Redesigning
THE MEDICAID PROGRAM

NEW YORK STATE DEPARTMENT OF HEALTH

Medicaid Redesign Team (MRT)

Program Streamlining and State/Local Responsibilities Work Group

FINAL RECOMMENDATIONS

Medicaid Redesign Team
Program Streamlining and State/Local Responsibilities Work Group
Final Recommendations – October 17, 2011

WORK GROUP CHARGE:

- Identify the administrative impediments that prevent New York residents from accessing the health care coverage they need.
- Explore ways to make enrollment easier by reducing paperwork and other administrative requirements that do not add value or improve program integrity, while ensuring these streamlining activities are in concert with implementation of federal health care reform and operation of the health benefits exchange.
- Consider consolidating programs to reduce confusion and administrative costs, with a priority focus on streamlining and centralizing long term care administration and services.

WORK GROUP MEMBERSHIP:

Co-chair: Steve Acquario, Executive Director, New York State Association of Counties
Co-chair: Ann Monroe, President, Community Health Foundation of Western & Central New York

- **Joe Baker,** President, Medicare Rights Center
- **Kate Breslin,** President & CEO, Schuyler Center for Analysis and Advocacy
- **Maggie Brooks,** Monroe County Executive
- **Wendy Darwell,** Vice President & COO, Nassau-Suffolk Hospital Council
- **Trilby de Jung,** Senior Staff Attorney, Empire Justice Center, Rochester
- **Robert Doar,** Commissioner, New York City Human Resources Administration
- **Melinda Dutton,** Partner, Manatt Health Solutions
- **Denise A. Figueroa,** Executive Director, Independent Living Center of the Hudson Valley, Troy
- **David Jolly,** Commissioner, Orange County Department of Social Services
- **Deborah Mabry,** Executive Vice President & Chief Operating Officer, Morris Heights Health Center
- **Michelle Mazzacco,** Vice President/Director, Eddy Visiting Nurse Association
- **Loren Ranaletta,** President & CEO, Episcopal Church Home
- **Martha Robertson,** Chair, Tompkins County Legislature
- **Hon. William J. Ryan,** President, New York State Association of Counties
- **Thomas Santulli,** Chemung County Executive
- **Robert H. Thompson,** Vice President, Safety Net Programs, Excellus BlueCross BlueShield
- **Francine Turner,** Political Action Director, CSEA

MEETING DATES AND FOCUS:

- ***July 7, 2011*** – The first meeting of the Work Group reviewed the group's charge and set priorities for ongoing work. The Department of Health provided background information to ensure that the group started its work from a common knowledge base. This included a review of efforts over the past three years to simplify the program, new requirements under the Affordable Care Act (ACA) that will further streamline program rules and change state and local responsibilities, and the DOH and NYSAC reports on State Administration of the Medicaid program. Most of the meeting centered on a discussion of the ACA and what the Health Benefit Exchange will mean for Medicaid and the state and local roles in administering the program. The group agreed to focus their work on three priority areas: **1)** determining state/local responsibilities for eligibility and enrollment in the context of the Exchange; **2)** exploring realignment of state/local responsibilities for Medicaid financing; and **3)** streamlining eligibility rules for long-term care.

- ***August 11, 2011*** – The second meeting of the Work Group focused on Medicaid financing and State/Local responsibilities for eligibility and enrollment in the context of an Exchange. The group agreed that funding Medicaid through local taxes was not sustainable and recommended the state reduce its reliance on local financing over time. In terms of state and local responsibilities in eligibility and enrollment, the group agreed to centralize populations whose eligibility determination can be automated and to provide in-person assistance at the local level for more vulnerable applicants or those desiring "hands on" help completing the application. The group agreed to complete a survey of eligibility and enrollment functions and to assign a preference for whether the function should be conducted at a central or local level. Finally, the group agreed to form a long-term care subcommittee to focus on enrollment and eligibility simplification.

