

Office of the Governor | Mississippi Division of Medicaid

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

185% FPL

- Individual – \$20,664.50
- Family of 2 – \$27,990.50
- Family of 3 – \$35,316.50
- Family of 4 – \$42,642.50

138% FPL

- Individual – \$15,414.60
- Family of 2 – \$20,879.40
- Family of 3 – \$26,344.20
- Family of 4 – \$31,809

200% FPL

- Individual – \$22,340
- Family of 2 – \$30,260
- Family of 3 – \$38,180
- Family of 4 – \$46,100



ACA Mandates (No Adult Expansion)

(SFYs 2014 – 2020)

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.



ACA Mandates (No Adult Expansion)

(SFYs 2014 – 2020)

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 where 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

- John Meerschaert, *Financial Impact Review of the Patient Protection and Affordable Care Act On the Mississippi Medicaid Budget*, Milliman, Inc. (Dec. 7, 2012).
- Office of the Assistant Secretary for Planning and Evaluation, *2012 HHS Poverty Guidelines*, found at <http://aspe.hhs.gov/poverty/12poverty.shtml#guidelines>.
- The Patient Protection and Affordable Care Act, Pub. L. No. 111-148, 124 Stat. 119, as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152, 124 Stat. 1029 (2010).

