK APPLYING 5.8%COLA

			Revised Countable Monthly Remains LE Upper Limit of New FPL		Revised Countable Monthly Remains GT Upper Limit of New FPL	
MEDCLASS	PROGCAT	NOEFFECT	CLIENTS	MONTHLY LOST SPENDDOWN IF CLIENT DID SPENDDOWN TO MN LEVELS	CLIENTS	SPENDDOWN IF CLIENT DID SPENDDOWN TO MN LEVELS
B	MAA		27	$ 1,342.18	2	$ 135.08
B	MAD		75	$ 4,102.74	8	$ 506.14
NOTE: Overwhelming majority of MAABD-B eligible within a month are in LTC			102	$ 5,444.92	10	$ 641.22
			Annualized	$ 65,339.04	Annualized	$ 7,694.64
			Part D premiums	$ 114,945.84	Part D premiums	$ 11,269.20
B	MQB		33,296	$ 1,693,452.88	1,570	$ 94,947.62
			Annualized			
	Lost Spenddown ONLY if a MQB-B ever did meet MN Levels. More than likely PLA MQB-B showing in November Month is client who is always MQB-B. Net Change in RSDI				Clients above the B level would become MQB-E with ONLY PART B premium paid under XIX. This Part B FMAP=100% so savings to State even without Stimulus.	
	For MQB-B with COLA increase, NET CHANGE as result of COLA in Spenddown to MN level would total $1.6m shown.					
	QUESTION: WHAT RATIO OFMQB-B IN NOVEMBER WOULD EVER MEET A SPENDDOWN.?					
B			33,398	$ 1,698,897.80	1,580	$ 95,588.84
E	MQB	17,235		$ -	295	$ 28,438.00
					Annualized	$ 341,256.00
					MQB-E client who is above E FPL level would be ineligible unless client could meet a spenddown to the MN Levels, but that most unlikely.	
					UNCOLA would mean client continues as MQB-E where REGULAR FMAP is 100% - no fiscal impact to State.	
N	MAA	1,724		$ -	107	$ 86,709.01
N	MAB	26		$ -	2	$ 1,421.32
N	MAD	7,725		$ -	367	$ 265,785.69
N		9,475		$ -	476	$ 353,916.02
					Annualized	$ 4,246,992.24

					MAABD-N pops above 100% FPL could only continue Medicaid as Medically Needy. MedClass = N implies no QMB/SLMB/QI status available. To receive all XIX Services, client would have to spenddown to MN level. No FMAP for Part B premiums either as N or M.		
Q	MAA	39,983		$ -	1,347	$ 918,052.04	
Q	MAB	119		$ -	6	$ 4,227.48	
Q	MAD	36,629		$ -	1,549	$ 1,072,021.67	
		76,731			2,902	$ 1,994,301.19	
					Annualized	$ 23,931,614.28	
					Clients above the Q level would become MQB-B with ONLY PART B premium paid under XIX. Part B FMAP same whether client is Q or B. Client has to spenddown to MN Levels as MAABD-B.		
					PART D	$ 3,270,321.84	As MQB-B client partial and state pays no Part D.
					STIMULUS: Nonfederal Share Part D does not decrease.		
Q	MQB	826		$ -	57	$ 38,391.83	
					Annualized	$ 460,701.96	
					MQB-Q Client above the Q level would become MQB-B with ONLY PART B premium paid under XIX. Part B FMAP same whether client is Q or B. Client has to spenddown to MN Levels as MAABD-B. However State Pays XOVERS for MQB-Q, but not for MQB-B.		
					STIMULUS: UNCOLA: Part B and XOVERS regular FMAP, not ENHANCED.		
					XOVERS for MQB-Q	$ 37.71	ISSUE MMIS HOW TO ID FOR REGULAR FMAP.
					Annualized	$ 25,793.64	
Q		77,557		$ -	2,959		
		104,267	33,398	$ 1,698,897.80	5,310		
					LOW SIDE ESTIMATE	$ 28,251,640.20	
					10	MAAB/MADB	
					102	MAAB/MADB	
					476	MAAN/MABN/MADN	
					2902	MAAQ/MABQ/MADQ	
					3490	Affected Individuals	