

# PATHWAYS TO COVERAGE FOR MCH POPULATIONS



A major focus of the Affordable Care Act (ACA) is to ensure every U.S. citizen and lawfully residing individual has access to affordable, adequate health insurance.<sup>i</sup> The ACA works towards this goal by

- Expanding pathways to Medicaid eligibility for new and current populations
- Creating health insurance Marketplaces

## Expanding Pathways to Medicaid for New and Current Populations

Prior to the passage of the ACA, in the majority of states childless adults were not eligible for Medicaid at any income level, unless the state created a waiver.

### New Population

In January 2014, a provision of the ACA went into effect that created a pathway to Medicaid for 19- to 65-year-old childless adults who are not pregnant, not disabled, and whose income is less than 133 percent of the federal poverty level (FPL). The Modified Adjusted Gross Income (MAGI) provision of the ACA standardized the way states calculate household income and established a 5 percent income disregard for certain populations.<sup>ii</sup> As a result, minimum income eligibility for the adult Medicaid population is now effectively 138 percent of the FPL.

On June 28, 2012, the U.S. Supreme Court ruled that the ACA was constitutional. However, the Court also said that the provision of the ACA that required state Medicaid programs to increase eligibility to childless adults contained a “coercive” penalty, whereby a state would lose all Medicaid funds if it did not expand Medicaid. Therefore, the Medicaid expansion provision is optional. States may

choose to implement it, but it is not mandatory for them to do so. Each state can decide whether to implement this provision of the ACA. As of August 28, 2014, 27 states and the District of Columbia have expanded Medicaid to include the new population of adults. This also expanded the income eligibility for the parents of dependent children in some states.<sup>iii</sup> The federal government will pay for the full cost of the expansion through 2016. Thereafter the federal share will gradually decrease to 90% by 2020.

### Parents of Dependent Children

Parents of dependent children were eligible for Medicaid prior to the ACA. But, depending on the state, income eligibility varied widely, ranging from 16 percent to 215 percent of the FPL. In states opting to expand Medicaid eligibility, the minimum eligibility level for parents is now 133 percent of the FPL. In those states which are not moving forward with the adult Medicaid expansion, household eligibility levels generally remain low (some as low as 50 percent) for parents.

### 6- to 19-Year-Olds

Prior to January 2014, states were required to provide Medicaid to children birth to 6 years old with household income less than 133 percent of the FPL.<sup>iv</sup> The Medicaid benefit for 6- to 19-year-olds could be capped at 100 percent of the FPL. This was called stair-step eligibility. While many states had income limits that were more generous than the federally required minimum, when the ACA was passed in March 2010, 21 states used the federal minimum of 100 percent of the FPL to determine Medicaid eligibility for six- to 19-year-old children.<sup>v</sup>

The ACA includes a mandatory Medicaid expansion for six- to 19-year olds. Starting January 1, 2014, states

<sup>i</sup> <http://www.hhs.gov/strategic-plan/goal1.html>

<sup>ii</sup> <http://www.healthlaw.org/publications/agmagi#.VLPMMYvF-6M>

<sup>iii</sup> <http://kff.org/health-reform/state-indicator/state-activity-around-expanding-medicare-under-the-affordable-care-act/>

<sup>iv</sup> <http://www.cbpp.org/cms/index.cfm?fa=view&cid=2223>

<sup>v</sup> <http://kff.org/report-section/aligning-eligibility-for-children-moving-the-stairstep-kids-to-medicare-issue-brief/>

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that capped Medicaid eligibility at 100 percent of the FPL for this age range of children had to expand eligibility to 133 percent of the FPL. This change created a single minimum income eligibility limit for children from birth to age 19. As a result, more than 560,000 children moved from CHIP to Medicaid.<sup>vi</sup> This age group of children now receives comprehensive Medicaid benefits, including the comprehensive child health benefit package called Early, Periodic Screening, Diagnostic and Treatment<sup>vii</sup> or EPSDT, and families have reduced out-of-pocket health care costs, as states do not impose premiums or cost sharing for children's Medicaid at family income less than 150 percent of the FPL.<sup>viii</sup>