- ***September 8, 2011*** – The majority of the meeting focused on reaching consensus on a model of State and Local responsibilities for eligibility and enrollment in the context of the Exchange. Consensus development was facilitated by a review of the results of a pre-meeting survey of members on their views about which eligibility and enrollment functions should be centralized and which should remain local. The major theme that arose from the survey results was that if automation has been achieved, the function should be centralized. Where automation is not yet available, the functions should remain local. The group also agreed to a Medicaid financing recommendation and a recommendation urging New York to adopt legislation to establish its own Exchange. The group also received an update from the long-term care subcommittee.

- ***September 27, 2011*** - The first part of the meeting focused on the role of local districts with the non-MAGI populations and the linkages between Medicaid and other social services programs (e.g., public assistance, food stamps). Several new recommendations were advanced as a result of this discussion. The remainder of the meeting focused on completing and voting on a package of recommendations to forward to the full MRT.

OUTSIDE EXPERTS CONSULTED WITH:

No outside experts apart from members of the group. The group was aided by a summary of the Medicaid and Exchange Eligibility regulations prepared by Manatt Health Solutions. In addition, Trilby de Jung and Melinda Dutton prepared a summary of local assistor functions from a project for the New York Health Foundation on Navigators under the ACA.

BRIEF SUMMARY OF DISCUSSIONS THAT LED TO FOCUS ON RECOMMENDATION INCLUDED WITHIN THIS REPORT:

The Work Group was guided by the State law requiring the development of a plan for the state to assume the administrative responsibilities of the Medicaid program (Section 47-b of Chapter 58 of the Laws of 2010) and the federal health care reform law (Affordable Care Act). The MRT Work Group viewed its charge as taking some important concrete steps toward planning for an increased state role in Medicaid administration in the context of federal health reform.

The Work Group devoted a considerable amount of time to reviewing and understanding the provisions of the Affordable Care Act. Specifically, the group focused on the requirements of the Exchange and the new Medicaid eligibility rules that will be in place in 2014. It conducted its work under the assumption that the State will establish an Exchange or be part of the Federal Exchange. The populations the Exchange is required to determine eligibility for include: Children, Non-Medicare adults under age 65, and Employees of qualified employers. The Exchange is not required to, but may, determine eligibility for the elderly and individuals with disabilities who are eligible for Medicare.

The Medicaid, Exchange and IRS Proposed Eligibility Rules issued on September 9 align to create a coverage continuum and simplify eligibility determinations. The rules:

- *Simplified eligibility pathways.*
- *Collapsed 16 separate Medicaid eligibility categories into three, simplifying eligibility determinations for families, children, and many childless adults.*
- *Base income eligibility for Medicaid, CHIP, and Exchange Advance Payment Premium Tax Credits and Cost Sharing Reductions on Modified Adjusted Gross Income (MAGI) with no deductions.*
- *Base household composition on tax household rather than Medicaid households with some exceptions.*
- *Require the Exchange to screen and determine MAGI eligibility for all Insurance Affordability programs (i.e., MAGI Medicaid, CHIP, Advance Payment Premium Tax Credits, Cost Sharing Reductions, and any Basic Health Program the State may decide to offer).*
- *Require the Exchange to enroll individuals identified as eligible for Medicaid or CHIP, without any further determination by the State.*
- *Place new obligations on the Medicaid Agency to screen all applicants for all Insurance Affordability Programs. The Medicaid agency must determine eligibility and enroll all Medicaid eligible consumers applying or renewing through the agency, including MAGI consumers. For those determined ineligible, the Medicaid agency must assess individuals for potential eligibility for other Insurance Affordability, and seamlessly transfer the individual's electronic account to the other programs/Exchange.*
- *Allow the Exchange to contract with the Medicaid Agency to make determinations for Advance Payment Premium Tax Credits and Cost Sharing Reductions.*

The ACA requires that by the fall of 2013, the Exchange begin open enrollment for applications for Insurance Affordability programs online, by mail, by phone, and in -person using an automated eligibility system that determines eligibility in near real time using trusted third party verification sources and self-attestation. The Work Group strongly supported this vision for a modernized eligibility system. The state, as an Early Innovator Grantee, is on a path to automate the eligibility determination for Insurance Affordability Programs through the Exchange. The Work Group also urged that the automation opportunity be broadened to include the non-MAGI Medicaid populations (elderly, dual eligibles, and special populations) over time. To the extent automation is achieved, the group supported greater centralization of the eligibility and enrollment functions.

