



CALIFORNIA HEALTHCARE FOUNDATION

# Using Data Matches to Streamline Enrollment and Retention

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# Overview

- The streamlining power of data
- Financial eligibility for Medi-Cal
- Employer-sponsored insurance and subsidies in the exchange

# 1. The Streamlining Power of Data

# Traditional Eligibility Determination

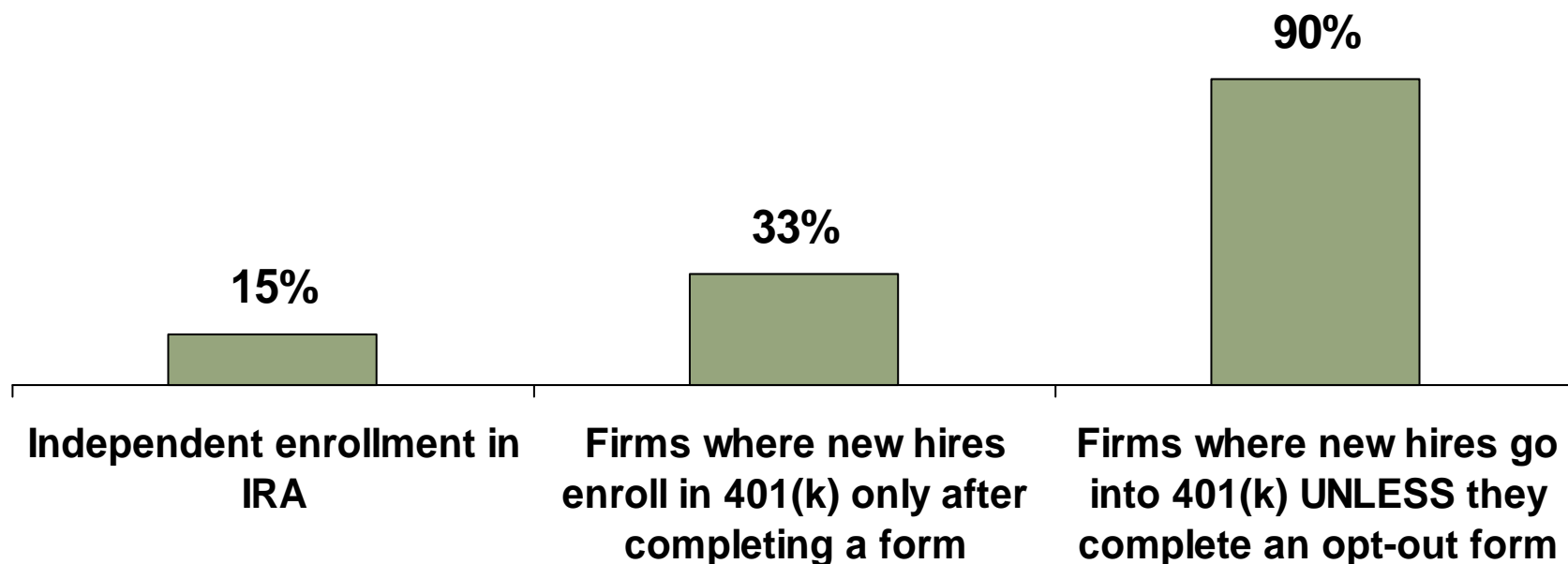
- To enroll, consumers must complete forms and provide documents showing eligibility
- To renew, consumers must complete and return redetermination forms, along with documentation of continued eligibility
- Many eligible consumers fail to take these steps and so do not receive coverage

# The Affordable Care Act (ACA): A 21<sup>st</sup> Century Vision of Data-driven Eligibility

- Attestations can establish financial eligibility
- If a state requires verification
  - Must use reliable data, whenever possible
  - Consumers are asked for documents only if data matches fail to verify eligibility
- Goals
  - ↓ consumer burdens, ↑ participation
  - ↓ state administrative costs
  - ↓ erroneous decisions

# Paperwork Deters Participation

**Percentage of eligible workers who participate in tax-advantaged retirement accounts**



Source: Etheredge, 2003; EBRI, 2005; Laibson (NBER), 2005.

# Data-Driven Enrollment: Success Story 1

## Medicare Part D, Low-Income Subsidies

### Data-based eligibility

- Occurs if data from states or the Social Security Administration (SSA) show that the Medicare beneficiary received Medicaid or Supplemental Security Income (SSI) the prior year
- Without application, automatically enrolled in drug plan, with low-income subsidies (LIS)
- If income fell since last year, can seek more aid

### Traditional applications

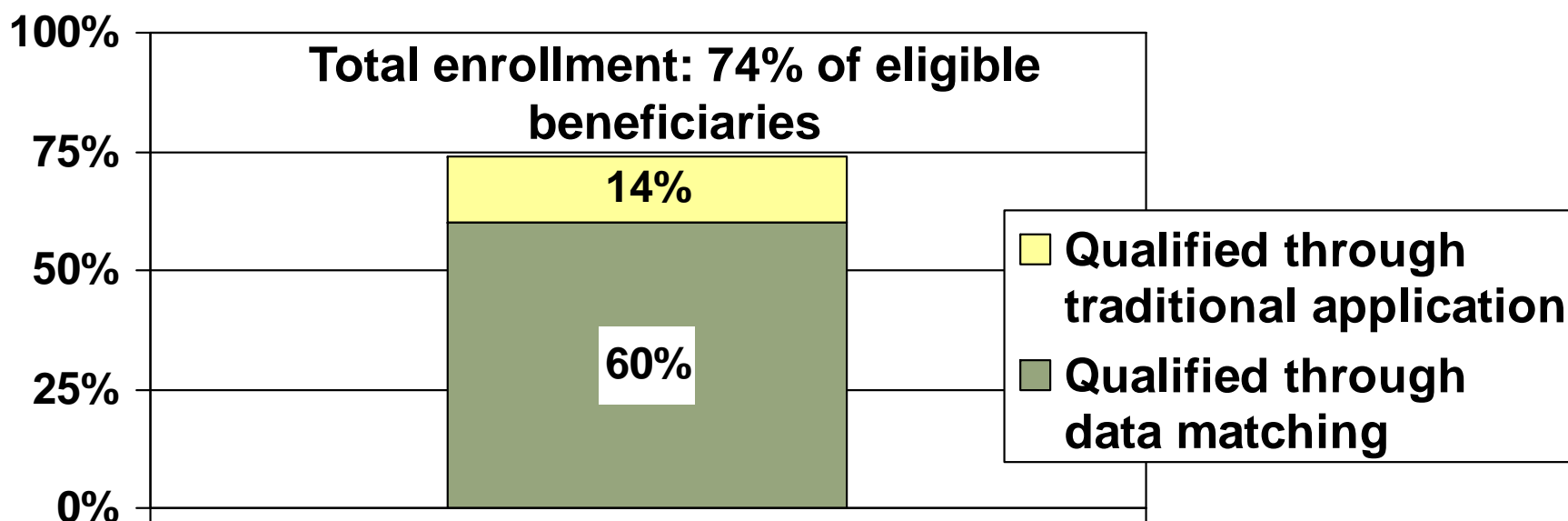
- If data matches do not establish eligibility, can file an application with SSA, documenting income

# Data-Driven Enrollment: Success Story 1

## Medicare Part D, Low-Income Subsidies

**6/1/06:**

**Less than 6 months after effective date**



Source: CMS enrollment data. Calculations by Urban Institute.