## Youth/Young Adults Who Have Aged Out of Foster Care

Children in the foster care system receive Medicaid benefits until they age out, generally at age 18, although some states have expanded their foster care programs to age 19 or 21. Youth who have aged out of foster care can continue to receive Medicaid benefits until they turn 21 in the 30 states that had implemented the Chafee Option.<sup>ix</sup>

As of January 1, 2014, young adults who aged out of foster care prior to the new year and are younger than 26, can reenroll in Medicaid.<sup>x</sup> This provision of the ACA levels the playing field, allowing former foster youth and youth who will transition out of foster care in the coming years, to reenroll in or retain Medicaid benefits to age 26,<sup>xi</sup> much like other young adults who can remain on their parents' health insurance until their 26th<sup>xii</sup> birthdays. Unlike the new adult pathway to Medicaid, this extension of Medicaid is not subject to the 133 percent of the FPL income limit.

Youth who left the foster care system prior to aging out (at 18 or older as determined by the state) are not eligible to reenroll in Medicaid. States do not have to offer this benefit to youth who aged out of foster care in one state and moved to another.

## Pregnant Women

Before the passage of the ACA, pregnant women were a mandatory Medicaid population. However, a woman's eligibility for full Medicaid benefits or for specific pregnancy-related Medicaid coverage depends on the state.<sup>xiii</sup> When states filed their State Plan Amendments (SPA) for MAGI for pregnant women, they noted if they would be providing full Medicaid benefits to pregnant women or establishing an income level above which pregnant women would only be eligible for pregnancy-related Medicaid, which is not minimal essential coverage (MEC).<sup>xiv</sup> Therefore, pregnant women who are receiving pregnancy-related Medicaid benefits may also enroll in Marketplace plans and receive tax credits if household income is less than 400 percent of the FPL. If income is less than 250 percent of the FPL and they purchase a silver level health plan, they may also receive cost-sharing reductions.<sup>xv</sup>

The ACA ensures pregnant women who are not eligible for Medicaid can receive comprehensive health benefits during their pregnancy. All new individual policies and small group health plans sold in and out of the Marketplaces have to include the essential health benefits,<sup>xvi</sup> which includes maternity and newborn care. There is no cost-sharing for prenatal visits, which are considered well-woman visits. There will be cost-sharing related to labor and delivery.

<sup>vi</sup> <http://kff.org/report-section/aligning-eligibility-for-children-moving-the-stairstep-kids-to-medicaid-issue-brief/>

<sup>vii</sup> <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Early-and-Periodic-Screening-Diagnostic-and-Treatment.html>

<sup>viii</sup> <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Cost-Sharing/Cost-Sharing.html>

<sup>ix</sup> <http://www.urban.org/UploadedPDF/412786-Providing-Medicaid-to-Youth-Formerly-in-Foster-Care-Under-the-Chafee-Option.pdf>

<sup>x</sup> <http://childwelfareparc.org/wp-content/uploads/2013/09/Medicaid-to-26-for-Youth-in-Foster-Care.pdf>

<sup>xi</sup> <https://www.federalregister.gov/articles/2013/01/22/2013-00659/medicaid-childrens-health-insurance-programs-and-exchanges-essential-health-benefits-in-alternative#h-26>

<sup>xii</sup> <http://www.gpo.gov/fdsys/pkg/CFR-2011-title45-vol1/xml/CFR-2011-title45-vol1-sec147-120.xml>

<sup>xiii</sup> <http://www.healthlaw.org/publications/browse-all-publications/QA-Pregnant-Women-Coverage-Medicaid-and-ACA#.VD110fldWz4>

<sup>xiv</sup> <http://www.medicaid.gov/federal-policy-guidance/downloads/sho-14-002.pdf>

<sup>xv</sup> <https://www.staterforum.org/weekly-insight/coverage-for-pregnant-women-aca>