SUMMARY LISTING OF RECOMMENDATIONS:

1) **Exchange:** New York should establish its own Exchange to best meet the needs of its residents and small businesses. We urge the State to enact authorizing legislation establishing a New York Health Benefits Exchange to allow the State to be deemed "operationally ready" by January 1, 2013.

2) **Medicaid Financing:** The State should develop and implement a plan for more sustainable Medicaid financing that phases out reliance on local taxes (e.g., property taxes) and includes the examination of financing structures in other states. [1]

3) **Eligibility System Modernization:** New York must have one eligibility determination and enrollment system for its Medicaid program and all Medicaid-eligible sub-populations. The eligibility system should be developed to be interoperable with human service programs.

4) **State/Local Roles in Eligibility and Enrollment:** The Work Group agreed to a set of principles to guide the State as it modernizes eligibility and enrollment in the context of the implementation of the ACA. The principles are:

   - ✓ *Recognize that implementation of the ACA and Medicaid is a state responsibility.*
   - ✓ *Maximize gains in coverage and reduce the number of uninsured.*
   - ✓ *Demand robust performance accountability for customer service.*
   - ✓ *Maximize automation so more time can be spent with vulnerable populations.*
   - ✓ *Create a cost-effective administrative approach that improves the consumer experience.*
   - ✓ *Promote uniformity and consistency in eligibility and enrollment.*
   - ✓ *Ensure program integrity.*
   - ✓ *Involve stakeholders.*
   - ✓ *Develop a plan for phased implementation that includes timely education for consumers and local district staff that minimizes disruptions during the transition.*

[1] The intent of the recommendation is for the plan to explore a wide array of financing options and that the added costs to the state of assuming local Medicaid costs shall be considered outside the global spending cap.

Under the rubric of the guiding principles, the group recommended that eligibility determinations and enrollment be centralized for MAGI applications (on-line, phone, mail, in-person), wherever initiated. Local in-person assistance must be available to help consumers apply for all Insurance Affordability programs with eligibility determinations centralized through a common eligibility system. Provide local specialized "hands on" help for non-MAGI individuals and centralized supports for assistors for non-MAGI populations tailored to local needs. De-link Medicaid MAGI eligibility determinations from human service determinations by requiring MAGI Medicaid applications to be entered into the central eligibility system while the eligibility determination for the other human service program is being determined (e.g., public assistance). If however, individuals found eligible for public assistance do not already have Medicaid, they will be automatically enrolled in Medicaid to the extent permitted by state law. The state, working in collaboration with counties, should develop an appropriate transition plan for state/local administration of non-MAGI Medicaid populations within a reasonable time after 2014, taking into account the ongoing development and phasing of the statewide, automated eligibility and enrollment system.

5) **Long-Term Care Recommendations:** The Long-term Care Subcommittee was guided by one overarching principle: Medicaid recipients who need long-term care should share in all the eligibility and enrollment simplification, streamlining and automation, to the extent allowed by federal law that will be developed and implemented for Medicaid recipients who need health care services. The subcommittee recommended five specific recommendations that were endorsed by the full Work Group:

- ✓ *Centralize and automate eligibility processes for the Medicare Savings Programs by January 2014.*
- ✓ *The State should invest in an Asset Verification System (AVS) to permit the electronic verification of assets (including assets in the 5 year look back period) for determining eligibility for aged, blind, and disabled Medicaid applicants and recipients.*
- ✓ *Automate Spend Down by linking eMedNY to WMS and using provider billing to track spend down similarly to an insurance deductible.*
- ✓ *Disabled and elderly New Yorkers in need of long term care services should have the same access to enrollment and eligibility assistance as other applicants for Medicaid. New York's plan for meeting consumer assistance needs must include a focus on this vulnerable population, whether it is through the use of Navigators, Consumer Assistance Programs, Facilitated Enrollers or some other funded initiative.*
- ✓ *Create a Work Group of consumer representatives (including who benefit from specific programs, like the consumer-directed program), providers, plans, workers and local and state officials to assist the state in:*
  - *evaluating eligibility and enrolment processes for long term care and identifying further reforms and tracking implementation of those agreed upon;*
  - *evaluating the implementation of managed long term care and identifying further reforms and tracking implementation of those agreed upon;*
  - *ensuring appropriate training and support of long term care stakeholders, including consumers, providers, workers and local officials as new systems and new programs are implemented.*