# Data-Driven Enrollment: Success Story 2

## Louisiana Renewal of Children's Medicaid & CHIP

Administrative renewal, whenever possible

- If data available to the state show reasonable certainty of continuing eligibility, then eligibility is renewed
- If child's household has unusual income stability (e.g., child lives with grandparent on fixed income), eligibility renewed unless family reports changes

If data do not permit renewal—

- Phone call with family fills information gaps, whenever possible
- Only if all else fails must family complete and return renewal form

# Data-Driven Enrollment: Success Story 2

## Louisiana's Renewal of Children's Medicaid & CHIP

### Renewal

- 75% of children renewed administratively
- < 1% lose coverage for procedural reasons
- < 5% lose coverage for any reason

### Program integrity

- Most recent error rate of 0.1% is *less than 1/10* national average
- Only one eligibility mistake in entire payment review sample
  - No one wrongly granted eligibility
  - One person wrongly denied eligibility

Source: Brooks, 2012; CMS, 2012.

## 2. Financial Eligibility for Medi-Cal

## New Federal Rules for 2014: Eligibility

- Income threshold: State option to expand eligibility to 138% of the federal poverty level (FPL)
- Budget period: Can use current monthly or projected annual income
  - Regulations say that, at initial application, must use current monthly income, but CMS has raised questions

## New Rules for 2014: Initial Application

- If data matches are “reasonably compatible” with attestations, eligibility is verified, and consumers are not asked for documentation
  - Data and attestations are reasonably compatible if both are “below the applicable income standard”
  - States have flexibility in defining reasonable compatibility

# New Rules for 2014: Renewal

- Administrative renewal
  - “The agency must make a redetermination of eligibility without requiring information from the individual if able to do so based on reliable information, ... including but not limited to information accessed through any data bases accessed by the agency.”
  - Consumer is sent notice showing state data and requiring corrections. No corrections = renewal
- *If administrative renewal is not possible*, state may ask beneficiary only for information needed to redetermine eligibility

# Unresolved Federal Questions

- Data showing income below 138% FPL is reasonably compatible with attestations of Medi-Cal-level income. *How recent must the data be?*

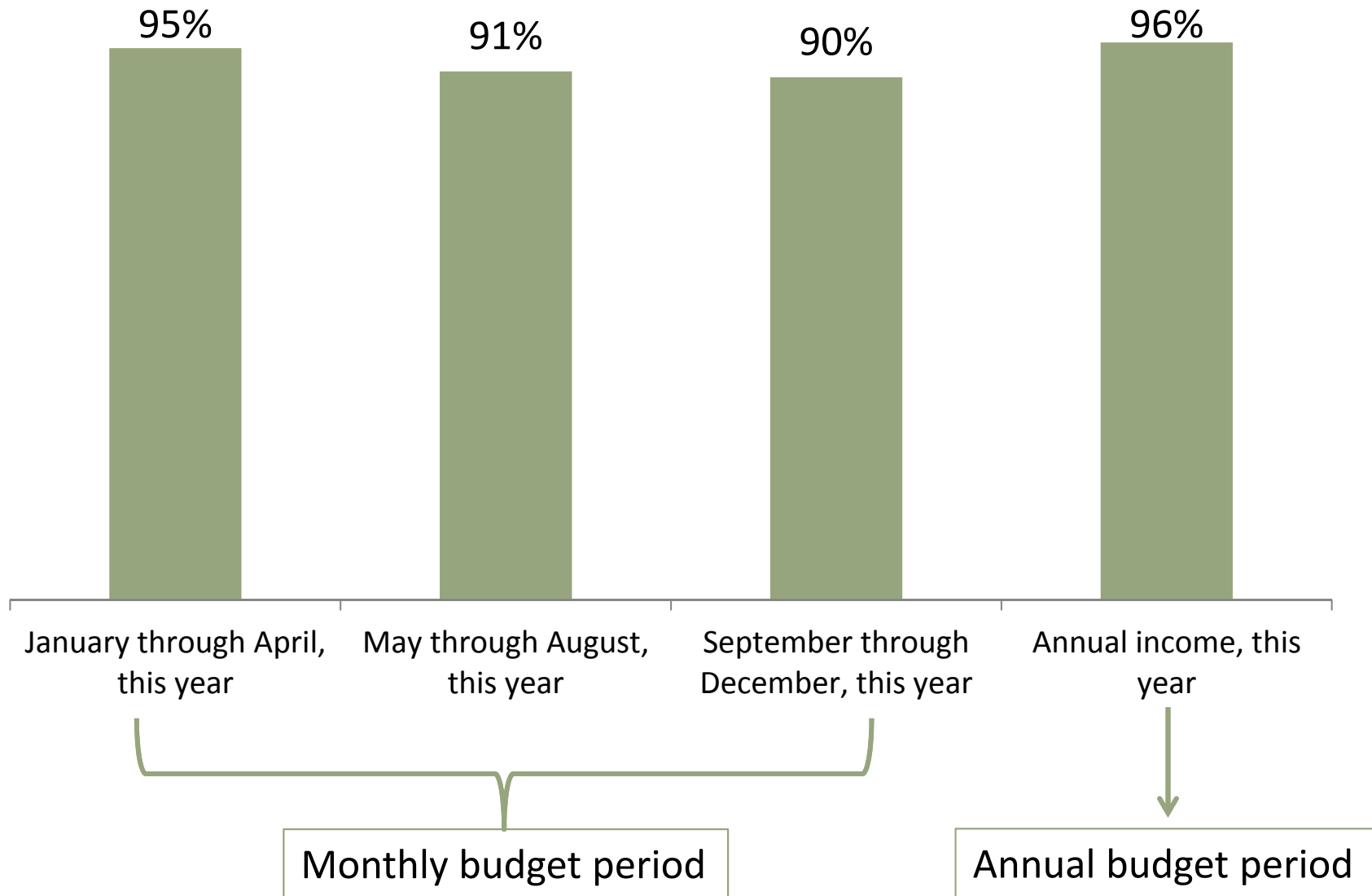
*We assumed the following are viable state options:*

- Recent enough that current Medi-Cal-level income is more likely than not (**>50% likelihood**)
  - Recent enough to establish ***at least a 60% likelihood*** of current eligibility
- If “reliable information” shows current eligibility, coverage is renewed administratively. How likely must eligibility be?

