Department of Human Services
Health Care Reform Review Committee
Representative George Keiser, Chairman
July 23, 2014

Chairman Keiser, members of the Health Care Reform Review Committee, I am Julie Schwab, Director of Medical Services for the Department of Human Services (Department). I appear before you to provide an update on the Medicaid Expansion and on other Affordable Care Act (ACA) provisions impacting the Medicaid and Children's Health Insurance Program (CHIP).

Medicaid Expansion

Enrollment

As of July 1, 2014, Medicaid Expansion enrollment was approximately 10,600 individuals. The data shows that most enrollees are childless adults (there are some adults with dependent children). Slightly over half of the expansion enrollees are female (54%); 45.17% were ages 19-35, 16.53% were ages 36-44, and 38.30% were ages 45-64. The majority (64%) are rural (urban covering only Burleigh and Cass counties). These trends have remained stable since enrollment began in January 2014. Enrollment has continued to grow each month.

The next open enrollment period for 2015 at the Federal Marketplace is November 15, 2014–February 15, 2015. Individuals may also qualify for Special Enrollment Periods outside of Open Enrollment if they experience certain qualifying life events. Examples of qualifying life events are moving to a new state, certain changes in your income, and changes in your family size (for example, if you marry, divorce, or have a baby). Individuals are still able to apply for Medicaid and CHIP at the federal

website throughout the year. Information on those who apply for Medicaid and CHIP are sent to the State via a weekly, flat file.

The change from an Assessment state to a Determination state

In 2013, prior to the open enrollment period (October 1, 2013), North Dakota elected to be an assessment state. In an assessment model, the Federal Marketplace does not make a final Medicaid determination. Instead, the Federally Marketplace transmits the account to the State when they have evaluated the individual and identified him or her as Medicaid or CHIP eligible, and the State makes the formal determination.

As of July 1, 2014, North Dakota became a determination state.
In a determination model, the State accepts the determinations made by the Federal Marketplace.

We expect this will reduce eligibility worker effort for individuals in the files from the Federal Marketplace. Prior to making the change to a determination state, the eligibility worker processed those individuals who applied through the marketplace.

In both an assessment and determination model, the Federal Marketplace will utilize the same set of eligibility criteria, including selected state-specific options and standard verification procedures.

When the state chooses the determination model, it must accept the Federal Marketplace determination as final. The determination remains in place until the next period of redetermination takes place, or a change occurs in the client's circumstances.

Being a determination state means the Federal Marketplace will send the State "determinations" of eligibility rather than send "assessments" that they believe someone to be eligible. In the past, we would receive the

assessments via a flat file and then process them for a final determination.

The State continues to have a contract with Automated Health Systems (AHS) to assist with enrollment of individuals. AHS is able to accept applications, answer questions about enrollment status, and solicit additional information needed to process applications.

Transition of children in the CHIP/Medicaid programs

As of January 1, 2014, the Affordable Care Act provides a new, simplified method for calculating income eligibility for Medicaid, CHIP and financial assistance available through the Federal Marketplace. This new method calculates eligibility for all programs based on what is called modified adjusted gross income (MAGI). MAGI replaced the previous process for calculating Medicaid/CHIP eligibility. In the past, Medicaid and CHIP eligibility used a combination of an income eligibility standard—often expressed as a percentage of the Federal Poverty Level (FPL)—and a series of deductions (known as "disregards") that were like footnotes or 'below the line' adjustments to income and were determined by each state. The new way of calculating eligibility based on MAGI translates that two-part process into a one-step process using an income standard that incorporates the 'below the line' deductions. The previous income threshold for CHIP (160% FPL) had to be converted to a MAGI-equivalent. The MAGI-equivalent for CHIP as of January 1, 2014, is 175% of the FPL.

The provisions of the Affordable Care Act have impacted eligibility for children in the following ways. Children enrolled in the Children's Health Insurance Program (Healthy Steps) between the ages of 6 and 19 whose household income is below 133% must be transferred from coverage through Healthy Steps to coverage through the Medicaid Program. The approximate number of children within this group is 721 children.

As noted on page three, in the Affordable Care Act, on January 1, 2014, eligibility determination in Medicaid and the Children's Health Insurance Program changed to an eligibility determination system that uses Modified Adjust Gross Income (MAGI). This new eligibility determination process does not allow the use of income disregards. Children previously enrolled in Medicaid who are no longer eligible for Medicaid due to the elimination of income disregards will be eligible for coverage through Healthy Steps for 12 months. This 12-month, Healthy Steps eligibility period, is intended as a way to ensure a smooth transition and continuity of coverage for children as the new income eligibility rules in the Affordable Care Act take effect. After this 12-month coverage period ends, the family will be able to apply again for health care coverage with Medical Services. If the family no longer qualifies for Medicaid or Healthy Steps, they will be directed to apply on the Healthcare.gov website to choose a plan that works best for them. The approximate number of children within this group is 3,196 children.

The Department began transitioning children in April 2014, and will be ending in December 2014. The transitions will occur at the regularly scheduled renewal period for each child. Letters are sent to each of the effected families informing them of these changes when their application is reviewed.

We are three months into the renewal process. We do not have any final trend information on the movement of the children between the programs.

This concludes my testimony. I am happy to answer any questions.