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Recommendation Number:

Recommendation Short Name: **HEALTH BENEFITS EXCHANGE AUTHORIZATION**

Program Area: **ACA IMPLEMENTATION**

Implementation Complexity: **MEDIUM**

Implementation Timeline: **SHORT-TERM**

Required Approvals:

- ☐ Administrative Action
- ☒ Statutory Change
- ☐ State Plan Amendment
- ☐ Federal Waiver

PROPOSAL DESCRIPTION:

- New York should establish its own Exchange to best meet the needs of its residents and small businesses.
- We urge the State to enact authorizing legislation establishing a New York Health Benefits Exchange to allow the State to be deemed "operationally ready" by January 1, 2013.

FINANCIAL IMPACT:

None

HEALTH DISPARITIES IMPACT:

The Exchange is expected to expand coverage which would have a positive impact on health disparities.

BENEFITS OF RECOMMENDATION:

A New York Exchange will allow the state to shape the implementation of the Affordable Care Act to best meet the needs of its residents, to align the insurance markets inside and outside the Exchange and to modernize its Medicaid program. Failure to enact Exchange legislation in a timely manner jeopardizes significant federal funding for the establishment of New York's Exchange, increases the likelihood of a federally run Exchange in New York, impedes Medicaid modernization, and enhances the potential for adverse impacts on the state insurance market.

CONCERNS WITH RECOMMENDATION:

Some opponents do not want to implement the Affordable Care Act (ACA), but they fail to recognize that the ACA is the law and doing nothing means that New York will be in the Federal Exchange, not that the state can avoid having an Exchange. Most stakeholders agree that the state should craft its own Exchange rather than be in the federal Exchange.

IMPACTED STAKEHOLDERS:

Insurers, Consumers, Counties, Brokers, and Providers.

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Recommendation Number:

Recommendation Short Name: **MEDICAID FINANCING**

Program Area:

Implementation Complexity: **HIGH**

Implementation Timeline: **LONG-TERM**

Required Approvals:

- ☐ **Administrative Action**
- ☒ **Statutory Change**
- ☐ **State Plan Amendment**
- ☐ **Federal Waiver**

PROPOSAL DESCRIPTION:

- In most of the 50 states, Medicaid is financed almost exclusively with state and federal tax dollars. In New York State, approximately 30 percent of the non-federal cost of Medicaid is paid through local taxes ($5 billion in New York City and $2 billion in Rest of State).
- The fiscal structure is unsustainable for several reasons:
  - *Reliance on local property taxes to fund Medicaid has contributed to making New York's local tax burden the highest in the nation.*
  - *Use of a narrowly defined and regressive tax for such a large State program contributes to both negative perceptions of the program and inconsistent eligibility policies across counties.*
  - *The new property tax cap imposes annual growth limits on revenue that are far below the expected growth rate in Medicaid costs.*
  - *This fiscal structure creates challenges as the State implements the requirements of the Affordable Care Act. It will be difficult to accomplish the goals of the ACA – to greatly expand access to health coverage for all New Yorkers – if the funding continues to be derived from local property taxes.*
- The State should develop and implement a plan for more sustainable Medicaid financing that phases out reliance on local taxes (e.g., property taxes) and includes the examination of financing structures in other states. [2]

[2] The intent of the recommendation is for the plan to explore a wide array of financing options and that the added costs to the state of assuming local Medicaid costs shall be considered outside the global spending cap.