*We assumed the following are viable state options:*

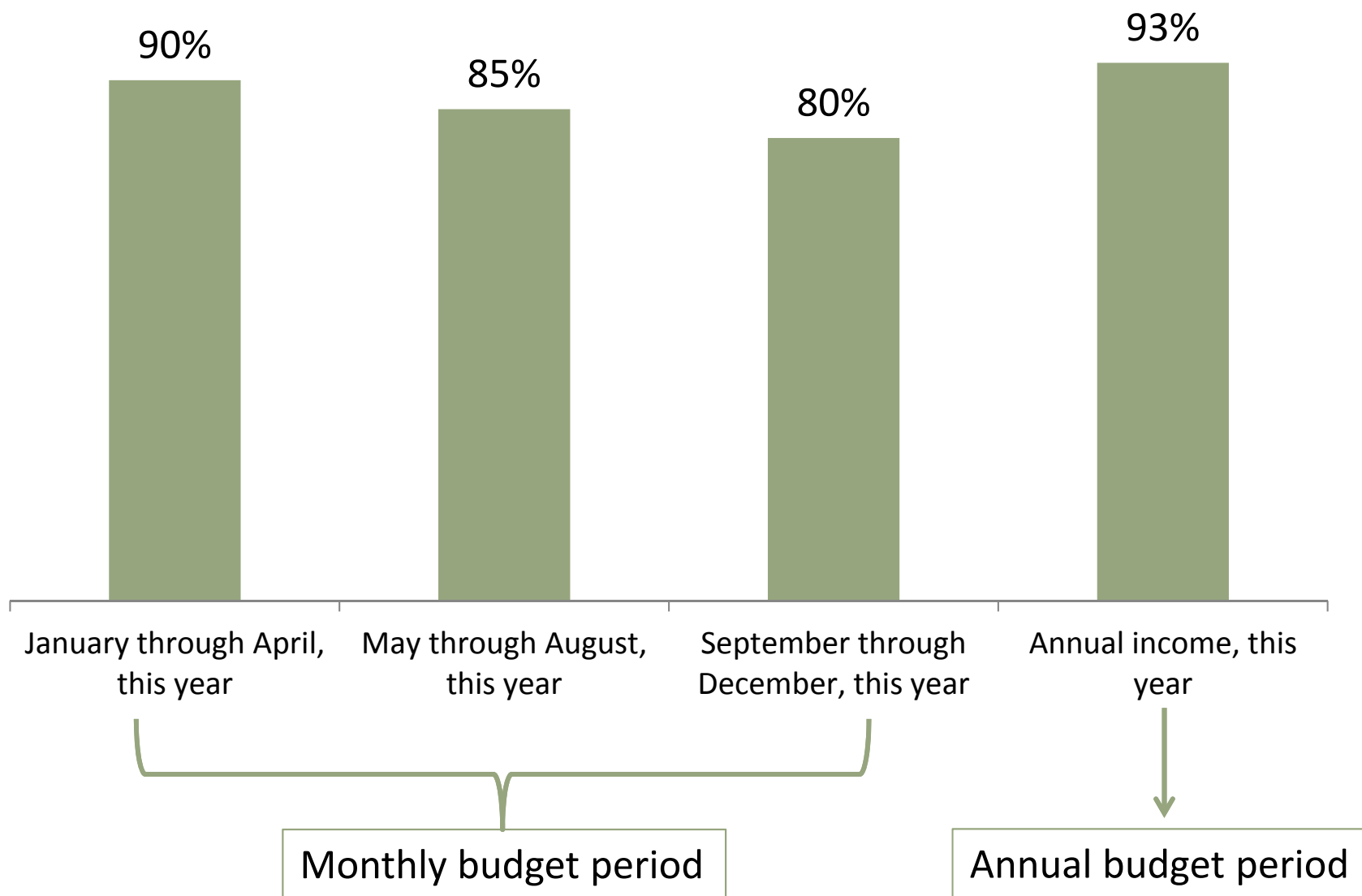
- An ***80% or higher*** likelihood
- A ***90% or higher*** likelihood

