Department of Human Services
Health Care Reform Review Committee
Representative George Keiser, Chairman
September 29, 2015

Chairman Keiser, members of the Health Care Reform Review Committee, I am Stephanie Waloch, Medicaid Expansion Administrator for the Department of Human Services – Medical Services Division (Department). I appear before you to provide background and updates on the following Medicaid provisions related to the Affordable Care Act (ACA):

- North Dakota Medicaid Expansion
- Children's Health Insurance Program (CHIP)
- Eligibility Modernization Project
- Hospital Presumptive Eligibility (HPE)
- Open Enrollment and Assessment State

North Dakota Medicaid Expansion

The Affordable Care Act (ACA), or "health care reform" as enacted, included a mandate, effective January 1, 2014, to expand the Medicaid program to cover all individuals under the age of 65 (including "childless adults") with incomes below 138 percent of the federal poverty level (133 percent plus a 5 percent income disregard). On June 28, 2012, the United States Supreme Court upheld the 2014 Medicaid expansion; however, they **struck down the mandate** indicating that the federal government could not withhold all federal Medicaid funding if a state chose to not expand Medicaid. Therefore, the decision about whether to expand the Medicaid program was **left to each state**. The 2013 ND Legislative Assembly approved House Bill 1362 directing the Department to expand medical assistance as authorized in the ACA.

The Medicaid Expansion opened the door for more adults ages 19 to 64 to have Medicaid Coverage. During the discussion on 2013 House Bill 1362, the Department estimated 20,500 North Dakotans were potentially eligible for coverage under Medicaid Expansion. As of July 2015, the Medicaid Expansion enrollment was approximately 18,833 individuals. The enrollment data shows that most enrollees are childless adults (77%) with over half of this group ages 19 to 44.

For the North Dakota Medicaid Expansion population, the coverage selected was the largest non-Medicaid Health Maintenance Organization (HMO) in the state. The coverage is consistent with the benchmark package chosen for the North Dakota Federal Marketplace, which was the 2012 Sanford Health Plan HMO. The Medicaid Expansion coverage must include the Essential Health Benefits plus any required Medicaid services (such as non-emergency medical transportation and those associated with Early and Periodic Screening, Diagnostic, and Treatment).

In order for the Department to provide Medicaid Expansion as a Managed Care Organization (MCO) Program, a 1915(b) waiver had to be obtained from Centers for Medicare and Medicaid Services (CMS). The current authority granted by the 1915(b) waiver ends December 31, 2015, and a renewal request will be submitted to CMS this week. The 1915(b) waiver allowed mandatory enrollment of individuals, including Native Americans, eligible for the Medicaid Expansion into the plan offered by a private carrier (managed care plan). At this time, no changes to the program, benefits, or operations are proposed with the 1915(b) renewal. As part of the renewal request, the Department will be submitting the 1915(b)

Waiver Renewal Application, Cost Effectiveness Report, and Independent Assessment of the program impact, access, and quality.

Since January 2014, we have heard from Medicaid Expansion enrollees who are now able to seek health care services with a focus on preventative or maintenance health care versus services of an urgent or emergent nature. Individuals eligible for coverage under the Medicaid Expansion are able to receive services at any provider enrolled with the Managed Care Organization (Sanford Health Plan).

Children's Health Insurance Program (CHIP)

Since the implementation of the Affordable Care Act, the Department has observed a decline in the number of children who are eligible under the North Dakota Children's Health Insurance Program (CHIP), also known as Healthy Steps (refer to the attached graph).

The reason for the decline is based on:

- The changes to budgeting of income under the Modified Adjusted Gross Income (MAGI) budgeting methodology, which allowed fewer disregards from the gross income than traditional budget allowed;
- Under the MAGI budgeting methodology, a stepparent's income is no longer disregarded when determining eligibility for a stepchild;
- The expiration of the special 12-month Medicaid Maintenance of Effort (MOE) enrollment period for CHIP coverage. Under this MOE, children who lost Medicaid eligibility due to the loss of income disregards under the MAGI budgeting methodology were granted a special 12-month CHIP enrollment period;
- Eligibility for self-employed household can no longer be determined on the average of the previous three year period; and/or

- The income level for children between the ages of 6 and 19, increased from 100% to 133% of the Federal Poverty Level resulting in children who previously were eligible for CHIP to now be eligible for Medicaid.

Also, the spike in premiums paid in January 2015 is a result of children becoming retro eligible for the special 12-month Medicaid MOE enrollment period for CHIP coverage. CMS had informed the state the incorrect income levels were being used to determine eligibility for this special MOE, and all cases were reviewed for the period of January 1, 2014, through December 31, 2014. This resulted in retro eligibility of 969 months for 151 children.

Eligibility Modernization Project

During the 2015 Legislative Session, Senate Bill 2177 authorized the Department to move forward with implementing a new eligibility system to meet the needs for Medicaid and CHIP eligibility determination, as well as the other economic assistance programs. The first release of the system will be ACA Medicaid and CHIP (Healthy Steps) with the estimated implementation date of December 2015. The second release of the system will include the remainder of Medicaid (Long Term Care), Child Care Assistance, Low Income Home Energy Assistance, Supplemental Nutrition Assistance Program and Temporary Assistance for Needy Families with an estimated implementation date of summer 2017. This new system will reduce the current process of entering the same data into multiple systems, which will result in a major time savings for the county eligibility workers. This will greatly reduce the risk of errors and reduce processing time frames which will result in a more timely determination and eligibility notification to recipients.

Hospital Presumptive Eligibility (HPE)

With the first release of the new eligibility system, the Department will be implementing Hospital Presumptive Eligibility (HPE) which allows qualifying hospitals to utilize the new system to make presumptive Medicaid eligibility determination for individuals. If an individual is found eligible for HPE, Medicaid coverage will be provided; effective the date the presumptive eligibility determination was made through the last day of the following month or when a full determination can be made, if an application for health care coverage is received. The Department will be providing additional information to health care providers in the coming months.

Open Enrollment and Assessment State

The next round of open enrollment on the Federal Marketplace begins November 1, 2015, and ends January 31, 2016. 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 household income, and changes in family size (for example – marriage, divorce, or birth of a baby). For Medicaid and CHIP, individuals can apply for eligibility throughout the year as there is no enrollment period.

In the fall of 2013, the Department elected to be an assessment state. As an assessment state, the Federal Marketplace transmits the information to the State indicating the individual is potentially eligible for Medicaid or CHIP and the State makes the final determination. In July 2014, North Dakota chose to become a determination state. In a determination model, the State accepts the determinations made by the Federal Marketplace.

However, when the state chooses the determination model, it must accept the Federal Marketplace determination as final with the individual remaining eligible until the next period of redetermination takes place or a change occurs in the individual's circumstances. In addition, if the Federal Marketplace determined the individual to be ineligible, the state was not notified of these individuals and could not check to see if they qualified for Medicaid under Non-ACA Medicaid rules.

As of November 1, 2015, in conjunction with the implementation of the new eligibility system, North Dakota will be transitioning back to an assessment state. This will allow the state to use verification sources that are not available to the Federal Marketplace, when making eligibility determinations, which will result in increased accuracy. In addition, eligibility for an individual will be explored under all available coverages.

This concludes my testimony and I would address any questions that you may have.