FINANCIAL IMPACT:

None to develop a plan; specific proposals will have a fiscal impact to be determined.

HEALTH DISPARITIES IMPACT:

Neutral impact on health disparities; could be negative if program savings fund the reduction in local revenues.

BENEFITS OF RECOMMENDATION:

Reduce the local tax burden, ease the negativity directed toward Medicaid by counties, reduce inconsistent application of policy in an attempt to reduce tax burden.

CONCERNS WITH RECOMMENDATION:

The impact on consumers and providers from a reduction in local revenues if no new source of state revenue is identified and the reduction is funded solely from program savings.

IMPACTED STAKEHOLDERS:

Counties, Consumers, Taxpayers, State, Providers, and Unions.

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Recommendation Number:

Recommendation Short Name: **MODERNIZE AND AUTOMATE ELIGIBILITY SYSTEM**

Program Area: **ACA IMPLEMENTATION**

Implementation Complexity: **HIGH**

Implementation Timeline: **LONG-TERM**

Required Approvals:

☒ **Administrative Action** ☐ **Statutory Change**

☒ **State Plan Amendment** ☐ **Federal Waiver**

PROPOSAL DESCRIPTION:

New York must have one eligibility determination and enrollment system for its Medicaid program and all Medicaid-eligible sub-populations (i.e., over 65, non-MAGI, under 65, MAGI, those who need health care services, those who need long term care services). While the State may implement this system incrementally for these populations, there must be a plan that sets certain implementation dates for each Medicaid sub-population. These dates should fall within the period during which the federal government will fund the development and implementation of this system at 90% FMAP.

New York should invest in one eligibility and enrollment system, initially supporting Exchange, Medicaid, and CHIP determinations. The system should undergo continued development to achieve interoperability with human service programs/systems, including the capacity for appropriate electronic communications and transactions to maximize possible benefits and maintain benefits across programs. Ultimately, the new system should support eligibility determinations and enrollment for all health and human service programs.

FINANCIAL IMPACT:

TBD, but small. Over 90% of the cost of the system development for Insurance Affordability programs will be financed by federal sources (100% Exchange funding and 90% Medicaid funding).

HEALTH DISPARITIES IMPACT:

To the extent automation increases coverage, the recommendation has a positive impact on health disparities.

BENEFITS OF RECOMMENDATION:

A modern, fully automated eligibility system will allow the State to meet the IT requirements of the ACA. It will also improve the efficiency and accuracy of eligibility determinations.

CONCERNS WITH RECOMMENDATION: None

IMPACTED STAKEHOLDERS: State, Counties, Consumers, Providers, and Health Plans.

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Recommendation Number:

Recommendation Short Name: **CENTRALIZE MAGI ELIGIBILITY DETERMINATIONS**

Program Area: **ACA IMPLEMENTATION**

Implementation Complexity: **HIGH**

Implementation Timeline: **LONG-TERM**

Required Approvals:

- ☒ **Administrative Action**
- ☐ **Statutory Change**
- ☒ **State Plan Amendment**
- ☐ **Federal Waiver**

PROPOSAL DESCRIPTION:

Centralize eligibility determinations for MAGI applications, wherever initiated and whether online, mail, phone, or in-person. Provide local in-person assistance (i.e., government, plans, community organizations) to help consumers apply for all Insurance Affordability programs with eligibility determinations centralized through a common eligibility system. Provide local specialized "hands on" help for non-MAGI individuals and centralized supports for assistors with non-MAGI applications tailored to local needs.

De-link Medicaid MAGI eligibility determinations from human service program determinations by local districts, and in accordance with the prior recommendations, require all Medicaid MAGI applicants be entered in the new automated eligibility system, with MAGI determination and any follow up by the central processing unit. Local districts would be required to enter MAGI Medicaid applications into the central eligibility system while the eligibility determination for the other human service program is being determined (e.g., public assistance). If however, individuals found eligible for public assistance do not already have Medicaid, they will be automatically enrolled in Medicaid to the extent permitted by state law.