## Among Those Who Had No Prior-Year Income, How Many Qualify for Medi-Cal This Year?

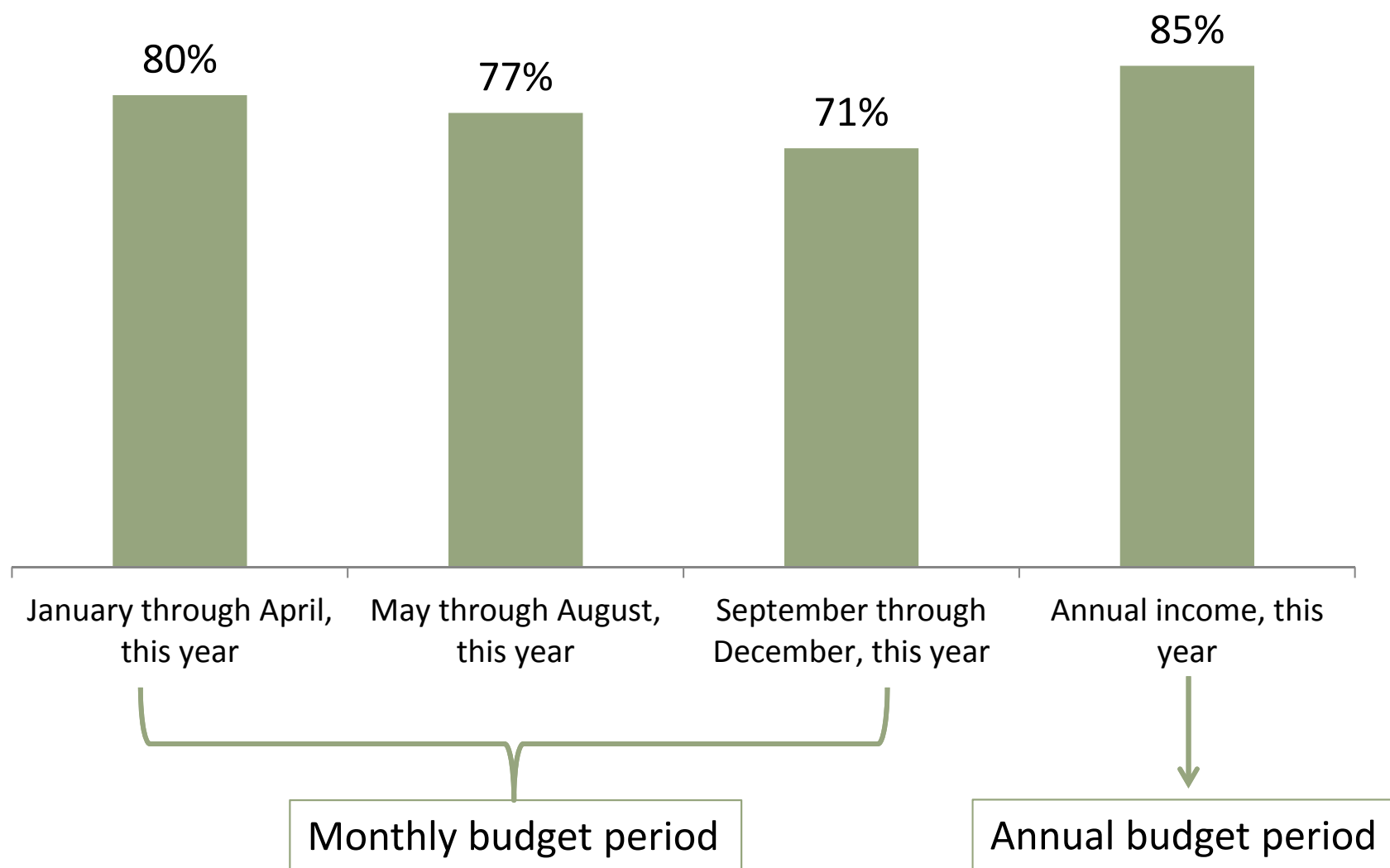




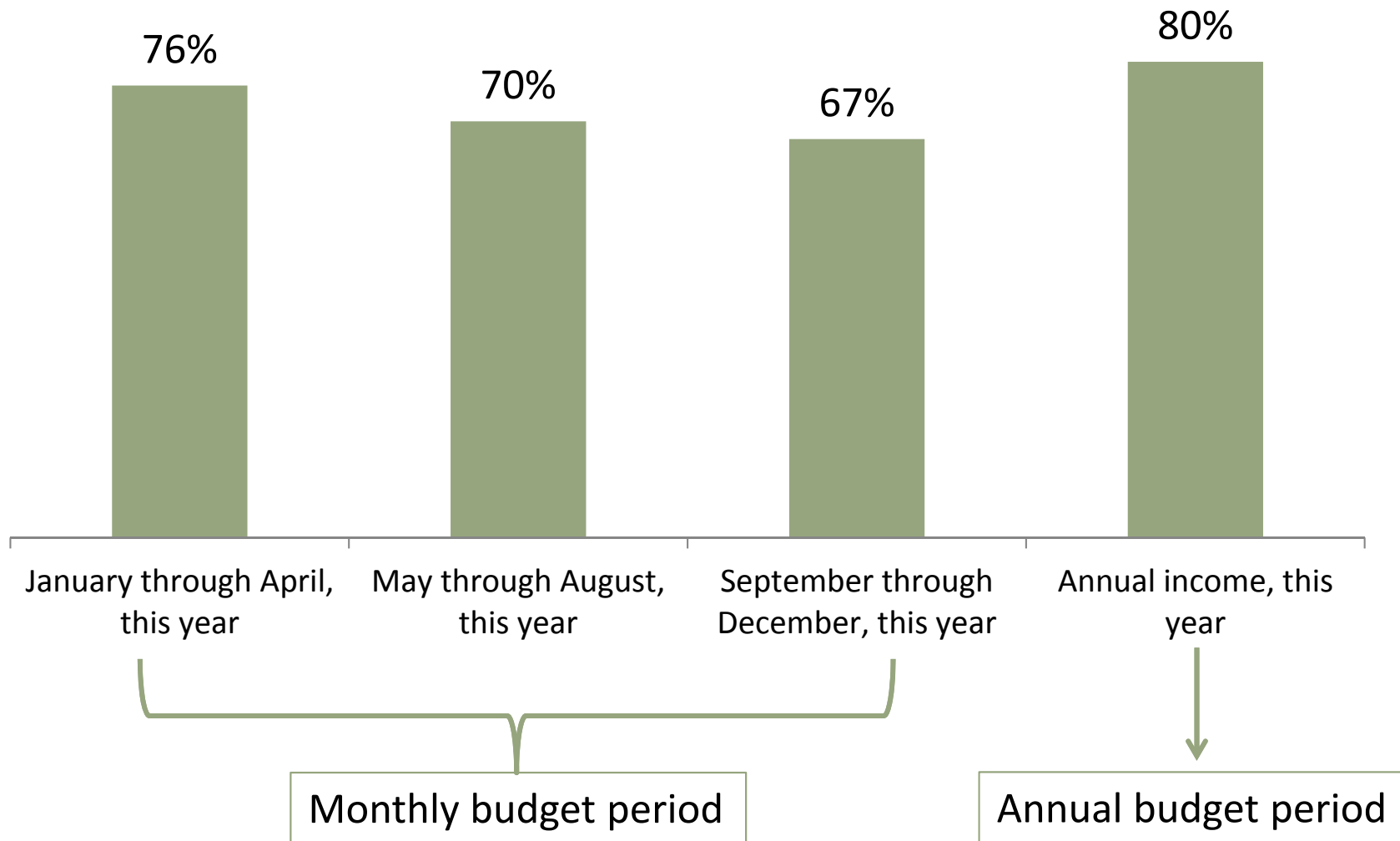
## Among Those with Prior-Year Income at 1-80% FPL, How Many Qualify for Medi-Cal This Year?



