The Milliman Report

December 10, 2012

Selected Issues
The Milliman Report
(SFYs 2014 – 2020)

Potential Expansion Segments:

- **Segment 1** – ACA Mandates
  - No adult expansion
  - Includes all mandatory ACA changes
  - Includes “woodwork effect” population

- **Segment 2** – ACA Mandates & Partial Adult Expansion (up to 100% FPL)

- **Segment 3** – ACA Mandates & Full Adult Expansion (up to 138% FPL)

Participation Scenarios:

- **Lower Participation Scenario**
  - Average 60% participation
  - 35% - 70% range

- **Higher Participation Scenario**
  - Average 80% participation
  - 55% - 90% range

- **Full Participation Scenario**
  - 100% participation
2012 Federal Poverty Level (FPL) Guidelines

**100% FPL**
- Individual – $11,170
- Family of 2 – $15,130
- Family of 3 – $19,090
- Family of 4 – $23,050

**138% FPL**
- Individual – $15,414.60
- Family of 2 – $20,879.40
- Family of 3 – $26,344.20
- Family of 4 – $31,809

**185% FPL**
- Individual – $20,664.50
- Family of 2 – $27,990.50
- Family of 3 – $35,316.50
- Family of 4 – $42,642.50

**200% FPL**
- Individual – $22,340
- Family of 2 – $30,260
- Family of 3 – $38,180
- Family of 4 – $46,100
Modified Adjusted Gross Income (MAGI)

- New Income Counting Rule - determines Medicaid eligibility for children, pregnant women, parents & caretakers, non-elderly adults

- MAGI = taxable income + specific Medicaid exceptions

  - Examples of types of income **counted**: wages, salary, interest, dividends, alimony payments received, life insurance contracts, estate interest income, interest on state bonds, prizes, moving expenses reimbursement, self-employment and farm income, Social Security benefits, unemployment compensation

  - Examples of types of income **not counted**: alimony payments paid, certain American Indian income, debt, gifts and inheritance, death benefits, cafeteria plans, child support payments received, educational grants, VA benefits, worker’s compensation

- MAGI narrower than current counting rules (**resulting in more individuals becoming eligible**)

  - Non-recurring lump sum payments – counted in month received rather than annualized
  - Educational expenses from scholarships, grants, and awards excluded
  - Certain exceptions for American Indian & Alaskan natives
  - VA Benefits excluded (**currently counted**)
  - Worker’s compensation excluded (**currently counted**)
  - Alimony paid excluded (**currently counted**)
  - Child support received excluded (**currently counted**)
MAGI Example: Income

Jane Jones applies for her two children, ages 12 and 13. Her wages are $2,500 per month. Her children receive $400 each Social Security Survivor Benefits. She claims both children as tax dependents.

- **Current rules**: Total family income after the $90 earned income disregard is $3210, which exceeds the CHIP maximum of $3,182. The children are not eligible.

- **MAGI**: Total family income after the 5% disregard is $2,375 and the children are CHIP-eligible. The SS received by the children is disregarded because a dependent’s income is not included unless the dependent is required to file a tax return.
ACA Mandates (No Adult Expansion)  
(SFYs 2014 – 2020)

• Household income is:
  – Sum of MAGI-based income of every individual in Tax filer’s household
  
    *Minus*

  – An amount equal to 5% FPL for the family size (5% income disregard the only income disregard allowed under MAGI)

• MAGI includes new rules for determining household composition
  – Examples of persons in same household: parents, stepparents, children, siblings
  – Examples of persons not in same household: unmarried couples, foster children, unrelated dependents

• New household composition rules broader than current rules (resulting in more individuals becoming eligible)
  – Stepparents are considered same as a parent
  – A child’s income is only counted if the child is required to file a tax return
MAGI Example: Household Composition

Jane Jones applies for her two children, ages 12 and 13. Her wages ($3,500/month) are the only household income. She claims both children, as well as her 20 daughter who attends college in Alabama, as tax dependents.

• **Current rules**: Total family income countable after the $90 earned income disregard is $3,410 and the household size is three. The income maximum for CHIP is $3,182 and the children are ineligible.

• **MAGI**: The household of a tax filer includes the filer and all tax dependents resulting in a household size of four. Total family income after the 5% disregard is $3,325. The CHIP maximum for four is $3,842. The children are eligible for CHIP.
Health Insurer Fee

New federal tax

- Medicaid managed care capitation rates required to be actuarially sound, thus capitation rates for MississippiCAN increased to cover the cost of the tax

- Both state and federal governments share in funding the premium component that funds the tax; creates situation were government essentially taxing itself and state governments to fund the higher managed care premiums

- Estimated increase in MississippiCAN capitation rates:
  - CY 2014 – increased by 1.4%
  - CY 2015 and thereafter – 2.5%

Estimated cost: $92 million (with or without adult expansion)
Sources