The state, working in collaboration with counties, should develop an appropriate transition plan for state/local administration of non-MAGI Medicaid populations within a reasonable time after 2014, taking into account the ongoing development and phasing of the statewide, automated eligibility and enrollment system. Counties should have the option, in consultation with and subject to the approval of the state, to continue responsibility for non-MAGI Medicaid eligibility and enrollment, consistent with standards determined by the state.

The continued development of a statewide health insurance eligibility system should be interoperable with human service programs/systems at the county level, including the capacity for appropriate electronic communications and transactions to maximize possible benefits and maintain benefits coverage across programs.

FINANCIAL IMPACT:

TBD. Funding to establish a central processing unit at the state for Insurance Affordability program applications is almost entirely from federal sources through 2014.

HEALTH DISPARITIES IMPACT:

To the extent enrollment is simplified, timely and coverage increases, the recommendation should have a positive impact on health disparities.

BENEFITS OF RECOMMENDATION:

This will allow for a more efficient processing unit for all MAGI applications on a health insurance continuum from Medicaid to Advance Payment Premium Tax Credits. Will provide greater consistency in the application of eligibility rules and increased accuracy through automation.

CONCERNS WITH RECOMMENDATION:

The state’s ability to fully automate eligibility determinations by 2014.

IMPACTED STAKEHOLDERS:

State, Counties, Consumers, Providers, Health Plans, and Unions.

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Recommendation Number:

Recommendation Short Name: **LONG-TERM CARE RECOMMENDATIONS**

Program Area: **ELIGIBILITY**

Implementation Complexity: **MEDIUM**

Implementation Timeline: **SHORT-TERM**

Required Approvals:

- ☒ **Administrative Action**
- ☒ **Statutory Change**
- ☐ **State Plan Amendment**
- ☐ **Federal Waiver**

PROPOSAL DESCRIPTION:

Centralize and automate eligibility and enrollment processes for the Medicare Savings Programs by January 2014.

The State should invest in an Asset Verification System (AVS) to permit the electronic verification of assets (including assets in the 5 year look back period) for determining eligibility for aged, blind, and disabled Medicaid applicants and recipients. AVS should be deployed as soon as possible in existing systems and this functionality should also exist in any new eligibility system.

Automate spend down by linking eMedNY to WMS and using provider billing to track spend down similarly to an insurance deductible. In addition to streamlining spend down eligibility, the automation ensures that Medicaid is correctly paid. This spend down automation function should be deployed as soon as possible in existing systems and this functionality should also exist in any new eligibility system.

Disabled and elderly New Yorkers in need of long term care services should have the same access to enrollment and eligibility assistance as other applicants for Medicaid. New York's plan for meeting consumer assistance needs must include a focus on this vulnerable population, whether it is through the use of Navigators, Consumer Assistance Programs, Facilitated Enrollers or some other funded initiative.

Create a Work Group of consumer representatives (including those who benefit from specific programs, like the consumer-directed program), providers, plans, workers and local and state officials to assist the state in:

- *evaluating eligibility and enrolment processes for long term care and identifying further reforms and tracking implementation of those agreed upon;*
- *evaluating the implementation of managed long term care and identifying further reforms and tracking implementation of those agreed upon;*
- *ensuring appropriate training and support of long term care stakeholders, including consumers, providers, workers and local officials as new systems and new programs are implemented.*

FINANCIAL IMPACT:

MSP Automation and centralization $5 million state share; AVS $2 million state share; Enrollment Assistance for Disabled and Elderly Individuals $3 million state share.

HEALTH DISPARITIES IMPACT:

Streamlining enrollment in Medicaid for elderly and disabled individuals should have a positive impact on health disparities.

BENEFITS OF RECOMMENDATION:

Will enhance automation for the elderly and disabled populations in MSP, through AVS, and spend down to reduce processing delays in determining eligibility. Will provide the elderly and disabled population some of the simplification and enrollment assistance that has been available to the community Medicaid population.

CONCERNS WITH RECOMMENDATION:

None

IMPACTED STAKEHOLDERS:

Consumers and Providers.