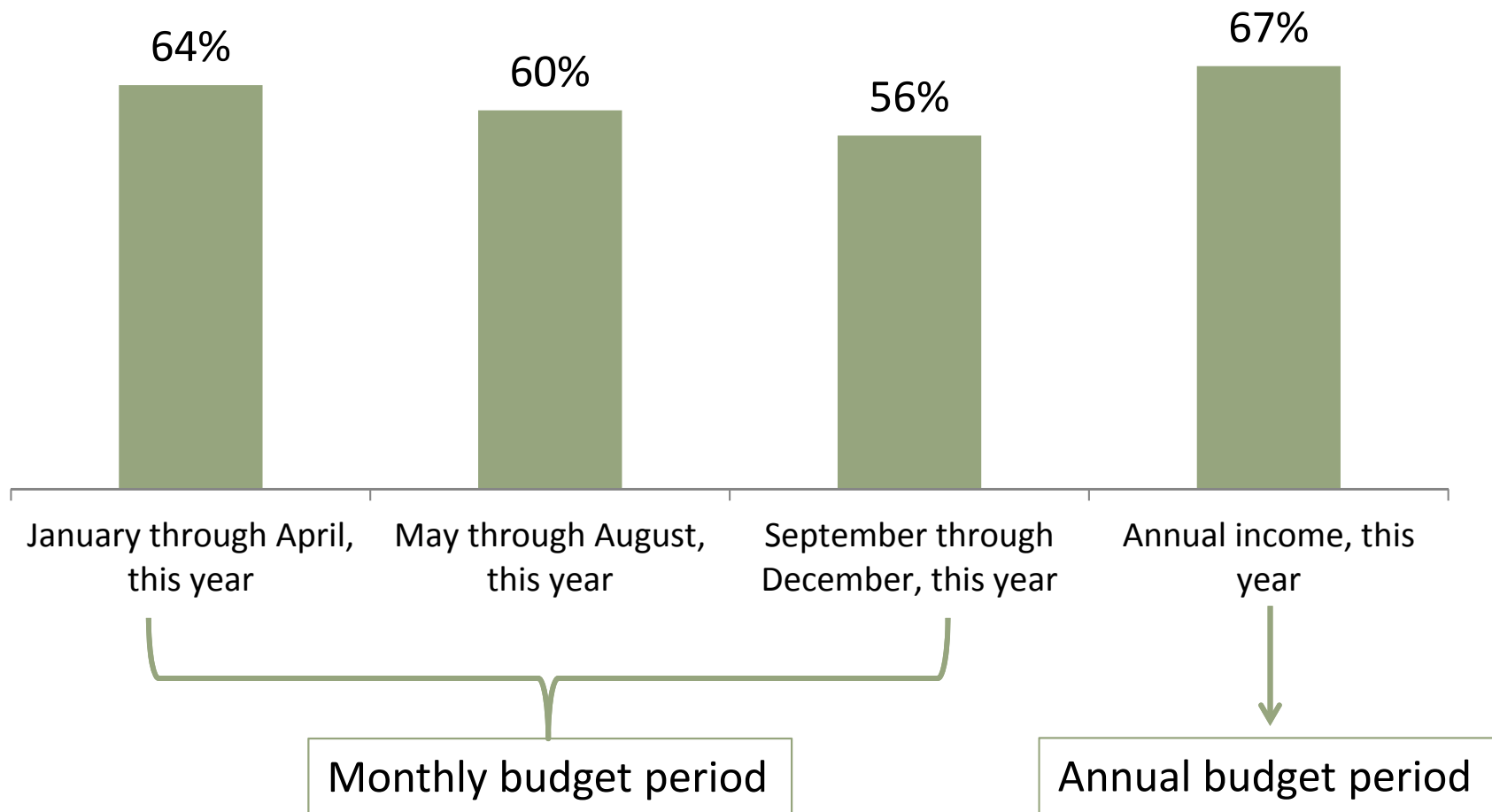
## Among Those with Prior-Year Income at 81-100% FPL, How Many Qualify for Medi-Cal This Year?



## Among Those with Prior-Year Income at 101-120% FPL, How Many Qualify for Medi-Cal This Year?



## Among Those with Prior-Year Income at 120-138% FPL, How Many Qualify for Medi-Cal This Year?



# Potential Business Rules for Initial Applications

Maximum prior-year income that is reasonably compatible with attestations of current eligibility

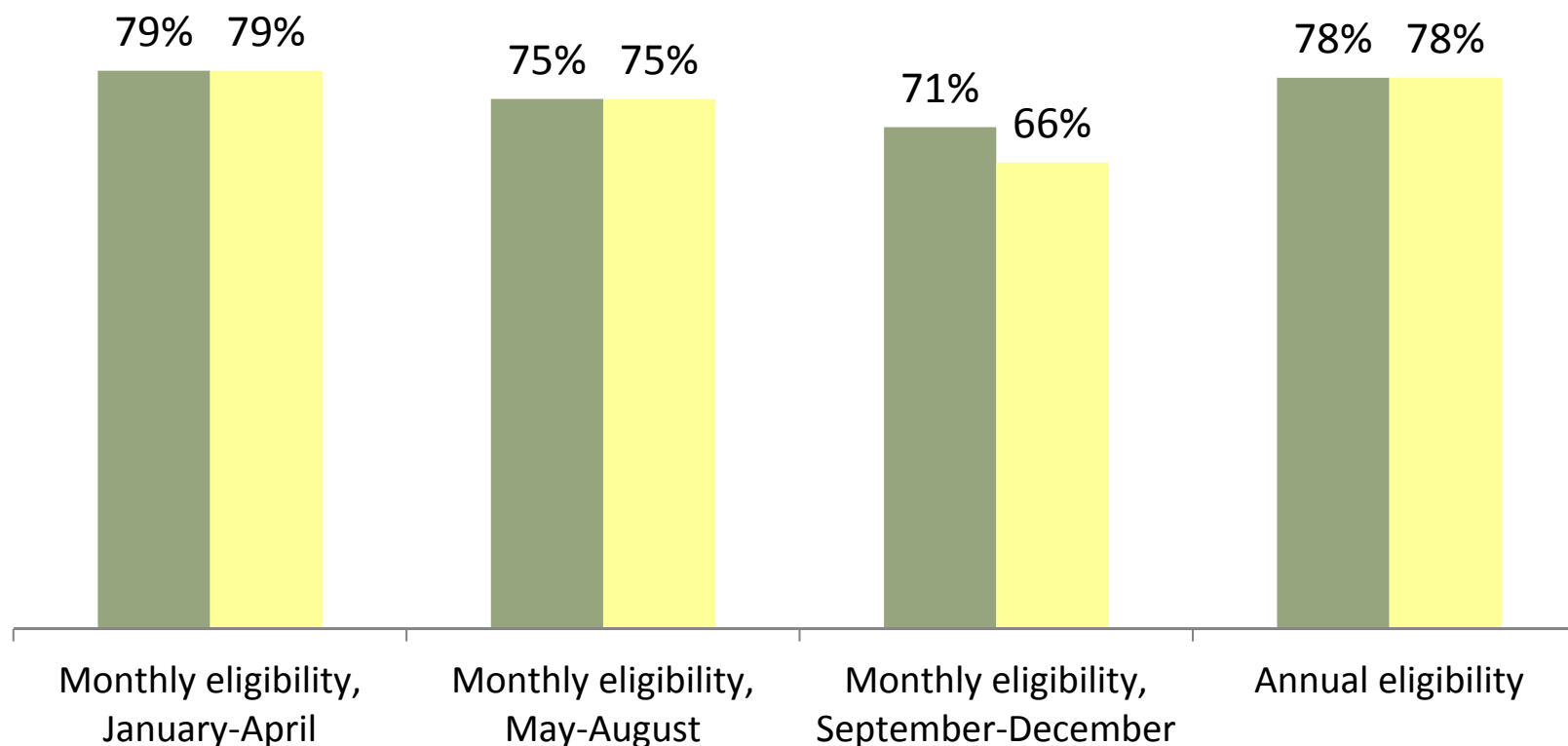
| Definition of reasonable compatibility           | Monthly budget period  |                     |                             | Annual budget period |
|--|------------------------|---------------------|-----------------------------|----------------------|
|  | <i>January - April</i> | <i>May - August</i> | <i>September - December</i> |                      |
| Current eligibility is “more likely than not”    | 138% FPL               |                     |                             | 138% FPL             |
| At least a 60% likelihood of current eligibility | 138% FPL               |                     | 120% FPL                    | 138% FPL             |

# Consumers Whose Initial Eligibility Can Be Verified Based on Prior-Year Income

By reasonable compatibility definition, budget period, and month

■ Definition #1: current eligibility more likely than not

■ Definition #2: at least a 60 percent likelihood of current eligibility



Source: Urban Institute 2013.

