NHeLP
NATIONAL HEALTH LAW PROGRAM

From NHeLP's California Office
For Advocates Everywhere

Lessons from California

The Seamless Transition from Marketplace to Medicaid
January 2015

THE ISSUE:

At the end of 2014, approximately 30,000 individuals who were enrolled in a Qualified Health Plan (QHP) with premium tax credits in 2014 through California's marketplace, Covered California, were found newly eligible for Medi-Cal (California's Medicaid program) at the time of annual renewal because their projected income for 2015 had decreased. Due to the change in eligibility, these individuals were transitioned from the marketplace to Medicaid coverage, as they were no longer eligible for tax credits through Covered California.

California attempted to make this transition seamless by automatically terminating these enrollees from Covered California coverage and premium tax credits effective Dec. 31, 2014 and immediately finding them eligible for Medi-Cal and automatically enrolling them in a Medi-Cal managed care plan as of January 1, 2015 to avoid any gap in coverage. Unlike the federal marketplace, Covered California and the state Medicaid agency tried to reduce the burden on consumers during this transition. Nevertheless, these enrollees failed to receive sufficient notice of the changes, their appeal rights and their right to continuity of care for existing services or with their existing providers. Health plans and provider networks in the marketplace are often very different than in Medi-Cal.

ADDITIONAL RESOURCES

Legal Authorities

45 C.F.R. § 155.335
(Marketplace annual renewal)

45 C.F.R. § 155.345
(Coordination between programs)

45 C.F.R. § 155.430
(Termination of QHP)

45 C.F.R. § 155.525
(Marketplace Continued Enrollment)

STRATEGY AND ACTIONS:

Enrollees who were found newly eligible for Medi-Cal and terminated from Covered California initially received legally inadequate and confusing notices telling them they would be contacted by the Medi-Cal agency to determine their Medi-Cal eligibility. Covered California developed a new notice to these enrollees in the first week of December, which NHeLP and other advocates reviewed within a 24-hour deadline. However, this notice was not mailed out to affected enrollees until December 29th -- 3 days before their coverage was terminated. This notice also did not properly inform enrollees of their right to remain enrolled with tax credits pending appeal (or "continued enrollment") as required by federal regulations. The Health Consumer Alliance (HCA) raised these due process violations to the Covered California governing board, and discovered that continued enrollment had not been offered because of IT limitations with the California Eligibility Enrollment and Retention System, not because of a policy decision. Although Covered California is revising the notice and advocates are requesting continued enrollment when appealing, it remains unclear whether affected enrollees have been able to re-enroll in their health plan or how effectively appeal decisions will be implemented. Simultaneously, the HCA successfully persuaded the Medi-Cal agency to instruct all Medi-Cal managed care plans to ensure that these new Medi-Cal enrollees can continue their existing treatments with the providers they had under Covered California, out of network, for up to 12 months. NHeLP and other advocates continue to work with Covered California and the state Medi-Cal agency to address the needs of these enrollees and to ensure a better transition for those whose eligibility will change at the next annual renewal or during the year due a change in circumstance.

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