

Testimony
Human Services Committee
Representative Alon Wieland, Chairman
October 25, 2011

Chairman Wieland, members of the Interim Human Services Committee, I am Maggie Anderson, Director of the Medical Services Division for the Department of Human Services. I appear before you to provide information on the estimated impact of the federal Affordable Care Act on the Medicaid caseload.

Effective January 1, 2014, Medicaid will be expanded to include all individuals under age 65 (children, pregnant women, parents, and adults without dependent children) with incomes up to 133% of the federal poverty level based on modified adjusted gross income. (The Affordable Care Act also authorizes an across-the-board five percent income disregard, effectively making the income level 138%.)

All newly eligible adults will be guaranteed a benchmark benefit package that at least provides the essential health benefits (as defined for the Health Benefit Exchange). The newly eligible population will be covered with 100% federal financing for 2014 through 2016, 95% federal financing in 2017, 94% federal financing in 2018, 93% federal financing in 2019, and 90% federal financing for 2020 and subsequent years.

Based on estimates prepared in 2010, the Department is expecting the North Dakota Medicaid caseload to increase by up to 50% because of the expansion. As of September 2011, the number of North Dakotans enrolled in Medicaid is 64,204.

The Centers for Medicare and Medicaid Services (CMS) has issued a Notice of Proposed Rule Making (NPRM) related to the Medicaid eligibility expansion; however, at this time, there is little change to what was

known when the Department provided the estimated Medicaid enrollment increases in 2010. The Department does not expect to have an appropriation request for the cost of coverage for the Medicaid expansion population for the November 2011 session. We expect the appropriation request to be part of the Department's 2013-2015 Budget request.

There are several items being analyzed to determine their full impact on the estimated expansion numbers.

- ❖ The NPRM proposes that Medicaid will no longer count Child Support as income; this would make Medicaid more consistent with the Internal Revenue Service and has the potential to make more children and caretakers eligible for Medicaid.
- ❖ The proposed rule would require children, ages 6 to 19, who are between 100% and 133% of the federal poverty level, who are currently enrolled in the Children's Health Insurance Program (CHIP) to be moved to Medicaid. The state would continue to receive the enhanced CHIP federal match for this population.
- ❖ The state continues to seek clarity on how the Medically Needy population will be accounted for with the expansion.

Other Considerations

The Affordable Care Act also created a situation with early retirees (ages 62 through 64) with incomes above 138% of the federal poverty level, that would still qualify for Medicaid. These individuals would fall under the newly covered group of childless adults under age 65. The "loophole"

will allow these individuals to qualify because the Affordable Care Act disregards Social Security benefits when determining their eligibility, thus reducing their countable income. This unintended situation is well known and there are efforts underway to remove the disregard of the benefits. Because it is expected that this will be fixed, the Department has not planned to prepare estimates of the potential impact.

Department staff participate in each conference call opportunity offered by CMS, and continue to participate in a state-wide work group that is discussing the interactions between the Health Benefit Exchange and Medicaid eligibility.

We expect the proposed Medicaid rules to be finalized in 2012 and plan to use the final rules and any other guidance issued by CMS to prepare the estimates needed for the 2013-2015 Budget cycle.

I would be happy to address any questions that you may have.