# Policy Implications: Initial Application

- For **66 – 79%** of eligible consumers, matches with prior-year income data can verify current financial eligibility
- If consumer attests to income at or below 138% FPL, prior-year data eliminates the need for these consumers to present, and staff to process, income documentation
- Means: simpler enrollment, higher participation, lower administrative costs
- (Note: 75% of the uninsured with incomes below FPL file federal income tax returns)

# Potential Business Rules for Administrative Renewal

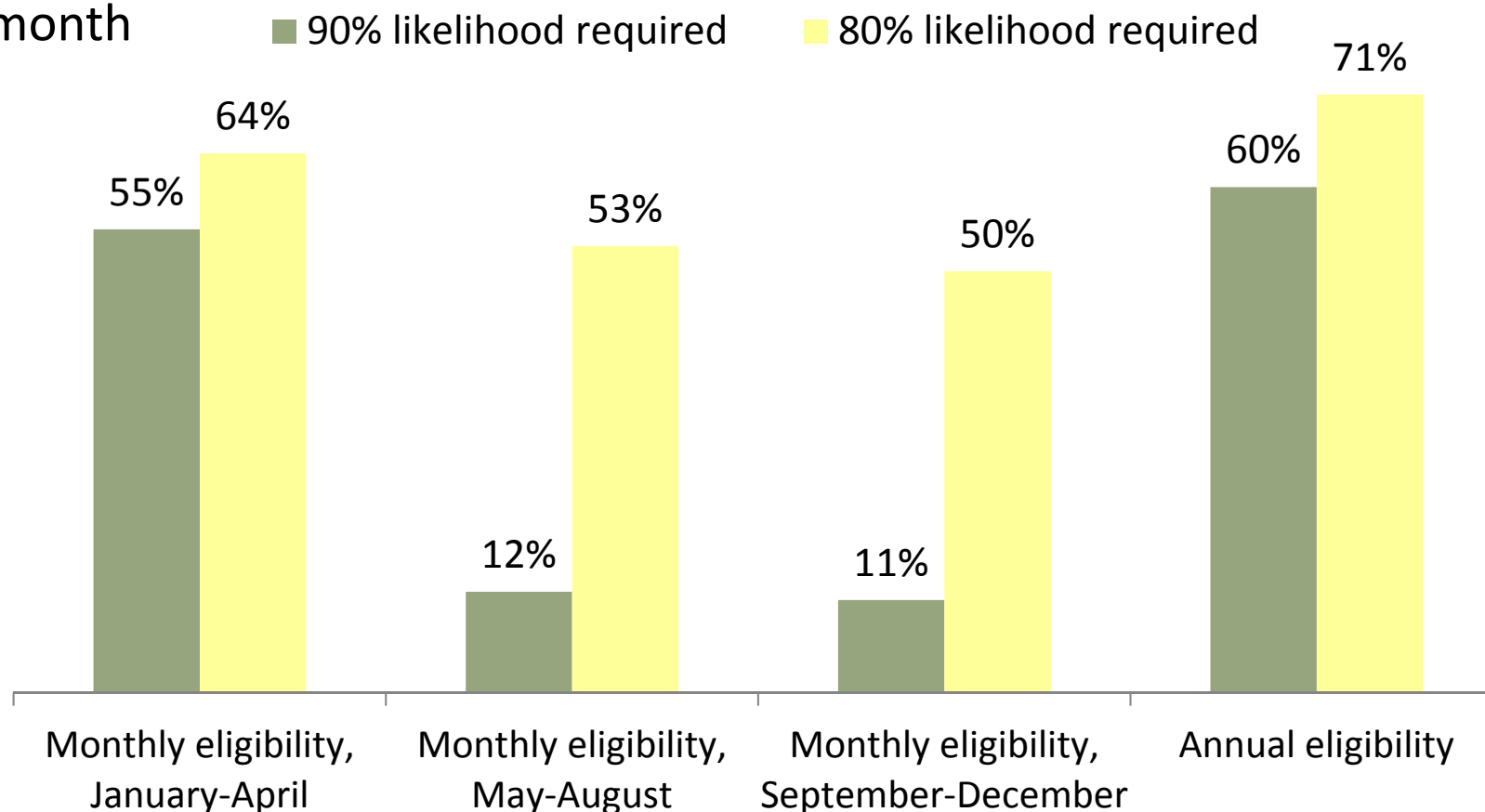
Maximum prior-year income that triggers administrative renewal

| Required likelihood of current eligibility | Monthly budget period  |                     |                             | Annual budget period |
|--|------------------------|---------------------|-----------------------------|----------------------|
|  | <i>January - April</i> | <i>May - August</i> | <i>September - December</i> |                      |
| <b>80% or higher</b>                       | 100% FPL               | 80% FPL             | 80% FPL                     | 120% FPL             |
| <b>90% or higher</b>                       | 80% FPL                | 0% FPL              | 0% FPL                      | 85% FPL              |



# Consumers Whose Continuing Eligibility Can Be Renewed Administratively Based on Prior-Year Income

By required likelihood of current eligibility, budget period, and month



Source: Urban Institute 2013.

