

NOTICE
DEPARTMENT OF PUBLIC WELFARE
OFFICE OF INCOME MAINTENANCE

Information Regarding the Department of Public Welfare's Intent to Implement Modified
Adjusted Gross Income (MAGI)-Based Eligibility Criteria Early

Purpose of Notice

The purpose of this notice is to announce that the Department of Public Welfare (Department) intends to begin using the MAGI-based eligibility criteria as described in 42 CFR 435.603 effective October 1, 2013. This will provide a simplified method of determining eligibility and is expected to result in an increase in individuals who qualify for Medicaid.

Effective January 1, 2014, eligibility for health coverage under all health insurance affordability programs generally will be based on a new MAGI methodology. Calculating applicants' MAGI-based income will require defining household composition and executing income-counting procedures according to rules that differ from those currently in effect for Medicaid.

The Department proposes to apply the MAGI-based eligibility determination rules as described in 42 CFR 435.603 effective October 1, 2013 to the following populations:

- Infants and children under 19 years of age.
- Pregnant women, through their postpartum period.
- Parents and caretaker relatives.
- Women applying for or receiving SelectPlan for Women.
- Individuals under 26 years of age who were receiving Foster Care and Medical Assistance when they reached age 21.

The Federal government is creating a health insurance exchange that will allow individuals to apply for healthcare through the exchange beginning October 1, 2013. This health insurance exchange will begin determinations of healthcare eligibility for applicants and then direct their application to the proper agency. While the exchange will begin accepting applications and determining eligibility on October 1, MAGI-based Medicaid would not actually begin until January 1, 2014, without special permission (Section 1115 Demonstration waiver) from the Federal government to start earlier. This period from October 1, 2013 to December 31, 2013 is referred to as the open enrollment period.

During the 2013 open enrollment period (October 1 to December 31) eligibility for certain applicants will be determined using MAGI-based rules for coverage, and would be scheduled to start on January 1, 2014 without the waiver. People applying for or renewing Medicaid during the open enrollment period would also need to have their

eligibility determined based on existing Medicaid rules. As a result, for the populations subject to MAGI-based rules, the Department will have to determine Medicaid eligibility under both the current rules and the MAGI-based rules during this limited period of time.

The Department is requesting an 1115 Demonstration waiver that will enable the Commonwealth to avoid having to operate two sets of Medicaid eligibility rules for children, pregnant women, parents and caretaker relatives during this period. If approved, the waiver will allow the Department to implement, on a state-wide basis, MAGI-based eligibility determination methods to populations subject to MAGI beginning on October 1, 2013, to coincide with the start of the open enrollment period. DPW believes this more coordinated open enrollment process will help ensure the state's capacity to process applications in a timely fashion. The Department projects that 27,991 individuals will be affected by this waiver.

The following areas are affected by MAGI determination rules:

- Application Processing
 - Both the COMPASS online application and the paper application are being updated to include the necessary questions to allow for an individual to apply for all insurance affordability programs beginning October 1, 2013.
- MAGI Household Composition and Income
 - Household composition will be based on tax household with specific filer and non-filer rules. If an individual is a tax filer or claimed as a dependent, their household will be based on those who are a part of the tax household. If an individual is a non-filer and is not claimed as a dependent on anyone else's taxes, their household will be based on existing relationship rules.
 - Income calculation will be based on gross income minus 5 % of the Federal Poverty Income Limit for the tax household size, plus other possible tax deductions. These deductions are claimed on a Form 1040, lines 23 to 35.
 - Certain incomes shall be excluded for MAGI determinations such as the following:
 - Income of a child or tax dependent if the child or dependent is not required to file a tax return.
 - Child support.
 - Worker's Compensation.
 - Veteran's benefits.
 - Depreciation of business expenses.
 - Scholarships, awards, or fellowship grants used for education and not for living expenses.
 - American Indian/Alaska Native income.
 - Lump sums shall be counted as income only in the month received. Any remainder of the lump sum in subsequent months shall be considered a resource.
- MAGI Household Resources

- Household resources, such as bank accounts and vehicles, will be excluded in determining eligibility for MAGI-based Medicaid groups.

The new MAGI-based regulations will only affect the Medicaid eligibility rules for the groups listed above. There will be no changes to the medical benefits received by this population and there will be no new cost sharing requirements. The delivery system and payment rates for services used to provide these benefits will also remain the same.

The Department is not requesting Section 1115 expenditure authority as the affected population is comprised of Medicaid state plan eligibility groups; therefore, no budget neutrality agreement is needed in conjunction with this demonstration.

The Department intends to conduct at least three public meetings to receive comments from its citizens. These meetings shall be held:

- June 27, 2013, at Temple University at Strawberry Square from 10:00 A.M. to 12:00 P.M.
- July 24, 2013, in room 129 of the Health & Welfare Building from 1:00 P.M. to 3:00 P.M.
- July 25, 2013, at Temple University at Strawberry Square from 10:00 A.M. to 12:00 P.M.

The Department also intends to hold a formal Public Hearing regarding its intent to implement MAGI rules early on July 29, 2013, from 10:00 A.M. to 12:00 P.M. at the Clothes Tree Building of the DGS Annex Complex, located at 25 Beech Dr. Harrisburg, PA. This public hearing will have telephonic and web conference capabilities. To call into the hearing, please call, toll free, 1-877-668-4493 and use access code 648 071 646. To participate in the web conference, please go to: <https://copa.webex.com/copa/j.php?J=648071646>. You may be asked to enter your name and email address. The password for the meeting is Public.

A copy of the Department's Section 1115 Waiver application may be found online at www.dpw.state.pa.us/foradults/healthcaremedicalassistance/index.htm. To request a physical copy of the Waiver application, please contact the Office of Income Maintenance Bureau of Policy at 717-787-4081.

Public Comment

Interested persons are invited to submit written comments, suggestions, or objections regarding this information to: The Department of Public Welfare, Office of Income Maintenance, Tamila Lay, Acting Director, Bureau of Policy, Room 431 Health and Welfare Building, Harrisburg, Pennsylvania 17120. Comments may also be submitted to RA-OIMcomments@pa.gov. Comments received within 30 days will be reviewed and considered for any subsequent revision of the notice.

Persons with a disability who require an auxiliary aid or service may submit comments using the AT&T Relay Service at 1-800-654-5984 (TDD users) or 1-800-654-5988 (voice users).

Beverly D. Mackereth
Secretary of Public Welfare