<sup>xvi</sup> <https://www.healthcare.gov/glossary/essential-health-benefits/>

## Creating Health Insurance Marketplaces

As noted in module 2, the ACA included the creation of Affordable Health Insurance Exchanges,<sup>xvii</sup> also called Health Benefit Marketplaces (Marketplaces). The Marketplaces (learn more in module 5) provide a pathway to health coverage for U.S. citizens and legally residing individuals and families who are not eligible for Medicaid or CHIP and who do not have access to employer-sponsored insurance that is affordable and adequate. First, a premium is calculated based on location, age, family size, tobacco use, and plan category. Then, a tax credit is calculated on estimated household income and family size. The amount of the tax credit will depend on family size and income, state of residence, and tobacco use. The Kaiser Family Foundation developed a Subsidy Calculator<sup>xviii</sup> for estimating premium assistance for Marketplace coverage. If household income is between 100 and 250 percent of the FPL, individuals and families can also receive cost-sharing reductions that will reduce their out-of-pocket costs for deductibles, co-payments, and co-insurance, but only if their income is less than 250 percent of the FPL and only if they enroll in a silver level health plan.

## Items of Note

- U.S. citizens whose income is less than 100 percent of the FPL who are not eligible for Medicaid and who live in states that are not expanding Medicaid are not eligible for Marketplace coverage. They are exempt from the individual mandate to have health insurance.
- Lawfully residing immigrants who are not eligible for Medicaid due to immigration status can purchase Marketplace plans and receive tax credits if their income is between 100 and 400 percent of the FPL.<sup>xix</sup> Many states have waived the 5-year waiting period for lawfully residing immigrant children and pregnant women.
- Individuals and families with income in excess of 400 percent of the FPL are not eligible for federal subsidies (tax credits or cost-sharing reductions), but they can purchase Marketplace insurance plans.
- Individuals who have access to other MEC<sup>xx</sup> can purchase Marketplace insurance, but they will not be eligible for federal subsidies, regardless of income.
- Undocumented immigrants are not allowed to purchase private health insurance at full cost in state insurance exchange(s).<sup>xxi</sup>

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<sup>xvii</sup> <http://www.gpo.gov/fdsys/pkg/FR-2012-03-27/pdf/2012-6125.pdf>

<sup>xviii</sup> <http://kff.org/interactive/subsidy-calculator/>

<sup>xix</sup> <http://www.cbpp.org/files/QA-on-Premium-Credits.pdf>

<sup>xx</sup> <http://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Market-Reforms/minimum-essential-coverage.html>

<sup>xxi</sup> <https://www.healthcare.gov/immigrants/coverage/>

## Test your knowledge

1. **True or False:** Youth/young adults who age out of foster care can continue to receive Medicaid benefits to age 26, regardless of income.
2. Name two advantages of standardizing Medicaid income eligibility for children birth to 19.
3. **True or False:** A pregnant woman who receives pregnancy-related Medicaid benefits may also purchase a Marketplace health plan and receive tax credits if her income is between 100 and 400 percent of the FPL.



## Find Out in Your State

1. Did your state implement the adult Medicaid expansion?  
<http://kff.org/health-reform/state-indicator/state-activity-around-expanding-medicaid-under-the-affordable-care-act/>
2. What are the Medicaid income eligibility limits for children and for pregnant women in your state?  
Income eligibility for Children's Medicaid: <http://kff.org/health-reform/state-indicator/medicaid-and-chip-income-eligibility-limits-for-children-at-application-as-of-april-1-2014/>  
Medicaid eligibility limits for Pregnant Women: <http://kff.org/medicaid/state-indicator/medicaid-and-chip-income-eligibility-limits-for-pregnant-women-at-application-as-of-april-1-2014/>
3. Does your state waive the five-year ban for Medicaid and/or CHIP for lawfully residing pregnant women and/or children who meet residency and income requirements in your state?  
[http://www.insurekidsnow.gov/professionals/eligibility/lawfully\\_residing.html](http://www.insurekidsnow.gov/professionals/eligibility/lawfully_residing.html)

Test Your Knowledge Answers: 1. True  
2. Eliminates stair-step eligibility; 6- to 19-year-olds who move from CHIP to Medicaid receive EPSDT; families have fewer out-of-pocket costs  
3. True



This document is part of *The Affordable Care Act: A Working Guide for MCH Professionals*, available in its entirety on the Web at <http://www.amchp.org/Transformation-Station/Pages/ACA-101.aspx>

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