# Policy Implications: Renewals

- Coverage can be renewed administratively for:
  - **60 – 71%** of eligible consumers, if annual budget periods
  - **11 – 64%** of eligible consumers, if monthly budget periods
- If these consumers do not correct the state's notices, their coverage is renewed automatically. Otherwise, they can usually renew by attesting to low current income
- Fewer terminations of eligible people
- Automated renewal + less churning = admin. savings

### 3. Employer-Sponsored Insurance and Subsidies in the Health Insurance Exchange

# Eligibility Rules and Data Limitations

- Financially eligible citizens and lawfully present immigrants are ineligible for Exchange subsidies if they are offered employer-sponsored insurance (ESI) that is:
  - *Affordable* — worker-only coverage costs no more than 9.5% of household income; and
  - *Of minimum value* — plan pays at least 60% of the costs that the average consumer incurs within the benefit categories covered by the employer plan
- No current data source provides information, available in real time, showing:
  - Who is offered ESI
  - The worker's premium share for ESI
  - Whether an employer plan meets the ACA's minimum value requirements

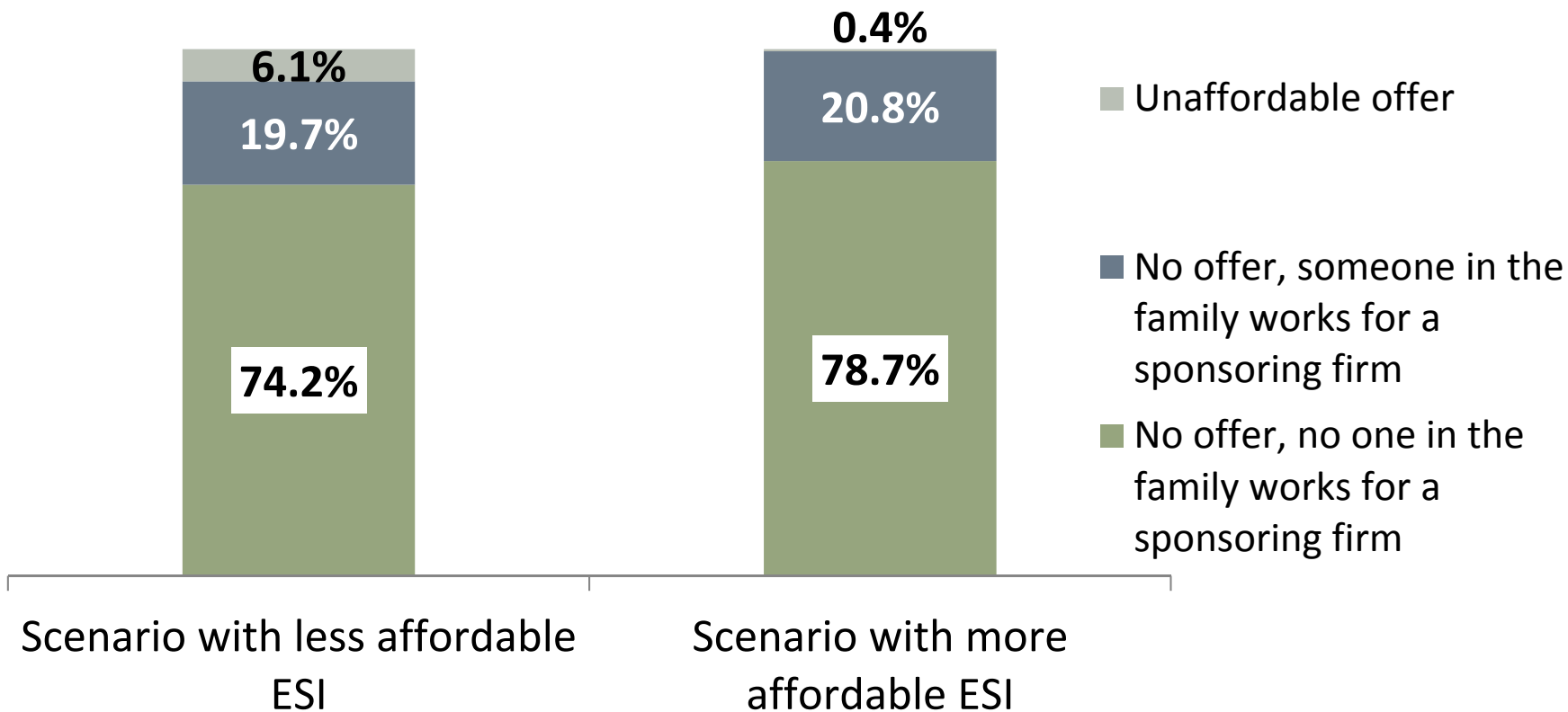
# The Federal Rules (Until Better ESI Data Are Available)

- Applicants attest to whether they are offered ESI that meets the ACA's requirements for affordability and minimum value
- The Exchange conducts data matches with available information
- For consumers whose data matches neither prove nor disprove ESI-related eligibility
  - Eligibility is determined based on applicant attestations
  - The Exchange audits a sample of such consumers shortly after enrollment

# Two Strategies for Determining ESI-Related Eligibility

- Focus on whether an applicant's employer sponsors coverage for any workers
- Focus on whether the applicant receives ESI at the time of application

# Access to ESI Among California Residents Who Will Qualify for Exchange Subsidies



# Strategy 1: Focus on Whether an Applicant's Employer Sponsors Coverage

- More than 70% of eligible consumers do not work for firms that offer ESI to any of their workers
- Can the Exchange identify those firms? Maybe, through:
  - Tweaking Medi-Cal third-party liability (TPL) records; or
  - Medicare coordination of benefits (COB) program
- Business rule: Don't audit consumers unless they (or their spouse) work for a sponsoring firm
- Eliminates audits for > 70% of eligible consumers



## Strategy 2: Focus on Whether an Applicant Receives ESI at Time of Application

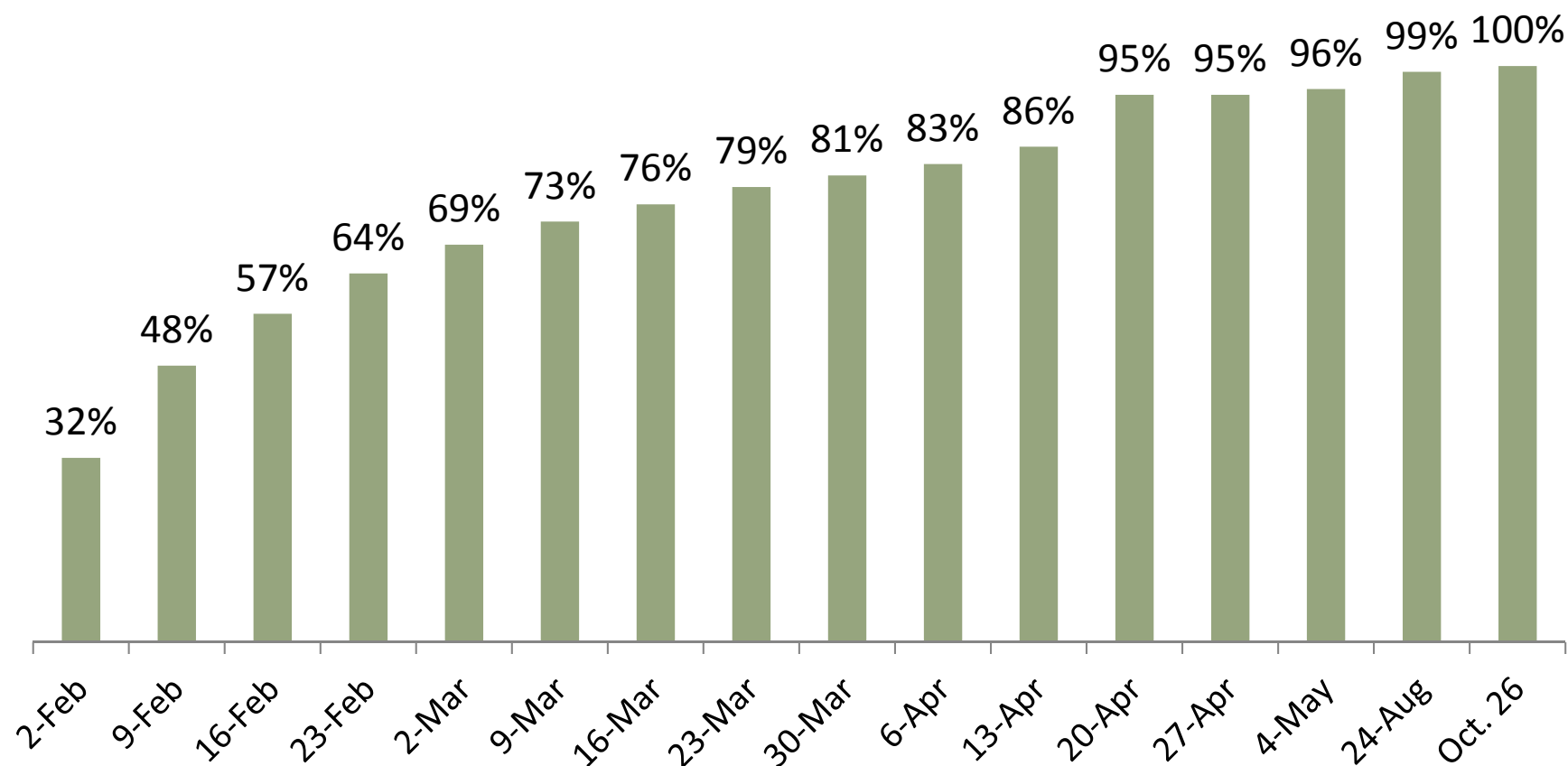
- Ask applicant if he/she receives ESI
- If so, *require documentation of eligibility*
  - **This protects some consumers** who would otherwise drop ESI for subsidized Exchange coverage. If they turn out to be ineligible, they must repay any Advance Premium Tax Credits (APTCs) and will be denied ESI until the employer's next open enrollment period
  - **This prevents errors.** Among Californians at 138 - 400% FPL, 97.2 to 99.8% of ESI recipients have affordable coverage
- If not, ask for approximate size of employer and *target audits based on the likelihood of being offered ESI*
  - For targets, see supplemental slides

# Conclusion

- Using prior-year income data to verify financial eligibility for Medi-Cal will allow a substantial streamlining of enrollment and retention
- Even though current ESI data are far from ideal, enough data are available for health insurance exchanges to responsibly determine eligibility

# Supplemental Slides

# When Federal Income Tax Returns that Claimed an EITC Were Filed in 2007



Source: Author's calculation, IRS, *Tax Year 2006 Taxpayer Usage Study*. Note: Calculation assumes that all applicable returns were filed by October 26. "EITC" refers to the Earned Income Tax Credit.

# Renewing Children's Medi-Cal Under the Projected Annual Income Standard

More than 95% of children in the following groups have current annual income at Medi-Cal levels:

- Their household's prior-year income was less than 84% FPL; or
- Their household's prior-year income was between 84 and 117% FPL, and no one in the household worked full-time at any point during the prior year

Together, these groups include 61% of all eligible children

Note: These are preliminary findings specific to California. They are subject to revision.

Among otherwise eligible Californians who do not receive ESI and *do not work at firms with > 50 employees*, the proportion who are *offered* ESI

| Group                                       | Percentage in group with ESI offers | Group as a percentage of all eligible consumers |
|---|-------------------------------------|---|
| <b>No worker in family</b>                  | 0%                                  | 28%   |
| <b>Max wages &lt; \$29,000</b>              |                                     |   |
| <b>No worker in firm with 10+ employees</b> | 5%                                  | 12%   |
| <b>Worker in firm with 10+ employees</b>    |                                     |   |
| <b>Single or with dependent children</b>    | 14%                                 | 10%   |
| <b>Married, no dependent children</b>       | 13%                                 | 2%  |
| <b>Max wages &gt; \$29,000</b>              |                                     |   |
| <b>Married or with dependent children</b>   |                                     |   |
| <b>MAGI &lt;= 300% FPL</b>                  | 36%                                 | 2%  |
| <b>MAGI &gt; 300% FPL</b>                   | 36%                                 | 3%  |
| <b>Single, no dependent children</b>        | 14%                                 | 6%  |

Source: Urban Institute 2012. Note: “Max wages” refers to the annual wages received by the applicant or the applicant’s spouse, whichever is higher. Results limited to citizens and lawfully present immigrants between 138 and 400 percent FPL.

Among otherwise eligible Californians who do not receive ESI and *either work or have a spouse who works at a firm with > 50 employees*, the proportion who are *offered* ESI

| Group   | Percentage in group with ESI offers | Group as a percentage of all eligible consumers |
|---|-------------------------------------|---|
| <b>Married</b>                                  |                                     |   |
| <b>Max wages &lt; \$15,500</b>                  | 37%                                 | 2%  |
| <b>Max wages &gt; \$15,500</b>                  |                                     |   |
| <b>Any government worker and MAGI &gt; 300%</b> | 84%                                 | 1%  |
| <b>No government workers or MAGI &lt; 300%</b>  | 47%                                 | 10%   |
| <b>Single, with dependent children</b>          | 8%                                  | 1%  |
| <b>Single, no dependent children</b>            |                                     |   |
| <b>Oldest age &lt;= 23</b>                      |                                     |   |
| <b>MAGI &lt; 200% FPL</b>                       | 24%                                 | 4%  |
| <b>MAGI &gt; 200% FPL</b>                       | 42%                                 | 3%  |
| <b>Oldest age &gt;= 24</b>                      |                                     |   |
| <b>MAGI &lt; 300% FPL</b>                       | 16%                                 | 12%   |
| <b>MAGI &gt; 300% FPL</b>                       | 36%                                 | 3%  |

Source: Urban Institute 2012. Note: “Max wages” refers to the annual wages received by the applicant or the applicant’s spouse, whichever is higher. “Oldest age” refers to the age of the applicant and the applicant’s spouse, whichever is higher. Results limited to citizens and lawfully present immigrants between 138 and 400% FPL.